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Dear Clair,

## **Green Supplier Guidelines Consultation Response Supplemental**

Following on from our initial response, I would like to clarify our position regarding the ownership and structure of any proposed accreditation scheme.

Ofgem has stated two preferences, firstly that there should be only one scheme and that it should be owned by the industry. We do not disagree with this, but feel that this approach sets up a monopoly service provider, and as such suppliers need to ensure that any scheme is both fit for purpose, at a reasonable cost.

The way to achieve this is for the suppliers to develop the requirements and put this out for competitive tender. This means the industry can ensure that the costs are reasonable, and set delivery criteria that the successful candidate must meet. The problem we face is that to put a tender out, we would require a body corporate to operate on behalf of all energy suppliers, and currently no such body exists.

The simplest solution to this would be for Ofgem or some other party (e.g. Gemserv or EST) to sponsor the procurement of the services, and develop a system of recharges to suppliers who use the accreditation mark. This was the role I envisaged for EST using funding from Defra, but they have indicated that they wish to do the work themselves rather than the role of procurement body.

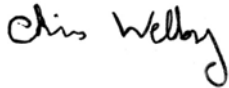
The alternative is for a system where a party sets out an accreditation scheme, and suppliers decide whether it suits their requirements or not. Our concerns around this are that more than one scheme may develop, and the costs will be higher as each

scheme has to re-coup its costs over a smaller base. This was part of the reason for the demise of the future energy scheme.

Another critical point which we believe in is that membership of any scheme should be voluntary, and should not be a condition of being recognised under Ofgem's green supplier guidelines. The reason for this is competition. Current proposals are to charge for the scheme on a per tariff basis. This will disadvantage any new market entrants as the fixed cost of accreditation will be spread over a very small customer base, and thus they are unlikely to sign up until their customer base is sufficient. They should however be able to state they meet Ofgem's guidelines if this is true.

I hope you find these additional comments useful, should you require further clarification, please let me know.

Yours sincerely,



Chris Welby  
Commercial Director