



Sustainability Committee SC(3)-22-08 Paper to Note

Mick Bates AM,
Chair Sustainability Committee,
National Assembly for Wales,
Cardiff Bay
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7th November 2008

Dear Chairman,

Thank you for inviting the Micropower Council to give evidence to the Committee on 25th September. We look forward to seeing the recommendations with interest. Following the meeting I thought it might be useful if I took the time to clarify and develop a number of points raised on the role microgeneration can play in meeting Welsh Assembly Government Targets.

Financial support for microgeneration installations:

It seems a tariff mechanism is likely to be introduced, although the exact details have yet to be agreed. Addressing the following key issues are fundamental for any new mechanism is to succeed

1. Level of support: The scheme must be adequate to ensure sufficient uptake of the technology. In addition, products within each technology type should be rewarded for better performance. For example, the most efficient solar panels should receive financial support commensurate with that efficiency.
2. Cost recovery mechanism: Any mechanism must not discourage energy suppliers from having customers with microgeneration devices. If each supplier has to bear the full cost of a feed in tariff for each customer with microgeneration installed, the supplier will in effect be penalised for having customers with microgeneration. The Micropower Council believes that if the scheme is borne by the suppliers the cost must be spread fairly across suppliers.

Another area that was not covered during the Committee hearing was the retrofit market. Whilst the Micropower Council welcomes low and zero carbon requirements on new developments, the

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vast majority of houses in existence in 2025 or even 2050 have already been built. These homes include those that are difficult to insulate and those not connected to the gas grid.

Microgeneration technologies are often an effective source of low carbon technologies and, in some instances can reduce heating costs. Recent research by National Energy Action investigated the value of air source heat pumps (ASHPs) for reducing carbon emissions and heating costs for hard to heat homes located off the gas grid. It was found that, when compared to liquefied petroleum gas fired heating systems, ASHPs could reduce CO₂ emissions by up to 60% and reduce heating bills by 70%. As the Welsh Assembly Government looks to tackle both CO₂ emissions and fuel poverty, the Micropower Council would recommend that ASHPs be considered as an ideal off gas grid retrofit. However this technology faces a number of regulatory barriers which have restricted its deployment in tackling fuel poverty and climate change, not least the requirement from some local planning authorities that residents gain planning permission before any installation can take place. The Micropower Council would like to see permitted development rights extended to include ASHPs and micro wind turbines, within sensible parameters. These parameters have been agreed by industry representatives and we see no reason to continue delaying removing this unnecessary barrier.

Removing planning barriers and putting forward specific policy proposals to increase uptake of microgeneration technologies in the retrofit markets (both through financial incentives and regulatory reforms) will be key objectives for the Micropower Council. I will endeavour to keep the Sustainability Committee updated on our progress.

I trust that this extra information is of value to you, and if we can be of any further assistance then please do not hesitate to let me know.

Yours sincerely,

Tim Rotheray