

## HMRC Response on Guidelines for Green Supply and Accreditation of Green Tariffs (sent on 26/7/2007)

We do not have many comments as the vast majority of the Consultation does not concern HMRC in its role of administering CCL and making sure its integrity is maintained. But the points I would like to raise are as follows:

### 2. Developing the guidelines

**Q2. Should the guidelines be voluntary or mandatory** - There was a lot of discussion around this at the event on 9 July; our view would be that accreditation into the green offerings supply scheme you are proposing should be voluntary i.e. its up to suppliers to decide whether they want to enter the scheme for a given tariff and get the kite mark/ stars that the independent accreditor could authorise/ confirm, but if you are in the scheme you should adhere by the rules – thus mandatory. It would appear quite simple: if you join the club you adhere by the club rules, and if these rules appear onerous or unsuitable then don't join! (technically this is probably not a matter for HMRC but I could not resist putting my pennyworth in)

**Q8. Is renewable Obligation Certificate retirement an appropriate indicator of additionality** - Although HMRC has no involvement in the RO, we have concerns about the possible misuse of LECs. If, for example, a supplier supplies a domestic customer with renewable/CHP electricity under a green tariff they should definitely 'retire' the relevant LECs and satisfy Ofgem and HMRC that they have done so. Thus preventing double counting where 'green' electricity is sold to a domestic consumer and the LEC (which is of no relevance to the domestic consumer who does not have to pay CCL) being used by the supplier to 'prove' that green (and therefore levy exempt) electricity has been sold to a business consumer. By the same token we are of the view that REGOS and LECs for the same 'parcel' of electricity should not be separated for exactly the same reason.

### 3 Initial proposals – independent accreditation scheme

**Q1/4/5 Star marking/ carbon indicator and other criteria** - Yes we think that a star system would be best and, for the reasons outlined above, would be keen if there was a carbon indicator star for those supplying green tariffs. We believe that the criteria should include retirement of green certificates – which should definitely include LECs. Surely a star could be only offered for this to those who retire all the certificates they should do, for example, if they supply 10MW as renewable to various domestic customers signed up to green supply tariffs then 10 LECs should be retired. The only exception to this would be if some or all of this renewable electricity came from large scale hydro which does qualify for the CCL exemption and therefore LECs (which may be the case with supplies from companies like Scottish Power or Scottish and Southern) – but even in these cases surely other green certificates like ROCs and REGOs ought to be retired?

**Q7 Scheme should apply for low carbon and renewable technologies, full range of environmental tariffs and domestic/ non domestic etc** – HMRC has no view on this apart from where CHP are the low carbon technology. In this case we

would have the same view on additionality and retired certificates outlined for renewables above.

Please do not hesitate to get back to me if you wish to discuss any of the above further.

Many thanks

Andy