Consumers' Views on Renewable and Low Carbon Supply Tariffs

Research Study Conducted for Ofgem

January 2008

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Executive Summary

Despite apparently good motivation among customers to do something about climate change, existing 'green' tariffs are not generally familiar to them. Expectations of the benefits of 'green' tariffs are somewhat unrealistic and exaggerated, even by those who have already switched to them and their understanding of what they have bought is poor. This includes the way in which it supports or stimulates more renewable energy generation. It is likely that some customers may even see the 'green' tariff as the principal energy-related vehicle for meeting national renewables targets.

The key expectation for the customer is that it should be better for the environment to be on a 'green' tariff than not. Currently this is taken almost entirely on trust, and scepticism, partly rooted in distrust of energy company marketing, deters some customers. While there is agreement that customer choice is limited by the lack of reliable information available, the preferred solution of customers is often to reject choice altogether in favour of Government legislation as the principal vehicle to pursue its environmental aims.

Trust in real benefits is one of the principal barriers to further uptake. There is also poor awareness and poor understanding of what the tariffs offer, and how this compares to the legal requirements on suppliers.

Apart from generic concerns about switching, the other key barrier to uptake is the technology issue: many customers do not believe the optimum renewable technology has been established beyond question.

'Low carbon' is well understood as a general concept, but the inevitable debate about the role of nuclear energy focuses attention on its wider shortcomings. 'Low carbon' is seen as an inadequate measure of environmental impact since it ignores the effects of waste, risk, visual intrusion and lifecycle emissions.

The result is discussion mainly of the drawbacks in low carbon tariffs, which many recognise will rely on major nuclear input, and some fear will include unspecified 'foreign' input, which may also be nuclear in origin.

Despite this, interest in the basic concept of low carbon tariffs is high, though there is some doubt that all respondents understood exactly how the concept differs from 'green' tariffs. They are, however, largely agreed that nuclear energy is not 'green', even if it is low carbon.

The A-G energy rating chart has some merit as a visual representation, but raises issues over how the finer distinctions between grades are arrived at. Its potential to drive all tariffs towards an A rating is noted by customers. Discussions are dominated by two issues: How much of it is nuclear? On whose authority is it produced?

Customers do not grasp the complex system of obligations on energy suppliers in terms of renewables or energy efficiency. Giving customers more information on this tends to be counter-productive. Their (uninformed) starting point is cynicism about supplier motivations and fatalism about the regulator's ability to influence supplier behaviour. The system is seen as "soft" on the companies, particularly so in view of the climate change crisis facing us. It is also seen as misleading to customers by not giving information in key areas eg. on the levies already made.

While customers have many detailed questions about 'green' tariffs, there is a strong implied attraction to a much simpler and more transparent form of verification of each 'green' tariff to confirm to customers that it is actually making a valid contribution – however small. This need becomes more acute with tariffs that are priced at a premium. This makes customers much more critical of the detail, though it is probably only a small minority who would take the trouble to assess in detail the balance of costs and benefits. The proposed quality mark may fit the bill for this verification, but the crucial issue is the source and credibility of its authority. They may be looking for a "Soil Association" – type stamp of approval. Ofgem is extremely poorly known among customers.

The precise form of the quality mark will also need carefully to avoid confusing customers further. They want a simple quantitative comparison of each tariff with "minimum legal requirements", but, given the propensity of suppliers to repackage minimum renewable capacity as a 'green' tariff, the simple percentage of renewables included may be misleading. Few participants in our groups understood this.

Some provision must be made for supporting information on the tariff as well (for example about contributions to green funds or similar benefits), again in a verified format that avoids the perceived obfuscation that supplier communications are thought to introduce. This would establish a kind of "additionality", though it would be simplistic. Comparisons with other tariffs would be useful, for example fuel mix information.

Overall, customers need the ability to find detailed, trustworthy information on all aspects of a 'green' tariff, if they want to look for it. The desire to investigate in great detail is likely to be related to the potential price premium they are to be charged, as well as to their personality and commitment to environmental issues.

Some of the more general questions customers have about 'green' tariffs (such as the reasoning behind suppliers' technology choices) could also be built into the system universally– for example, requiring suppliers to cover them in their supporting information.

Customers expect to see more promotion of 'green' tariffs and this seems likely to stimulate further uptake, as well as helping to establish their importance as an additional means of fighting climate change. Indeed, some customers expect this to extend to subsidisation of 'green' tariffs to make them cheaper and so more attractive. For their adoption to achieve critical mass, it is important that their appeal extends beyond the environmental activists, who are currently associated with them.

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1. Introduction – Background, objectives and methodology

2.1 Background and introduction to the research

So-called "'green"' tariffs have become a feature of the offerings to domestic consumers from most energy suppliers. They are intended to appeal to those who want their choice of energy tariff to contribute to fighting climate change. The exact nature of each tariff varies, from those which simply assert that all of the electricity used is generated from renewable sources, to those which make contributions to funds that, for example, offset carbon emissions, by planting trees and other measures. Herein lies potential for confusion – consumers cannot be sure exactly what they are buying, and whether it is contributing anything to fighting climate change *that would not have been done otherwise.*

Ofgem has been aware of confusion and mistrust over these tariffs. It issued guidelines as far back as 2002, based on principles devised by the National Consumer Council (NCC), but does not enforce them. Instead it simply sets them out as minimum standards which the Advertising Standards Authority (ASA) and Trading Standards departments can use in any actions against misleading claims. Action by the ASA, however, depends specifically on receiving complaints from the public. This is a critical area for exploration: the extent to which the public is confused and, further, whether this confusion has any effect on the low uptake of these tariffs. Less than one per cent of consumers have chosen 'green' tariffs to date.

Ofgem has been consulting on its proposed revisions to the 2002 guidelines and a central issue is the extent to which consumer choice can be facilitated and encouraged by simply giving more and better information (including information on the fuel mix of each tariff), and whether there should be some form of official accreditation for each 'green' tariff, based on minimum requirements e.g. for the degree of "additionality" (over and above the legal requirements of suppliers), for amounts contributed to funds or for Renewables Obligation Certificates retired, and so on.

There is also the linked issue of whether it makes sense to separate the guidelines for renewable tariffs from those that relate to "low carbon" tariffs, which may include energy sources not hitherto covered by guidelines, such as nuclear energy. For many people, this will be a new issue. There is also a requirement to explore reactions to a proposed rating of these tariffs by carbon intensity.

Ofgem requires a better understanding of the consumer viewpoint on all of these issues, including their awareness, their understanding, their information needs and the implications of their preferences for the revised guidelines. Ofgem therefore commissioned Ipsos MORI to carry out research with members of the public to contribute towards this process.

2.2 Objectives

Specifically, the objectives of the research were as follows:

- To gauge consumer awareness and understanding of 'green' tariffs;
- To explore expectations of 'green' tariffs, and reactions to their features;
- To evaluate the barriers to uptake of 'green' tariffs and the relative importance of issues surrounding trust in their environmental validity
- To introduce the issue of low carbon generation and explore reactions to tariffs based on this concept; and
- To assess the information consumers will need and value when making decisions on 'green' and low carbon tariffs.

2.3 Methodology

Ipsos MORI conducted six extended discussion groups between 6th and 13th December 2007. The groups had a significant deliberative element to them. New concepts and information were introduced to participants throughout the discussion, encouraging them to develop more informed opinions and to start to devise solutions. At the end of each group, participants completed a short questionnaire to provide an overview of their opinions after the discussion.

All discussion groups began at 18:30 and lasted for around two and a half hours. They were held at the following locations and dates:

Group no.	Location	Date
1	London	Thursday 6th December 2007
2	Birmingham	Tuesday 11th December 2007
3	Stockport	Wednesday 12th December 2007
4	Edinburgh	Wednesday 12th December 2007
5	Cardiff	Thursday 13th December 2007
6	Banbury	Thursday 13th December 2007

Banbury was deliberately selected as it covers a rural area with limited access to the gas grid, and therefore potentially more consumers who rely heavily on electricity.

Ten people were recruited for each group; all attended except at the London group, where there were nine attendees. People were recruited with a range of knowledge and experience of 'green' tariffs. We aimed to recruit the following:

- Two people on a 'green' electricity tariff (or have ever been on one);
- Two who have ever considered a 'green' electricity tariff but rejected it;
- Two who would consider a 'green' tariff in the future;
- Two who would NOT consider a 'green' tariff in the future; and
- Two who have never heard of 'green' or renewable tariffs for electricity.

All participants were recruited from the 85% of the population known to be very or fairly concerned about climate change. This was to ensure discussions were not sidetracked into debates about the existence or otherwise of man-made climate change.

The deliberative discussion groups aimed to allow participants to consider their own experiences whilst getting them to consider information such as the regulatory context so participants could contextualise their own experiences and provide an informed response. The length of the groups was designed to allow enough time to explore participants' views before and after they were introduced to new information while also providing enough time to digest the new information.

A pre-tasking exercise was used to supplement the discussion groups to help participants start to think about their attitudes and activities in relation to 'green' issues and energy. All participants were asked to talk to friends or family about their own 'green' and energy-saving activities and to fill in a pre-task document.

2. Awareness and Understanding of 'green' Tariffs

2.1 Understanding of the need for 'green' energy

Overall, participants have a good awareness of the climate change imperative:

> *The "green' agenda' used to be seen as an option. It's gone beyond an option. It has become a duty*
>
> London

However, there is some confusion about the detail and the science behind climate change. For example, one participant confuses it with the issue of the hole in the ozone layer; others mention the depletion of fossil fuels as if it were part of the issue, possibly because of confusion over the meaning of "sustainability":

> *Gas doesn't feel very 'green'. It's finite. Going to run out*
>
> Birmingham

There is some scepticism too about the value of action within the UK to curb carbon emissions, given the perception of the USA and China as much larger scale polluters with little apparent willingness to curb their own emissions:

> *China builds one coal-fired power station every week*
>
> London

Notwithstanding this, participants are generally convinced of the need for everyone to move towards greener behaviour. For most, 'green' in energy terms means the same thing as renewable energy.

However, some also suspect energy companies of cynical motives in their competitive responses to the climate change issue. This underlies some of the attitudes towards 'green' tariffs:

> *Don't think even they [energy companies] know what 'green' electricity is. Just jumping on the bandwagon of corporate responsibility*
>
> London

> *There's always the eye for the opportunity, so some are doing it for ethical reasons, others see it as a business opportunity*
>
> Edinburgh

They want us to pay for the transition to renewable energy, not take it out of profits

Banbury

2.2 Awareness of 'green' tariffs

Awareness of 'green' tariffs is generally poor. Despite the existence of some publicity campaigns, for example billboards from Centrica, few participants recall seeing publicity about 'green' tariffs, either in the media or in mail sent directly to them from energy companies. One participant sums up the general feeling:

Energy suppliers do not promote 'green' supply

Cardiff

Consumers find the market confusing, and would like to have more information on 'green' tariffs. Participants who want to find out about 'green' tariffs have had to actively seek out the information for themselves, for example by trawling the internet. Some have become aware of 'green' tariffs through their work contacts or through environmental activists that they know.

Poor familiarity with 'green' tariffs is not limited to non-users. Some who have switched to 'green' tariffs are also confused about what they have bought, and say they have misunderstood what the tariff involves. In particular there is confusion about the cost of 'green' tariffs, and how it compares to other tariffs. Most participants who switched to a 'green' tariff were sold it on the basis that it was no more expensive, or only slightly more so, than other tariffs.

I assumed it wasn't going to cost you any more. In the newspaper they said it was a load of rubbish and you were actually paying more

Banbury

For those that have switched to 'green' tariffs, the main motivation is that they want to feel they are making some contribution to the environment, without making a large financial investment:

It's almost like salving your conscience – I'll give a bit extra to be 'green'

Edinburgh

I like the idea of buying into the fact that they are doing ***something*** *about the future*

Banbury

Overall, though, participants do not understand why, if 'going 'green" is the right thing to do, and if it does not need to cost more, there should be a choice of different tariffs, with a 'green' tariff as just one of the choices. They feel that tariffs contributing towards 'green'er energy should be the only ones available and are of the opinion that legislation should be a fundamental component of driving the consumer towards 'green' tariffs:

> *Supplier x sent someone to the door and said, so sorry you are leaving, why not choose our 'green' tariff, pay that bit extra and it goes towards 'green' (energy) you know, I am saying no you should be making it mainstream to do the 'green' thing*
>
> Edinburgh

> *Maybe they could nationalise it, so everyone has to go 'green' by 2010*
>
> Stockport

A feeling emerged at several groups that it is the responsibility of the government to take the lead in expanding 'green' energy. Regulation and legislation rather than consumer choice and the market are seen as the way forward. Part of the reason for this is the sheer difficulty of making such choices:

> *I think people are afraid of changing because there's too much choice*
>
> Birmingham

3. Expectations of 'green' Tariffs

3.1 Levels of renewable energy

One of the most common expectations of 'green' tariffs that participants have is that they want reassurance that they are purchasing 'green' renewable energy if signing up to a tariff:

> *I would assume the electricity comes from renewable sources.*
>
> Banbury

It is reasonable to assume that most expect **all** of the electricity included in the tariff to be from renewable sources, though those aware of other features of 'green' tariffs such as 'green' funds or offsetting do show some doubts about this. Further to this, some participants believe that by going on a 'green' tariff they are contributing towards expanding renewable electricity generation on a wider scale (which is seen to be a good thing), though none really understand the mechanism by which this could happen. This lack of understanding and knowledge as to how this increase in renewable energy could be achieved is displayed in their vague ideas of how the system works – it is more that the concept of renewable energy itself is seen to be positive without necessarily having an understanding beyond this. Some previous decisions to switch to a 'green' tariff have been based on a kind of blind faith:

> *There must be that amount of 'green' supply somewhere…*
>
> Edinburgh

> *I think you buy normal electricity as you would, then they go and buy the amount we've used in 'green' products. You might buy your 'bad' electricity but they renew it with 'good'. That's how I understood it.*
>
> Banbury

3.2 Helping the environment

An expectation of 'green' tariffs is that they should have an environmental benefit to them, in some way. This can come in a variety of forms, with some participants believing that they should receive assistance from suppliers in the form of measures or advice about how to be more 'green', while some would expect benefits to be directly associated with concepts such as carbon off-setting. Above all, participants would like to feel that 'green' tariffs can help to enable them somehow to behave in a more environmentally beneficial manner – the theory being that all 'green' tariffs must be doing 'some good' and can act as at least a beginning to better behaviour:

It's only a small percentage of what you pay, but you've got to start somewhere…

Banbury

However, there is some scepticism about the claims that energy suppliers make generally, and this could be applied to 'green' tariffs too. As potential consumers, participants treat supplier claims with suspicion - they almost expect suppliers not to deliver everything that is expected; that there will always be a certain degree of 'marketing hype' attached to any offer:

(People) are sceptical and intelligent enough not to trust commercial companies

Cardiff

Participants want to know how suppliers can back up their claims and would ideally want to receive trustworthy, impartial information on 'green' tariffs and their environmental benefits before ultimately deciding whether or not to switch to them (and they are keen for information to be from a variety of stakeholders, not just the suppliers, examples given include Friends of the Earth, Greenpeace and Ofgem):

I would want to know what they are doing to substantiate the claim that they are 'green'.

Birmingham

You want to hear it from someone you can trust and relate to

Birmingham

3.3 The cost factor

The financial implication of changing to a 'green' tariff is also identified as a key factor in determining whether or not consumers would potentially switch to one. Though the experience of many of our participants already on 'green' tariffs is that they are no more expensive, others assume that they would pay a premium to be on a 'green' tariff, with some believing it to being similar to the concept of paying more to get organic food and as a consequence, it may also confer some form of exclusivity:

…100% from renewable sources that you can't afford but presumably Madonna might be on it

Edinburgh

Similarly, there are also other associations of exclusivity associated with 'green' tariffs. They are seen by some as appealing to those who are already environmental activists or who have a specialist interest in the environment, rather than having a more mainstream appeal:

I would imagine if you are on a 'green' tariff you'd be like the lady on The Good Life, doing everything yourself; organic and 'green' and wonderful

Birmingham

It's only hippy sorts that buy this energy

Stockport

As 'green' tariffs are generally expected to cost more, participants believe that if they were to go on one, the increased expense would result in increased scrutiny of the benefits of the tariff, and consumers may be more critical about what they were getting out of it if it did not match their expectations:

I don't understand how I can be sure that any money over and above what everyone else pays can be used for what they intend it to be used for

Stockport

There is also some belief that 'green' tariffs could potentially insulate you from price rises in other forms of electricity generation in the future, such as fossil fuels:

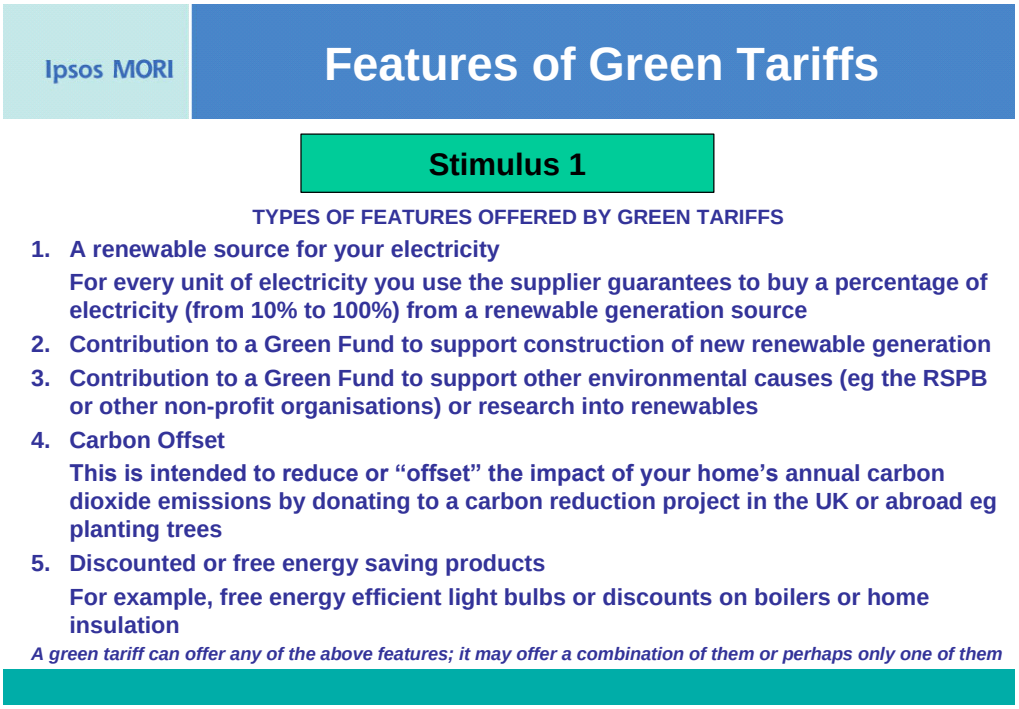
It's a bit of a con in some ways because I thought if you switched to 'green' then the price of oil went up, 'green' electricity would not go up, but it still does

Edinburgh

4. Features of 'green' Tariffs

4.1 Stimulus 1 – Types of features offered by 'green' tariffs

The first stimulus participants were invited to look at was a list of types of features offered by 'green' tariffs (as outlined below).



Initial reactions to the features suggest that key areas for consideration centre on the percentage of electricity included that is actually 'green'. The difference between guaranteeing 10% and 100% is felt to be important, with the majority of participants wanting to have as much renewable energy as possible (indeed, 10% is often deemed to be unacceptable).

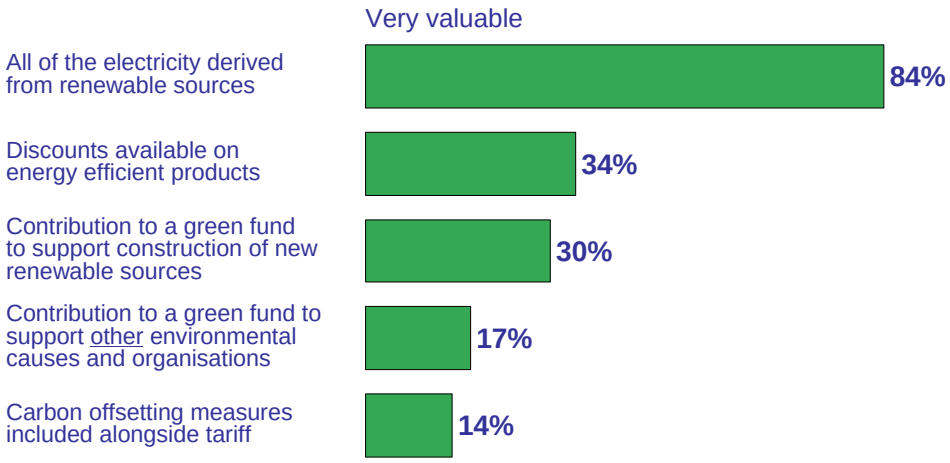
> *In theory only though, because if it is only going to be 10% that's not very much, it's a very vague statement… 'guarantees' is very strong word and lures you in*
>
> Birmingham

The following chart (from the self-completion questionnaires) reinforces this point, as 84% of participants feel that "all electricity derived from renewable sources" is very valuable – by far the most valuable feature of those listed which could make up a 'green' tariff.

Ipsos MORI

Relative Value of Features

Q In your view, how valuable are each of these possible features of a "green" supply tariff?



Base: 56-58 self completion questionnaires

There is also a general feeling that participants need more clarification over 'green' funds in terms of precisely what they are and where the money from them is being spent. Indeed, there is some disagreement as to who should be funding research into renewable energy generally, as some organisations are perhaps seen to spend the money inefficiently or for non-environmental (e.g. profit) reasons. There is also a degree of scepticism about giving money to charities that are perceived as irrelevant in this context (eg the RSPB) or assigning it to carbon off-setting as participants want to be reassured the money is being used in a beneficial way.

> *So if you go on a long haul flight or any flight, you can pay your money into a fund because of your emissions, what happens to that money, is it all for research I have always wondered.*
>
> Edinburgh

> *Putting little projects in third world countries – yet we'd quite like to keep polluting for our lifetimes!*
>
> Banbury

Participants are generally positive towards the idea of energy saving products and find the concept easy to understand. However, there is also a feeling that such features may have a limited appeal (they are often seen as just being a one-off benefit), and uncertainty about whether or not they really are a worthwhile feature of 'green' tariffs (such as energy efficient light bulbs, which they can easily purchase themselves at low cost).

Five or six years ago if you wanted reasonably priced low energy light bulbs you would go to Ikea, but now it is like everybody sells them and they're coming down cheap, even Lidl is doing them really cheap now.

Edinburgh

There is some recognition (although not universal) among participants that there are Government targets in place underpinning the features of 'green' tariffs, though some people question suppliers' real motivation for offering them. Both views were expressed at Birmingham:

They all have targets don't they? National Government targets filter down and to some extent that's all these are, but, not wanting to be too cynical, I think there is a genuine desire to be 'green'

Birmingham

At the end of the day all they want is profits

Birmingham

4.2 Stimulus 2 – Obligations on electricity suppliers

The second stimulus material shown to participants was an outline of the obligations electricity suppliers currently have to fulfil in line with the Renewables Obligation and the Energy Efficiency Commitment (as outlined below).

Ipsos MORI

Obligations on Electricity Suppliers (1)

Stimulus 2

OBLIGATIONS ON ELECTRICITY SUPPLIERS

RENEWABLES OBLIGATION

- The Government has committed to a minimum percentage of our electricity coming from renewable sources. This will rise over time.
- To enforce this they have created Renewable Obligation Certificates. A supplier gets these certificates for each megawatt hour of renewable electricity it generates.
- The Renewables Obligation means suppliers have to use some renewable generation methods which give them a legal minimum number of Renewable Obligation Certificates, or they can buy these certificates from other companies or they can simply pay a fee to the regulator, Ofgem.
- Every electricity customer is paying a small amount towards the cost of this renewable electricity as part of their bill (currently about £7 per year).
- These payments from customers pay for all the renewable energy currently generated in Britain.

ENERGY EFFICIENCY COMMITMENT

- Energy suppliers also have an obligation to improve domestic energy efficiency. Suppliers have targets to meet each year which are measured in energy savings. The types of measures that suppliers carry out to meet these targets include helping to fund home insulation, energy efficient light bulbs and boilers etc
- Every electricity customer is currently paying £9 per year towards this commitment. This will rise to £18 per year from 2008

When going through the obligations, participants were surprised to learn that they are already paying money (be it £7 or £9) towards these commitments, and there was some initial anger that they are in fact paying for something they did not know about (some even claimed it amounted to fraud!). However, on reflection some came to the conclusion that it was actually a good thing, as it meant that, in some way, they are already helping to contribute to the environment:

> *It would put you off (switching to a 'green' tariff). It makes you feel as if you are doing enough already*
>
> London

> *The idea sounds worse than it actually is*
>
> Cardiff

> *Looking at this I feel much happier now. I'm paying for it anyway, so why change?*
>
> Banbury

Many participants wanted to know such information, and some would like it to be shown on their bills and therefore to know exactly what they are paying for (and whether it is a flat fee or related to bill size). However, other participants say that the bills they receive are already too complicated and they do not necessarily look at them in any great detail.

While understanding of the system of Renewable Obligation Certificates (ROCs) is poor, there is a certain cynical view that suppliers are seemingly able to 'get away' with polluting by simply paying a fee to Ofgem (participants also want to know how many suppliers are actually doing this). There are also feelings that the market is not really competitive, with the system potentially encouraging suppliers to pay what amount to 'backhanders' to avoid following the regulations and enabling them to act in a collusive way with the system – all of which is seen to be better for the supplier than the consumer.

Overall the obligations are often thought to be over-complicated and possess little transparency to determine when they have been met. Many feel they are left "in the dark" and would like some verification of where their payments have gone, precisely. This sometimes leads to participants questioning what extra benefit they and the environment would get by being on a 'green' tariff at all, as the whole process is often seen to be just a 'paper exercise'. Again, the fallback position for some is that a simpler way would be for the Government to simply dictate terms:

> *Why can't they just say "you've got to build renewables or you can't have a licence?"*
>
> Banbury

4.3 Sources of information to find out more on 'green' tariffs

There is a spontaneously-expressed need for independent verification of information about 'green' tariffs. Participants want to see that everything about a tariff can stand up to scrutiny as they want to be able to trust it if they are consciously going to invest in. The issue of whom to trust and consequently, which information on tariffs to trust is one that is very important to participants:

> *Can it be guaranteed that this money is going into renewables and not into the pockets of directors?*
>
> Banbury

> *I'm confused about it – the only people who provide facts are people with an interest. As I am growing up I feel more and more disappointed about Government policies and how things are done*
>
> Banbury

> *The energy regulator should have a star system or deep 'green'/light 'green' tariff system*
>
> Edinburgh

> *The public needs to be better informed before making choices*
>
> Birmingham

Participants express little trust in relation to information coming solely from suppliers about 'green' tariffs as they are often not seen to be transparent and to place profit at the heart of their motivations rather than any environmental concern:

> *I haven't opted for the 'green' tariff with my current supplier. It's frustrating – it is not clear where the money is being invested*
>
> London

> *I would love to know what proportion of profit goes into reinvesting in energy production and what percentage goes straight to shareholders. If each company had to declare that I would find it quite interesting*
>
> Edinburgh

Participants do not completely trust information on 'green' tariffs coming from the Government either as they are often seen to be too party political. Similarly, Ofgem are also believed by some to not have the necessary ability to punish suppliers or to ensure regulations are adhered to and are seen to be set up by the Government and therefore not completely independent. It should be noted,

however, that knowledge of Ofgem (even the ability to remember its name correctly (sometimes called Ofcom, Ofwat etc) is generally poor:

> *Ofgem are not an independent body if they are appointed by the Government. They can't be independent if they have no say*
>
> Cardiff

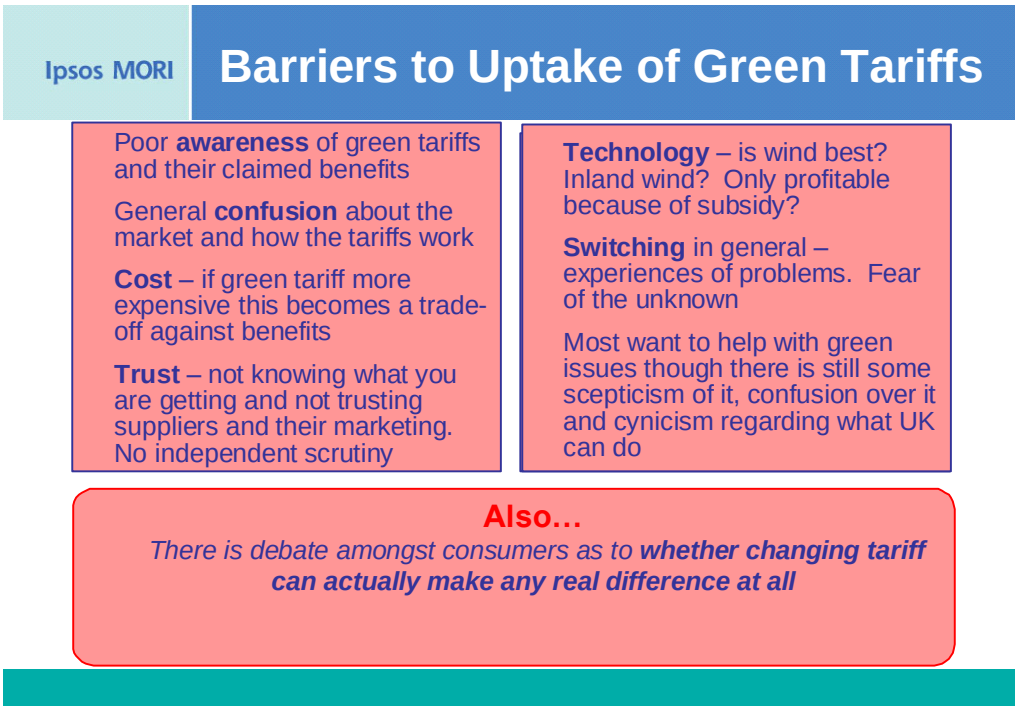
There is seen to be a need to include all stakeholders in the process of providing information about 'green' tariffs. Many participants cite the desire to see organisations such as Greenpeace and Friends of the Earth involved in any verification, as well as suppliers, the Government and the regulator. There is a very strong desire from participants to make sure all voices are considered when it comes to producing information for them to consider.

The issue of the best renewable technology, which diverted the discussion in several of the groups, also requires some reliable information. It is seen as important for consumers to receive more information about what is the best technology for renewable electricity generation now and in the future so they can ensure their choices are supporting this – a need for endorsement from an authoritative source on innovation such as 'Tomorrow's World' is favoured by some:

> *There's a lack of understanding of what is the most effective 'green' energy source*
>
> Stockport

4.4 Potential barriers to the uptake of 'green' tariffs

Before participants are able to consider selecting 'green' tariffs in the future, it is important to consider some of the potential barriers that are currently preventing them from doing so. The figure below summarises some of the main issues that participants identified that could affect their uptake.



There is a strong feeling that in order for consumers to take up 'green' tariffs, much more information is required about the potential issues associated with tariffs (as well as the explicit benefits of them). Many participants state that they know very little about 'green' tariffs and are indeed often confused by the information currently available (there are also the issues associated with trust as outlined in the previous section - 4.3). As a consequence, many are in some doubt as to whether changing their energy tariff will make any real difference at all.

> *You need better advertising telling you how 'green'/ungreen you are*
>
> Stockport

> *We don't have enough evidence to say what difference it makes*
>
> Stockport

> *Most people would switch over, but there is nothing (no information) available*
>
> Cardiff

> *Does going on a ('green') tariff mean that I make a difference?*
>
> Cardiff

There is also a strong belief that cost is a crucial factor in determining how many consumers will potentially take up 'green' tariffs in the future. While people say that they would often expect to pay more to be on a 'green' tariff, there is also a feeling that 'green' tariffs should not cost more at all – especially if the Government and suppliers are looking for consumers to move on to them:

You should be able to get it ('green' energy) without any added VAT – there should be an incentive for 'green' energy

Edinburgh

If I'm on a 'green' tariff and therefore contributing more to being 'green', why am I paying more? It doesn't seem right at all

Stockport

Consumers wish to see that 'green' tariffs are cost effective, in that the money they are spending is being used to help make a tangible positive difference to the environment rather than putting money into something which is ineffective.

The issue of the choice of renewable technology that a 'green' tariff may be supporting may be itself a barrier. There is, in particular, some debate as to whether wind is the best renewable technology and also potential issues regarding the costs and issues attached to this:

What happens when it's not windy?

Banbury

For a 'green' tariff to be worth it you need to start seeing a marked difference in the number and efficacy of 'green' energy sources

Stockport

I think it's a big mistake going down the windmill route anyway

Banbury

A few participants state that they have switched energy suppliers (normally for cost reasons) and some have experienced problems when doing so. This is a further barrier. For those who have not already switched, there is often a fear of the unknown, concern that changing their energy supplier may lead to problems, and a feeling that it is an inconvenience which they would rather not face:

It's a real nightmare to change suppliers

London

5. Low Carbon Tariffs

5.1 Initial reactions to and understanding of low carbon tariffs

The term 'low carbon' is well understood in abstract terms by many participants, but is seen to be only part of the bigger picture of the environmental effects of electricity generation. Indeed, some go as far to say that to think purely in these terms is somewhat simplifying the issue:

> *A more rounded picture of carbon generation and processes is needed*
>
> London

This would include all implications such as lifecycle production of carbon, during construction, fuel production and decommissioning, as well as issues like damaging visual amenity of the landscape.

The term 'carbon footprint' is often less well understood but is commonly recognised and in use. While many have not gone as far as to try and work out their own footprint, a few participants have checked their carbon footprint on websites and think the concept is useful:

> *I think carbon footprint is a good example, a visual tag and people have a very good idea as to what a footprint is*
>
> Edinburgh

When asked what (if anything) participants do to help reduce their carbon footprint, the vast majority of them state that they do at least something towards helping (some examples include using the car less, cycling more, car sharing and using heating moderately), again demonstrating the feeling that generally, people want to help reduce the amount of carbon they are using. However, an important theme that comes out of this discussion is that some participants feel they can only ever do so much to help reduce carbon levels and the focus should very much be on reducing industry consumption rather than at an individual level:

> *As an individual, what contribution can you actually make to reducing carbon compared to big industries?*
>
> Cardiff

There is some confusion as to what the term 'carbon neutral' means to participants (if anything), and it is a term which is not used frequently.

5.2 Stimulus 3 – Carbon emissions of different types of electricity generation

The third stimulus shown to participants was a table outlining differing levels of carbon emission (at the point of generation) for different types of electricity.

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Levels of Carbon Emissions in Electricity Generation

Stimulus 3

CARBON EMISSIONS OF DIFFERENT TYPES OF ELECTRICITY GENERATION

	Carbon Emissions (grams per kilowatt hour)
Coal	890
Natural gas	370
Nuclear	0
Wind	0
Wave/tidal	0
Solar	0

Source: Department of Business, Enterprise and Regulatory Reform

Participants are surprised at how high coal output is in relation to other forms of electricity generation (especially in relation to gas), although it is widely understood and accepted that fossil fuels give a higher carbon output than renewable energies (oil was noticed to be absent, but was expected to be somewhere between coal and gas). While it was identified that the table was not comprehensive (as well as oil, hydro and biomass were also noted), it was still seen to give a clear insight for participants.

Although, the table of information above relates specifically to emissions at the time of energy generation, some participants also mention issues associated with the lifetime carbon footprints of various methods. There was a call for an overall 'environmental index' to be created that could take everything from the energy process into account (the theory being that low carbon generation alone does not include elements such as waste, construction, risk, visual intrusion and lifecycle emissions) and receive more information as they desire it.

> *If we could have an environmental impact index that would bring together all these things that you talk about, and that would be the scale to rate it on*
>
> Edinburgh

Nevertheless the term 'low carbon' does have a specificity that 'green' does not have, and has the potential to avoid some of the definitional difficulties:

'Low' is more specific than 'green'

London

It is the presence of nuclear energy in the table that leads to some disagreement as to whether it produces a lot, a little or no carbon at all at the time of generation amongst participants. For those who determine it is low carbon, this also brings with it difficulties as 'low carbon' is seen as a good thing generally, but contrastingly, nuclear is seen in a negative context by many and so leads to some conflict.

5.3 The nuclear element

Despite reservations about aspects of low carbon tariffs, three in four participants feel that they are likely to consider a low carbon tariff (74%), similar to the interest in 'green' tariffs (77%). When discussing low carbon tariffs, many participants spontaneously identified the inclusion of nuclear energy generation as the reason for their reservations. For many participants, low carbon tariffs are considered to be essentially the same as 'green' tariffs, apart from the nuclear element potentially present in a low carbon offer:

They both (low carbon and 'green') mean the same thing

Stockport

It's the same just dressed up differently

Edinburgh

Nuclear is a big factor. Might be a disaster putting that in there

London

Doesn't something like two-thirds of all low carbon electricity come from nuclear?

Stockport

Nuclear energy is the imponderable. There is a great deal of suspicion amongst the majority of the population, and concern that the risks and harmful characteristics outweigh the benefits in terms of reducing the carbon footprint

Cardiff

While nuclear energy has its supporters, for many participants, the idea of nuclear energy is one that arouses strong negative feelings. There are associations with the Chernobyl disaster of 1986, as well as questions relating to waste disposal, mining uranium, storage and safety – indeed, these negative links and reluctance to endorse nuclear energy as being 'green' seem to outweigh in the discussion the low carbon considerations of using nuclear energy as part of a low carbon tariff:

Well, there is a thing that they're saying at the moment that nuclear power is 'green', which is a total lie

Edinburgh

I think a lot of people would assume that nuclear power is not low carbon because they are used to thinking of it as not 'green'

Birmingham

Some participants are suspicious of where their potential energy may be coming from if they were to sign up to a low carbon tariff (is it nuclear energy, is it from another country that might use nuclear energy?). Some participants are concerned that if they sign up to a low carbon or 'green' tariff, the money they invest may go towards encouraging increased use of nuclear energy – something they consider to definitely not be 'green':

The money for 'green' electricity could be going back into nuclear which could be ruining the planet

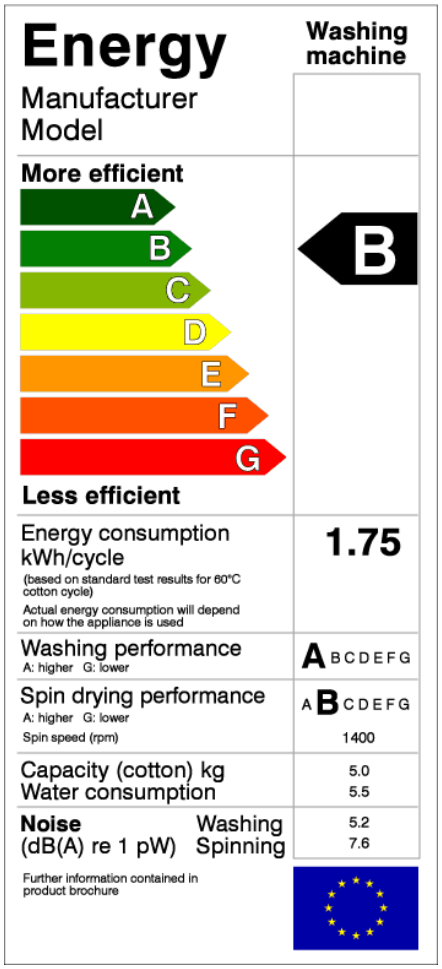
Banbury

A low carbon tariff legitimises nuclear power so I'm against it until it becomes a carbon footprint

Edinburgh

5.4 Rating scale for low carbon tariffs

Participants were asked to evaluate a potential rating scale, using carbon intensity, for measuring low carbon tariffs (as in the diagram below, based on existing scales used for domestic appliances) where A offers the most efficient tariff and G the least.



Many participants state that they would find a scale such as this to be potentially of value to them (71% state very valuable, 98% state valuable overall). The concept of carbon intensity is not familiar however and there is doubt that many would understand the significance of finer distinctions between grades. Some note that perhaps an A to G scale is too sophisticated for their needs and a simpler 'zero' and 'high' carbon scale could be sufficient.

Participants identify that having a rating scale such as this may drive suppliers to offer more 'A-rated' tariffs in the future in order to attempt to be the 'greenest' supplier.

More importantly, many feel it can only be a truly useful scale if the information that was used comes from a trusted, independent source (not just from the suppliers themselves). The verification of its credibility would be critical.

As well as having a scale of low carbon tariffs, many participants identify that there would also like additional information on the scale for them to determine the value of the tariff. The most important element of this is the fuel mix - some feel it is crucial to know what types of energy (and how much of each) go to making up the tariff, with the central issue being that the proportion of nuclear energy is included:

Will it tell you where it is coming from?

Banbury

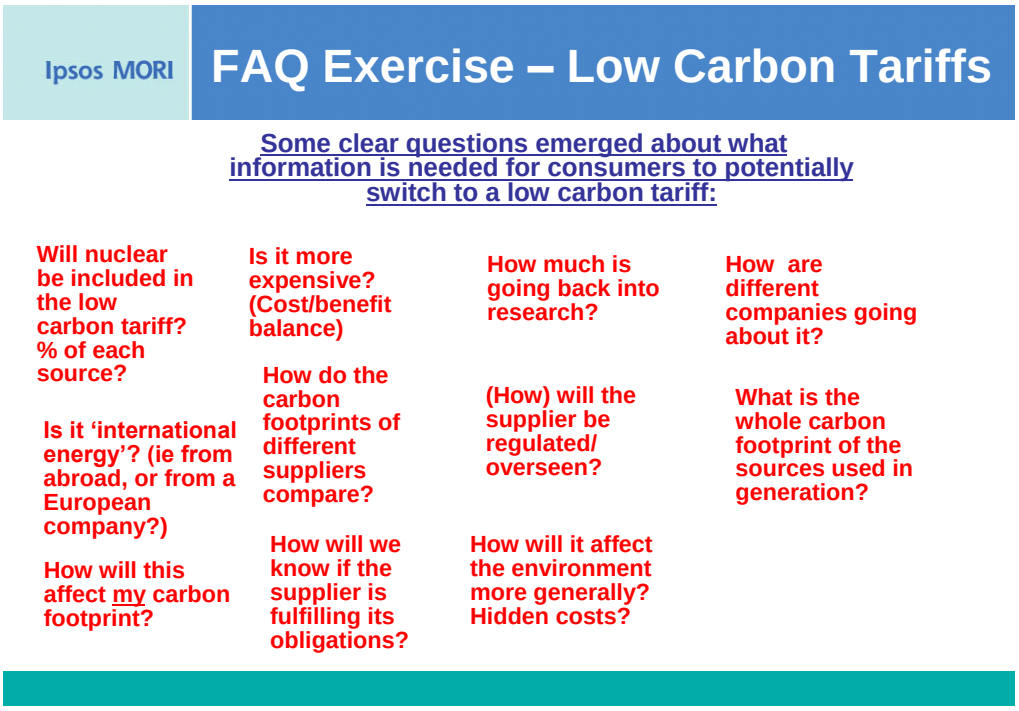
What's happened here is that we've been led towards this convenient visual diagram that we all want to see on our bills, but actually that doesn't really solve the problems because we still are not seeing the specifics, that is the sources, which is what we have been saying all evening

Birmingham

6. What do consumers want to know?

6.1 What questions do consumers have?

When asked what questions they would want answered in relation to low carbon tariffs, many participants identify questions relating to cost, carbon footprints, regulation and the proportion of nuclear energy (as outlined in the chart below) among others.



There are more questions when it comes to finding out more about 'green' tariffs though (as outlined in the following charts). This is partly because there seems to be more interest in 'green' tariffs than low carbon tariffs and also generally reflects the level of confusion consumers feel about these existing products. For the exercise in the groups they were focused on describing everything they might need to evaluate the relative offer of a tariff and have no unanswered questions.

Again, as is the case for questions on low carbon tariffs, questions on 'green' tariffs relate to issues such as cost, proportions of energy and regulation, but also relate to wider issues such as the technology and how aspects of the system works – for example, what happens when there is no wind and the details and mechanics of the additional 'green' projects that are to be financed by 'green funds'.

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FAQ Exercise – Green Tariffs

Some clear questions emerged about what information is needed for consumers to potentially switch to a green tariff:

- How does the price compare to ordinary tariffs?
- For the extra I am paying, what will I get exactly?
- How does it differ from my current tariff?
- Is this tariff being supplied by the most effective possible renewable source?
- What other hidden green charges am I paying already?
- What difference will I make?
- Is the carbon being traded or offset?
- How does the supplier define "green"?
- What will the impact be on my carbon footprint?
- Why should I actually switch tariff?
- Will it adhere to EU regulations as well as the Government?
- What happens if everyone changes to this tariff? Can they deliver?
- Are you contracted to unethical companies (eg use child labour)?
- What sources does your green tariff include? Nuclear power?
- Will there be any supply limitations (amount you can buy)?
- How can we be sure we are getting renewable energy?

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FAQ Exercise – Green Tariffs contd

Some clear questions emerged about what information is needed for consumers to potentially switch to a green tariff:

- What happens when the wind does not blow?
- What country does the power come from?
- Who is the regulatory body?
- How much of my tariff is being spent on research?
- Are there specific green projects being funded? Where are they?
- If oil prices rise will green tariff prices also rise?
- What is the comparison of different generation sources eg no. of wind turbines to one coal-fired station?
- What is involved in decommissioning each method of generation?
- How are they going to promote the green tariff so everyone is using it?
- Do you meet your obligations without paying a fee to the regulator?

Above all, participants want all of their questions answered by simple, trustworthy verification of sources and information which can stand up to scrutiny. There is a fear among consumers that the available information may be biased in some way, or that they may not have the complete picture in front of them. Participants want the ability to make their own decisions, based on all of the facts available. It is clear, however, that there is some artificiality to these suggestions, which is a function of our methodology – by no means all would need to have all these answers. The key point is that all should have **the ability to find them** if they wished to look.

6.2 Who should provide the information?

Participants wish to receive information on tariffs from a range of stakeholders to ensure that all voices are heard and they can determine themselves what to consider in their decision. Overall the need is for some kind of overriding "common standards" to guide the provision and verification of information:

> *There need to be common standards that everything is measured against*
>
> London

There are concerns about the answers to the questions coming from the suppliers. This is felt to require verification by another body since it is so easy to obfuscate:

> *Maybe you wouldn't understand their answers because they can jargonise it*
>
> Edinburgh

While they are appropriate in some ways, the Government and Ofgem are perceived to be both amongst those who should be supplying the information and amongst those who should not be, for different reasons. This mixed reaction relates to the fact that some participants believe the Government, while it has overall responsibility, is too party political, while Ofgem is seen to be lacking some independence as it is perceived to be close to the Government:

> *The size of the prize for the companies such that it must be all too easy if you have a vested interest to make contributions to the party in power, and for that contribution to sway a certain element down the way*
>
> Edinburgh

There is a feeling that third party organisations would be better trusted, such as the Consumers Association (Which?) or even outside consultants:

> *An independent body, separate from politics*
>
> Banbury

> *I would trust this more if it came from maybe the Consumers Association or the regulators or some outside consultants, than if it just came from the company itself*
>
> Edinburgh

As mentioned previously, there is also recognition for those who are not motivated by profit (and put the environment to the front of their priorities) to be included in any supply of information, with organisations such as Greenpeace and Friends of the Earth again mentioned in this context and such organisations are seen to be more trustworthy than the Government, the regulator or the supplier:

Friends of the Earth had a comprehensive website (on 'green' energy) and they were made to take it off

Edinburgh

7. Quality Mark

Participants were asked about the prospect of a quality mark or stamp to endorse renewable tariffs and determine whether or not it was necessary and if so, what would participants like it to guarantee. The idea of independent verification came up spontaneously earlier in the discussion across some of the groups so was not a completely new concept and a quality mark itself is seen to be a positive thing by many:

> *You want some sort of guarantee that the information you've got is genuine*
>
> Banbury

Initial thoughts regarding what a quality mark should be like are seen in terms of being like a 'Soil Association type body' where the source of authority behind the mark is trusted and respected.

The key metric it is agreed they should guarantee is the proportion of renewable energy each tariff offers, with the idea being that a quality mark would act as an endorsement of an 'acceptable' level of energy coming from a tariff. However, it should be noted that there is some potential lack of understanding as to what the proportion of renewable energy actually means to the consumer. Participants were keen to believe this is a simple and meaningful measure, particularly if compared to some kind of "legal minimum":

> *(So suppliers could say) 'This is the legal minimum but we are doing this much more'*
>
> Banbury

Information required to fulfil a quality mark obligation should be verified and the actual benefits of a tariff outlined in simple terms for a consumer to understand. Consumers do not want to spend time and effort researching into the accuracy of information but instead trust a quality mark to do this:

> *If it's got a stamp on it you are just going to trust it because you haven't got three hours to research who has stamped it*
>
> Stockport

Participants state that consumers want to know how a tariff compares to the legal requirement that it has to adhere to. This is related to the concept of additionality where consumers wish to know what a tariff offers over and above what it is legally required to do. It is notable that the concept of additionality (and its relative importance to participants as consumers looking at tariffs) differs between participants, meaning different things at an individual level. To some it refers to this comparison to a legal minimum percentage of renewable energy being included. To others it is more about the whole package of benefits offered by a tariff:

If companies that supply these tariffs are obliged to provide information to their consumers it will raise public awareness

Cardiff

At a basic level, what they really want to know is:

To be told clearly what the additional environmental benefit is that happens as a result of making an individual contribution to 'green' energy via the 'green' tariff

Stockport

It is felt that consumers want a quality mark to be a simple, concrete requirement that suppliers *have* to match up to (and not simply pay a fee to avoid in some way). There is still a feeling among some participants that companies will have the ability to collude to get away with not adhering to it or punishments will not be enforced by those in charge:

There is a fear that companies will be shaking hands under the table

Cardiff

Having a quality stamp doesn't mean anything if it is something companies can buy

Stockport

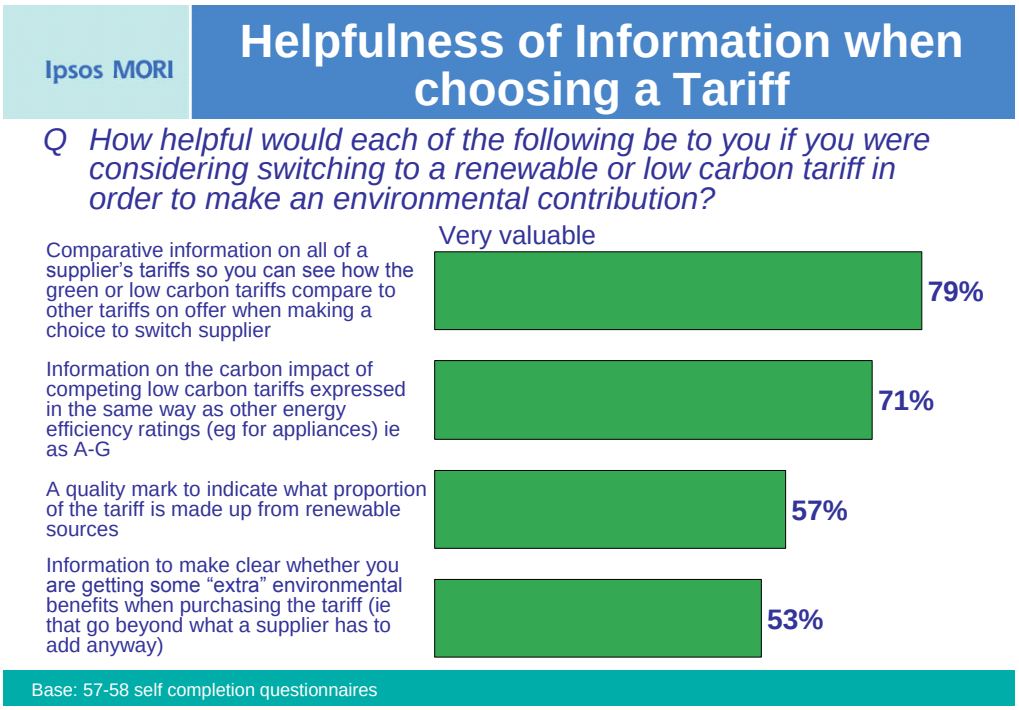
There is also a clear feeling that above all, the award of any quality mark must be independent and to achieve this, all relevant stakeholders must have the ability to input information into its development and assessment, as well as adhering to a common set of standards (although there is also some debate as to whether this can actually happen due to the differing beliefs of stakeholders). This will then theoretically allow the consumer to make a fully informed choice about tariffs:

You have got to make it 'benefit neutral' to the person who comes in and rates it so they don't care either way

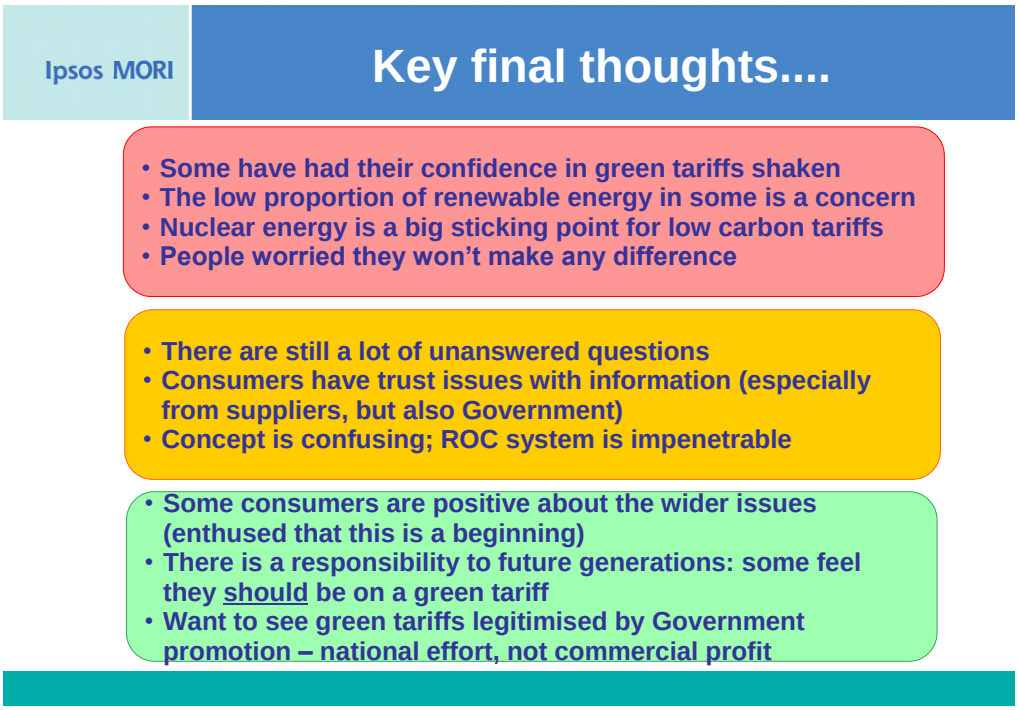
Birmingham

8. Final thoughts

The results from the self-completion questionnaire below identify the relative importance of information in helping to make an environmental contribution. Above all, comparative information on all tariffs – such as fuel mix information - (79% very valuable) and a rating scale that can express efficiency ratings (71% very valuable) are seen to be particularly important for consumers. It is also worth noting that all of these features below are seen to be 'valuable' at all by around nine in ten participants.



At the end of each discussion group, participants were invited to put forward their key final thoughts for what they considered to be the most important issues about 'green' and low carbon tariffs, taking into account what they have heard. These are summarised in the following slide:



Some participants feel less confident about the concept of 'green' tariffs after the groups took place, particularly those already on 'green' tariffs:

> *I feel less confident that they can live up to their claims about being green*
>
> London

They feel as if they have found out information which leads them to believe they are not receiving what they signed up for, or would not be confident enough to consider a 'green' or low carbon tariff if the situation stays as it currently is. Consumers want a significant proportion of their energy to come from renewable energy if selecting a 'green' tariff, and nuclear energy may potentially affect consumer uptake if low carbon tariffs are incorporated into the 'green' descriptor. Perhaps the greatest concern though is whether the tariffs have any real effect at all:

> *The physical generation capacity will only change slowly and will not be decided by consumers anyway*
>
> Banbury

This is where the key role of verification and a quality mark comes in. Participants have identified a clear need to have more information before they can make any decision and they need this information to be trustworthy and open to independent verification (as is highlighted by the 79% of participants who consider comparative information to be very valuable). Participants also want this information to be presented in a simple, yet comprehensive way and from a trusted, credible source.

Overall, participants seem to be happy to behave in a more environmentally-conscious way and on the whole, 'green' tariffs are seen as a method of doing this:

> *My view has changed in the fact that I would consider paying more for electricity to save the environment*
>
> Stockport

The general feeling among participants is that they are willing to behave in a 'better' way in order to help future generations but they recognise they may not always do this completely voluntarily and without help. Instead, it is felt that the Government should be leading on promotion of 'green' measures in order for the movement to progress and have credibility (it is also felt by some that such changes should be through legislation, rather than relying on consumers being given choice among competing commercial products; a choice which is often based on incomplete information).

Appendices

Consumers' Views of Renewable and Low Carbon tariffs Topic Guide – Final Revised (11/12/07)

Description Objectives • **To probe understanding and expectations of green tariffs and their features** • **To evaluate the barriers to uptake of green tariffs and the relative importance of trust in their environmental efficacy** • **To gauge reactions to the concept of low carbon tariffs and expectations of them** • **To assess the information and guidance consumers will need and value when making decisions on green or low carbon tariffs**	Comments	Time (mins)
Introduction		**18:30 to 18:35**
All participants seated in main area by 18:30 ▪ Thank respondents for taking part ▪ Introduce self, Ipsos MORI and explain the aim of the discussion: We're here to talk about different ways of paying for electricity and the implications these have for environmental issues, notably climate change. ▪ Role of Ipsos MORI: independent research organisation, gather all opinions, all opinions valid, disagreements OK. ▪ Some issues could get quite complicated, but don't worry, we want to have a good debate and discussion – if you don't understand something then that's fine; we may need to find better ways of explaining it. Feel free to be honest even if others disagree, there are no right or wrong answers. ▪ Confidentiality: reassure all responses anonymous and that information about individual participants will not be passed on to anyone ▪ Get permission to digitally record – transcribe for quotes, no detailed attribution ▪ Introduce Ofgem colleagues; ▪ Explain format of the event		5 mins

1. Scene setting • INTRODUCTION – PARTICIPANTS TO INTRODUCE THEMSELVES (NAME, HOUSEHOLD STATUS, ONE THING THEY DO (IF ANYTHING) TO CONTRIBUTE TO PREVENTING CLIMATE CHANGE (MODERATOR NOTE: PEOPLE CAN SAY THE SAME THINGS) • What does green mean to you? What words and images do you associate with "green"? • Would you describe preventing climate change as "green" behaviour? What other examples of green behaviour can you think of? PROMPT IF NECESSARY: recycling, carbon offsetting, car sharing, avoiding flying etc. • How does "green" apply to electricity and your use of electricity? What is green behaviour in the use of electricity? PROMPT IF NECESSARY: [energy efficiency etc – reducing consumption/turning off light bulbs/turning down boiler etc] • Do any particular types of energy appear 'greener' to you than others? EXPLORE IF GREEN=RENEWABLE, DOES IT INCLUDE ANYTHING ELSE? • For what sorts of reasons would you switch your electricity supplier? Apart from lower prices, what other reasons? PROMPT IF NECESSARY: (What about their approach to green issues?) • How many of you have already switched your electricity supplier? PROMPT FOR REASONS And how many of you have ever switched tariffs with their existing electricity supplier? PROBE REASONS	Warm up & relax them. Talk about green behaviour and start to focus on domestic electricity	15 mins
2. Awareness and Understanding • Can I just check that everyone knows what a tariff is? PROMPT IF NECESSARY: For example in mobile phones, you might pay a different rate for Pay As You Go compared to a monthly contract? CHECK UNDERSTANDING, MENTION OFF-PEAK TARIFFS IF NECESSARY • What had you heard about 'green' supply tariffs before you were approached to take part in this discussion? • Have any of you switched to a green tariff, or considered one? MODERATOR: NOTE WHICH RESPONDENTS ON GREEN TARIFF/CONSIDERED ONE • How did you hear about it? Where did you get information on it? • **TO THOSE SWITCHED TO/CONSIDERED GREEN TARIFF: What was it that motivated you to consider a green tariff?** • **TO REST: Are there any strong reasons why the rest of you never switched to a green tariff?**	Ensure they understand the concept of a tariff: check involvement with green tariffs	15 mins

3. Features of Green tariffs • We want to explore concepts surrounding a "green" tariff. What do you associate with a green tariff? **What kinds of features would you expect it to offer? (SPONTANEOUS RESPONSE)** • We recognise that different things will mean 'green' to each of us here but what is it that makes a tariff "green" to you? PROBE: source of the electricity supply, any environmental 'extras' (such as. discounts on energy efficient lightbulbs or loft insulation) or money put towards environmental measures, or association with green organisations etc) • **In fact very few people in the country have switched to green tariffs – why do you think this is?** • **At present there are a range of different types of 'green' tariff available on the market. Here is a list of the main features they can offer. (MODERATOR NOTE: WE USE THE TERM 'GREEN' HERE QUITE LOOSELY):** • SHOW STIMULUS 1: DESCRIPTION OF MAIN FEATURES OF GREEN TARIFFS OFFERED • **The tariffs on the market can offer any combination of these features, or they might offer just one feature. Assuming that these features would all cost you the same amount of money – which do you think is the 'greenest', or provides the greatest environmental benefits? PROBE INITIAL REACTION TO EACH FEATURE. PROBE ENVIRONMENTAL VALUE OF EACH** • **To what extent are these the kinds of features you expected a green tariff to offer? PROMPT WITH DETAILS. EXPLORE EXPECTATIONS. Is there anything there you did not expect to see?** • **Why do you think that electricity suppliers are offering these tariffs? What is in it for the electricity suppliers? [PROMPT IF NECESSARY: commercial motivation, new/emerging part of market, in response to customer desire to have 'green' tariffs, govt policies/incentives etc]** • **What other information would you like to know, if any, to be able to assess the benefits of such tariffs or to understand what it is you are getting from a green tariff?** • **(IF THIS DOES NOT SPONTANEOUSLY COME UP IN PREVIOUS QUESTION ON**	To explore expectations of green tariffs, and reactions to their features	30 mins

INFORMATION) - In making your comparisons/decisions, would it help you to understand what Government commitments supply companies already have to comply with? Why is this? PROBE FULLY. • SHOW STIMULUS 2: DESCRIPTION OF RENEWABLES OBLIGATION AND ENERGY EFFICIENCY COMMITMENT • **PROBE UNDERSTANDING AND REACTIONS** • **If this information was available for you as a customer on your bills – (i.e. an indication of what you are contributing to Govt environmental policies in the same way as VAT is highlighted on your bills), do you think this would be useful? Why is this? PROBE FULLY** • **Does this type of information change your understanding of the benefits that green supply tariffs may offer? In what way?** • **ASK THOSE ON GREEN TARIFFS: If your tariff already offers you 100% renewable electricity, how would you <u>now</u> assess its value to you and to the environment? What about the rest of you?** • **What information do you think you would need to be able to make a decision between different green tariffs?** • **What should, ideally, be the source of this information on the relative benefits of different green tariffs? Should it come from suppliers, the regulator OFGEM, the Government or somewhere else? PROBE FOR SPONTANEOUS DESIRE FOR INDEPENDENT VERIFICATION**		
4. BREAK (7:35-7:40pm)		5 mins
5. Low Carbon Tariffs • If I mention the term "low carbon" what does that mean to you? Do you know what your own 'carbon footprint is? Do you care about it? Why is this? PROBE FULLY • Would you ever consider doing anything to reduce your own carbon footprint? Have you ever considered your energy consumption as a way of doing this? Why? PROBE FULLY • Can you tell me a few ways in which electricity is generated? CHECK AWARENESS OF COAL, GAS, OIL, WIND, WAVE/TIDAL, SOLAR, NUCLEAR • (STATE IF NECESSARY: Some forms of electricity	To introduce the concept of special tariffs for low carbon generation and probe differences between low carbon and "green", if any.	25 mins

generation produce more carbon dioxide than others) • **HIGH/LOW CARBON EXERCISE**: DRAW HIGH/LOW GRAPH AND ASK RESPONDENTS TO STICK GENERATION TYPE STICKERS IN APPROPRIATE PLACES ON A FLIPCHART • Can you tell me something about why you decided to put them there? • **SHOW STIMULUS 3: FIGURES FOR CARBON EMISSIONS PER TYPE**. Are you surprised by these figures? Is there anything you didn't expect to see? Why do you say that? • Given what we have been discussing in the context of **'green'** tariffs, would **'low carbon'** mean the same thing as **"green"** or **'renewable'** energy to you? Why is this? PROBE FULLY. MODERATOR: RELATE TO HIGH/LOW GRAPH IF NECESSARY • Thinking specifically about the certain types of energy source (**for example, nuclear energy**), the figures show it is a low carbon source of electricity. Would you describe nuclear as "green"? PROBE FULLY • **RELATE TO STIMULUS 3** – How interested would you be in a **low carbon tariff** ie. one that is intended to support and encourage various forms of low carbon generation, including but not limited to just renewables? Why do you say that? PROBE FULLY FOR POTENTIAL BARRIERS, LIMITATIONS OR CONDITIONS • What information would you need to know about a low carbon tariff before you could make a decision on whether to switch to it or not? [PROBE – i.e. the sources of energy supply that made up the tariff etc IF NUCLEAR MENTIONED: PROBE WHAT THEY WANT TO KNOW)] • Do you think that existing information allows you to compare low carbon and green tariffs to other energy tariffs in the market? Is it important to you to be able to do so? Why is this? PROBE FULLY • SHOW ENERGY RATING CHART: How useful would it be to you to have a rating for different low carbon tariffs that worked in the same way as the A-G ratings for the energy efficiency of domestic appliances? So an A rating would be most beneficial to the environment, a G rating least beneficial. How would that help you to choose between tariffs? How useful would it be to have this rating available for all tariffs offered by a supplier? • Given what we have discussed, can you see any difference between low carbon tariffs and the green tariffs we were discussing earlier or would you consider them to be complementary (ie - that the benefits of each type of tariff can be compared)? PROBE FULLY, IDENTIFY ANY DIFFERENCES PERCEIVED eg ON INCLUSION OF		

NUCLEAR. (MODERATOR NOTE: THIS IMPACTS ON HOW YOU ORGANISE THE EXERCISE)		
6. Exercise (approx 8:05pm) • **SPLIT GROUP INTO TWO TEAMS. IF DISTINCT DIFFERENCES IDENTIFIED SPLIT INTO GREEN AND LOW CARBON GROUPS, OTHERWISE BOTH GROUPS TO ADDRESS GREEN/LOW CARBON AS ONE. GIVE 15 MINS TO DISCUSS AMONG THEMSELVES, THEN 15 MINS FOR FEEDBACK** • We would like you to come up with a set of key questions which are relevant to all kinds of people when deciding whether to switch to a green/low carbon tariff. It may help you to consider these headings: (WRITE ON FLIPCHART) **the benefits to you, the benefits to the environment, potential problems for you, potential problems for the environment and, overall, any reassurances people would need**. Imagine they are a set of frequently asked questions (FAQs) such as you find on many websites nowadays. At the end can you also suggest **who** should be responsible for giving you this information and guaranteeing it is correct. • (OPTIONAL) Are there any special questions that would apply only to low carbon tariffs? • MODERATOR NOTE: ENCOURAGE THEM TO COME UP WITH ACTUAL COMPLETE QUESTIONS, RATHER THAN NOTES • GIVE THEM 15 MINS THEN ASK EACH GROUP TO PRESENT BACK THEIR QUESTIONS. MODERATOR TO QUERY CHOICES MADE	To involve respondents in actively considering the issues and making decisions based on their knowledge	30 Mins
7. Quality Mark • (MAY HAVE COME UP SPONTANEOUSLY) Some people have said they would like there to be a quality mark, or kitemark, on every renewable tariff to indicate the proportion of supply that comes from renewable sources. What would be your reaction to this idea? How valuable would this be in choosing between tariffs? Why do you say that? • Does the Quality Mark need to say more than this about a tariff? What other features, if any, should such a quality mark **guarantee** about a tariff? PROMPT IF NEEDED o independent verification o tangible benefits to the environment o accountability of the supplier	Probe the role and value of an official quality mark for special tariffs	15 mins

• It has been suggested that the award of the quality mark should depend on passing one key test. It must be able to answer yes to this question: **"If I sign up for this tariff, does some additional environmental benefit happen that would not have happened otherwise?"** - the idea being that suppliers' legal requirements alone are not enough. What do you think of this idea? How helpful is this as a test of a tariff? • On the other hand, if the Quality Mark simply guaranteed the proportion of supply that came from renewable sources, to what extent would it be ok for you if suppliers were compelled to make it clear what you were actually getting when purchasing that tariff (that is, are you getting something extra to their legal requirements or not – for example in their marketing materials or on their website?) • Who should be responsible for awarding and monitoring such a quality mark? Why do you say that? [PROBE – should that party be an independent party? • Is it really necessary – would it make a real difference to you? [IF NOT – What would help you to compare the benefits of these tariffs + switch supplier etc?]		
8. Summarise and Wrap up • After tonight's discussion do you feel any more or less inclined to switch to a tariff that advertises 'green' benefits? Why do you say that? • What do you think is the single most important issue in all we have discussed tonight? • Are you left with any unanswered questions about this issue? This is just a very short questionnaire we'd like you to fill in so we can record everyone's view at the end of the discussion. HAND OUT SELF COMPLETION QUESTIONNAIRES	Moderator to check and agree what are the main messages	10 Mins
Close: Collect self completion questionnaires and distribute incentives		**9pm**