

## **OPEN LETTER TO INDUSTRY FROM LORD TRUSCOTT IN CONJUNCTION WITH PUBLISHING COMBINED HEAT AND POWER (CHP) GUIDANCE**

In the Energy Review<sup>1</sup> we committed to updating the Guidance to power station developers to maximise the potential for CHP where feasible. The Government is signalling with this Guidance its strong commitment to CHP whilst recognising that it is up to the market to bring forward the most competitive proposals to help ensure security of supply.

This Guidance is a means of reasserting our commitment to CHP and assisting developers in engaging with the key organisations that are sources of information on regional heat. For the first time this Guidance gives developers access to information on regional heat customers through Defra's interactive heat maps. The Guidance also includes clearer instructions on what information is required from developers.

### **The Guidance**

A draft of the revised Guidance was consulted upon formally in 2004 and 6 responses were received, these responses did not draw concrete conclusions as to the way forward. Officials continued to engage stakeholders and other Government Departments actively, culminating in a workshop in June 2006, which suggested many of the changes included in this revision. Specifically, the workshop concluded that updated Guidance would be useful if it was clear, proportionate and up-to-date. The Guidance achieves these aims and ensures that:

- potential heat customers are more readily and easily identifiable from Defra's heat maps, saving developer time identifying customers themselves;
- key sources of information on regional heat can be more quickly identified, saving developer time; and

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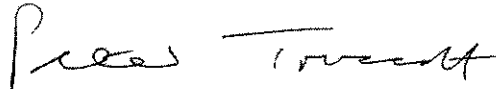
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<sup>1</sup> <http://www.dti.gov.uk/energy/review/page31995.html>

- power station developers have clarity over the specific elements of the Guidance that DTI consent managers will be looking for in an application or notification.

Other Government activity in this area

DTI has recently issued a call for evidence on barriers and incentives to distributed generation, including CHP. This current DTI/Ofgem Review of Distributed Generation (DG) is examining the barriers and incentives to a range of DG technologies. The Review looks at alternative methods of addressing unnecessary barriers to industrial, community/commercial and micro-CHP, and will report around the time of the Energy White Paper in March 2007. A further consultation on a new draft Planning Policy Statement (PPS) on Climate Change has recently been issued by DCLG. These provide an opportunity to promote CHP in the context of energy projects that fall below the thresholds which governs this Guidance.



**LORD TRUSCOTT**