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Here are the initial views of Green Electricity Marketplace (www.greenelectricity.org) and its Directors who over the last 8 years have worked on numerous EC projects relating to green electricity and electricity disclosure¹. Also, please refer to our comments made on the EST consultation document.

CHAPTER TWO

Question 1: *What should Ofgem's role be in terms of providing guidance on green supply tariffs?*

It is vital that Ofgem helps to establish a system in conjunction with the electricity supply industry to provide customers with confidence in "green" electricity tariffs. In order to do this, it would be helpful if the way in which Ofgem interprets the term "green electricity" was defined very specifically, or perhaps it would be better not to use the term "green electricity" and "green tariffs" at all.

Question 2: *Should the guidelines be mandatory or voluntary?*

Voluntary, but if a supplier puts one tariff forward for accreditation under the scheme, it should be required to have all its tariffs assessed for accreditation under the scheme (see notes relating to this in answers to subsequent questions below).

Question 3: *Should tariffs to non-domestic customers be covered by the guidelines?*

Yes

Question 4: *Should tariffs involving non-renewable non or low-carbon technologies (including Good Quality CHP, clean coal and possibly nuclear) be included within the guidelines?*

We strongly believe that it would be best to have two separate accreditation schemes, one covering renewable energy and a second covering low carbon. The logos for the two could have designs that are linked in some way, but they would need to be sufficiently different in order to ensure that customers do not become confused.

If there was to be just one scheme covering both renewable energy and nuclear power, we believe that this would lead to customer confusion. Moreover, we anticipate that NGOs and the green movement would not support the scheme.

Question 5: *Should suppliers include additional information on customers' bills to support the achievement of transparency?*

¹ Including: www.electricitylabels.com , www.clean-e.org , www.trekin.org , www.e-track-project.org , www.trecnet.org

Yes. However, it may be counter productive to include information relating to the cost of renewables on consumers' bills, unless similar information is also included regarding the cost of nuclear power and electricity from fossil fuels (including the environmental costs).

Question 6: *Should an agreed standard of evidence be defined and, if so, what should this be?*

Yes an agreed standard of evidence should be defined. REGOs and LECs should be needed to demonstrate that electricity is generated from renewables which has not already been sold to business via the CCL. ROCs could be used to demonstrate additionality.

For fund tariffs there would need to be a system in place to require that the project being built will not be given LECs for it to be additional, and also that a percentage of ROCs for which the project will be eligible will not be granted to the project owner (this percentage could be the same as the percentage ROCs being retired under a supply tariff).

Question 7: *Is it appropriate for requirements relating to evidence of supply to follow the same requirements as that required for evidence of supply for the fuel mix disclosure?*

Yes. Moreover, suppliers should be required to show consumers the company's overall fuel mix (never just the fuel mix for a particular tariff). See, www.electricitylabels.com for an insight of why this important. In addition, comparison sites should also be required to show this information. Presently several comparison sites show just the fuel mix for green tariffs being sold by supply companies.

Question 8: *Is Renewable Obligation Certificate (ROC) retirement an appropriate indicator of additionality?*

Yes. Perhaps it should be a minimum of 10% of the price of ROCs (or the forecast equivalent price of the buy-out price for ROCs).

The additionality should be based on being additional to business as usual. Therefore it should NOT include electricity from existing old hydro, just because it is additional to the Renewables Obligation.

Question 9: *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, it should be at a level which if paid for a period of 10 years will lead to the installation of new capacity that can be expected to generate² greater than 10% of the consumption of the user. So, for example, the money put into the fund on behalf of a consumer paying £400 per year for 4,000 kWh/year, should be able to build capacity able to generate 400kWh/year (e.g. 0.25kW, costing perhaps £40 per year for 10 years). This would ensure that the additionality is of a similar

² For funds, the minimum should be in terms of forecast MWh/year (per GWh of electricity sold on the fund tariff) and not capacity as was suggested in the consultation document.

scale to that which could result from the 10% additional ROC retirement (though this is difficult to prove, the aim is that a similar level of cost is implied for supply and fund tariffs to be accredited), and would prevent supply companies claiming a "green" tariff for contributing perhaps just 1p/year to a renewable energy fund, for example.

Money put into RE research and development should not fall under this scheme, but there is nothing to stop supply companies doing this and highlighting it in their literature.

CHAPTER THREE

Question 1: *Do you agree with Ofgem's view that an "at a glance" mark is appropriate for green tariffs?*

Yes

Question 2: *Do you agree with Ofgem's view that the accreditation scheme should enable the "ranking" of tariffs or should it be a pass or fail?*

We believe that there should be two levels, with one level being a low hurdle to enable most supply companies to be able to gain accreditation ("Renewable Energy Basic") and thus help to finance the administration of the scheme, whilst the second level ("Renewable Energy Star") would provide accreditation to tariffs that make a significant difference.

Question 3: *Is it appropriate for the accreditation rating to distinguish between carbon and other environmental benefits?*

Yes

Question 4: *How should the "stars" be allocated in respect of the carbon indicator and for other environmental benefits?*

To get the "Renewable Energy Basic" accreditation, the projects should be based on 100% renewable energy (or at least 95% REGOs and LECs in any one auditing period).

To get the "Renewable Energy Star" accreditation status, the tariff should lead to the retirement of a minimum of 10% ROCs over the obligation in that year, or the equivalent contribution to a fund (as described in question 9, above).

Good quality CHP should be included in a low carbon accreditation scheme. If a low carbon tariff includes nuclear power, it might be beneficial for the percentage of nuclear power in the tariff to be made clear in order to provide transparency for consumers. There is no benefit of withholding this information if it would mean that environmental NGOs campaigned against it and set up a separate "green tariff" system.

Question 5: *Do you agree with the proposed criteria for the different stars put forward by Ofgem?*

No.

We do not agree to the approach in general and in particular the efficiency of a wind turbine should not be considered one of the criteria.

CERs and ERUs from renewable energy projects could be used to prove additionality for a low carbon accreditation scheme. 100% of the carbon should be offset to get the "star" under such an accreditation scheme.

Question 6: *What alternative criteria could be used?*

See response to Question 3.4 and 2.9 above.

Question 7: *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?*

Separate schemes should be established for renewable energy and for low carbon tariffs. Renewable energy tariffs could be accredited under both if the suppliers' wished.

Tariffs for the domestic and non-domestic markets should be covered.

Question 8: *Do you agree with Ofgem's view that the scheme should be funded by suppliers?*

Yes.