Green tariffs: additionality and messaging

Research summary
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1. Summary

In March 2014, Ofgem commissioned Big Sofa to understand what information consumers need to make an informed decision around whether to choose a green energy tariff. The research process involved: establishing how engaged consumers were in the market; and what they did and didn’t know about green tariffs already. It then explored how green tariffs work and some potential messaging to explain the differences between different types. We found that:

- Most consumers remain disengaged from the energy market (as observed in other research conducted for Ofgem).
- Existing consumer awareness and consideration of green tariffs are very low – largely as a result of:
  - Perceived (and sometimes actual) high prices compared to ‘standard’ tariffs
  - Low understanding of the potential benefits of a green tariff
  - The complexity of the subject area – both green tariffs themselves and the broader ‘green agenda’
- The base assumption is that green tariffs will ‘provide renewable energy’ – but little is known or understood beyond this.
- Few consumers know about the UK’s Renewables Obligation, but awareness – and, crucially, understanding – of it fundamentally alters their expectations of what a green tariff should deliver.
- No one is aware that different types of green tariff currently exist, but the more they learn about them the more they feel there is a need for messaging to highlight differences between them.
- Tariffs with additionality are seen as ‘proper’ green tariffs – but pricing is key to the validity of those without. If they are priced at the same level as a ‘standard’ (i.e. non green) tariff, they become an increasingly attractive option to consumers because they support the green agenda with no downsides. If they are more expensive, their existence is seen as pointless.
- Therefore any messaging used to differentiate the tariff types should feel balanced in tone and be very prominent alongside supplier claims at the point of purchase or decision-making.
- Ultimately, the background information that underpins these tariffs (about the Renewable Obligation and how the different types of green tariff work) is felt to be vital to decision-making.
- However this information is very complex and consumer interest in this area is low so few would look (or even know to look) for messaging. Most consumers admitted that they were only engaging with the issue within the research process and would have been very unlikely to take the time to understand green tariffs outside of this.

2 There are two broad types of green tariff in the market currently: those that offer an additional environmental benefit beyond the provision of renewable energy already paid for through the Renewables Obligation; and those that do not.
Consumers would prefer an independent or Ofgem-led rating of all green tariffs (similar to the existing Energy Efficiency scale\(^3\)), which would enable them to make instant decisions around the cost versus benefit of different tariffs.

2. Introduction

2.1 Background

Ofgem commissioned a previous qualitative research project to understand consumer awareness, experiences and expectations of green energy tariffs in March 2013\(^4\). The outputs of this research helped to inform Ofgem’s review of consumer protection in the green tariffs market\(^5\).

The earlier research found that:

- Perceptions of excessive profits at the ‘Big 6’ energy suppliers made consumers sceptical of anything that would lead to them paying more for their energy.
- Tariffs were already confusing, and so was the broader ‘green’ agenda.
- There was little latent demand for green tariffs - and even less once consumers understood that they were already paying for green energy through the Renewables Obligation.
- Even consumers on green tariffs were not big advocates of them. Many were on them ‘by accident’ (for example having inherited the tariff after a house move, or because it was the cheapest option on a price comparison site), although a very small minority had actively chosen one. Very few understood exactly what they were paying extra for.
- The more consumers learnt about what green tariffs were, the less attractive the tariffs became to them, especially when prices were higher than a standard tariff.
- Clear information at the point of purchase was needed for consumers to make an informed decision when choosing a tariff.

2.2 Objectives

In March 2014 Ofgem commissioned Big Sofa to conduct additional research to explore messaging aimed at differentiating the different types of renewable energy tariffs – specifically those that do not provide additional environmental benefits beyond renewable energy already paid for through the Renewables Obligation. The research sought to understand:

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\(^3\) When talking about Energy Efficiency, consumers tend to be referring to the EU Energy Label (http://www.newenergylabel.com/index.php/uk/home/) or similar scales used in housing.
• What information consumers need to make an informed choice of tariff.
• Which messages resonate most with consumers.
• Where messages should be positioned to help the consumer decision making process.

2.3 Methodology

• The research process consisted of eight focus groups in four locations in April 2014. In total, 42 consumers participated.
• Consumers recruited were either ‘light green’ or ‘dark green’ – assessed on a range of attitudinal and behavioural statements.
• One group of each consumer type was held in Birmingham, Brighton, Cardiff, and Glasgow.
• Consumers were presented with information relating to the Renewables Obligation and types of green tariff at various points to aid discussion.

3. Consumer context

Previous research showed that context is crucial to how people think about green tariffs – i.e. their overall attitudes to ‘green-ness’; how they engage in the market; and what they know already about renewable energy. In this research we explored this context with consumers to understand how it informed their subsequent reactions to tariff features and messaging.

3.1 Being green

In the previous research ‘Green’ was a broad and potentially confusing subject around which consumers had a broad range of attitudes – ranging from near apathy to a passionate belief in the agenda.

Recycling and reducing energy use in the home were both seen as ‘a part of life’ for all green consumers. However some less interested ‘light green’ consumers appeared to do both alongside a range of other green behaviours because of a sense of social obligation or for practical reasons (e.g. saving money, reducing waste). ‘Dark green’ consumers were more likely to do them as part of a genuine belief in the green agenda.

Cost remained a key barrier to more green behaviours. Where many light green consumers had an interest in being greener, they would generally not pay more for it. Dark green consumers were prepared to pay more for some green and ethical products and services, but this extended to the energy market for only the greenest of them.
3.2 Market engagement

Engagement and interest in the energy market remained low amongst all consumers. Apathy and cynicism are common and perceptions of supplier profits were top of mind for many – especially following recent media coverage. As a result, few consumers would pay any more than they felt they had to for energy – which impacted on reactions to potentially expensive green tariffs.

Switching was perceived to be a hassle, and consumers felt that there was little difference between the big energy suppliers and the tariffs they offer.

“...they’re all the same anyway”
Light green consumer

Few consumers talked spontaneously about smaller suppliers, and awareness of the tariffs they offered was limited.

If consumers do consider their tariff options price is by far the biggest factor, with few consumers ever looking at any tariff details beyond this.

3.3 Understanding of renewable energy

Understanding of what renewable energy is and what it entails is also low. Most consumers have a baseline awareness of what types of renewable energy exist (especially solar, wind and water) and some are able to reference carbon offsetting. Few are able to offer more detail. For the majority, ‘green’ energy is assumed to be more expensive:

“...building wind farms costs money”
Light green consumer

But there is confusion and some cynicism around this. Most feel that at some point green energy should be cheaper because capital investment won’t always be required. This leads them to question when consumers will see the benefit of this investment.

“...wind is free, isn’t it?!”
Dark green consumer

4. Green tariffs

4.1 Initial awareness and understanding

Few consumers know much about green tariffs. All assume that renewable energy is involved somehow, but many are unable to explain how the tariff might work. Very few are able to articulate any potential benefit in choosing one:
“It’s better for the environment I suppose...?”
*Light green consumer*

There is also some confusion around the role of the energy networks in the delivery of energy to the home - i.e. whether green tariffs actually provide renewable energy to a household. Some recognise that the electricity entering their homes would be the same if they chose a green tariff. They therefore find it difficult to describe what the tariff would involve and what benefits it would bring (either to the environment or them personally).

**4.2 Existing consideration of green tariffs**

Consideration of green tariffs is therefore very low. Green tariffs are perceived to be more expensive than standard tariffs and consumers believed that they usually appeared low down on price comparison website results (because of the price). Most consumers had therefore not considered them. Those that have noticed them have been unsure of the benefits they would bring (both to the environment and to them as consumers) for the additional cost.

The relationship between price and understanding is important – the greener the consumer, the more likely they are to consider choosing a more expensive green tariff if they are aware of it and understand the benefits it brings. At the same time, if green tariffs cost the same as their ‘standard tariff’ equivalents understanding is less important, and even the lightest of green consumers would consider them an obvious, risk-free choice regardless of their benefits.

**4.3 The Renewables Obligation**

Britain has a target (alongside other European counties) to source 20% of the country’s energy from renewable sources (e.g. solar, wind, water) by 2020. To help meet this commitment, the government places obligations on the energy industry. One of these obligations requires energy companies to increase the proportion of renewable energy that they supply to their customers. Some of the costs of meeting this obligation are passed on to all consumers as part of their electricity bills, regardless of whether they are on a green tariff or not.

Understanding of Britain’s Renewables Obligation (RO) fundamentally altered respondent expectations of green tariffs. The realisation that all consumers in Britain already pay towards renewable energy through their bills led them to assume that all green tariffs must go ‘above and beyond’ or else:

“... it’d be no different to what we pay for already”
*Dark green consumer*
Very few consumers were already aware of the RO. Almost all accepted that Britain needs to invest in renewables (through a mixture of personal perceptions, media coverage and increasing awareness that non-renewable resources are finite) and many were not unhappy with the level of their contribution (approximately £40) in theory. However, there was significant frustration that they did not know about this already, and some wanted to understand how the money is used (to ensure that it is spent on investment in renewables). Most consumers felt that the responsibility and cost for investment should fully lie with suppliers because renewable energy was assumed to be necessary for their long-term business models.

This frustration aside, when they understood the RO the majority of consumers felt that this meant they were ‘doing their bit’ already. This led some on standard tariffs to ask

“...so I’m on a green tariff then?”

Light green consumer

4.4 Types of green tariff

Consumers were told that there are currently two different types of green tariff available to them in the market. Tariffs with additionality offer additional environmental benefits beyond the provision of renewable energy already paid for through the RO – such as lower carbon emissions or more renewable energy. Tariffs without additionality do not.

Unsurprisingly, consumers were not aware that these different types of green tariff currently existed – and so would not know to look for any messages differentiating them even if it was in place.

Initially, consumers thought tariffs with additionality were:

- ‘Proper’ green tariffs.
- Which clearly go above and beyond what consumers are already paying for (although consumers would like greater clarity about the benefits they provide).
- Much more expensive than a standard tariff; and therefore still not ones that most consumers would consider.

Tariffs without additionality however were perceived to:

- Not offer anything beyond what consumers are already paying for.
- Not provide any benefit to the environment or consumer.
- Effectively be ‘a con’.

Consumers felt there was a clear need to differentiate tariffs that do offer additional environmental benefit from those that do not – especially where they were priced similarly. At this point, they felt that the messaging should act as a disclaimer for
tariffs without additionality, protecting people from choosing a tariff that was more expensive than a standard one but that offered no additional benefit.

As they discussed the tariff types further, consumer attitudes shifted – largely based on expectations of price dynamics between the two types of green tariff and standard tariffs.

**Tariffs without additionality** were an increasingly attractive option if they were priced the same as a standard tariff. In this situation:

- These tariffs became a risk-free and cost effective way of ‘getting’ renewable energy.

  “Why wouldn’t you pick one?”
  
  *Light green consumer*

- Once explained, the idea of a ‘tipping point’ in demand for renewable energy through tariffs without additionality was a complicated but popular one. However, it raised serious doubts around how many consumers would be needed to reach this point in practice.

Consumers felt that **tariffs with additionality** would never be priced the same as a standard tariff. They therefore occupied a very niche position in the market – where almost all consumers considered them to be prohibitively expensive. They did believe that it was important for them to remain differentiated from their equivalents without additionality.

These conversations about the features, benefits and limitations of the different types of green tariffs proved very complex for consumers (especially around the ‘tipping point’ in demand for renewable energy). It took considerable time and explanation in the group discussions for consumers to fully understand the issues involved. The importance of price on the perceived validity and role of the tariffs themselves – especially those without additionality – complicated the issue further.

Most consumers therefore felt they would only just be able to make an informed decision, even after an hour of discussion.

  “A choice isn’t a choice unless you properly understand it. It’s taken me a whole evening to get to grips with this, so what about everyone else?”
  
  *Dark green consumer*

This complexity demonstrated a clear need for a way of helping consumers make distinctions between tariff types. More importantly, it also showed how difficult it was to convey the information needed for them to make an informed decision.

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*The ‘tipping point’ would be the point at which consumer demand for renewable energy through tariffs providing it outweighs the amount being generated by suppliers already. Beyond this point, suppliers would have to cover the cost of generating the extra renewable energy themselves.*
5. Potential messaging

5.1 Positioning

Following discussions about the complexity of different types of green tariff, consumers universally agreed that a way of differentiating tariff types was necessary. They felt it should be clear and very prominent at the point of purchase or decision-making (e.g. on a price comparison website) - directly next to supplier claims about the tariff’s features or benefits as a minimum.

Consumers were shown several potential messages, as well as an example of how they would look within a Tariff Information Label (TIL)\(^7\) – both on its own and on a price comparison site.

Because none were aware of the different forms of green tariff that currently exist, they felt that they wouldn't have known to look out for disclaimers or messaging differentiating them if it existed. A couple of consumers noted that this remained true for the proposed messaging options – that if they looked at a tariff offering additionality, it would not be clear that green tariffs not offering additionality also existed and vice versa.

Whilst the concept of the TIL was felt to be a good idea in the broadest sense (i.e. helping to simplify tariffs and make them easier to compare), no consumers felt that this was an appropriate place for primary messaging because they would be unlikely to read it when reviewing tariff options.

5.2 Tone

Consumers felt that any messaging should be balanced and objective. The example messages tested felt overly negative to many, and seemed designed to discourage them from considering or selecting a green tariff. Taken in isolation, they left several consumers confused about why these tariffs were allowed to exist.

However, most people felt that the appropriate tone for messaging shifted based on the price of the tariff it related to. Where tariffs not driving additional environmental benefits were priced at a similar level to standard tariffs, consumers felt that they should be encouraged to choose them in order to contribute towards the broader green agenda:

“*Aren’t we supposed to be encouraged to go green?*”

Dark green consumer

On the other hand, where these tariffs were significantly more expensive than standard tariffs despite not offering additional benefits, consumers retained their

\(^7\) [https://www.ofgem.gov.uk/simpler-clearer-fairer/clearer-information](https://www.ofgem.gov.uk/simpler-clearer-fairer/clearer-information)
initial views. In this case, consumers felt that if these tariffs were to exist then messaging was needed to warn consumers about their limitations.

**5.3 Message content**

Having spent time considering the RO and different types of green tariffs, consumers felt that the minimum they would need to know to make an informed decision about a tariff would be:

- What they as consumers are already paying for (i.e. renewable energy through the Renewables Obligation).
- How the ‘green’ tariff compares to a standard one.
- What the benefits are (i.e. *why should I pick it?*).
- What the limitations are (i.e. *why shouldn’t I pick it?*).

However, most participants freely admitted that because of their initial low awareness levels they would not have thought of any of these points until participating in the research process. The resulting gap between what consumers already know about green tariffs and what they feel they would need to know in order to make an informed choice of tariff is huge. Bridging this understanding gap is made more difficult by the low interest that consumers themselves have in doing it. Low engagement in the market makes it highly unlikely that consumers would put in the time and effort required to make an informed choice.

As such, reactions to the example messages tested should be taken as indicative. Four messages were shown to consumers, with varying messages and degrees of complexity.

1. **This tariff does not provide extra benefits to the environment**
   This message had initial appeal for respondents, but on reflection they felt that informed consumers (who had not been part of the research process) “*wouldn’t have a clue*”. It was also missing key information about their existing contributions to renewable energy generation.

2. **This tariff does not provide extra benefits to the environment such as lower carbon emissions or renewable energy**
   This one was felt to be better than the first: examples of benefits that the tariff was not offering were seen as helpful, albeit negative. However, crucially, information about existing contributions was still missing.

3. **All consumers pay for renewable energy. This tariff does not provide extra environmental benefits compared to a standard tariff**
   This message carried some appeal. Statements about existing payments and comparison to a standard tariff were hugely important and useful. But the overall tone of this message was seen as very negative – encouraging consumers not to choose a tariff bearing it.
4. This tariff buys renewable energy that consumers already pay towards through their energy bills. It is not proven to provide an additional environmental benefit compared to a standard tariff. So by choosing it:

- You are unlikely to increase the amount of renewable energy being generated
- You are unlikely to reduce carbon emissions

This was seen as the most comprehensive of all the examples tested. Whilst most consumers felt that it was the minimum they would need to know to make an informed decision, they also recognised that it was the longest. Many noted that they would probably not read it all, especially if reviewing tariffs quickly on a price comparison site. Some also noted that use of the word ‘unlikely’ created uncertainty around the validity of the message. They felt that more concrete statements were needed to give consumers confidence in their decision.

6. Conclusion and recommendations

Consumers see a clear need for the differentiation of different types of green tariffs. However, they also see this entire area as complex – and very few would take the time to find and understand the information (especially in its current form) that they feel they would need to make an informed decision.

In reality, consumers would rather have this work done for them. A prominent, clear rating system for all green tariffs (administered by another independent body or Ofgem) would be preferred by all. This would give them confidence that someone had assessed the various issues and information involved to produce the rating – allowing them to make a far simpler decision around cost versus benefits of each tariff. For more interested consumers, detailed information about tariff benefits and limitations could be available on supplier websites and in the ‘small print’ of price comparison websites.

If a rating system is not feasible, messaging attached to green tariffs without additionality needs to:

- Be very prominent and clear at the point of sale or decision making
- Tell consumers that they already pay for renewable energy
- Compare the tariff features to those of a standard tariff in a balanced way.
## APPENDICES

### Appendix 1: Recruitment details

#### Age

<table>
<thead>
<tr>
<th>Age</th>
<th>No. of consumers</th>
</tr>
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<tr>
<td>Under 18</td>
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<tr>
<td>19-24</td>
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</tr>
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<td>25-34</td>
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<td>35-44</td>
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<td>55-64</td>
<td>8</td>
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<tr>
<td>65+</td>
<td>1</td>
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<td><strong>TOTAL</strong></td>
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</tbody>
</table>

#### Social Grade

<table>
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<tr>
<td>B</td>
<td>15</td>
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<td>C1</td>
<td>20</td>
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<td>C2</td>
<td>12</td>
</tr>
<tr>
<td>D</td>
<td>1</td>
</tr>
<tr>
<td>E</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>48</strong></td>
</tr>
</tbody>
</table>

#### Electricity Suppliers

<table>
<thead>
<tr>
<th>Current Energy Supplier</th>
<th>No. of consumers</th>
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</thead>
<tbody>
<tr>
<td>British Gas</td>
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</tr>
<tr>
<td>EDF</td>
<td>8</td>
</tr>
<tr>
<td>Eon</td>
<td>7</td>
</tr>
<tr>
<td>First Utility</td>
<td>1</td>
</tr>
<tr>
<td>N Power</td>
<td>7</td>
</tr>
<tr>
<td>Marks and Spencer</td>
<td>1</td>
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<tr>
<td>OVO</td>
<td>1</td>
</tr>
<tr>
<td>Scottish Power</td>
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<tr>
<td>SSE</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>48</strong></td>
</tr>
</tbody>
</table>

#### Switching behaviour

<table>
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<th>No. of consumers</th>
</tr>
</thead>
<tbody>
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<td>In the last year</td>
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</tr>
<tr>
<td>More than one year ago</td>
<td>20</td>
</tr>
<tr>
<td>Not switched</td>
<td>9</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>48</strong></td>
</tr>
</tbody>
</table>
### Green behaviours adopted in relation to energy use / spend (multicodes possible)

<table>
<thead>
<tr>
<th>Measure taken</th>
<th>No. of consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installing Energy Efficient Bulbs or Appliances</td>
<td>37</td>
</tr>
<tr>
<td>Double glazing installed or a big influence when considering property</td>
<td>17</td>
</tr>
<tr>
<td>Getting or improving cavity wall or loft insulation or a big influence when considering property</td>
<td>27</td>
</tr>
<tr>
<td>Installing solar panels, wind turbine or other method of at-home energy production</td>
<td>7</td>
</tr>
<tr>
<td>Installing an energy efficient boiler or a big influence when considering property</td>
<td>17</td>
</tr>
<tr>
<td>Choosing a Green or environmentally friendly energy tariff</td>
<td>13</td>
</tr>
</tbody>
</table>

### Broader green behaviours

All respondents were asked to describe on a scale of 1 to 10 how important the following behaviours were to them (with 1 being not at all important and 10 being very important):

- Recycling or upcycling
- Buying fairtrade produce
- Buying organic produce
- Buying ethically sourced produce
- Buying local produce
- Reducing water consumption
- Being energy efficient
- Choosing or considering a green or environmentally friendly energy tariff
- Reducing paper statements, tickets, and printing
- Choosing eco-friendly transport (e.g. riding a bike, car sharing, public transport, avoiding flying)
- Understanding and reducing climate change

All ‘Light green’ respondents answered with a minimum of 6-7 on at least 3 of these statements, and must have answered with at least a ‘4’ on whether they would choose or consider an environmentally friendly energy tariff.

All ‘Dark green’ respondents answered with a minimum of 9-10 on at least 3 statements, and must have answered with at least a ‘6’ on whether they would choose or consider an environmentally friendly energy tariff.
Appendix 2: Discussion Guide

Objective: To explore messaging around green and renewable tariffs that have no ‘additionality’.

Introduction 10 minutes
- Introduce Big Sofa. Confidentiality. Recording of discussion.
- Round table introductions.
- Explain that the research is being carried out on behalf of Ofgem. Ofgem regulates the gas and electricity industries in Britain and its main role is to protect consumers. One of the things Ofgem is interested in is helping to make sure that people thinking about buying green energy tariffs have all the information they need to make an informed decision. It doesn’t matter whether you know anything about green tariffs or not – we have carried out a lot of previous research and we now have some specific questions and things we want to ask consumers in general about green tariffs and how they should be labelled. But before we get onto that we want to find out a bit about green behaviours more generally.

Green behaviours 10 minutes
- What does being green mean to you? How green do you consider yourself to be? [Use a spectrum and get people to say where they think they are]
- What sort of things do you do that you’d consider to be ‘green’?
- Are there any other green behaviours you really think you should adopt, but don’t? Why don’t you?
- [if not already mentioned] Are there any green behaviours you adopt in relation to the energy you use in your home? (probe e.g. turning heating down/off; only heating some rooms; turning appliances off etc.)

Green tariffs – understanding 5 minutes
- What does ‘green energy’ or renewable energy mean to you?
  - Probe for understanding of the terms and what they involve
- Has anybody heard of green energy tariffs or renewable energy tariffs?
  - Where did you hear about them? What do you know about them?
- How would you expect a ‘Green Energy’ tariff to be different to a standard tariff? What about a ‘Renewable Energy’ tariff – how would you expect that to be different to a standard tariff?

Energy Tariffs – decision making journey 15 minutes
- Before we talk in more detail about green tariffs can I just find out a bit about the energy tariffs you’re current on:-
- What energy company are you with and which of their tariffs are you on? Why?
- Has anybody switched energy company or tariff in the last couple of years? How did you decide which company and tariff to switch to? (probe for use of
price comparison websites; phone companies directly; respond to advertising; recommendation from friend/family)

- What information (if any) about the tariff did you look for / use when making your decision?
- Did you consider choosing a green tariff? What attracted you? What put you off? Why did you decide not to switch to a green tariff?
- [if anyone is on a green tariff explore how they decided which green tariff to switch to. How do they think it is different from a standard tariff? How much they know about the details of the tariff]

**Green tariffs labelling**

**50 minutes**

**Introduction**

15 minutes

- Explain that we want to talk about green tariffs in a bit more detail and how they should be labelled. First we want to explain a bit about how renewable energy is funded:

Britain has a target (alongside other European countries) to source 20% of the country’s energy from renewable sources such as wind, solar and water by 2020

To help meet these commitments, the government places obligations on the energy industry. One of these obligations requires energy companies to increase the proportion of the renewable energy they supply to customers.

The costs of meeting this obligation are passed onto all consumers as part of your electricity bill, regardless of whether you are on a green tariff or not. The average cost to each household is approximately £40 per year.

- Is there anything about this that surprises you? [check whether they were aware that everyone contributes to green energy through their electricity bill]
- Does knowing that everyone is already making a contribution to green energy through their electricity bill change what you would expect a green or renewable energy tariff to be?
- Explain that there are different types of green energy tariffs that people can buy:

A number of tariffs currently exist that allow consumers to buy green and/or renewable energy. These tariffs allow consumers to buy renewable energy that is already present in the energy system and that all consumers already pay towards through their electricity bills.
[Facilitator’s note: reinforce understanding that consumers are buying renewable energy in all green tariffs]
- Some green tariffs also offer additional environmental benefits. These additional benefits include things like money being put into carbon offsetting schemes or the energy supplier having contracts with specific renewable energy producers and having more than the required minimum amount of renewable energy in their overall fuel mix (i.e. they encourage additional investment in renewable energy).
- However, some green tariffs don’t offer any additional environmental benefits. If you buy one of these, you are unlikely to increase the amount of renewable energy being generated or to reduce carbon emissions over and above what is already agreed as part of government targets.

- Explore reactions to the idea of additional benefits.
- Explore reactions to the idea that some green or renewable energy tariffs don’t offer additional benefits.
- Explain that what we’re interested in today is not the concept of green tariffs, but the claims that these tariffs make about their features.
- E.g. there could be tariffs of Type A and Type B that both say that you’re buying 50% renewable energy. For both types of tariff, you’ve already contributed towards the renewable energy generated (as we’ve just discussed) – but a Type B tariff would also offer additional environmental benefits; whereas a Type A tariff would not.

**Labelling**

Type A tariffs exist because:
1. They give consumers choice
2. They are often no more expensive than standard tariffs – whereas green tariffs with additional environmental benefits often cost more
3. Their claims / names are factually correct (e.g. ‘by buying this tariff you are buying 100% renewable energy’)
4. If enough consumers buy green tariffs there will be a tipping point when suppliers will have to start buying more renewable energy than they currently do. This is because they have to ensure that the proportion of their overall fuel mix that is from renewables covers the energy used by those consumers on green tariffs.

What Ofgem would like to do is make sure that tariffs that are marketed as ‘green energy’ or ‘renewable energy’ tariffs but which don’t offer additional benefits are labelled so that consumers understand what they are buying – it’s about helping consumers understand the difference between renewable energy tariffs that might look similar.

We would like help with understanding what the message should say.

- Explore reactions to benefits of these types of tariff?
- Prompt if necessary: we know from previous research that many people think that all tariffs sold as ‘green’ should offer additional environmental benefits
Agree / disagree? How do the different types of tariff compare in terms of ‘Green-ness’?

Message testing 35 minutes
Give out as handouts and then read out the following one by one – discuss each individually then introduce the next one.

1. This tariff does not provide extra benefits to the environment.

2. All consumers already pay for renewable energy. This tariff does not provide extra environmental benefits compared to a standard tariff.

3. This tariff does not provide extra benefits to the environment such as lower carbon emissions or more renewable energy.

4. This tariff buys you renewable energy that consumers already pay towards through their energy bills. It is not proven to provide an additional environmental benefit compared to a standard tariff. So by choosing it:
   - you are unlikely to increase the amount of renewable energy being generated
   - you are unlikely to reduce carbon emissions

• Initial reactions – Which do you like? Which don’t you like? Explore reasons in detail.
• Are some easier to understand than others? Would they raise any questions in your mind? Why do you say this?
• Are there any you think should definitely be rejected?
• If you were choosing one of these, which would you choose? Are there others that are acceptable? Would you want to change any of the words or add anything?
• Is there a combination or any tweaking that would make any better / more useful than your favourites?
• Or would you put a different message on these tariffs? If yes, what?

Where would you expect to see these messages? Would you look for them?

As part of Ofgem’s efforts to make the energy market simpler, clearer and fairer, all suppliers will have to provide a consumer-friendly Tariff Information Label (TIL) for each tariff they offer – the message would appear here. The Tariff Information Label will appear in the tariff details if you were looking on a comparison website. It will also be available on the energy supplier’s website.

[Show mock-up]

• Is this the right place for the message to be displayed?
• Does it change which message you think would be most effective / your favourite?
• Does it change how you would feel about ‘Green’ tariffs?
• How would you expect any messages around a tariff that does offer additional environmental benefits to be different?
• If this type of message was put on the tariffs do you think it would make any difference to what you did if you were thinking of buying a green tariff?

Thanks and close