Combined Heat and Power Association Press Release

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BEYOND NUCLEAR – HEAT HOLDS THE KEY TO SECURE AND SUSTAINABLE ENERGY SUPPLIES

Whilst the attention of policymakers has been obscured by the nuclear electricity consultation and the publication of the Energy Bill, the need to deliver security of supply and carbon savings in our use of heat remains a glaring omission in the UK's energy policy. With its unique focus on electricity supply, the Energy Bill published today will deliver only a limited response to the looming challenges of competitiveness, security and climate change.

The Director of the Combined Heat and Power Association, Graham Meeks, commented on today's announcement by the Secretary of State for Business, Enterprise and Regulatory Reform:

> "Irrespective of the perennial debate over whether the Government has done enough to encourage new nuclear build, the outcome of today's announcement will have little or no impact on limiting the effects of our growing dependence on imported natural gas. And while any contribution to cutting the growth in greenhouse gases emission is hugely important, the scale of the problem means that the power sector cannot remain the sole focus of our efforts.
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> "The simple fact remains that 60% of the gas that we consume is used for heating, as compared to 30% in power generation. Heating our homes accounts for 20% of total UK carbon emissions. And at a time when fuel poverty is on the rise we should not forget that heating, not electricity, can account for up to 80% of the energy bills of our most vulnerable consumers.
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> "Under these circumstances we must be far more sophisticated in our approach to energy policy. We must redouble our efforts to employ energy efficiency and cut demand. And where we do burn our scarce resources of fuel we need to use the most efficient technology available to us – combined heat and power. In reality, Government's energy policy is moving in the opposite direction, offering planning permission to new power stations which have little prospect of recovering the 50% or more of their energy that they waste up the cooling towers.
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> "It is staggering that in spite of the enormous potential to save energy through CHP - from microCHP units in individual homes to district heating schemes and industrial-scale CHP on our largest oil refineries - we have neither the incentives nor the regulatory frameworks in place for CHP to play its full part in a modern, competitive, low-carbon energy market."

ENDS

Notes for Editors

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 510 and 760 tonnes every year. Current installed CHP capacity of approximately 5,440 MWe, 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.

4. Currently within the UK there here is over 8,000 MWe of new combined cycle gas turbine power station capacity with planning consent and a further 5,000 MWe under consideration. Of this total of 13,100 MWe, a maximum of 3,400 MWe is expected to be high efficiency CHP. New power generating capacity which is not developed as a CHP plant represents a potential missed opportunity for carbon savings and energy conservation.

5. On 19 October 2007, DEFRA published a study 'Analysis of the UK Potential for Combined Heat and Power'. In determining the economic potential for new CHP development in the UK, the study found that by 2010, new (i.e. additional) generation of electricity from CHP is estimated to be around 61TWh, and by 2015 is likely to be abut 81 TWh, giving primary energy savings of about 44 TWh and 57TWh respectively. This generation potential is equivalent to about 17% of the projected total for electricity generation in 2010. In terms of additional capacity, this corresponds to about 8.2 GWe by 2010 and 10.6 GWe by 2015. The report noted that 'in practice, decisions on CHP will be influenced by a number of site-specific issues, which tend to reduce cost effectiveness and slow decision making on CHP development'.

6. The Digest of UK Energy Statistics 2007 notes that the carbon emission savings from CHP in 2006 - as compared to the fossil fuel basket - was 4.2 MtC, which equates to 0.76 MtC per 1,000 MWe installed capacity. Against the total basket of generation, in 2006 CHP saved 2.9 MtC, or 0.51 MtC per 1,000 MWe installed capacity.

7. Out of all the members of the European Union the UK's current CHP capacity is the fourth lowest.

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