MALCOLM WICKS' SPEECH TO THE MICROPOWER COUNCIL, 4 JUNE 2008

1. It's a pleasure to be here at the Micropower Council's Annual Conference once again.

2. At this conference two years ago, I launched the Government's Microgeneration Strategy, which aimed to identify the obstacles to creating a sustainable microgeneration market. I am pleased to say that, in a few weeks time, we will be able to publish a report on the progress made on the strategy. We have already completed over 20 of the actions by addressing the planning and technical barriers identified in the report, and we have developed a far better understanding of cost and information constraints that we can build on going forward.

3. I'd also like to thank those people in the microgeneration industry – including many of you here today – whose knowledge and expertise has been invaluable in helping implement the strategy.

4. Through the last two years of work, we have gained a greater understanding of the way the microgeneration market works and of the important contribution it can make to reducing our CO2 emissions. By building an evidence base on consumer behaviour, by taking action to tackle planning restrictions, and through providing support to reduce capital costs, we're now in a better position to build a sustainable market for microgeneration in the UK.

5. On Monday, Element Energy published its report entitled "The Growth Potential for Microgeneration in England, Wales and Scotland". This analysis sheds light not only on consumer behaviour, but also on the potential for targets for microgeneration. We will be considering the modelling and analysis that's contained in the report in order to make a decision by November.

6. We have achieved a great deal through the delivery of the Microgeneration Strategy. But we have also gone further, and implemented a number or policies alongside the strategy in order to encourage further uptake of microgeneration.

7. The UK's energy strategy is about two big challenges: ensuring secure and affordable energy supplies, and tackling climate change by cutting carbon emissions. This requires a diverse and low-carbon mix of energy sources, and has led to some tough decisions: our decision in January in favour of new nuclear power stations, our commitment to meeting our share of the very ambitious EU renewables target for 2020, our backing of the world's first full-scale demonstration project for carbon capture and storage on post-combustion coal.

8. Delivering that strategy requires some legislative changes, and the Energy Bill is currently being considered in the House of Lords. The Bill includes measures to reform the Renewables Obligation to drive greater and more rapid deployment of renewables, importantly doubling the support for microgenerators to the highest level available. And, through the Climate Change Bill, we have imposed on ourselves a binding target for reducing CO2 emissions - a 60% reduction by 2050.

9. We've recognised the need to reduce the carbon emissions from the electricity and heat we use, and the need to focus on the role that the local supply of electricity and heat, from household to community-scale, can play in meeting the challenge of climate change.

10. We realise too, that as part of meeting these challenges, we have to decarbonise the built environment. So we've set ourselves a target for all new homes to be zero-carbon by 2016, and we intend all new non-domestic buildings to be zero-carbon by 2019. This will require a major expansion of decentralised energy – transforming the way we power communities. Energy produced and supplied locally from renewable sources can inspire communities to take more action to protect our environment.

11. The Government has also pledged for all schools to be zero carbon by 2016 and, as you'll have heard me say before, I believe the role microgeneration technologies will have to play in our nation's schools is a real opportunity to educate the next generation. I've seen evidence of this first hand in my visits to schools that have installed microgeneration through the Low Carbon Buildings Programme. Staff have used these innovative technologies to inspire and engage the students - this really can change future generations' attitudes to energy and climate change issues.

12. Hundreds of schools have now applied for microgeneration grants under the Government's £86 million capital grant programme, and after raising the grant caps to 50% across all technologies for Phase 2 of the programme, we want to see more community schemes taking advantage of the opportunity to 'go green'.

13. A couple of days ago, I met representatives from schools, housing associations and public sector bodies who were attending one of our promotional events for phase 2 of the LCBP. There are five more events left in our promotional campaign, in Manchester, Cambridge, Edinburgh, Newcastle and London, and I hope that through these events and the three that have already happened, we'll raise awareness of the programme and encourage more eligible organisations to apply for the funding that's available.

14. Last Friday, we also announced that we would pilot a new fuel poverty workstream under Phase 1 of the Low Carbon Buildings programme. This pilot will be delivered on a regional basis and will provide an excellent opportunity both to broaden the programme to a wider audience, drive down the costs of measures and drive up volumes.

15. Subject to finalising arrangements with those concerned, we anticipate that this pilot project will be undertaken in partnership with the Regional Development Agencies in North-East England, Yorkshire and Humberside and the East of England, and with the Welsh Assembly. Each of these organisations is able to move quickly, which should enable us to see the earliest possible installation of microgeneration technologies under the pilot.

16. Low-income households, often without access to mains gas, are those that can most benefit from microgen technologies, and we hope that this pilot will increase the number of installations in those houses. It will help us better to understand the role microgeneration technologies for space-heating can play in helping the fuel poor, building on the wider support that is already available.

17. This pilot scheme draws on experience from demonstration programmes currently being co-funded by BERR and two Regional Development Agencies that already indicate significant benefits in adopting a community-based approach to assessing the needs of the fuel poor and installing microgeneration technologies. For those in the manufacturing and installation industries, they offer the chance to move into a higher volume activity of the kind we must have if we're to realise our larger ambitions on climate change.

18. We have achieved a lot through our work to support microgeneration, but it is important that we don't lose this momentum, which will be valuable in moving forward with our work on the Renewable Energy Strategy and later in the year on our Heat Strategy.

19. As I've mentioned, we have an extremely challenging target ahead of us in meeting our share of the EU's target to source 20% of Europe's energy from renewables by 2020, which is likely to mean a target of around 15% for the UK. Given our history of relying on secure sources of domestically produced oil and gas to provide the majority of our energy needs, we need to implement some immense changes as we harness our other great natural resources – our renewable resources.

20. We will be consulting on our Renewable Energy Strategy shortly, and will be consulting on the wider issues of heat, energy efficiency and distributed energy in the autumn. The recent Heat Call for Evidence emphasised the key role that microgeneration heat technologies can play in decarbonising domestic heating, and we will be sure to explore the opportunities for reducing our overall levels of energy use, through energy efficiency measures.

21. In Spring 2009, we plan to outline the measures we will need to meet our share of the EU target by 2020, but also to achieve our longer term renewable and carbon targets. This strategy will be a great opportunity to look further at microgeneration as part of our renewable energy policy and in the context of the UK's wider energy generation mix.

22. Thank you all once again for the role you have played in helping us to better understand microgeneration over the last few years. We have come a long way, but we will continue to need your engagement and your expertise throughout this next period of consultation and beyond. I look forward to further cooperation between Government, Ofgem and Industry. This is an opportunity for all of us to make a real difference.

23. I wish you every success for your conference today, and look forward to joining you later on this evening for dinner.