



## **Response to Ofgem consultation: Developing guidelines for green supply**

**The Royal Society for the Protection of Birds  
July 2007**

### **The RSPB**

Royal Society for the Protection of Birds (the RSPB) is the charity that takes action for wild birds and the environment. We are the largest wildlife conservation organisation in Europe with over one million members. We own or manage approximately 135,000 hectares of land for nature conservation on 200 reserves throughout the UK. The RSPB is part of the BirdLife International partnership, a global alliance of independent national conservation organisations working in more than 100 countries worldwide.

### **RSPB Energy**

The RSPB runs a green electricity tariff in partnership with Scottish and Southern Energy called RSPB Energy. This is a 100% renewables tariff with 10% of supply deriving from sources eligible for Renewables Obligation Certificates (ROCs) which are subsequently retired. The remainder of the supply is made up of hydro-electric power. In addition, the tariff contributes to two funds: a land fund which is used to purchase land to help offset or manage the effects of climate change and an investment fund which is used to buy and install small scale renewable energy on RSPB reserves.

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### **RSPB response to questions posed in the consultation.**

#### **Chapter 2: Developing the guidelines – key issues**

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

We feel that it is appropriate for Ofgem to assist industry in developing a revised set of guidelines at this stage. We agree with Ofgem's initial view that the difference of opinion between industry players as to the content of the guidelines would mean that it would be difficult for industry to achieve the development of its own self regulating guidelines in a timely manner.

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

It is the RSPB's view that these guidelines should be mandatory. In order to improve consumer confidence in green tariffs, protect consumers from being misled and to fulfil its duty to promoting sustainable development, Ofgem should insist that all suppliers sign up to these guidelines. A voluntary scheme allows scope for suppliers who do not wish to sign up to the scheme to continue to put products in the market place which do not provide additionality and undermine consumer confidence in green tariffs as a whole.

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

We support Ofgem's view that non-domestic customers should be covered by the guidelines as business customers have a substantial share of the electricity market. In addition, these companies are increasingly being expected by shareholders to demonstrate improvements in environmental performance and corporate social responsibility. We see no reason why innovation and the development of bespoke agreements on tariffs between suppliers and business customers should be inhibited by adherence to these guidelines.

**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 can see the rationale for allowing good quality CHP and clean coal to be recognized as low carbon sources of energy generation. However, to qualify these technologies would have to be outside any other Government support mechanism, i.e. truly additional to avoid double-counting.

We do not see nuclear generation as fitting within this category. Our view is that money invested in low carbon technologies should be directed towards more sustainable options. In addition to being an extremely expensive low carbon technology, nuclear energy leaves behind long-lived hazardous waste and we are concerned about the life-cycle carbon costs associated with its generation.

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

We understand concerns suppliers might have over the complexity of information supplied to customers on their bills. However, in the interests of providing transparency to consumers and, we would hope, improving the uptake of green tariffs, we would recommend summary information regarding the tariff including rating and fuel mix is

included on each bill. More detailed information could be provided in a customer's welcome pack and on the supplier's website.

We support Ofgem's proposals to include the following information:

- An indication of the percentage of the individual consumers bill that is used to fund renewable generation (for standard tariffs as well as green supply tariffs);
- For any 'green' tariff, a calculation of the percentage of carbon being saved against the suppliers' standard fuel mix; and
- Where carbon offset is being used, an indication of the percentage of the consumer's carbon emissions that are being offset through the scheme.

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

Yes

**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.

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

We believe that ROC retirement is an appropriate indicator of additionality. While we accept that while only a small number of companies partake in this scheme, the impacts on the market are limited, we would hope that through signing up to these guidelines a greater number of suppliers will invest in this method of stimulating the renewables market and we shall then see a greater effect.

**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?

We agree that there should be clear rules covering the use of funds for transparency and verification. We believe that any funds generated should be invested in developing further renewable energy, over and above what is required through the Renewables Obligation. Funds could also be used to provide other way to provide environmental benefit e.g. maximizing benefit to wildlife although this should not be part of the core investment.

**CHAPTER 3: Initial proposals - independent accreditation scheme**

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

Yes, this is the simplest way to convey information and certainty about the product to customers.

**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?

For simplicity and easy conveyance of information to consumers we believe a pass/fail accreditation symbol should be awarded. However, we believe that it should also be possible to rank the tariffs and make that ranking available as Friends of the Earth and other organisations have done in the past. This ranking should be conducted and administered by the Energy Savings Trust and made available on their website.

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

This information could be assessed in drawing up a ranking system but is overly complex for the accreditation scheme.

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

See above.

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

No, we prefer a simple quality assurance mark as proposed by EST.

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

We prefer a simple quality assurance mark as proposed by EST.

**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?

Yes we agree with all of the proposals above in order to ensure that there is coherence and transparency as well as quality guarantees across the board in green tariff supplies.

However, as stated, we don't believe that nuclear energy should qualify as a low carbon technology.

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

Yes, this is appropriate as they are gaining from the scheme in being able to provide verifiable accredited products to customers and thus benefit from this.