

Guidelines for green energy tariffs – the consumer interest

**NCC's response to Ofgem's consultation on developing guidelines for
green energy tariffs**

About the National Consumer Council

The National Consumer Council (NCC) makes a practical difference to the lives of consumers around the UK.

With changes in provision of services by government and companies, there is apparently more choice, and more talk about meeting consumers' needs. Yet, the rhetoric does not always match people's experience: markets can operate in ways that act against consumer interests; and consumers who are disadvantaged or inarticulate can be ignored.

The NCC uses its insight into consumer needs to advocate change. We conduct rigorous research and policy analysis to investigate key consumer issues, and use this to influence organisations and people that make change happen. We don't just respond to policy discussions, but shape future debate through our groundbreaking thinking.

An open and collaborative organisation, we seek to work with public service providers, businesses and regulators. We hold regular policy forums which provide us with a unique opportunity to exchange views and test our thinking.

Our relationship with the Department for Business, Enterprise and Regulatory Reform – our main funder – gives us a strong connection within government. But we are ready to challenge any organisation, public or private, that does not give consumers a fair deal.

We have linked organisations in Scotland and Wales, and a close relationship with colleagues in Northern Ireland. We play a leading role within European and worldwide consumer groups, ensuring that cross-border consumer issues are tackled and the consumer voice is heard within global institutions.

Please check our website at www.ncc.org.uk for our latest news.

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**National Consumer Council
20 Grosvenor Gardens
London SW1W 0DH
Telephone 020 7730 3469
Facsimile 020 7730 0191**

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Summary

Green Supply Guidelines

A report from the National Consumer Council (NCC) entitled *Reality or Rhetoric: Green tariffs for domestic consumers (1)* found that there is considerable customer confusion about green energy tariffs and, as a result, a level of customer mistrust in products from energy suppliers that are being marketed as green. The NCC has argued that Ofgem should revise their green supply guidelines as a matter of urgency. This will help to ensure that green tariffs are clear, honest and meaningful.

It is important that the guidelines form the basis of the accreditation scheme and that the two form part of one cohesive initiative. It is also crucial that both the revised guidelines and the accreditation scheme are based on the three key principles outlined in the original 2002 guidelines: verifiability, transparency and additionality. This will allow consumers to make greener energy choices more easily.

The NCC has serious concerns that the debate in the consultation workshops (to date) did not adequately address the important issue of additionality. It is important that the next phase of the consultation addresses this issue. We would like to see a minimum requirement in the guidelines to ensure that the tariffs demonstrate (at least) a basic level of additional environmental benefit. This will make sure consumers are confident that the suppliers are not simply repackaging their legal obligations and are going further than they are required to do by law.

Furthermore, the NCC also thinks that the guidelines should contain a minimum requirement for renewable tariffs obliging energy suppliers to retire Renewable Energy Guarantees of Origin – to demonstrate evidence of supply; and Levy Exemption Certificates – to prevent double counting. This should help to build consumer trust and confidence.

Accreditation Scheme

The NCC believes that it is crucial that only one overarching accreditation scheme is established covering the whole market. Lessons should be learnt from the food sector, where there has been a proliferation of uncoordinated and competing labelling schemes, which has the potential to fuel customer confusion – rather than helping to reduce it.

It is important that the accreditation scheme is based on a “ranking” or “graded” system, rather than a pass or fail. This will recognise that some green tariffs have higher levels of environmental benefit and enable consumers to distinguish and compare the green tariffs on offer more effectively.

The NCC also believes that suppliers should submit all their tariffs for accreditation. This will ensure that consumer confidence is maximised and suppliers do not cherry pick their better / greenest tariffs for accreditation.

The NCC believes that it is important that Ofgem’s revised guidelines form the basis of the accreditation scheme. If the guidelines / scheme are going to work, all energy suppliers that have green energy tariffs must comply with the guidelines / scheme, otherwise this could undermine the whole initiative and consumers could still be misled by suppliers that are not signed up to the guidelines / scheme.

Introduction

The NCC welcomes the opportunity to respond to Ofgem's consultation on green energy tariffs. This follows a NCC report entitled *Reality or Rhetoric: Green tariffs for domestic consumers*. This report concluded that there is considerable customer confusion and, as a result, a level of customer mistrust in tariffs that are being marketed as green.

The aim of the Ofgem consultation is to consult on developing and ultimately revising their 2002 guidelines for suppliers in relation to green tariffs.

As part of the consultation, Ofgem are also keen to gather the views of interested stakeholders about initial proposals to develop and implement an independent accreditation scheme. The Energy Saving Trust has also published a consultation document, which sets out their proposals regarding the desirability, feasibility and content of such a scheme. The NCC also welcomes this parallel consultation document and will respond to this consultation separately.

Key Issues

Proposed revisions to Ofgem's guidelines on green energy tariffs

NCC's report *Reality or Rhetoric: Green tariffs for domestic consumers* recommended that Ofgem should publish their revised guidelines as a matter of urgency. It is important that the guidelines should form the basis of the accreditation scheme and that the two are part of one cohesive initiative. The NCC believes that the revised guidelines and the accreditation scheme should be based on the three key principles outlined in the original 2002 guidelines: verifiability, transparency and additionality. Whilst the consultation workshops (to date) focused sufficiently on verifiability and transparency, the NCC has serious concerns that the seminars failed to adequately address the important issue of additionality. The NCC believes it is therefore absolutely imperative that the next phase of the consultation process focuses on additionality.

Ofgem's Role

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

NCC research found that there is considerable customer confusion regarding green energy tariffs and that it would be easy for consumers to be misled by suppliers' claims. In a perfect market, the industry would have self-regulated green tariffs. However, it is clear from our research that the industry has failed to do this. It is therefore important that Ofgem develops and publishes their revised guidelines on green energy tariffs – as a matter of urgency.

It is apparent from our meetings with the ten companies assessed in the report that the majority would like to see Ofgem revise their guidelines. However, it is also clear that there are differences of opinion within the industry; and between industry and other stakeholders; regarding the content of the guidelines – for example, on additionality. We therefore believe that it is extremely important that Ofgem takes an active role in developing revised guidelines (that will form the basis of the accreditation scheme) to ensure that consumers are able to make greener energy choices more easily. This recognises Ofgem's duty and role to protect both present and future consumers.

The current guidelines are extremely out of date. Ofgem needs to find smarter and more efficient mechanisms to make sure the guidelines are updated as the market evolves and ensure that the processes put in place are not unduly onerous on stakeholders. They should also ensure that the guidelines and accreditation scheme encourage rather than hinder innovation.

Mandatory versus Voluntary

Question 2: Should the guidelines be mandatory or voluntary?

For the guidelines / scheme to work, all energy suppliers that have green energy tariffs must comply with the guidelines / scheme, otherwise this could undermine the whole initiative and consumers could still be misled by suppliers that are not signed up to the guidelines / scheme. If this can be done voluntarily, then there is no need to mandate the guidelines. However, if energy suppliers fail to step up to the challenge, then the guidelines should become compulsory – requiring suppliers through a supply licence condition to sign up to the guidelines. In the first instance, Ofgem should make the time-scale for signing up to the guidelines very clear providing energy suppliers with 6 months from the launch of the revised guidelines to sign up and ensure their green tariffs comply.

Enforcement

The NCC believes that the guidelines should continue to assist the Advertising Standards Authority in their role in ensuring self regulation and compliance with the relevant advertising codes. However, the NCC believes that the Advertising Standards Authority is not an adequate enforcement body as they are a reactive organisation with limited resources. The NCC therefore believes that the guidelines should also assist in the enforcement of any misleading claims on green tariffs – under the Unfair Commercial Practices Directive. This will provide the legislative back stop – in particular, the regulations that apply to misleading actions and omissions. These powers will be available to local trading standards and the Office of Fair Trading nationally.

Ofgem should make sure that the Advertising Standards Authority and the Office of Fair Trading are aware of the revised guidelines and outline how they could use the guidelines to assist in the enforcement of misleading green energy claims.

Coverage of the Guidelines: Domestic & Non-Domestic Consumers

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

Many businesses claim to use green electricity as part of their CSR communications – thereby promoting their green credentials. These green energy claims are often directed from business to consumers. The NCC is therefore happy (in principle) for Ofgem to provide guidance for businesses about green energy tariffs, so they can also make informed choices about green energy and clearly communicate to their customers that they have done so.

The NCC recognises that there are some clear differences between domestic and non-domestic consumers – most notably the tax advantages through the Climate Change Levy exemption process. We therefore believe it is sensible to publish two separate guidance documents for domestic and non-domestic consumers respectively.

Coverage of the Guidelines: Renewables & Low Carbon

Question 4: Should tariffs involving non-renewable or low-carbon technologies (including good quality combined heat and power, clean coal and possibly nuclear) be included within the guidelines?

It is important that green energy tariffs meet domestic consumers' expectations. It is therefore absolutely critical that qualitative and quantitative consumer research is undertaken to assess what consumers understand by “low-carbon” – before the guidelines and accreditation scheme for such tariffs are developed. For example, do consumers know that low carbon tariffs could include nuclear and clean coal and do they know what combined heat and power actually is? Ofgem needs to be confident that the terminology around the phrase ‘low carbon’ will not create more consumer confusion.

It is also important that Ofgem assesses whether the guidelines and accreditation scheme are the most effective mechanism to declare the CO₂ content of supplier's tariffs and overall fuel supply. Other validated mechanisms exist, which suppliers could use, most notably the Fuel Mix Disclosure requirements.

The findings from both pieces of research should inform the scope of Ofgem's guidelines and the coverage of the accreditation scheme.

If the research shows that there is a need for guidelines and an accreditation scheme for low carbon tariffs, Ofgem and the accreditation body need to ensure that the tariffs are marketed in a clear and responsible way. It is also crucial that any low carbon product makes it clear to consumers the types and proportion of energy sources that make up the tariff – so there is no confusion. This should be done through displaying the fuel mix for the tariff so consumers are aware that the tariff is made up of a range of low-carbon fuels – such as renewables, nuclear, clean coal, gas, etc. The NCC also believes that (subject to research) the low carbon guidelines must take account of additionality, otherwise energy suppliers could offer some customers a low carbon tariff at the expense of other consumers, who will just receive a greater proportion of brown energy.

Transparency & Information

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

The NCC is pleased that Ofgem has seriously considered the recommendations in our report regarding transparency.

The NCC believes that suppliers should provide the following information to consumers:

- A percentage of the household's bill that is used to fund renewable generation;
- A calculation of the percentage of carbon being saved against the suppliers' standard fuel mix;
- A fuel mix disclosure chart for the green tariff; and
- An overall fuel mix disclosure chart for the supplier.

It is important that this is provided on both the suppliers' website and hard copy marketing material – as not all consumers have access to the internet. The NCC recognises that it may not be feasible to include this information on 1-2 page adverts. However, these adverts should sign-post consumers towards the relevant section of the website or a telephone number where this information would be sent out in hard copy. This is an important addition to the “at a glance” information, as there are some consumers that may want to investigate the products more closely.

The “at a glance” information for each green energy tariff should include a tariff ranking, so consumers can compare the tariffs on offer more easily. Lessons should be learnt from a NCC and Better Regulation Executive (BRE) report entitled *Warning: Too much information can harm (2)*, which shows that much information which government asks businesses to provide to consumers is failing to have the desired effect.

Evidence of Supply

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

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?

The NCC agrees that it is important that an agreed standard of evidence be defined. The NCC believes that Renewable Energy Guarantees of Origin demonstrate evidence of supply. This links in with the Fuel Mix Disclosure compliance requirements, which are also based on Renewable Energy Guarantees of Origin.

Minimum Requirements

The NCC believes that the minimum requirements for the renewable tariff guidelines / accreditation scheme should stipulate that suppliers must:

- Retire 100% Renewable Energy Guarantees of Origin;
- Retire 100% Levy Exemption Certificates; and
- Demonstrate (at least) a basic level of additionality.

The retirement of Renewable Energy Guarantees of Origin is needed to demonstrate evidence of supply, whilst the retirement of Levy Exemption Certificates is needed to prevent double counting.

Many suppliers already retire Renewable Energy Guarantees of Origin and Levy Exemption Certificates in respect of their green supply tariffs as a matter of course. Any retreat from this accepted level of good practice would represent a major reduction in consumer protection since it would give the green light to double selling.

As part of the minimum requirement, it is also important that suppliers demonstrate (at least) a basic level of additionality. Otherwise, green tariffs could be seen as potentially misleading. Please see section below on additionality.

Additionality

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

The NCC believes that the retirement of Renewable Obligation Certificates (ROCs) is one measure of additionality. However, we do not think it is the only indicator of additionality. Other measures include the company matching the consumers' contribution to a green fund and reduce-reward schemes (which reward customers for reducing their energy consumption).

However, the NCC has serious concerns that the consultation workshops (to date) have failed to adequately address the important issue of additionality for renewable tariffs. In particular, neither of the strawmen discussed at the workshop on 16 July focused on establishing a minimum requirement for additionality or agreeing the information on additionality that should be provided in a specified format. Instead, the proposed "minimum bar" option focused on demonstrating evidence of supply (through Renewable Energy Guarantees of Origin) and the "information" option focused on transparency issues. The NCC believes it is therefore absolutely imperative that the next phase of the consultation process focuses on the issue of additionality.

The NCC believes that there should be a minimum requirement in the renewable tariff guidelines / accreditation scheme requiring energy suppliers to demonstrate (at least) a basic level of additionality. The NCC also believes that there should be a "ranking" approach for renewable tariffs. Otherwise, consumers will not have the information that they require to distinguish between the renewable tariffs on offer. This "ranking" should be based on the CO₂ emissions reductions that a green tariff will deliver - over and above the suppliers' legal requirement. Obviously, the more additional environmental benefit the tariff has to offer; the greater the CO₂ saving and ranking.

Green Funds

Question 9: Do you agree that there should be clear rules covering the use of funds for transparency and verification? If so, what should the criteria for this include?

The NCC believes there should be clear rules covering the use of funds. It is also important that the guidelines are clear about the types of funds that will be recognised by the guidelines and the quality of investment that will qualify for the accreditation scheme. We believe that any premium gained through the sale of green tariffs should be paid into a fund that is verifiably separate from the general accounts of the supplier. In addition, this fund should be independently audited. It is also crucial that the supplier provides information in a standardised format so consumers can assess the quality of the investment and make comparisons between the different tariffs that offer a green fund. Ofgem should develop and propose these rules and the type of information that should be provided in a standardised format in the next consultation document.

Carbon Offsetting

The NCC believes that it would be sensible to use a common standard on carbon offsetting as it is important to ensure that there is not a proliferation of carbon offsetting standards and accreditation schemes, as this will only create more customer confusion. It is important that Ofgem does not develop an alternative and competing standard of their own.

It therefore makes sense to use the standard and scheme developed by Defra. However, the NCC has concerns about some elements of Defra's proposed Code and accreditation scheme on carbon offsetting put forward in Defra's consultation document (3). In its proposed Code, Defra is effectively promoting a gold standard that could lead to potential imbalances of supply and demand as the availability of regulated certificates is limited. This could result in only wealthy consumers being able to afford the accredited carbon offset products. Furthermore, it could encourage the voluntary market to develop their own standard and kitemark - creating two parallel markets in accredited and unaccredited offsets at possibly widening price differentials, which could confuse consumers.

In NCC's consultation response to Defra, we argued that it is absolutely critical that the Code covers both the regulated and voluntary market and that there is not a proliferation of carbon offset standards (4). This will enable consumers to choose from a range of carbon offset options (under one scheme) and prevent them being confused by multiple labels.

Key Issues

Proposals for an independent accreditation scheme

NCC's report *Reality or Rhetoric: Green tariffs for domestic consumers* found that there is currently too little clear and accurate information available on most green energy tariffs and it is difficult for consumers to compare the tariffs on offer, as the information is not in a standard format. In addition, the legislative and regulatory framework surrounding green tariffs is extremely complex. We therefore concluded that there is a need for third party verification on green tariffs. One way of doing this is through an independent accreditation scheme.

The NCC believes that it is absolutely essential that only one scheme is established covering the whole market. Lessons should be learnt from the food sector, where there has been a proliferation of uncoordinated and competing labelling schemes, which has the potential to fuel customer confusion – rather than helping to reduce it. It is important that the accreditation scheme is based on a “ranking” or “graded” system, rather than a pass or fail. This will enable consumers to compare the green tariffs on offer more effectively. It would also recognise that some green tariffs have higher levels of environmental benefit.

The NCC also believes that suppliers who wish to sign up to the guidelines will need to have all their tariffs assessed by the accreditation scheme. This will ensure that consumer confidence is maximised and suppliers do not cherry pick their better / greenest tariffs for accreditation. The NCC believes that it is important that Ofgem's revised guidelines provide the basis of the accreditation scheme and that the two form part of one cohesive initiative. If the guidelines / scheme are going to work, all energy suppliers that have green energy tariffs must comply with the guidelines / scheme, otherwise this could undermine the whole initiative and consumers could still be misled by suppliers that are not signed up to the guidelines / scheme.

At a glance information

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

NCC research shows that many consumers want to be able to make choices about products quickly, without trawling through vast amounts of information. We therefore believe that an “at a glance” mark which provides a tariff ranking is appropriate for renewable tariffs, as it will allow consumers to compare the tariffs on offer more easily.

It is important to make sure the ‘at a glance’ information is subject to consumer testing.

Whilst many consumers will be satisfied with the “at a glance” information, there are those consumers that might want to investigate the green tariffs more closely. It is therefore important that more detailed information is made accessible through the suppliers' website, call centres and marketing material. Please see the above section on transparency for more details.

Ranking versus pass / fail

Question 2: Do you agree with Ofgem’s view that the accreditation scheme should enable the “ranking” of green tariffs or should it be a pass or fail?

It is important that the accreditation scheme is based on a “ranking” or “graded” system, rather than a pass or fail. This will enable consumers to compare the green tariffs on offer more effectively. It would also recognise that some green tariffs have higher levels of environmental benefit. The main drawback of a pass / fail system is that suppliers would not be rewarded through the accreditation scheme for going beyond what is required to gain a pass.

It is also important to note that consumers are not a homogeneous group. Some may not be willing and/or able to pay a premium for a green tariff and therefore would opt for a light green tariff, whilst others are willing and/or able to pay for a tariff that delivers greater environmental benefits, and so would opt for a dark green tariff. By ensuring that a range of tariffs are covered and ranked as part of the accreditation scheme, this will ensure that both light and dark green consumers are able to make informed choices about green energy more easily. It will also give consumers the opportunity to move up the ranking (from a D rated tariff to a B rated tariff, for example) as say, their confidence in the market or their financial capabilities increase.

The NCC believes that the “ranking” should be the quality mark. This will help provide the required visibility to promote the scheme. It may also turn the quality mark into a marketable brand and will hopefully establish a market presence and awareness similar to the energy efficiency rating for white goods. In addition, by basing the accreditation scheme on a “ranking” or “graded” system, this is likely to encourage competition within the industry, encouraging product innovation and better standards for different types of light and dark green tariffs.

It is crucial that any graded quality mark should be subject to consumer testing.

Banding & Criteria

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

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

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

Question 6: What alternative criteria could be used?

The NCC believes that the proposed criteria originally put forward by Ofgem as part of the star-rating system (based on a combination of carbon emissions and other environmental benefits) is too confusing and complex for consumers.

The NCC believes that it is extremely important that a graded approach is taken forward for renewable tariffs.

Otherwise, consumers will not have the information that they require to distinguish between the renewable tariffs on offer. This could operate similarly to existing schemes, such as the energy efficiency ratings for cars and white goods.

One way to develop the banding criteria for renewable energy tariffs would be to rank the tariffs in terms of the CO₂ emissions reductions. This provides an objective measure which can be applied to the different types of green tariffs and does not need to use different measures and complex weighting mechanisms. Obviously, the more additional environmental benefit the tariff has to offer; the greater the CO₂ saving and ranking. In NCC’s report on green tariffs,




we argued that it is important that that the figure for CO2 savings is calculated in a standardised way using a methodology agreed by government and stakeholders. We believe this should be contained in Ofgem’s revised guidelines.

The accreditation body could have access to an expert body to verify the CO2 emissions for a new tariff. For example, this could be the Office of Climate Change, or the unit being established by the Climate Change Bill. As a parallel, Ofgem has access to the Building Research Establishment to assess energy savings and CO2 reductions from energy efficiency equipment as part of the Carbon Emissions Reduction Target.

The band widths could vary depending on tonnes of CO2 savings. An illustrative example is given below.

Renewable Tariffs - CO2 Emission Reductions	A	B	C	D	E
CO2 Emission Reductions – Measured by tonnes of CO2 saved	X tonnes of CO2 - X tonnes of CO2	X tonnes of CO2 - X tonnes of CO2	X tonnes of CO2 - X tonnes of CO2	X tonnes of CO2 - X tonnes of CO2	X tonnes of CO2 - X tonnes of CO2

If the research shows there is a need for guidelines and an accreditation scheme for low carbon tariffs, a banding approach should also be taken forward. However, it is important to make sure the banding is different to the renewable tariff graded system, yet complementary – so that they can be used in combination with each other. Otherwise it could be potentially confusing for consumers if the same banding approach is used for both. One possibility would be to develop a graded approach for low carbon tariffs (subject to consumer demand) that would operate similarly to front-of-pack traffic light labelling on food. An illustrative example is given below.

Carbon Indicator	Banding Levels
 High Carbon	> X kg/MWh
 Medium Carbon	X – X kg/MWh
 Low Carbon	< X kg/MWh

Additionality

The NCC has serious concerns that the consultation workshops did not adequately address the important issue of additionality. The NCC believes it is therefore absolutely imperative that the next phase of the consultation process focuses on additionality. At the workshop on 16 July, neither strawman focused on establishing a minimum requirement for additionality or agreeing the information on additionality that should be provided in a specified format. Instead, the proposed “minimum bar” option focused on demonstrating evidence of supply (through Renewable Energy Guarantees of Origin) and the “information” option focused on transparency issues. Under this scenario, all but two of the twelve green supply tariffs assessed in NCC’s report would meet the minimum bar and therefore qualify for the renewables badge (so long as energy suppliers provided the necessary information).

In reality this means that consumers would not be significantly better off because they would not have the information that they require to distinguish between the renewable tariffs on offer. The NCC therefore believes that it is extremely important that the “banding” approach is adopted for renewable tariffs. This “ranking” should be based on the CO₂ emission reductions that a green tariff will deliver – over and above the suppliers’ legal requirement. Obviously, the more additional environmental benefit the tariff has to offer; the greater the CO₂ saving and ranking. See above section on Banding and Criteria for more details.

Applicability

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?**

The NCC recognises that there is a difference between domestic and business consumers. We therefore feel that it is sensible to have separate sets of guidance for these two groups of customers.

The NCC believes that quantitative and qualitative research is needed to assess whether consumers understand the term ‘low carbon tariffs’ and to evaluate whether the guidelines and accreditation scheme are the most effective mechanism to declare the CO₂ content of supplier’s tariffs and overall fuel supply. This should be carried out before an accreditation scheme for such tariffs is developed and the results should inform the coverage of the accreditation scheme. However, this should not delay the development of the renewable tariff guidelines / accreditation scheme – as there is currently considerable customer confusion regarding these types of tariffs and this must be addressed as a matter of urgency.

It is important that these schemes take account of the full range of green and environmental tariffs, including green supply, green funds and reduce-reward tariffs (which reward customers for reducing their energy consumption). It is important that the independent advisory panel evaluates eligible tariffs types on a regular basis to take account of changes in the market. It is absolutely essential that the accreditation scheme can respond to product innovation in a flexible way.

It is important that the different sets of guidelines and accreditation schemes fit seamlessly together and are part of one umbrella initiative. This needs to be communicated to consumers in a simple, but informative way.

Funding & Fees

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

The NCC believes that the accreditation scheme for renewable tariffs needs to be developed as quickly as possible as our research on green tariffs found that consumers are confused about green energy tariffs and it is difficult for consumers to compare the tariffs on offer. To ensure this happens quickly, we think it is appropriate for government to fund the start up costs of the scheme. Once established, the scheme should be funded by energy suppliers on an ongoing basis.

Accreditation Scheme & Competition

The NCC understands that the management of the accreditation scheme should be open to competition. There are two key options to take this forward. The first option is to have a competitive tender – with the successful accreditation body accrediting all green tariffs for a certain period of time (say three years) – after which time there could be another competitive tender for the next three year period. The second option is to have multiple accreditation bodies that accredit various green tariffs against tightly defined standards. The NCC prefers the first option as this would ensure consistency in how the guidelines and accreditation scheme are applied.

References

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