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Industry report urges Government to back micro-CHP as part of energy future

Today, leading companies in the micro-CHP (Combined Heat and Power) sector have launched a report highlighting how micro-CHP can actively contribute to the UK's transition to greener heat and power generation, if given the right support now. Micro-CHP, a technology **developed and manufactured in the UK, can use the nation's existing gas network and installer skills to enable consumers to heat their homes efficiently and at the same time generate low-carbon power that** can be used on-site or exported to the grid.

This report sets out a road-map demonstrating how micro-CHP could replace condensing boilers in the home heating market, radically reducing household emissions. However, micro-CHP is an emerging technology and wide and rapid deployment will be crucial to achieving the necessary economies of scale. **The industry is convinced that the installation of over 1 million micro-CHP units in the UK by 2020 is an achievable and credible aspiration, but that the right Government support will be key to making this happen.**

A campaign is now underway for the right adjustments to be made to the existing policy framework, notably:

- **raising the Feed-in Tariff (FiT) for micro CHP to at least 15p/kWh, and**
- **committing to continued support for micro-CHP after the initial pilot of 30,000 units**.

It is estimated that this would bear a cumulative policy cost of around **£12.7 million until the end of the spending review period in April 2015, i.e. less than 2% of the total FiT budget for this period**. This would be accompanied by gradual volume-based tariff degression and eventual changes to the Building Regulations to mandate an emissions performance standard for new domestic heating products by the end of the decade, thus removing the need for further subsidisation of micro-CHP.

The report is available online at www.jdsassociates.com

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NOTES:

1. **Micro-CHP refers to a group of technologies that generate both usable heat and electricity, on a relatively small scale. Like a conventional condensing boiler, a micro-CHP appliance requires an input fuel. The most common input fuel is natural gas. The heat produced can be used for space heating and/or hot water. The electricity generated by micro-CHP appliances displaces electricity generated remotely by central power stations and is used either on-site or exported to the low voltage electricity network. The generation of lower carbon electricity where and when needed, in addition to usable heat, is the main benefit of micro-CHP compared to conventional heating solutions such as condensing boilers.**

2. **Micro-CHP was included within the Feed-in Tariff from its launch in April 2010 via a pilot scheme, through which a review would be triggered at 12,000 units to decide how the technology would be supported beyond this point. However, current levels of FiT support have not delivered the required number of units.**

3. **Under current Feed-in Tariff arrangements, the support for micro-CHP after the first 30,000 units is uncertain. It would appear that no provision has been made in Government projections for a Feed-in Tariff for micro-CHP beyond the end of this review period in 2013.**

4. **A Comprehensive Review of the Feed-in Tariff scheme is currently underway with a consultation document due to be published shortly, covering all aspects of the scheme.**