

## news update

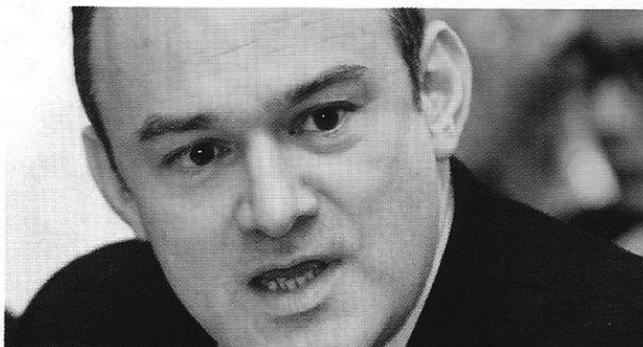
NEGAWATTS TO BE INCLUDED IN ELECTRICITY MARKET REFORM

# Davey's 'radical green idea' will bring double benefit to energy-saving organisations

The Government has announced how it intends to incorporate rewards for those who save electricity, within their new electricity market reform. The new negawatts policy was initially revealed exclusively in the February issue of EiBI.

Now, Energy Secretary Edward Davey has set out how, via his "radical green idea", businesses and other organisations can receive extra financial incentives for reducing the amount of electricity they use. He admitted that initially his plans for the electricity market had been "weak on cutting electricity demand – the real greenest approach."

Effectively, savers of electricity will now benefit twice. This will be via the conventional plus of needing to buy fewer kilowatt hours. Additionally, having demonstrated that the savings



Davey: 'companies being paid for saving energy, not wasting it'

have been made, they can bid in to the new Government pilot system, which will reward them for obviating the need for extra electricity generation.

The new pilot auction scheme will begin next spring, and run for up to 24 months. Government expenditure of at least £20m has been set aside for the scheme, a figure which could rise to be

significantly higher depending upon the levels of participation.

The scheme will examine how businesses, and other organisations such as charities, that install measures that save electricity on their premises. Installation of more efficient motors, air conditioning or lighting would ensure extra financial incentives for the reduced amount of electricity they use.

According to Mr. Davey, this will mean companies "being paid for saving energy, not wasting it." Electricity Demand Reduction (EDR) can provide a number of benefits – cost-effective energy efficiency measures can reduce energy bills for companies and this can translate into financial savings and increased productivity.