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For Immediate Release

GOVERNMENT'S CHP PLAN PUBLISHED A STRATEGY WITHOUT SUBSTANCE?

The Government has today acknowledged that it will fail to achieve its manifesto commitment of 10 GWe CHP target by 2010.

CHPA Director David Green comments:

"We welcome the publication of the Government's CHP Strategy. But it has taken seven years to deliver, during which time the market conditions created by the Government have taken the CHP sector from a healthy and dynamic industry to one near collapse, putting both the UK's security of supply and its leadership on the climate change agenda at risk."

The Association welcomes the Government's re-commitment to its 10 GWe CHP target, and its acknowledgement that current measures will only lead to 8 GWe being achieved by the end of the decade. The Association believes new measures are **now** urgently needed.

David Green concludes:

"The Government has two key opportunities now to build on the success of its early support for CHP. It can use the changes that the House of Lords has already voted into the Energy Bill to exempt CHP from the cost burden of the Renewables Obligation, and it can also ensure that the introduction of the new EU Emissions Trading Scheme actively promotes CHP."

"The Association believes that we now need clear action to achieve the CHP target. We have today written to Margaret Beckett inviting the Government to sit down with the industry and agree delivery milestones with the CHP industry that will benefit consumers, the industry and its skilled employees, as well as the Government's strategy for climate change."

ENDS

Notes:

1. The *Government's Strategy for Combined Heat & Power to 2010* is available to download from www.defra.gov.uk
2. Combined Heat and Power (CHP) is the simultaneous generation of electricity and useful heat in a combined, highly efficient process.

The efficiency of CHP secures significant environmental benefits through lower carbon emissions, and contributes to the sustainability of power generation from fossil fuels as well as other renewable energy sources.

3. Current Government statistics show that CHP is at work at over 1,500 sites in the UK at present. The Government established a target of 10,000 MWe of CHP by 2010 as part of the UK Climate Change Programme.

There was poor progress towards the CHP target this year, with the DTI's Digest of UK Energy Statistics 2003 (DUKES) showing that 4,742 MWe of CHP was operating in 2002; a reduction of 11 MWe in comparison to 2001 generating capacity.

4. Amongst the measures proposed by the industry in response to the Government's draft CHP Strategy, issued for consultation back in May 2002, were:
 - Ensuring CHP, as a low-carbon technology, is **positively promoted** under the EU Emissions Trading Scheme
 - Exempting CHP based electricity exports from the cost base of the Renewables Obligation
 - Creation of a CHP Commitment
 - Robust tilting of power stations consents to justify why new plant is not high-efficiency CHP plant
 - Securing long-term investment confidence in District Energy schemes
 - Ensuring both MicroCHP and CHP/District Heating schemes are strongly supported in the upcoming Energy Efficiency Commitment (EECII)
 - Tackling the adverse impacts created by the introduction of the New Electricity Trading Arrangements (NETA).

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