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30<sup>th</sup> June 2005

Dear Chris

#### **SDC RESPONSE TO CONSULTATION ON REVISION OF GREEN SUPPLY GUIDELINES**

The Sustainable Development Commission (SDC) is the Government's independent advisory body on sustainable development. We take a active interest in renewable energy policy, and have become very concerned at the way in which green electricity tariffs are being marketed as a way to 'offset' CO<sub>2</sub> emissions.

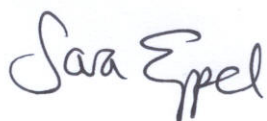
With the introduction of the Renewables Obligation, the additionality created through green electricity tariffs is highly questionable unless ROCs are retired. Our background research in this area suggests that none of the green tariffs retire more than 10% of their ROCs, with many opting for zero retirement. While this serves to keep down the price of green electricity tariffs, it would seem to make any claim of additionality unjustified. We are particularly concerned by recent developments whereby companies are labelling projects or organisations as 'carbon neutral' simply by signing customers up to a green tariff.

We therefore welcome the intention by Ofgem to revise the green energy supply guidelines, and offer strong support to the three key features suggested: transparency, additionality and verification. In particular, we support the principle that green energy tariffs should show that "they are contributing to the development of renewable energy, over and above that which is legally required". There are many good reasons for consumers to choose a renewable energy tariff even where additionality cannot be proven, so we hope that Ofgem will resist any moves to weaken this principle on the grounds that it would be difficult to meet.

We would also suggest that these guidelines be issued alongside a renewed accreditation scheme, like the Future Energy scheme that was withdrawn in 2001, so that consumers have independent assurances that they are obtaining a truly green product. The Energy Saving Trust would seem to be the best placed organisation to take on this role, using the revised Ofgem guidelines as the basis for certification.

Finally, it is in the interests of everyone to ensure that green energy tariffs are transparent and that they avoid making unsubstantiated claims over carbon benefits. A failure to address this issue will ultimately lead to confusion among consumers, and a lack of confidence in the green energy market.

Yours sincerely



**Sara Eppel**  
Director of Policy