

ecotricity

ecotricity's Response to the Revision of Guidelines on Green Supply Offerings Consultation Document

ecotricity welcomes the opportunity to comment on Ofgem's consultation document "*Revision of Guidelines on Green Supply Offerings – Consultation Document*".

We offer our responses to the following points:

3.34 Given the debate concerning the definition and measurement of additionality, Ofgem seeks views on the following issues:

- ◆ **how should definitions, measurement and minimum standards for additionality be set?**
- ◆ **does the retirement of ROCs provide sufficient evidence of additionality?**
- ◆ **how can suppliers otherwise demonstrate that green supply offerings deliver benefits above the legal requirements of the Renewables Obligation?**
- ◆ **would there be a role for suppliers to retire EU-ETS allowances to demonstrate additionality?**

It has always been the view of ecotricity that retirement of ROCs is a poor demonstration of additionality because there is no evidence that retiring ROCs in any way promotes the development of new renewable electricity generating capacity – any link between ROC retirement and an increased demand for new renewable capacity is purely hypothetical. If the value of the retired ROCs were directly invested in creating new capacity, as the Renewables Obligation (RO) intends it to be, rather than retiring them and hoping that there will be an resultant increase in demand for ROCs, then this would result in a proven increase in renewable output, and hence environmental benefit.

We believe that the best measure of a supplier's commitment to tackling climate change is its yearly expenditure on developing new renewable generation capacity, expressed in terms of £ per customer to indicate the support each customer provides to promoting new renewable generation by switching to the supplier. This measure can also be used to show the performance of green suppliers in such a way that can be compared with their Renewables Obligation. For example, in order for the UK just keep up with the RO increasing at about 1% per annum, suppliers would need to generate approximately an additional 1,000GWh each year from renewables. The estimated cost of building new wind power to meet this demand is approximately £10 per UK consumer. Therefore each supplier should be ensuring that they spend at least this amount per customer on developing, or ensuring the development of, new renewable generation capacity.