

PRESS RELEASE

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Government rules threaten renewable investments, says business

The current regulatory framework is creating barriers for corporate investments in renewable energy generation, claims a coalition of over forty leading UK businesses and a number of third sector organisations. The Government's carbon reporting rules are undermining the business case for on-site renewable energy generation and putting at risk a large number of innovative eco-projects.

In an open letter from the Aldersgate Group [1] to Joan Ruddock, the Parliamentary Under-Secretary of State for Energy and Climate Change, the signatories maintain that a large number of schemes that could make a significant additional contribution to the de-carbonising of electricity generation in the UK are at risk. **Signatories include BT, BSkyB, Eurostar, Ikea, Aviva, News International, Microsoft, Motorola, Cable & Wireless and Sun Microsystems [2].**

The barriers arise from inconsistencies arising from Defra's Best Practice Voluntary Reporting Guidelines (June 2008) and the Carbon Reduction Commitment (CRC), as well as other incentives administered by the Department of Energy and Climate Change. This is because the Government insists that end-users must assume that all electricity generated on-site contains the average carbon intensity for the national grid. For its true carbon content to be reflected in company carbon reporting, the company must forgo the only relevant subsidy – Renewable Obligation Certificates (ROCs) – which in turn makes the vast majority of renewable energy investments financially unviable.

Peter Young, Chairman of the Aldersgate Group and author of the letter, said: **“Businesses are questioning the rationale of investments in green energy if they must surrender either the subsidy or the green benefit. The letter today not only shows the magnitude of concern**

amongst leaders of British industry, but also puts forward a number of solutions that address legitimate Government concerns over double counting.”

Richard Brown, Chief Executive, Eurostar, said: "Business needs reporting guidelines that provide incentives and recognition for reducing carbon dioxide emissions. Companies that operate across international borders cannot make investment decisions based on conflicting reporting regimes, or report differently in different countries without causing confusion in the eyes of stakeholders, staff and customers alike. It would also be a huge mistake to neuter the potential influence that large customers can have on the electricity generation industry."

Gary Freedman , Head of Business at Ecotricity, which have built the majority of the UK's on-site wind turbines for companies such as Sainsbury's, Ford, B&Q, Prudential and Michelin, said: “We have witnessed growing concern over the Carbon Reduction Commitment's stance regarding on-site generation and believe this policy is causing delay and in some cases halting the growth of on-site wind energy.”

Sun Microsystems, a signatory to the letter, issued the following statement: “Sun Microsystems have suspended any further development work on solar and/or wind projects for on-site generation at its Guillemont Park Campus in Surrey. This suspension will not be lifted until the current legislation is revised. It is not possible to make a viable business case for such projects under the current legislation which penalises companies who would like to invest in renewable energy generation.”

British Telecom, a member of the Aldersgate Group and signatory to the letter, issued the following statement: “British Telecom is concerned about government carbon accounting rules for on-site renewables. The new rules state that organisations in receipt of a subsidy (derived by selling renewable obligation certificates) cannot report the electricity as zero carbon. However, all such projects, including BT's 250MW wind farm project (the largest such project outside the energy industry), are entirely dependent on receiving a subsidy to make them financially viable.”

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1. The Aldersgate Group is a coalition of businesses and environmental groups that provide the economic case for high environmental standards.
2. Signatories to the letter are:

Aggregate Industries Europe (Holcim Group Ltd)

Atkins

Aviva plc.

Barratt Developments

Biffa

Blizzard Utilities Limited

Booksellers Association

British Library

BSkyB Ltd.

BT

Cable & Wireless Group Plc.

Carbon Accountability Programme

CICS Limited

The Climate Group

Decarbonize

DHL Neutral Services

Drivers Jonas

Environmental Industries Commission

ESCAPE Energy Advisors

Enviros

Eurostar

Eftec

Environmental Law Foundation

Friends of the Earth

Fuel Cell Markets Ltd

Green Alliance

Institute of European Environmental Policy

IKEA

INEOS Chlor Ltd

Institution of Civil Engineers

InterfaceFLOR

John Hall Associates
The Low Carbon Economy Ltd
Major Energy Users Council (MEUC)
MAN Group
Manchester Airports Group
Microsoft Corporation
Motorola
National Express Group
News International
Premier Farnell
Publishers Association
Reed Elsevier
RSPB
SEEDA
SKF
Sun Microsystems Limited
The Chartered Institute of Purchasing & Supply
Trinity Mirror
Unipart Group of Companies Ltd
Wessex Water
UK Green Buildings Council
United Utilities
WWF