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Dear Clair,

Green Supplier Guidelines Consultation Response

Below is Good Energy's initial response to the above consultation. As the series of workshops are continuing, we may submit a further response later once these discussions have been completed.

For your convenience, the response below answers the direct questions as laid out in the consultation document, although we have expanded the theme of the question where appropriate to provide a complete answer.

Chapter 2

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

Ofgem's role is two-fold. Firstly, to ensure consumer confidence in renewable or low carbon tariffs, protecting consumers from "Greenwash". The second is to promote sustainability by encouraging Suppliers to come up with meaningful renewable or low carbon products. If Ofgem does produce guidelines, it should also police compliance by suppliers. This would need to be more robust than Ofgem's current policing of Fuel mix disclosure compliance.

Q2. Should the guidelines be mandatory or voluntary?

In a competitive market, the guidelines should always be voluntary. However, Ofgem should encourage consumers who are offered products that do not meet the guidelines to explain why this is, and potentially choose another product.

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

Yes. Our experience is that businesses, particularly smaller businesses, are as confused as domestic customers about the offerings, in particular some businesses believe that having levy exemption certificates (LECs) equates to receiving electricity from renewable sources which is not always the case.

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

While we do not object to low carbon guidelines, we feel that this area is much more complicated than renewable guidelines as the question of what is low is a complex one with many difficult areas of debate. We are therefore concerned that this may cause delay or confusion around renewable guidelines. Given that there are several renewable tariffs already in the market place, but to the best of our knowledge, no low carbon offerings, we would prefer to push ahead with getting renewable guidelines in place, and then tackle the more complex area of low carbon later on.

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

Suppliers may wish to do so, but it should not be a condition of the guidelines. Transparency in marketing material is more important as this is the point at which consumers sign up to the tariff. Rules in the guidelines should reflect current rules on publicising Fuel mix disclosure, and should include website information, not currently covered by the ASA.

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

Yes. It should be a statement from the supplier's independent auditor to Ofgem, confirming that the tariffs meet the requirements of the guidelines, and verify the amounts supplied and bought from renewable generation. This should be produced on an annual basis.

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?

For evidence of renewable guidelines, then the evidence should be in the form of REGO's as with Fuel mix disclosure. Low Carbon would have to have a higher degree of detail as the Carbon footprint of a particular fuel would depend on the quality of the fuel, and the efficiency of the generation station.

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

Yes, but this should not be a matter for the guidelines. It is an issue for an accreditation scheme. However, if a supplier does claim additionality, they also need to provide a auditable methodology for proving the additionality.

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

Green funds should not be part of any renewable guidelines, but could be included in a low carbon version. There they should demonstrate their carbon reduction claim, by an independent audit. Money in the funds need to be properly ring-fenced and accounted for. Funds that are part of additionality on a renewable supply tariff, are a matter for an accreditation scheme, and should have to substantiate their claim as mentioned above. They should also have an independent advisory board for the allocation of funds.

Chapter 3

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

An “at a glance” accreditation mark, appears to work well in Australia. There the ranking is part of the accreditation mark, and it shows the proportion of energy from renewable sources in percentage terms. If the minimum bar for inclusion in the accreditation is high, then a straight forward mark will work. If the minimum bar for inclusion is set low, then the “at a glance” accreditation mark will be more complex.

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?

Currently, consumers do not have a problem identifying green tariffs. Their problem is identifying the quality of the various tariffs. To this end we believe that a ranking system is the only meaningful way forward. If a pass or fail system was introduced, then the pass criteria would either need to be high, and thus there would be insufficient tariffs entered to fund the scheme, or set low to be all-inclusive and thus be meaningless.

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

On Renewables, it should be the proportion of energy supplied from renewable sources (as defined by REGOs). On Low Carbon it should be the Carbon output per unit of electricity. Any other benefits must be included and verified in the scheme, as additional benefits, but should not be part of the ranking. i.e. there are two 5 star ranked schemes, but one has more benefits than the other – all benefits must be listed as well. For example

Tariff	Ranking	Additionality
Supplier A red tariff	XXXXX	Supplier A retires 10% more ROC than required.
Supplier B blue tariff	XXXXX	Supplier B contributes £10 for each customer on the tariff to a DEFRA



		recognised OFFset fund call "Offset one"
Supplier C yellow tariff	XX	Supplier C will plant a tree for each customer signed up.

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

In terms of carbon, it should be the carbon output per unit of electricity. In terms of renewable supply, it should be the percentage of electricity supplied from REGO- backed renewable sources. All other benefits can be mentioned as additional benefits, but should not influence the ranking.

The logic behind this is transparency. Consumers need confidence in the ranking system, and to include "other benefits" in the ranking would need such a complex and subjective assessment to be able to work. We also believe that it will be impossible to reach agreement when comparing one "environmental benefit" against another. They should be listed, and any statement on their benefit proved, but let the consumer decide if what they think is more beneficial (e.g. Renewable technology for schools versus contribution to funds to buy and protect rain forests)

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

No. What Ofgem has proposed is too complex and requires subjective comparisons on the relative benefit of proposals. For example, is it fair to compare the actual output of a generator, against a theoretical output from a generator that might be built in the future from a fund? Then, if that generator is built, should it be included again for its actual output? Or would this be double counting?

Q6. What alternative criteria could be used?

Better Regulation requires transparency of decision making. Therefore any ranking should be based on "Objective" criteria, not "Subjective" ones. Hence the ranking should be restricted to supply output in terms of renewable sources or carbon output per unit of electricity.

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?**



We believe, that the scheme should apply for Renewable and low carbon technologies, although we feel that we should develop the renewable scheme first, as the low carbon scheme will be more complex and may delay implementation.

Other environmental benefits should be considered by the scheme, and Supplier will have to validate any claims they make about the environmental benefits of their offerings, but they should not affect the rankings.

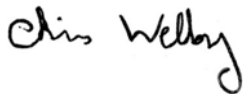
We believe it is very important that the scheme covers both domestic and non-domestic customers, as we feel many small and medium size businesses have the same need for assurance as domestic customers.

Q8. Do you agree with Dfgem's view that the scheme should be funded by suppliers?

Yes, provided it is voluntary, and the process is put out to tender so suppliers can choose a scheme that best meets their requirements. The aim should be a scheme which is easily operated and reliant on suppliers submitting independent evidence, rather than the body doing the accreditation. This will keep the costs of the scheme in line with the benefits.

I hope you find these initial comments useful. If you require any clarification, please do not hesitate to contact me.

Yours sincerely,



Chris Welby
Commercial Director