



**Friends of
the Earth**

**Green Supplier Guidelines Consultation Response
Friends of the Earth, August 2007**

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Q1. What should Ofgem's role be in terms of providing guidance on green supplier tariffs?

Ofgem's role should be to

- a) establish clear rules for certain types of tariffs
- b) ensure a definition of "renewable tariff" (not "green tariff") that covers renewable energy (wind, solar, wave, tidal, geothermal, biomass)
- c) renew customer confidence that the premium renewable tariffs are in fact contributing to a sustainable, low-carbon, UK economy and UK-based technologies and so increase their uptake
- d) to consider at a later stage the development of guidelines on other supplies such as high quality combined heat and power
- e) to ensure that the suppliers adhere to the guidelines.

Ofgem's role should not be to encourage unsustainable forms of energy such as nuclear power through premium tariff schemes. Nor should it be to develop guidelines on use of carbon offset schemes which do nothing to develop renewable energy sources in the UK, help to continue "business as usual" here, and which are highly controversial.

Q2. Should the guidelines be mandatory or voluntary?

Currently we accept that the guidelines can be voluntary; however the scheme should be reviewed after a year or so of operation. If suppliers are continuing to cause confusion and greenwash and dilute the market for accredited schemes then mandatory schemes should be considered.

Q3. Should tariffs to non-domestic customers be covered by the guidelines?

Yes. Many SMEs will be interested in renewable tariffs in more or less the same way as domestic consumers.

Q4. Should tariffs involving non-renewable, non or low carbon technologies (including Good quality CHP, clean coal and possibly nuclear) be included in guidelines?

The scheme should be limited to renewable energy. This sector has considerable potential for development. We also presume that consumers interested in "green electricity" are thinking of wind/solar/wave energy, maybe geothermal and biomass, but not for example nuclear or coal with carbon capture and storage. The Allegra (2006) report referred to in the EST consultation indicates that 68% of consumers

would like electricity from renewables. Thus renewable energy tariffs are where the effort should go.

Separate tariff schemes for technologies such as high quality combined heat and power could be developed at a later stage; but do not do this now which would likely cause delay in finalising the scheme for renewables.

Nuclear technology should be ruled out of any accreditation scheme in any case since the associated production of radioactive waste is of highly negative environmental impact.

Q5. Should suppliers include additional information on customers' bills to support the achievement of transparency?

Both potential customers and actual customers should receive information which allows them to judge that their tariff and the premium that they will pay or are paying is funding a greater proportion of renewables in their energy mix and that this is truly additional, rather than a re-distribution of energy sources between customers. Customers ought to be able to see the UK average, the supplier's average and their own tariff energy mix.

Q6. Should an agreed standard of evidence be defined and, if so, what should this be?

Yes. We would support the use of independent auditors who are able to verify the amounts supplied and bought from renewable sources.

Q7. Is it appropriate for requirements relating to evidence of supply to follow the same requirements as that required for evidence of supply for fuel mix disclosure?

The consistency seems desirable, as long as it excludes possibilities for double counting.

Q8. Is Renewable Obligation Certificate (ROC) retirement an appropriate indicator of additionality?

We support ROC retirement.

Q9. Do you agree that there should be clear rules covering the use of funds for transparency and verification and, if so, what should the criteria for this include?

Yes.

Chapter 3

Q1. Do you agree with Ofgem's view that an "at a glance" mark is appropriate for green tariffs?

We have no objection to an "at a glance" mark, but it must be backed up with detailed information for consumers, analysts and commentators. It seems likely that there will be a range of products of varying quality and this should be reflected in the mark (maybe a logo plus A – C for example). The scheme should also be tested on consumers before being finalised.

Q2. Do you agree with Ofgem's view that an accreditation scheme should enable the "ranking" of tariffs or should it be a pass or fail?

Ranking should be possible. As suggested in the previous answer the range of products is likely to be large (unless the bar is set very high) and there will be different consumer interests to satisfy.

Q3. Is it appropriate for the accreditation rating to distinguish between carbon and other environmental benefits?

This looks too complex and there will be difficulties in balancing positive and negative environmental benefits. Again, if the scheme sticks with renewable content (and improvement in overall capacity of renewables) then the ranking becomes simpler.

Q4. How should the "stars" be allocated in respect of the carbon indicator and for other environmental benefits?

We think this is too complex. Ranking or star rating could work in terms of carbon per unit and/or renewable content. Other benefits (and indeed disbenefits) should be listed transparently (eg funds for solar panels for schools or investment in R&D) but this should not figure in the numbers of stars since these require subjective comparison.

Q5. Do you agree with the proposed criteria for different stars put forward by Ofgem?

No.

Q6. What alternative criteria could be used?

As Q4.

Q7. Do you agree with Ofgem's view that the scheme should apply in respect of:

- Low Carbon and Renewable technologies;
- Full range of environmental tariffs; and
- Tariffs for the domestic and non-domestic markets?

a) We believe the scheme should only apply to renewable technologies (at least in the first instance). Separate tariff schemes for technologies such as good quality combined heat and power could be developed at a later stage; but do not do this now which would likely cause delay in finalising the scheme for renewables.

Nuclear technology should be ruled out of any accreditation scheme in any case since the associated production of radioactive waste is of highly negative environmental impact.

b) Additional environmental benefits/disbenefits could be listed but would considerably add to the complexity and subjectivity of any classification scheme.

c) Yes. Many SMEs will be interested in (confused by) renewable tariffs in more or less the same way as domestic consumers.

Q8. Do you agree with Ofgem's view that the scheme should be funded by suppliers? No comment