



Clair Hogg
European Strategy and Environment
Ofgem
9 Millbank
London
SW1P 3GE

19 December 2007

Dear Ms Hogg

Re: Consultation on Cutting Green Confusion

Please find below the response from Opus Energy Limited for the consultation entitled Cutting Green Confusion.

The Guidelines

On the whole Opus Energy is supportive of the guidelines proposed and the principles behind them. We agree that they should be voluntary, rather than prescribed, should be standardised and should apply to the supply of renewable and low carbon energy to both domestic and non-domestic customers. We agree that transparency of information will allow end users to make appropriate decisions on where to position their purchasing power on the scale ranging from zero carbon (renewable) through low carbon to full carbon, brown power.

Imported Renewable Power

There is one area, concerning imported renewable power, which we feel has not been considered in full and which will cause difficulties for smaller suppliers in implementing the guidelines.

We feel it is sensible that the basis for evidence to support the renewable and low carbon content of a tariff should be linked to that of the EU Energy Label, and that REGOs should be used to certify renewable source. However, the administration of the international trading of GoOs is not yet fully developed, and is unlikely to be by August 2008. Consequently we strongly believe that, until GoOs are fully established, a supplier should be able to provide Renewable LECs to demonstrate that power imported from the continent is from a renewable source. These certificates are awarded by the UK Authority who, at that point, certifies that the power is from a renewable source and has been imported into the UK.

In contrast to the larger players, who tend to own assets, smaller suppliers often purchase power from a number of different sources, some of whom have to be

innovatively sourced. By restricting the definition of European renewable power to GoOs, which are not readily available, a significant source of renewable wholesale power is excluded from the reach of smaller suppliers. This raises barriers to entry and is harmful to competition.

Consequently we feel it is essential that, until GoOs are fully established, a supplier should be able to use Renewable LECs as evidence of renewable source for power imported from the continent.

Additionality

We agree with Ofgem's view that the guidelines should allow for suppliers to market "additional" services as part of a green tariff, and that these additional services could include, amongst other products; carbon offsetting, environmental investment funds and/or ROC retirement. Because of the complexity of these schemes, we believe it is essential that they be audited by an independent party if the consumer is to have confidence in their efficacy in helping fight climate change.

We believe that the concept of "additionality" is too esoteric for use in a consumer guideline and should be abandoned completely. We disagree with the view that retiring ROCs should be a "five star" product – it is difficult to believe that a customer investing through an obscure financial trading instrument with its associated cost of administration, carry and transaction, will be contributing more than by paying funds directly to a renewable new build project. It will be up to the independent assessment party to determine and justify the worthiness of ways of providing "additional" services.

Summary

- Opus Energy agrees with the principles and guidelines outlined by Ofgem in the consultation document;
- Opus Energy believes that the concept of "additionality" is too esoteric for use in a consumer guideline and should be abandoned completely;
- Opus Energy feels it is essential that, until GoOs are fully established, a supplier should be able to use Renewable LECs as evidence of renewable source for power imported from the continent.

Without this, we feel that the guidelines will be harmful to small suppliers importing renewable power from the continent.

Please do not hesitate to contact me with any queries,

Yours sincerely



Charlie Crossley Cooke
Managing Director