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Our reference:
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Dear Clair

CONSULTATION ON DEVELOPING GUIDELINES FOR GREEN SUPPLY

Thank you for the consultation on developing guidelines for green supply.

I am responding on behalf of the United Kingdom Accreditation Service (UKAS). UKAS is the sole national body recognised by Government for the accreditation, against recognised standards, of organisations providing calibration, testing, certification and inspection services.

UKAS has attended a number of the the workshops held by the OFGEM and these comments are based on the information available to the date on this letter. A further submission may be made after the concluding workshop We have also answered the specific questions raised in your consultation in the appendix. We do have some very specific concerns which are raised in this letter.

A crucial part of the UK approach to reduce man-made carbon emissions and their contribution to climate change is to engage with the population and change behaviour. Both industry and the domestic consumer need energy. A robust scheme to indicate whether the source of that energy is 'green' or otherwise is therefore welcomed.

That said, behaviour of the consumer will only change if there is trust in the scheme; in it's operation, and in any mark used to assure the claims made in relation to verified information. This is referenced in the White paper. Due to the nature of global supply, such schemes are increasingly required to operate at the international level.

Against this background, we have a specific concern about the terminology used in the consultation document. In the recognised international standards, accreditation is defined as a third party attestation of the competence of conformity assessment bodies to carry out specific conformity assessment tasks (eg calibration, testing, certification and inspection) and this is the activity carried out by UKAS. Against the

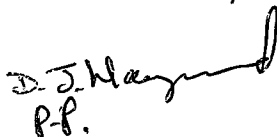
standard definitions, the arrangements proposed in your consultation document would be more accurately described as 'certification'. In order to avoid confusion with the accreditation provided by UKAS, we request that any scheme developed should in future be referred to as an 'independent certification scheme'.

We are also concerned that there are no proposals for the certification scheme to be accredited. In order to ensure that there is confidence in the certification process adopted, we strongly recommend that there should be a requirement for any certification bodies operating within the scheme to be UKAS accredited. The British Standards Institution (BSI) operates under similar provisions to provide oversight of the development of national schemes and standards, including the interaction of these on the international platform. Together, UKAS and BSI have significant experience and interest in delivering confidence to the market that products and services meet the needs of the consumer.

Finally, we are concerned at the current proposal made by the Energy Saving Trust regarding the assurance of the proposed scheme. Our concerns include the use of terminology within the proposals, as explained above, and that the approach taken to developing the scheme and assurance methods does not appear to be following the tried and trusted process provided through the BSI and UKAS. As a result there is significant potential for misleading the public and creating a sub-optimal, non-accredited approach, and this may not be compatible with other approaches used by industry internationally. The interaction in your recent workshops goes some way to allay our fears and recent ad hoc meetings encourage us. We would however strongly urge Ofgem to develop the next stage of the scheme with technical input from both BSI and UKAS.

I do hope you find these comments both constructive and useful and we look forward to working with you in the near future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. J. Cheesbrough', with the initials 'P.P.' written below it.

Martyn Cheesbrough

APPENDIX 1 - Response to consultation questions

CHAPTER TWO

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

UKAS supports the Better Regulation principles and the proposal that OFGEM act as facilitator with relevant industry to agree and publish a revised set of guidelines later this year. UKAS suggests that BSI, as the national standards body, should be invited to help with this process.

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

We would suggest that participation in any proposed scheme should be voluntary, but any participants must abide by the rules on a mandatory and evidenced basis.

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

To ensure consistency we would suggest all tariffs should be covered by the proposals. This will enable customers to make an informed decision

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 would suggest all technologies should be covered by the proposals so that the consumer may draw comparisons.

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

UKAS would support the proposals on transparency, evidence of supply (in particular any standardisation of approach), and verification of the data provided. The assurance process should be the same for the energy supply industry as it is for other product and services produced by other industry, and as recommended by Defra i.e. accredited third party certification against appropriate standards and specifications. There are a number of alternatives for the industry to demonstrate conformance with the proposed guidelines. It is strongly recommended that OFGEM bring the process of standardisation into the tried and tested approach using the British Standards Institution. UKAS would also offer support to this process if adopted.

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

We would recommend that a clear standard of evidence should be defined, together with the requirements by which this should be tested. The evidence should be compatible with other approaches such as the Defra work on Carbon offsetting. See also comments on standardisation in the answer to Q5.

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?*

At first sight this would appear appropriate.

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

No comment.

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.*

There should be clear rules. These should be developed to be compatible and harmonious with others currently in development such as the proposed Defra guidelines on Carbon offsetting.

CHAPTER THREE

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

An 'at-a-glance' mark is the ideal way by which a consumer may be assured that a product or service meets a required specification. However there is a trade off between the use of 'at a glance marks' and the provision of suitable information to the consumer to allow an informed choice to be made. Since the proposals include overlapping scopes of different supply companies, different tariffs and different measures of 'green' supply, due consideration and explanation of the mark will need to be applied. It may not be possible to provide a single mark in this case. Whilst the current '5-star' proposal is helpful, we do not consider this currently meets consumer needs to compare tariffs. This currently also includes a fair proportion of subjective assessment which may prove difficult to assure.

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?*

The covering letter to this response explains our reservations about the terminology used in the consultation document. According to the terminology used in widely accepted standards, the assurance methodology proposed in the consultation document is, in fact, a third party unaccredited **certification** approach. Whilst this will provide some assurance, evidence from recent studies on management systems certification indicate this only provides a relatively low level of confidence. Assurance should only be used to confirm conformance or otherwise with specific requirements in the proposed scheme. Objectivity may be compromised if the assurance is used in any other way.

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

Assurance should only be used to confirm conformance or otherwise with specific requirements in the proposed scheme. Objectivity may be compromised if the assurance is used in any other way. Any means to distinguish between carbon and other environmental benefits should be defined in the scheme requirements. UKAS would support the adoption of a means to distinguish all environmental benefits, since this supports the transparency of the proposed guidelines.

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

This is a matter that is better addressed by the industry experts

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

This is a matter that is better addressed by the industry experts

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

This is a matter that is better addressed by the industry experts. However due consideration should be given to compatibility with other means to determine 'green' products and services.

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*
- *Tariffs for domestic and non domestic markets*

This is a matter that is better addressed by the industry experts

Question 8. Do you agree with OFGEM's view that the suppliers should fund the scheme.

This is a matter that is better addressed by the industry