

Monday April 4, 2005

CONSULTATION TO REVISE GREEN SUPPLY GUIDELINES

Energy regulator Ofgem has launched a consultation on a revised set of guidelines for supplying electricity from renewable sources.

Green supply deals are offered by most major energy suppliers to customers who want to use electricity generated from renewables. Ofgem originally published guidelines in April 2002 recommending criteria that suppliers should adhere to when advertising green energy packages to domestic consumers.

However, the guidelines now require revision due to a number of developments including the decision by the Energy Saving Trust to discontinue the Future Energy Scheme, an accreditation scheme for renewable energy, the experience the industry has gained during the first two years of the Renewables Obligation and the introduction of Renewable Energy Guarantees of Origin (REGOs). The most recent development is the new requirement for suppliers to disclose the fuels used to generate electricity.

The revised guidelines now being proposed have been developed in light of these and following a series of workshops organised by suppliers. The consultation suggests that REGOs should be the main industry-wide evidence for tracking the origin of renewable energy for domestic and non-domestic customers that sign up to green supply offers. The offers themselves should also contribute to increased renewable capacity or generation, or have other clearly identified environmental benefits. The consultation period ends on July 1, 2005.

Ofgem has also published its response to the Government's review of the Climate Change Programme. The review includes analysis of existing and proposed measures to ensure initiatives contributing to the programme are undertaken in the most cost effective way.

The response can be found on the Environmental Issues section of www.ofgem.gov.uk

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1. Copies of the document "Revision of Guidelines on Green Supply Offerings: Consultation Document" are available on the Ofgem website www.ofgem.gov.uk. Hard copies can be ordered from the Ofgem distribution centre on 020 7901 7116 or by email from distribution@ofgem.gov.uk
2. The key features of the Green Supply Guidelines are as follows:

- Transparency: Suppliers need to state clearly what forms of technology are being used to generate renewable energy and ensure their marketing material for the tariffs is correct and up-to-date.
 - Additionality: Consumers choosing a green supply deal need to be sure they are contributing to the development of renewable generation, over and above that which is legally required, or to some other clearly identifiable environmental benefit.
 - Verification: suppliers must be able to verify all claims made in marketing material relating to their supply packages and be prepared to release information which proves these claims to the public or an authorised accreditation body.
3. Ofgem has the responsibility for implementing the Government's Renewables Obligation, which started in April 2002. The obligation requires electricity suppliers to supply a certain proportion of their total sales in Great Britain from electricity generated from renewable sources. This proportion starts at three per cent in 2002 – 2003 and reaches 15.4 per cent in 2015 – 2016.
 4. Renewable Energy Guarantees of Origin (REGOs) were introduced as a requirement of the EU Directive to promote electricity from renewable energy sources. They are issued in Great Britain by Ofgem, on the request of generators, to prove electricity is being produced from renewable energy sources.
 5. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986 and the Electricity Act 1989, as amended by the Utilities Act 2000 as well as under the Competition Act 1998 and the Enterprise Act 2002.

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