



Industry news – May 2008

Here is a collection of some relevant news items from the last few months, and links to further references:

UK Policies and References

Tax:

- The UK 'Enhanced Capital Allowance' scheme provides 100% first-year write-off for investments in energy-saving equipment¹. There is a specific reference to CHP [here](#).
- Similarly, in the UK tax is not payable on the [income](#) received from exporting power to the grid or selling [ROCs \(carbon credits\)](#).
- The UK also provides [stamp duty relief](#) for new zero carbon homes (see references below) and a reduced VAT rate of 5% (down from 17.5%) for microgeneration appliances.

<http://www.zerocarbonbritain.com>

- The zero carbon report has some good graphs on the UK energy profile from 2007-2027 pg 7 (pg 15 on PDF), which goes into the particular details of CHP on pg 86 (pg 96 PDF)
- There are also some useful facts and figures on projections for household numbers and energy usage over the next 20 year. Chapter 9, pg 49 (pg 56 PDF)
(Thanks to Vicky Watkins at Hogarth!)

The UK Government is [reportedly](#) also considering introducing a feed in tariff and has a [range of policies](#) specifically designed to support microgeneration.

Investment

UK [Environmental Transformation Fund](#) and the [Energy Technologies Institute](#), which receives matched funding of up to £500 million, creating the potential for a £1 billion Institute over 10 years.

Distributed Energy - Initial Proposals for More Flexible Market and Licensing Arrangements

Ofgem consultation paper, Dec 2007: [click here](#).

This document sets out Ofgem and BERR's initial proposals for introducing greater flexibility to the market, regulatory, and licensing arrangements for distributed low-carbon electricity, as signalled in the Energy White Paper.

Good links to previous government papers and reports on the topic. A general Information Sheet on Distributed Energy was also released in Feb 2008 – [click here](#).

¹ <http://www.eca.gov.uk/etl/default.htm>. See also a UK discussion paper from 2001: <http://www.hm-treasury.gov.uk/media/7/5/532.pdf>. An EU paper from 2004 is at http://reports.eea.europa.eu/technical_report_2004_1/en/Energy_FINAL_web.pdf

UK News

Switching rate hits 5.1 million in 2007

Figures from energy regulator Ofgem show that the switching rate for gas and electricity suppliers hit more than five million in 2007, as energy customers went in search of cheaper deals. This is the highest level of switching for five years.

£25 million granted for microgeneration in the UK 08/01/08

Figures released by the UK Department for Business, Enterprise and Regulatory Reform (BERR) show that by the end of 2007, £25 million has so far been issued in grants to install microgeneration in the UK.

Low Carbon Buildings Programme: <http://www.lowcarbonbuildings.org.uk/about/hfags/>
Source: BERR 31/12/07

UK Government spending increase for low carbon Britain 04/03/08

The UK government will increase annual funding for clean energy technologies, investments and enterprises to £400 million over the next three years.

Details of the increased funding for UK Environment ministry Defra were announced on 21 February by Environment Minister Hilary Benn. In particular, increases in government investment will be seen for low-carbon technologies, through an increase in the domestic Environmental Transformation Fund (ETF) to £400 million, plus £800 million to tackle environmental challenges in developing countries over the next three years.

Further information: [Environmental Transformation Fund](#)

New UK Planning regulations give boost to onsite renewables 08/01/08

A new UK "Planning Policy Statement" on Climate Change from the Department of Communities and Local Government (CLG) will mean that all UK councils will have to integrate climate change mitigation and, specifically, renewable energy into all local plans and developments. The four main principles of the new Planning Policy Statement are to:

- ensure local plans have strong carbon ambitions and targets
- help to deliver **decentralised** renewable and **low carbon** energy
- speed up the shift to renewable and low carbon energy; and
- create communities that are resilient to the effects of climate change.

Further information: [Planning Policy Statement on Climate Change](#); [Renewable Energy Association reaction](#)

UK-Green Buildings Council Advocates New Zero Carbon Definition

The UK Green Building Council has released its report "The Definition of Zero Carbon", produced by its zero carbon task group.

Launched in December 2007, the group brought together a range of expert stakeholders, following concern that the current definition of zero carbon - which excludes the use of off-site renewables - threatened Government's ambitious housing targets and created confusion amongst engineers, architects and clients.

The report releases new modelling that shows the current definition is not achievable on up to 80% of new homes. Therefore, if Government wants to maintain its housing delivery targets of

3 million new homes by 2020, without watering down the level of carbon savings, the definition of zero carbon must change.

UK-GBC recommends that as part of the definition of zero carbon:

- All new buildings must meet strict minimum energy efficiency standards, both in terms of the building design and household appliances where supplied by developers.
- All new buildings should seek to mitigate carbon emissions from energy use on or near the carbon heat through district networks.

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EU News

International Energy Agency report on International CHP Benefits

March 2008, the International Energy Agency released its new pioneering publication: "Combined Heat and Power. Evaluating the Benefits of Greater Global Investment".

The work is an effort to improve the availability of data on cogeneration and district energy. Sections one and two of the report provide updated data on CHP/DHC from around the world with an emphasis on G8+5 nations.

Page 14 has a bullet point table highlighting 4 key parameters for CHP to be successful, key is electrical efficiency and run time. This reinforces CFCL's commercialisation and value model (which we have communicated for some years now) – and designing our products for high electrical efficiency and low heat to power ratio.

The results show that a feasible increase in the use of CHP in the G8+5 countries could result in reduced capital costs of \$US 150 billion by 2015 rising to \$US 795 billion by 2030, while simultaneously reducing retail electricity prices. Carbon emissions could similarly be reduced by 170Mt annually by 2015 rising to 950Mt annual reductions by 2030. The results clearly show that CHP is a cost effective way of reducing pollution associated with the provision of electrical and thermal energy.

Download the report [here](#). WADE website: www.localpower.org

Germany could suffer power supply shortage from 2012

Cologne (Platts) — 20 Mar 2008

Germany will not have enough generation capacity to cover peak demand by 2012, the country's energy agency Deutsche Energie-Agentur said Wednesday.

By 2012, the country will need an extra 11,600 MW of capacity (or about 15 big power units) if demand remains at present levels, Dena said in a study. By 2020, the shortage could amount to 16,600 MW, the study showed.

In a report leaked to Frankfurter Allgemeine Zeitung, the study, based on talks with generators and Dena's own calculations, showed that the shortage of supply is due to the removal of many power plants from generators' lists. Local resistance to generators, rising construction costs and uncertainty over post-Kyoto negotiations and emission trade issues were all cited as explanations, Dena said.

The study said 59 units have been put on the backburner. Another 19 units (about 11,000 MW) had either begun operation since 2005 or were currently under construction.

The agency also warned against a short term fix of extending the life spans of nuclear units as a means of boosting supply. German power plants currently have an overall installed capacity of 80,000 MW.

General News

In March 2008 **Fuel Cell Today** just published its Small Stationary Survey 2008. The free version of the survey is available to download from www.fuelcelltoday.com - click [here](#)

World Solid Oxide Fuel Cells Market to Reach \$443 Million by 2010, According to New Report by Global Industry Analysts

Driven by the unrelenting rise in petroleum and fossil fuel prices, rising concerns over environmental pollution, and the need for clean energy generation technologies, the world solid oxide fuel cells (SOFCs) market is projected to reach \$443 million by the year 2010. Liberalization of the retail electricity industry, utility infrastructure restructuring, and changing public environmental policies are all expected to offer expanded market opportunities for SOFCs.

World SOFCs market is dominated by Japan and other environment driven countries in North America, and Western Europe. The Japanese market is forecast to grow at a CAGR of 8.81% over the period 2011 through 2015, while North America and Europe, together, are expected to post combined revenues to the tune of \$393.02 million by the year 2012.

Ceramic Fuel Cells Ltd is named as one of the leading global and regional players operating in the industry.

The report is titled "Solid Oxide Fuel Cells (SOFCs): A Global Strategic Business Report" published by Global Industry Analysts, Inc.
http://www.strategyr.com/Solid_Oxide_Fuel_Cells_SOFCs_Market_Report.asp

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If you would like copies of the reports mentioned here please contact us:

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