

******Combined Heat and Power Press Release******

23 May 2007

ENERGY WHITE PAPER: MISSED OPPORTUNITY TO PROMOTE LARGE SCALE CHP

The Association welcomes much of the White Paper. Government has demonstrated its support for decentralised energy and renewable CHP, but the Association fears the White Paper will send a confused message to the power industry and energy intensive users.

Phillip Piddington, Director of the CHPA, commented:

"Industry and energy producers need clear and decisive market signals. The Industrial sector is impatient for a change and is clearly awaiting direction with regards to onsite power and heat. Whilst we commend the Government for its recognition of the role CHP can play at a community level, we believe there has been a missed opportunity to level the playing field in support of large industrial CHP".

"The White Paper is likely to send a message to utilities, industry and the wider public that is incoherent. Consistency is only possible if the Government delivers a clear strategy in support of the European Cogen Directive and genuinely backs their own targets of 10GW by 2010. Any positive signals that these groups might have been waiting for will now have to wait until a series of consultations has taken place".

Mr Piddington concluded that:

"Industry is hopeful that future consultations will clarify the potential for Combined Heat and Power to deliver substantive and proven cuts in carbon emissions, produce heat for residential and industrial consumers in a sustainable manner, and improve security of supply through primary energy savings".

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Notes

1. Combined Heat and Power (CHP) is the simultaneous generation of electricity and useful heat in a combined, highly efficient process. The Government's target is to double UK CHP capacity to 10,000 MW by 2010.

2. CHP is a form of decentralised energy system i.e. generation technologies, which provide power, heat (and/or cooling) at the point of use. These range from Microgeneration technologies operating in individual homes to community based systems such as those operating in Southampton or indeed large industrial CHP schemes powering over 200 industrial schemes in the UK at present.

3. The Government's latest statistics show that every 1 MW of CHP operating in the UK helps reduce carbon emissions by between 600 - 800 tonnes every year. Current installed CHP capacity of approximately 5,700 MW, on over 1,500 sites across the UK, is already helping deliver savings of over four million tonnes of carbon annually, one of the largest single carbon reduction measures in the Government's Climate Change Programme.

If you have any enquires please contact:

Combined Heat and Power Association
Grosvenor Gardens House
35/37 Grosvenor Gardens
London
SW1W 0BS
Tel: 020 7828 4077
Email: peter.smith@chpa.co.uk

