

Ofgem
Millbank
London

Reference: WWF's response to Ofgem's consultation on revised guidelines for green supply offerings.

January 2008

Dear Sir/Madam,

WWF-UK welcomes the opportunity to respond to Ofgem's second consultation on their revised guidelines for green supply offerings. However, we do not share Ofgem's view that the new proposed guidelines will ensure that customers can be confident about what they were buying when purchasing green tariffs. Indeed, we fear that they will do little to reassure consumers that their actions in this increasingly confused and confusing market are making any real difference – surely the whole point of a green product.

WWF-UK participated in the stakeholder meetings hosted by Ofgem in 2007 and responded in detail to the two parallel consultations by Ofgem and EST last summer. Hence, we are disappointed to find that none of the serious concerns we raised have been adequately addressed or discussed in the new consultation paper (published in November 2007).

We believe Ofgem's latest proposals are wholly inadequate for a number of reasons. Firstly, the guidelines will not be mandatory or even represented as best practice. Secondly, it is hard to see how the proposals will ensure that green tariffs contribute in any meaningful or consistent way towards either the reduction of the UK's carbon emissions, or to the accelerated uptake of renewable energy required in order to meet existing government targets and, particularly, the ambitious EU targets for 2020. The decision to drop any criteria to ensure that a tariff delivers additional, new renewable generation capacity is particularly disappointing – in the view of WWF and many other stakeholders, this should be a core principle of the revised guidelines and any subsequent accreditation scheme.

A further significant concern is the fact that Ofgem's proposed low-carbon tariff scheme is likely to further confuse the situation as it lumps renewables with other forms of electricity generation – including technologies such as nuclear power which we, and we believe most green-minded consumers, regard as inherently unsustainable and inappropriate for inclusion in a "green" offering.

Finally, WWF-UK is very surprised at Ofgem's plan to give electricity generated from burning biomass an 'F' label. As a conservation organisation, we are concerned to ensure that bioenergy is derived from sustainable sources – and, in particular, to ensure that the fuel offers significant carbon benefits across its life-cycle and that its cultivation does not contribute to deforestation. However, certain types of sustainably grown biomass could play a useful role in a low-carbon energy system. So we find it very

surprising that that Ofgem is proposing to give electricity from all biomass schemes a lower rating than electricity from coal-fired power stations, when the coal-fired power stations are the worst polluters in terms of CO₂ emissions from the UK power sector.

WWF-UK believes that a minimal requirement to ensure that the green tariff market retains some credibility is to require all energy supply companies to have tariffs for domestic consumers independently assessed, audited and certified by an independent third party such as the Energy Saving Trust. Moreover, any certification/accreditation scheme must be based solely on renewable energy sources and measures to demonstrate a credible level of additionality. The 1 or 2 tier 'Kitemark' or 'stamp' scheme proposed by the EST in 2007 could offer a more credible and workable model.

In light of these fundamental problems with Ofgem's proposed approach, WWF-UK sees little point in engaging further with the development of these guidelines. If the guidelines proceed as planned, in our view it is difficult to see how green tariffs as a whole can make a meaningful contribution towards the effort to reduce carbon emissions. Without a credible accreditation scheme, we fear that consumers and the media will increasingly see green tariffs at best a distraction from the real task at hand – the need to dramatically increase the rate of deployment of renewable energy technologies. At worst, green tariffs may be seen as little more than greenwash – and even those suppliers which offer relatively credible tariffs may well be caught up in a wider backlash.

Yours sincerely,

Dr Keith Allott
(Head of Climate Change team, WWF-UK)

Please contact Andrea Kaszewski (Energy Policy Officer at WWF-UK) if you have any further queries on 01483 426 444.