

COMBINED HEAT AND POWER ASSOCIATION

PRESS RELEASE

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For Immediate Release

Far from a Sustainable Energy Strategy

The CHPA has today welcomed the publication of the Environmental Audit Committee's report into their inquiry *A Sustainable Energy Strategy*.

David Green, Director of the Combined Heat and Power Association, comments:

"The EAC rightly calls for OFGEM's remit to be changed.

"With carbon emissions rising, OFGEM has done little more than turn the environment into a political football. It is clearly time to rewrite the rules of the game by changing OFGEM's duties before it does yet more damage to the Government's environmental agenda."

The EAC report notes that:

- A thorough environmental appraisal of NETA was never carried out;
- OFGEM's own consultation procedures are insensitive to the role of smaller generators;
- OFGEM's one year review of NETA must evaluate their environmental impact;
- There is significant inconsistency in the way in which OFGEM treats embedded generators, compared to network generators.

The EAC also outlines that the Renewable Obligation target, already off mark, will miss its 2010 target by close to 50 per cent. This mirrors the situation in the CHP industry, where many believe that the 2010 10 GWe target will be missed by 30 - 40 per cent. Already, new data for the DTI shows how new CHP capacity dropped by 300% since NETA came into operation.

David Green concludes:

"Government created delivery targets for renewables and CHP as cornerstones of its UK Climate Change Strategy. These targets are now being made impossible to achieve under current market conditions, many of which are a direct result of Ofgem's actions. The inevitable result is that the Government will have to correct the market distortions which the energy regulator has created."

ENDS

NOTES TO EDITORS

1. Copies of the Environmental Audit Committee Report: ***A Sustainable Energy Strategy? Renewables and the PIU Review*** are available by calling: 020 7219 5776 or available to download from:
<http://www.parliament.uk/commons/selcom/eahome.htm>

The Environment Audit Committee has a remit to consider to what extent Government policies and programmes contribute to environmental protection and sustainable development; to audit departments' performance against targets set by Ministers; and to report to the House.

2. In October 1998, the Government called upon the Energy Regulator to deliver reform of the energy market that would provide: *"encouragement for Combined Heat and Power and renewables generators."*
Source: DTI Press Release P/98/769 8 October 1998

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