



*Promoting choice and
value for all customers*

Suppliers, customers, certification
service providers, environmental
bodies and agencies, Non-
Governmental Organisations and
other interested parties

Direct Dial: 020 7901 7255
Email: martin.crouch@ofgem.gov.uk

Date: 21 February 2008

Dear Colleague,

Way Forward: Cutting the Green Customer Confusion

As you will be aware, our consultation regarding "Cutting the green customer confusion – Next steps" closed in January. We received a significant number of responses to this consultation and would like to thank you all for your continued and valuable input into this process. As you may also be aware, in January we received the draft final report from the deliberative forums which Ipsos MORI were commissioned to undertake. The report has been useful in providing a flavour as to the domestic customer perspective on issues surrounding the "green" energy market as well as road testing at a high level the proposals that emerged from the workgroup discussions. The MORI report as well as all non-confidential responses received to our consultation can be found on our website¹.

Following consideration of the feedback received across this process, we have decided to further develop elements of the guidelines, particularly in respect of the 'additionality' aspects. Our aim is to achieve a set of guidelines that give customers greater confidence that they are getting some environmental benefit when buying a 'green' tariff. We expect to discuss these developments with stakeholders in the Spring (including coordination with government departments), following discussions with independent environmental advisors on the merits of a range of different options to facilitate the desired outcome. We expect to publish the finalised set of guidelines in early Summer of this year.

We recognise that this delay will also have knock on implications for the work being progressed to develop an associated independent accreditation scheme. This is also an area where we have received feedback, from suppliers in particular, and in order to ensure that a robust scheme can be put in place we think it is now appropriate to also recognise an equivalent delay in the set up of the scheme and therefore would expect the scheme to be operational by the end of 2008. There is still a lot of good work that can be progressed by industry during this period however, which can now be undertaken over a longer timeframe, and so we welcome the ongoing commitment from suppliers and interested industry stakeholders to continue to develop the governance and administration structure for setting up such a scheme. As previously, we are happy to continue to engage with suppliers and stakeholders in the development of this scheme.

We remain committed to the stated objective of these guidelines; to reduce customer confusion and provide increased clarity to customers about what it is they are getting when purchasing a 'green' tariff. While we regret any uncertainty caused by the delay in

¹ The non-confidential responses to the consultation and the final Ipsos MORI report are available from:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=243&refer=SUSTAINABILITY/ENVIRONMENT/POLICY>

finalising the guidelines, we do consider that this will help to ensure that we can continue to meet this objective most effectively in respect of both the principles contained within the finalised guidelines and any associated accreditation scheme that may be developed.

Finally, we would like to take this opportunity to thank you once again for your continued support to this process and the helpful contributions that you have made in furthering the debate in this area.

Please contact Hannah Cook on 0207 901 7444 if you would like to discuss any element of this further.

Kind regards

By email.

Martin Crouch
Director, European Strategy & Environment