



Ofgem consultation on the revision of guidelines on green supply offerings

Submission by the Royal Society for the Protection of Birds

1. Introduction and background

The RSPB is Europe's largest wildlife charity with over one million members. We manage one of the largest conservation estates in the UK with 188 nature reserves, covering more than 127,000 hectares. The RSPB is part of the BirdLife International partnership, a global alliance of independent national conservation organisations working in more than 100 countries worldwide.

We consider that human-induced climate change poses the biggest long-term threat to global biodiversity. A recent paper in *Nature* by a large group of scientists (including one from the RSPB) indicates that in sample regions covering about 20% of the Earth's land surface "15 to 37% of species in our sample of regions and taxa will be 'committed to extinction' as a result of mid-range climate warming scenarios for 2050."¹

To avoid such a catastrophe, the anthropogenic greenhouse gas emissions that cause climate change need to be cut hard and rapidly. We therefore support means of attaining such cuts, including by the increased deployment of renewable energy. We also consider that energy customers should be informed about the sources of the energy which they consume, so that they can make informed judgements about the types of supply they choose.

We consider that it is particularly important that sources of electricity which are sold as "green" really are green, by which we mean additional, or partly additional, to supply that would be delivered anyway via government support mechanism such as CCL exemptions or, especially, the Renewables Obligation. We consider that the Ofgem guidelines should be clear about what constitutes additionality, and give unambiguous guidance that will enable customers distinguish between different levels of additionality.

We also consider that it is highly desirable to reintroduce an independent, third party accreditation scheme, such as that previously operated by the EST. The present system, or rather lack of a system, with individual firms making unverified claims about their products is confusing to the public. The Friends of the Earth league table has partially help fulfil this role but its selection criteria were not fully transparent

¹ Chris D. Thomas et al, Extinction risk from climate change, *Nature*, 8 January 2004.

and not solely concerned by renewable energy schemes; company's ownership coal-fired power station was, for example, taken into account in assessing how green their renewable products were. Anyway, the FoE league table has recently been discontinued.

Finally, we strongly support the provision of guidelines for the non-domestic sector. Claims made for "green" products made in this sector have often been misleading. Some schemes would not have rated as green, at all, under any objective criteria.

The remainder of this response to the consultation seeks to answer the questions posed by it, in the order that the questions were put.

2. Evidence of supply

The need for an agreed standard of evidence to support supply of renewable energy

This is a difficult issue. Whilst it would ostensibly help consumers to have an agreed standard by which they knew that they are using renewably generated electricity, the danger is that "green" products will be launched that provide no additionality at all and yet are labeled as "renewable" and, by implication, are green to most consumers.

Therefore, whilst we would, in theory, support an agreed standard of evidence, we fear that it might be misused, misleading customers into believing that they were doing something additional to help prevent climate change, whereas they would be nothing that would not occur anyway.

If there were to be an agreed standard it would have to be employed together with a obligation on suppliers not to mislead customers into thinking that simply because they are buying renewable generation they are necessarily doing something that is environmentally beneficial. On balance, we consider it would be best to continue the present arrangement in the guidelines where only supply that is demonstrably additional should be considered as green supply.

Whether REGOs form an appropriate basis for any agreed standard of evidence

If an agreed standard of evidence were to be introduced, although consider that it probably should not, REGOs would probably form an appropriate basis.

How industry-wide agreement on a standard for evidence could be achieved

We are not clear why industry-wide agreement is needed. There is either an appropriate standard of evidence or there is not.

3. Definition, measurement and standards for additionality

How should definitions, measurement and minimum standards for additionality be set?

There are only a limited number of ways in which a renewable supply product can be additional: by retiring LECs or ROCs or by constructing new renewable generation but not claiming (or retiring) LECs or ROCs from the supply from that generation.

Whilst questions have been raised about the level of additionality that ROC retirement delivers, the only alternative (the “fund” approach” in which the fund pays for new generation and certificates are not claimed for the supply from it) can also pose problems. For example, if the fund never reaches a level sufficient to construct new generation then there is clearly no additionality.

In spite of these difficulties, there are, as far as we are aware, no other ways of demonstrating additionality. The ways outlined should thus be the minimum standards for demonstrating additionality. Definitions would flow simply from these and measurement should be simple as the ROC and LEC system is certificate based. (Fund scheme that chose not to claim ROCs could produce REGOs.)

Does the retirement of ROCs provide sufficient evidence of additionality?

Yes, as long as ROCs are retired each year over several years. ROCS retirement in only one year may have a lesser effect.

How can suppliers otherwise demonstrate that green supply offerings deliver benefits above the legal requirements of the Renewables Obligation?

Other than in the ways that we outline above, we do not know of any.

Would there be a role for suppliers to retire EU-ETS allowances to demonstrate additionality?

In theory, yes, but retiring EU ETS allowances would really only provide additionality to the EU ETS. It would be possible to devise a conversion factor from EU ETS carbon-based allowances into renewable energy-based allowances but we are unsure that it would be worth doing so and it might simply be confusing to customers. (Retiring ROCs confuses many already.)

Also, we are concerned that phase I of the EU ETS is overallocated, not just in the UK but in much of Europe. If this is the case, retiring ETS certificates would just amount to retiring hot air. Whilst it would make the Scheme better than it was otherwise but still not as good as it should have been, unless very large quantities of allowances were retired. Whilst phase II of the EU ETS may not be overallocated, we would still be concerned that it might be, as might other future phases.

4. Third party accreditation

We think that third part accreditation is highly desirable. The EST fulfilled this role well and was perceived to be both authoritative, independent. It is hard to see any commercial or governmental organisation fulfilling such as role and so a body such as the EST or the Carbon Trust would really be needed.

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