



Promoting choice and value
for all gas and electricity customers

Cutting the 'green' confusion: Presentation for the DSWG on updated proposals

Developing Guidelines for Low Carbon
and Renewable Tariffs

2 November 2007

Overview of first consultation

“Developing guidelines for green supply” (June 2007)

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

Initial
proposals

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

- Engaged with industry and stakeholders through a series of workshops
- Considerable interest in proposals – 34 responses and 35 Friends of the Earth proforma responses
 - General support for guidelines/certification scheme

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

Key Proposals for “Cutting the green customer confusion”

Status

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

Scope

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

Transparency & Verification of Supply

- ✓ Guidelines will cover **domestic** and **non-domestic customers**
- ✓ **Third party certification scheme** to verify claims made by suppliers signed up to the guidelines
- ✓ **Customers need more information to inform their choices:**
 - *Clear Fuel Mix disclosure information*
 - *Customers to see what environmental contributions they are making (e.g. average EEC/RO costs)*
 - *Carbon intensity (gCO₂/kWh) of tariffs and renewable content (REGO or EU equivalent)*

Outstanding issue.... ADDITIONALITY

We will propose five alternatives to demonstrate additionality:

ROC retirement

- Retire % of ROCs to incentivise investment in renewable generation. Not necessarily linked to physical build

Centralised fund

- This would be open to what it would fund (renewable generation, energy efficiency improvements, renewable heat, low carbon etc)

Decentralised funds

- As per centralised fund but each supplier operates its own fund

Transparency

- Suppliers must be transparent about what they are offering
 - Market driven additionality
- Suppliers can use any way to demonstrate additionality to consumers and compete on this basis.

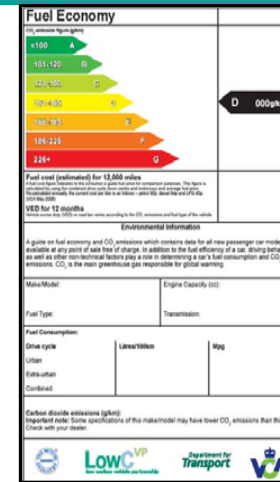
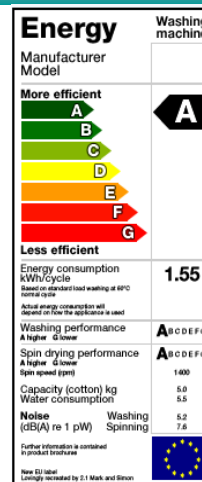
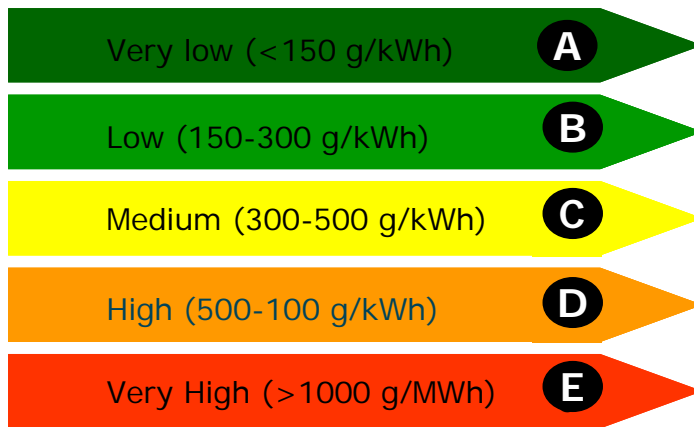
Pick & mix

- As per transparency but suppliers can differentiate products but cannot differentiate on price unless they clearly demonstrate that there are additional benefits.

Updated Low Carbon Guidelines

Provide potential to rate tariffs according to their carbon intensity

Rating system similar to existing appliance / car efficiency ratings

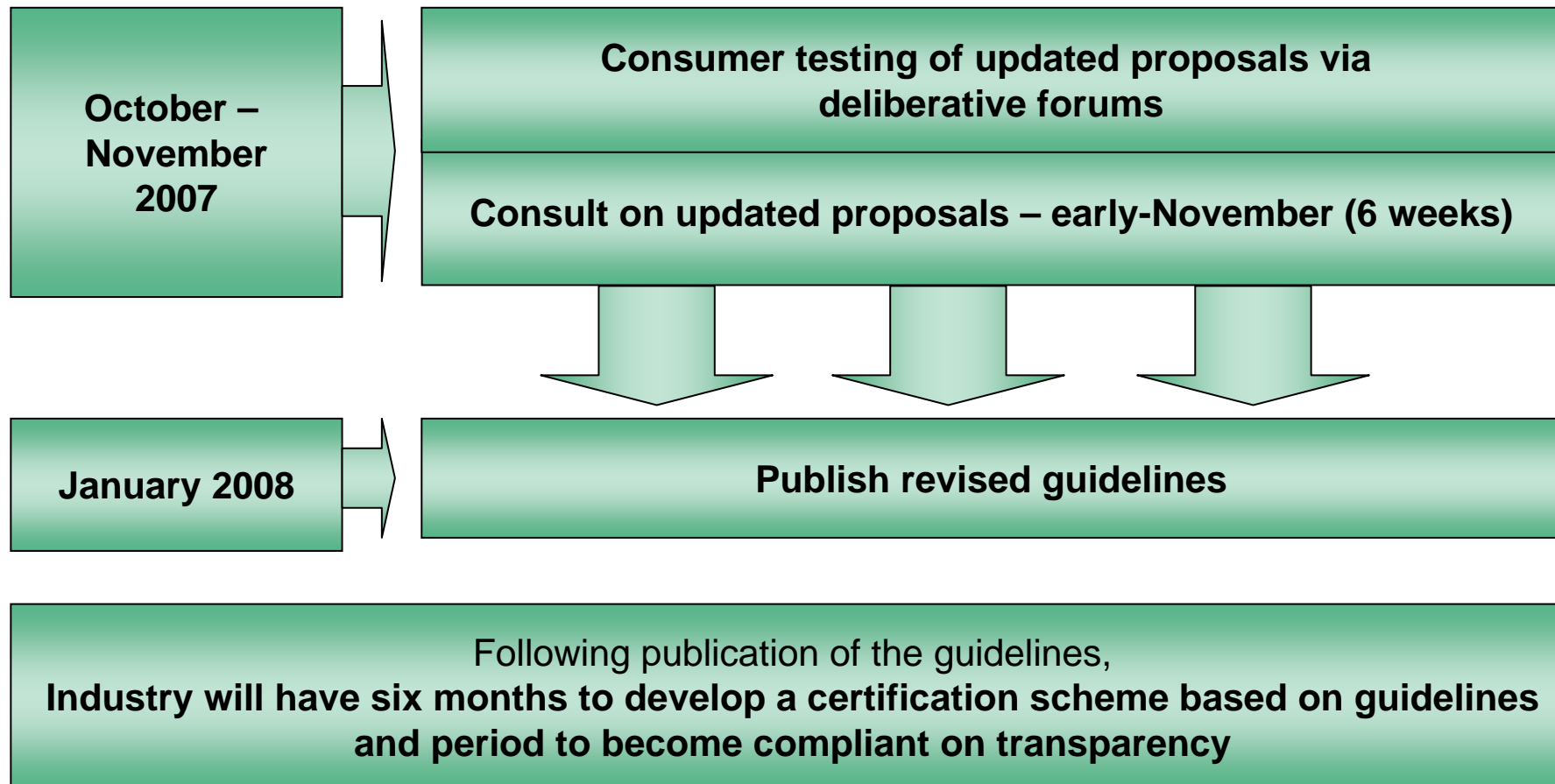


All suppliers tariffs will be rated according to carbon intensity

Customer choice based on preference for low or high carbon tariff

- Fuel Mix Disclosure information complements this scheme
- *Consulting on whether carbon offsets should influence rating of tariff or whether rating is entirely based on fuel mix*
- Carbon offset measures can be marketed as 'additional'

Way forward





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