

Overseas Territories ("OT") of the UK would join Kyoto via the UK rather than directly. Consequently, for OT's to sell CO2 credits via a joint implementation deal an OT would require the written approval of the UK. As the UK is likely to have some difficulty in meeting its own Kyoto targets I understand that such approval by the UK would be highly unlikely.

As you may know, the Utilities Act 2000 does not allow for Renewable Obligation Certificates ("ROC") from generation outside Great Britain. I believe that the Climate Change Levy has similar limitations.

As a consequence of the previous two paragraphs Northern Ireland and the overseas territories are at a competitive disadvantage in implementing Kyoto vis a vis any other region of the UK or indeed any other signatory to Kyoto.

Unfortunately, current UK law and policy does not allow for any economic benefit from the CO2 savings any UK but non-GB plant to accrue to the developers of the plant. As a result, without some change that would allow for the export of the credits from UK but none GB plants such plants will not enjoy the benefits of the GB plants and are therefore unlikely to be built.

From my experience in developing a CHP facility in Great Britain my own view is that as Planning Permission now stands it would seem unlikely that the UK's Kyoto targets be met. I believe that this is the view of many in the industry. If I am correct in my assessment it would seem to me to be folly on the part of the UK Government to be actively discouraging the development of renewable generation in Northern Ireland and the Overseas territories when these regions could make a significant contribution to the UK's target.

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