



Promoting choice and value  
for all gas and electricity customers

# Cutting the 'green' confusion: Wrap-Up Workshop

Developing Guidelines for Low Carbon  
and Renewable Tariffs

**17 September 2007**

## Overview of first consultation

### **“Developing guidelines for green supply”** (June 2007)

- To reduce customer confusion/prevent mis-selling of ‘green’ energy

Initial  
proposals

- “Star rating” certification scheme for green supply
- Extension of guidelines to non-domestics / low carbon

- Engaged with industry and stakeholders through a series of workshops
  - Considerable interest in proposals – large number of responses
    - General support for guidelines/certification scheme

**Welcome feedback received as part of this process**

*Our proposals have evolved significantly following discussions at the workshops and responses received*

# Thank you for responses to June consultation



## Consultation responses

**34 responses as well as 35 Friends of the Earth proforma responses**

**AREAS OF  
AGREEMENT**

**Welcomed work to revise guidelines**  
Supportive of Ofgem's role in this process

**Information transparency is key**

**Extension to non-domestics is appropriate**

**Associated certification scheme needed**  
To be developed once guidelines finalised

## Consultation responses – outstanding issues

### OPPOSING VIEWS

#### **Inclusion of low carbon tariffs**

Particular concern regarding inclusion of nuclear

#### **Inclusion of carbon offset and green funds**

#### **Definition / measurement of additionality**

- Should there be requirements in the guidelines regarding additionality such a ROC retiral?
- Should suppliers simply improve transparency to allow customers to make more informed decisions?

**Thank you for your input into the process - we have listened to your views at the workshops and through the consultation**

## What have we 'banked'?

### Status

- ✓ Guidelines should be **voluntary** and **self regulating**

### Scope

- ✓ Separate guidelines to cover **low carbon** and **renewable tariffs**

### Transparency & Verification of Supply

- ✓ Guidelines will cover **domestic** and **non-domestic customers**

- ✓ Customers need **more information** to inform their choices:
  - *Fuel Mix disclosure info to be clear*
  - *Customers to see what environmental contributions they are making (e.g. RO costs)*

**Clear and standard information/language is important to inform customer choice**

**Guidelines do not provide any additional environmental benefits – but do provide increased clarity to customers about what they are getting**

## Updated Renewable Guidelines

### **REGO's = standard European guarantee of renewable generation**

- 100% Renewable Tariffs to be backed by 100% REGO's
- Could also market the tariff as [x]% renewables if [x] is backed by REGO's
  - LEC certificates to be retired alongside REGOs for domestics

### **Clear information for customers is the focus of the guidelines**

- Guidelines **do not** provide any additional renewable benefits but **do** provide increased clarity to customers about what they are paying for

### **Suppliers can choose to provide additionality through other means, for example:**

- Retirement of ROCs
- Contributions to 'green' funds

These measures are **additional** – but do not alter rating of tariffs



## Information provision

### **Information about obligatory contributions made by customers**

- Description of RO and EEC
- Average per customer obligatory contributions to the RO and EEC to inform them of the contributions they are already making and to reduce the risk of double selling
- Allows customers to make an informed choice about their willingness to pay over and above the RO and EEC for environmental benefits

### **Empowering customers to make informed choices**

- Suppliers preparing a information provision “straw man”
- A suitable format or description must be created to enable customers to make informed choices at the point of sale
  - Certification scheme will provide an audit function

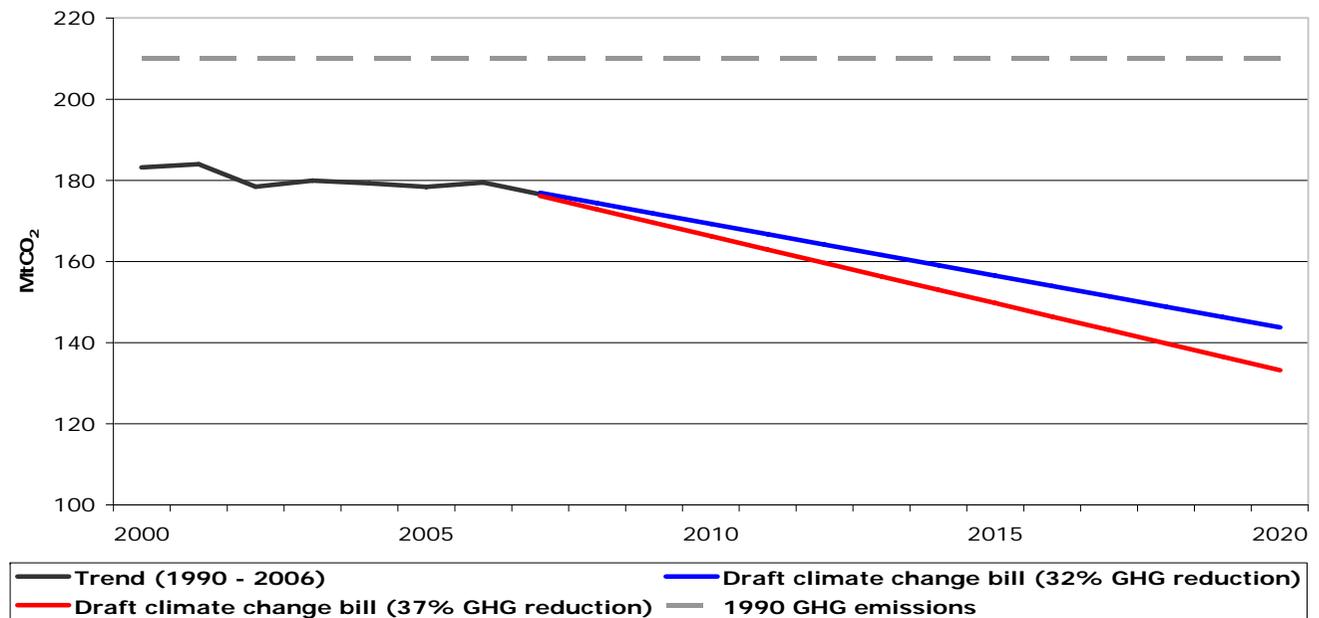
## Benefits of Guidelines

**Guidelines enable customers to signal their preference for renewable/low carbon generation, steering investment decisions over medium to long term**

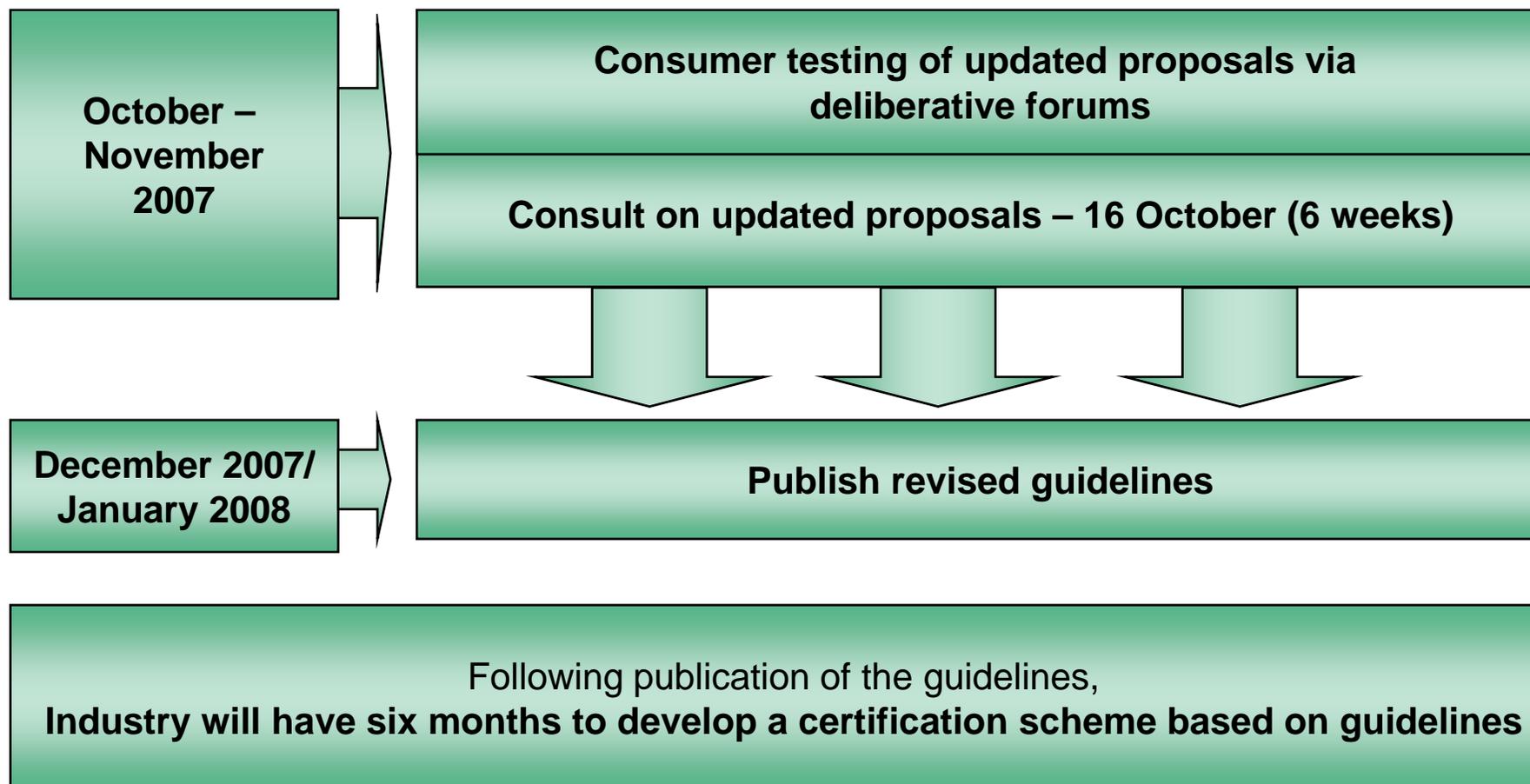
- Inherent difficulties in objectively measuring forms of additionality.
- Having two sets of guidelines allows customers to signal their preferences.

**Aim** is to reduce carbon intensity over time, consistent with 2020 targets

Trajectory for GHG emissions under the Draft Climate Change Bill



## Way forward



The logo for Ofgem, consisting of the word "ofgem" in a white, lowercase, sans-serif font, centered within a solid orange rounded rectangle. The background of the slide features a collage of images: solar panels on the left, a hand holding a document on the right, and a close-up of a gas meter at the bottom. A dark blue header bar is at the top.

*ofgem*

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