

REF

RENEWABLE ENERGY FOUNDATION

PRESS RELEASE

28 MARCH 2006

REF COMMENDS ENCOURAGEMENT FOR MICROGENERATION

REF today sought to commend the government on its attempt to give a boost to microgeneration with the publication of a new Strategy document. The potential for reducing energy consumption, and reducing emissions in ways which are truly cost effective is very large, and the UK's lack of progress in this area has, up to now, been disappointing.

REF, however, cautioned against government intervention that might distort the microgeneration market in the same way that the Renewables Obligation, now widely acknowledged to have been a costly failure, continues to distort industrial scale renewable electricity generation.

REF would recommend that government could best stimulate optimal uptake of microgeneration through a "hands off" approach, offering support through tax relief. The government already offers 5% VAT for most microgeneration technologies, but 0% would show real seriousness of intent.

A "hands off" approach would have the great advantage of stimulating competition between technologies, and ensuring that the UK's deployment of microgeneration sets the sort of economically compelling example which can encourage emulation in the developing world.

Campbell Dunford, CEO of REF, said, "Microgeneration is extremely promising; the last thing we want to see in this sector is sub-optimal uptake because of clumsy intervention strategies. Give microgeneration technologies 0% VAT and then let the market and environmentally conscious customers do the rest."

END

For further information please contact Margareta Stanley at DBA on 020 7930 8033 email info@nchl.demon.co.uk or visit the website at www.ref.org.uk.