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**'Greenest Government Ever? - End of term appraisal'
"Needs to try much, much harder" as jobs are lost, and entrepreneurs
and investors spooked in the microgeneration industry**

The Microgeneration industry today called upon David Cameron to intervene personally to fulfil his pledge to make this "the Greenest Government Ever" as squabbling between Government departments starts to cost jobs and cause investors to flee the UK Microgeneration sector.

In an "end of term" report (attached) the Micropower Council highlights how the Treasury is blocking the wishes of Energy and Climate Change Ministers Chris Huhne and Greg Barker to introduce a key policy that will encourage millions of householders to install renewable heating or hot water. The report also highlights how the civil service machine has caused Ministers at the Department for Communities and Local Government to break the law, as well as ignoring the publicly expressed wishes of two Ministers.

Dave Sowden, Chief Executive of the Micropower Council, said: "The valiant attempts of Chris Huhne and Greg Barker at the Department for Energy and Climate Change to make progress on microgeneration policy are constantly being thwarted by the Treasury and by the machine taking over from Ministers in policy making at DEFRA and CLG. This is distorting the market, costing jobs, spooking entrepreneurs, and causing investors to flee.

"Almost 130 Members of Parliament have called on the Government to confirm the introduction of the Renewable Heat Incentive for Microgeneration. Ministers in DECC have been inundated with briefings (including at least one established company implementing 40% cuts in its salary bill) and urgent requests for clarity on this key policy before this industry starts to fall apart. Despite this, the Treasury's iron shutters remain down.

"In DEFRA and CLG, the civil service machine has for years undermined Ministers and thwarted their wishes on Permitted Development for microgeneration. We had hoped this Government would be different and that the new batch of CLG Ministers would get a grip. Despite this, Eric Pickles and Greg Clark have allowed their civil servants to over ride the wishes of two Ministers of State and sleep-walk them into breaking the law.

"We now call on the Prime Minister himself to intervene personally to put a stop to this inter-departmental bickering, and give Chris Huhne and Greg Barker the help they need in tackling Treasury and CLG. The Conservative Party was a staunch supporter of these two key policies when in opposition, and if they are not seen through without any further delay, "the Greenest Government Ever" will have ended its first Parliamentary term with a microgeneration industry in crisis".

Microgeneration 'End of Term' Report Highlights:

Permitted Development for air source heat pumps and micro-wind:

Only a year ago, when in Opposition, the Conservatives and Liberal Democrats were bursting with enthusiasm and support for the Green Energy (Definition and Promotions) Bill, including the requirement to take the long overdue step of slashing red tape by exempting air source heat pumps and micro-wind from the need to apply for planning permission.

The Government has broken the law by failing to comply with an Act of Parliament that required it to introduce this policy by 12 July 2010. It has also subsequently ignored the wishes of two Ministers of State – Greg Barker in his speech on 12 July when he pledged that the Government would address this prior to the summer recess, and Greg Clark, in written correspondence on 23 July.

This policy has a long and sordid history of civil servants in DEFRA manipulating this policy to protect their own positions. A consultant to DEFRA, freely admitted that under instruction from civil servants, he had been “trying to find a reason” to block micro-wind turbines from becoming permitted development. Despite numerous evidence submissions, written commitments to Parliament by Ministers in the previous Government, Freedom of Information requests, and even a formal complaint about breaches of the civil service code, Sir Humphrey has won the day once more, successfully sleep-walking new Ministers into the same traps he laid under the last Government.

Permitted Development Grade: FAIL

Renewable Heat Incentive:

Following the General Election, doubt was cast over the proposed Renewable Heat Incentive (RHI) after its notable absence from the Coalition Agreement. Industry needs clarity on this – and fast. Jobs are disappearing, investors face a confidence crisis, and the Government runs the very real risk that a recently built industry will simply fall apart, and be impossible to rebuild quickly enough to meet the country’s climate change and renewable energy targets.

DECC Ministers, Chris Huhne and Greg Barker are firmly on-side, but their attempts to announce this important policy are being blocked by the Treasury, despite the evidence and the overwhelming weight of campaigning pressure – almost 130 MPs have signed up calling for an immediate announcement, countless letters have been sent to Ministers, direct representations made to civil servants, and over 20 Parliamentary Questions have been tabled. Answers highlight the Government’s commitment to renewable heat in the UK, and acknowledge its necessity in meeting renewables targets. The Government has even formally told the European Commission it intends to introduce the Renewable Heat Incentive, but so far the Treasury has blocked the announcement so desperately needed: that it will be introduced for Microgeneration technologies from 1st April 2011.

RHI Grade: PULL YOUR SOCKS UP BEFORE IT’S TOO LATE

Feed in Tariffs:

Feed-in-tariffs have started to have the desired effect in the Microgeneration sector. The industry is buoyed by demand, investment is pouring into the sector, installations are taking place in droves, and the policy is fulfilling its objectives. Even the banks are now interested in the microgeneration sector.

There remain one or two regulatory and administrative issues which need to be addressed in order to ensure accessing feed-in-tariffs is made as easy as possible for customers and to ensure access to the Feed-in-tariff measures for those less well-off, but by and large this policy is meeting its objectives.

It will be particularly important to ensure the first review of feed-in-tariffs is based on a proper assessment of evidence of how the policy is meeting its objectives and ensure that the industry embarks on a thorough exercise of comprehensive data and evidence gathering to inform this process. Likewise, it will be crucial for Government to listen in class to ensure that progress so far is not undone.

Feed-in-tariffs Grade: A very good start, some additional effort needed, and most important to prepare properly for the next exam.

Microgeneration Strategy:

The Coalition Government's announcement of a root and branch review of Microgeneration policy in the UK (12/07/2010) and publication of a new Microgeneration Strategy next year were widely welcomed by the Microgeneration industry. Climate Change minister Greg Barker launched the consultation process for the new Strategy at the Micropower Council's Summer Reception on the 12th July. The Minister outlined his vision for Microgeneration stating: *"I want to see more homes, communities and businesses generating their own energy. We can literally bring power back to the people. Microgeneration is a key part of this vision."*

The government's commitment to an open and participative process of developing the Microgeneration Strategy is to be welcomed, and this is an important area of work to complement the introduction of appropriate financial incentives that bring microgeneration within the financial reach of the majority of the population.

It will be important to gain clarity quickly on the Renewable Heat Incentive so that it does not continue to overshadow this good work.

Microgeneration Strategy Grade: An excellent start in this subject.

The Green Deal:

Ministers have confirmed that they expect Microgeneration to receive some support under finance products within the 'Green Deal Umbrella'. As yet it is not clear precisely what this means, and the Green Deal is of course a policy under active development without anything concrete ruled in or out at this stage.

It will be important, as the Green Deal develops, to ensure that it is open to finance all cost-effective measures to improve people's homes, including those made cost effective by way of other means such as FIT or RHI.

Green Deal Grade: A positive start.

Principal's Comments

The new Government shows promising signs for microgeneration in some areas, but it really needs to get a grip on some important areas, and quickly before the industry falls apart. The internal squabbling over RHI and the apparent inability of Ministers to overrule the disruptive effect of civil servants in Permitted Development cast serious doubt over whether the good

intentions of the Prime Minister and the DECC Ministerial team will eventually win through. It needs to try much, much harder, and is “on report”, until it can demonstrate it is doing so.

For further information: Jane Vaus, 077480 10447 or jane.vaus@micropower.co.uk

Notes

The term “Microgeneration” broadly refers to a range of technologies that non-expert users can use to produce heat or power from renewable or low carbon sources – the next step beyond cost effective energy efficiency measures such as insulation.

The government’s own figures suggest that up to 7 million homes could have some form of Microgeneration installed by 2020, making it an important contributor to EU targets for renewable energy and reductions in CO2 emissions.

The Micropower Council represents companies, trade associations and others with an interest in developing a mass market for the Microgeneration sector. It is the only body representing the full cross-section of Microgeneration technologies. www.micropower.co.uk