

Summerleaze Response on Guidelines for Green Supply and Accreditation of Green Tariffs (sent on 30/7/2007)

Sir/Madam,

Summerleaze is a leading generator of renewable electricity. We commissioned our first plant in 1987, and last year generated over 300 GWh of renewable electricity.

It is not our intention to reply in detail to your consultations on Developing Guidelines for Green Supply and Accreditation of Green Tariffs, because we believe that it is not practical to sell genuinely green electricity to customers in the current UK market, and that all the tariffs being described as green are perpetrating a fraud on their customers. It is meaningless to debate which form of the fraud is more or less green, and how they might better be administrated.

There are many mechanisms in the UK power market that incorporate a green value - the Renewables Obligation (RO), the Climate-Change Levy (CCL) and the European Union Emissions Trading Scheme (EU-ETS) being the most obvious, though not the only ones. There is a case, which Ofgem itself has made, that the combined effect of these mechanisms is to over-reward the environmental benefit. It is electricity customers who pay for these mechanisms. To allow electricity generators or suppliers to take some or all of the value from these mechanisms, and then to charge customers again for "greenness" for which they have already paid, cannot be described as anything other than a fraud on those customers.

The only true green supply would be one where all associated ROCs and LECs had been retired without recovering value from them, and in which the embedded cost of the EU-ETS in the wholesale price had been compensated. Given the current values of two of these mechanisms (RO and CCL) and projected future values of the third (EU-ETS), compared to the premium that suppliers believe consumers are prepared to pay for green power, there is no prospect that genuine green tariffs will be made available in the near future, other possibly than those using power generated from renewable sources that are ineligible for ROCs.

The greatest indication that this is not real green power lies in the prices charged to customers. Suppliers charge barely any premium for their green tariffs, which are used primarily as a marketing device.

Real "greenness" is not that cheap, the ridiculous price of 2007 EUAs (which have little to do with the real social cost of carbon) notwithstanding. The presence of this absurdly cheap "greenness" in the market allows electricity consumers to think that they can do something about their environmental impact at almost no cost or effort. This has an impact on more genuine but expensive efforts to reduce our consumption of fossil-fuels.

There is no such thing as a free lunch, unless you can trick the ignorant or powerless into paying for it. Ofgem and the EST should not act as the big energy companies' agents in foisting this deception on electricity customers.

Yours,

Bruno Prior
Director
Summerleaze Ltd

