

**15 MARCH 2001: FOR IMMEDIATE RELEASE**

## **NETA GOES LIVE: But will Small Generators Survive?**

**The planned 'switch on' of NETA is not good news for CHP or renewables.**

In response to the announcement that NETA will 'go-live' on March 27, CHPA Director David Green said:

*"For three years OFGEM has ignored the Government's commitment to ensuring that the New Electricity Trading Arrangements (NETA) will encourage both CHP and renewables.*

*"In designing the new market OFGEM has handicapped smaller generators that will deliver the Government's carbon reduction targets. Now that NETA is to go ahead, we need to know what OFGEM is going to do to deliver the urgent and effective review of the treatment of CHP and renewables promised by Ministers. To date, we have received no assurances from OFGEM about how this will be done".*

CHP and renewable generators now face the prospect of falling revenues in the new market. At the same time, the Government has failed to implement measures that will offset this adverse impact.

The industry's concerns over NETA could be reduced considerably if the Government delivers on its commitment to:

- fully exempt CHP plant from the Climate Change Levy;
- significantly cut the rates bills for all elements of CHP schemes;
- ensure the new enhanced capital allowances really do encourage CHP.

Prompt action is now required to realise these objectives and also to address the shortcomings of NETA. David Green concludes:

*"Just as when the electricity industry was privatised in 1989, it is clear that transitional arrangements for small generators are once again urgently needed."*

**ENDS**

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