The Green Supply Guidelines: Updated Proposals Consultation Ref: 97/08 - comments from BT

EXECUTIVE SUMMARY

In our response we address the following primary changes that the Ofgem proposal would deliver:

- Supplier-level Fuel Mix Information to be retained
- Supplier and/or tariff CO_2 Content Information will disappear as all power supplied will be treated as homogenised, taking the UK Grid Average CO_2 content
- Focus is on additional environmental benefit not connected to the electricity being purchased
- Transparency of this 'additionality' established through tiered 'point of sale' information
- Applicable to both Domestic & Non-domestic supplies.

We provide a summary of our comments, with our full response starting at page 4.

1. The Policy Context

BT considers that the tariff issues are a key part of the broader policy questions on the ways that the UK will tackle climate change and move effectively to reduce emissions. BT recognises the importance of electricity generation in causing emissions and the importance of behaviour on both the supply side and the demand side to move to reduce emissions through a mixture of approaches. These include cleaner sources of energy, cleaner approaches to electricity generation and more efficient generation, distribution and use of energy. BT also recognises that these issues are of importance in a European and international context. BT, therefore, welcomes Ofgem's consultation on these important and urgent issues.

2. Green tariff system principles

We agree with the three principles proposed by Ofgem that any green tariff system should:

- be transparent: customers should have access to key information regarding green tariffs to enable them to fully understand the attributes of these tariffs;
- be verifiable: suppliers should be able to provide evidence for any green tariff claims made, in terms of both the source of its supply and any additional attributes of the tariff; and
- incorporate additionality: suppliers should be able to demonstrate that they are doing something above the obligations that they would fulfil for a standard tariff.

BT believes transparency and verification should be integral to any proposal and should be used to ensure that double counting of renewable electricity does not take place. We also want the market to send a strong message to the electricity producers that there is customer demand for low carbon electricity.

Ofgem has a key role to play in resolving the current problems associated with green electricity tariffs, and the uncertainty surrounding carbon footprint calculations for consumers and businesses. Ofgem needs to ensure adequate regulations and market frameworks are in place to:

- ensure all customers receive clear information on the carbon content of the electricity which they have purchased from suppliers, and

- ensure that if customers are provided with information on the additional environmental benefits attached to any particular energy product, then this is on a credible and comparable basis.

All customers should be provided with the carbon content of their electricity as a mandatory requirement, whereas the additional environmental benefit, for example additional investment over above legal obligations, should be provided to customers as optional information. Customers can then choose between electricity tariffs by comparing both the carbon content and the additional environmental benefit of each tariff. Obviously, cost comparison is also essential, but it is important to provide the market with clear choices for low or high carbon electricity, and allow the market to price the value accordingly.

With respect to carbon content of electricity, BT does not agree the approach to deem supply to be homogenous. BT believes the market can and should be allowed and assisted to send a strong message to the electricity producers that there is customer demand for low carbon electricity and that generators should act responsibly in addressing the emissions they cause in their business processes. They should expect to face the normal market and regulatory responses if they do not do so.

It is our view that taking a 'grid average', homogenised approach to the regulatory recognition of emissions associated with electricity is wrong in principle, is not in the interests of consumers and is not the right regulatory policy to achieve the stated regulatory objectives . This is because it:-

- implies that the use of the grid alters the emissions associated, or not associated, with the electricity generated and placed upon it, when in fact it does not do so;
- reduces transparency for consumers of the emissions associated with particular energy sources, and energy suppliers;
- adversely affects consumers' free choice of type of energy supply and supplier, which it is difficult to reconcile with Ofgem's statutory duties;
- is likely to distort competition, since it removes what happens on the supply side as a competitive differentiator in the market place;
- is inconsistent with other regulatory measures already in place; and
- goes beyond what is necessary or proportionate to achieve the objectives of accuracy in supply information, avoidance of double counting, and promotion of additional supply of renewable electricity.

Whilst we offer answers to the consultation questions in this response, we believe the proposals, and similar proposals of Defra, are fundamentally wrong .

BT believes that the impact on industry and the ability for UK Plc to meets its targets will be severely hindered. BT believes that getting this right is important for business in general because:

- it is important to incentivise the right behaviours with all industries and consumers;
- creating a low carbon economy will require all industries to work together;
- business needs to control its own footprint;
- having the right legislation and reporting guidelines will have a positive impact on UK Plc response to climate change; and
- a leadership position in each industry will create market opportunities.

3. Core areas of interest for BT

BT has two key interests with respect to the prospective Green Supply Guidelines:

- BT's primary concern is with the efficacy and validity of the green supply guidelines as a tool for the provision of information that could in future be utilised in reporting of electricity related CO_2 emissions;
- BT is also interested in how these guidelines may support and/or facilitate: openness of, third party access to, and transparency of value flows within the UK electricity market – particularly with regard to environmental impact.

Our views on the consultation can be summarised as follows:-

- homogenised supply will not remove confusion for consumers. In fact we believe it will add to confusion as it will give information contradictory to that provided under the fuel mix disclosure directive;
- homogenised supply will remove the option for consumers to purchase renewable, or indeed any other specific form of, electricity. This restricts consumer choice which is difficult to reconcile with Ofgem's primary obligation;
- homogenised supply will have serious implications for electricity companies who have built their entire business models on the premise that a renewable market exists and will grow, including as the demand side grows. The proposals in their current form, together with Defra's would damage this market and will make the industry (and the UK) less competitive;
- building on the EC directive on the fuel mix disclosure, we believe that full transparency can be achieved at the contract level by each provider and that to promote the objectives of the consultation this should be made mandatory;
- accreditation is critical to the success of any scheme but should focus on the fuel mix of the electricity generated;
- by creating true transparency and accountability at the contract level we believe that double counting can be removed;
- the solution proposed by BT for a labelling scheme is thought to be one worthy of further investigation by Ofgem and industry on how this might be implemented so that it is effective in all markets;
- Ofgem will of course recognise that the way it regulates the UK electricity industry has significant international and cross sector implications; and
- to address properly the 'double counting' problem, any solution must take full and proper account of the carbon associated with ROCs, LECs, REGOs etc., and needs to be a mandatory system, rather than a voluntary approach.

4. The Green Supply Guidelines

During the debate surrounding the Ofgem consultations on this issue, two fundamental approaches to Green Electricity have been proposed:

- contractual differentiation of electricity by attribute ('Electricity Labelling');
- bundling of homogenised electricity with additional environmental benefit.

BT believes that a properly worked out system for contractual differentiation of electricity products or tariff groups – 'Electricity Labelling' – is the preferable approach to green electricity. BT does not support an homogenised approach to selling electricity.

Following from this Core Position:

- BT believes that the approach in the Fuel Mix Disclosure should be applied at the level of each product or tariff group, not just for each supply licensee's overall mix; and that the actual CO_2 content of each product or tariff group should be a core part of this.

In relation to the approach to green supply outlined in Ofgem's updated proposals (to bundle additional environmental benefit with a homogenised electricity supply):

- BT is concerned that under this approach it will not be possible for consumers to exclude, from their contracted generation portfolio, generation sources that conflict with their ethical and/or environmental positions;
- BT is also concerned that the proposal to require all electricity to be treated as having grid average CO_2 content risks creating consumer confusion;
- BT believes that rationalising a need for all power to be treated as homogenised due to the Renewable Obligation (RO), will set a precedent that, to ensure consistency of approach, will also be applied to transport fuel following the introduction of a Renewable Transport Fuel Obligation (RTFO);
- BT sees no value (with the possible exception of supplies to a small number of domestic and SME consumers) in the bundling of standard – openly available – CO_2 offsets within 'green' electricity products; and
- BT is concerned that electricity suppliers will be given exclusive access to the accreditation scheme, and hence to the provision of electricity linked environmental benefit products – creating an unfair and distorting bias against other actors in existing and future markets of environmental benefit.

Therefore, BT asks Ofgem to re-consider the position to ensure that:

- customers have the necessary information and ability to choose the carbon content of the electricity they purchase;
- the industry is fully regulated to prevent double counting of carbon savings; and
- market pull encourages additional renewable generation.

We appreciate this might not be easy to achieve but failure to do so will damage the long term competitiveness of the UK.

RESPONSE TO CONSULATION

1. Summary of BT's view on the Consultation

BT welcomes Ofgem's consultation and is in agreement with Ofgem that there is a need to demystify the energy industry's claims around "Green Tariffs". BT further supports the introduction of guidelines but feels that: they need to be mandatory, that they should clearly identify the make up of each energy supplier's mix of fuel for each of their product or tariff groups, and that that mix should be ranked in terms of its carbon intensity. BT believes that a price can then be set on the basis of a higher price for lower carbon intensity product groups.

BT believes that there are two fundamentally different approaches to creating a system of rules for 'Green Electricity'. The first of these is 'Electricity Labelling'; the contractual differentiation of electricity by attribute (using a system of attribute tracking such as that defined by the European E-TRACK project). The second is the approach proposed here by Ofgem: the bundling of homogenised electricity in with other environmental benefits unrelated to the electricity being purchased.

BT firmly believes that a properly worked out system for contractual differentiation [by attribute] of electricity products or tariff groups – 'Electricity Labelling' – is the preferable approach to green electricity.

2. CO_2 content and additionality

BT believes that each electricity tariff should carry a label showing both: the carbon content of the electricity mix of that tariff, and a statement on any further environmental benefits provided by that tariff that meet the 'additionality' criteria that the UK Government has set out via Defra. These are two distinct characteristics and should not be confused.

1. CO_2 Content: the CO_2 content of electricity is determined by the generation mix of the product being sold. This is a contractual commitment from a supplier to provide that mix of generation onto the grid to be sold to customers. Whether there is legal obligation or not to require suppliers to generate renewable energy, does not change the CO_2 emissions of the energy supplied.
2. Additionality is a further statement to show what additional benefits have been delivered by the generator over and above legal obligations. Additionality does not determine the CO_2 emissions of the supply chain of generating electricity.

BT sees no reason why tariffs cannot be accredited and labelled on the basis of both CO_2 content and additional environmental benefit.

3. Bundling electricity with environmental benefit products

There are many established organisations whose core business is to create and package 'environmental benefit' as a product that can be sold to consumers of businesses who wish to 'offset' the impact of their activities. As such BT cannot see any unique justification or motivation for consumers or business to pay an energy supplier to do this (with the possible exception of a small number of domestic or SME consumers). Indeed the prospect of an 'electricity supplier only' accreditation scheme for the provision of such products raises concerns about the potential to unfairly restrict access to and distort this existing marketplace.

BT is also concerned that Ofgem's definition of 'environmental benefit' may be too vague, and believes that, prior to being awarded a star rating, energy providers

should be required to demonstrate, as a core part of any accreditation scheme, that any 'additional' environmental benefit is not only additional to any obligations placed upon them, but is also over and above activities that any 'responsible' company in any other business sector would take under 'business as usual' (without the provision of a star rating).

4. Self generation of renewable power

BT is concerned that these latest proposals for green supply guidelines, alongside the recently updated Defra guidelines for company reporting of greenhouse gas emissions, will discourage actors outside the current power industry from becoming involved in creating new renewable generation capacity.

The desirable practice of providing new renewable capacity in locations where all or some of the generated power will be consumed by onsite loads is now being disincentivised by requiring users of power supplied direct from renewable capacity to either: falsely report this power as having 'grid average' CO_2 emissions, or forgo the financial support targeted at new renewable capacity – by not claiming renewable obligation certificates (ROCs) against this power.

BT believes that ROCs should remain as initially intended: a support mechanism for new renewable capacity supporting the UK renewable energy targets; and that they should not be made a proxy for CO_2 emissions.

5. Fuel Mix Disclosure

BT is not convinced that the UK's current implementation of the EU Fuel Mix Directive[1] is adequate, and suggests that Ofgem should review this in light of the problems of customer confusion and double counting that have become apparent in the UK electricity marketplace.

BT believes that Fuel Mix Disclosure should be extended to the level of the individual product or tariff group – rather than being required solely at the supply licence level as at present – and that the CO_2 content information provided should be 'actual' rather than standardised.

6. Chapter 1

BT believes that by moving away from the determination of actual CO_2 content of electricity products and tariff groups, the proposed guidelines will make "Green Tariffs" a largely redundant concept – as all electricity products and tariff groups will by definition be 'average' in terms of their content and supply chain impact.

Under the proposed guidelines "Green Tariffs" will no longer be about electricity at all, but will instead be about accrediting an environmental offset product that is to be retailed by electricity suppliers. If this route is pursued then, in the interest of clarity, the name of the guidelines and the associated accreditation scheme should be altered to reflect that they are not dealing with 'green electricity' and suppliers should not be permitted to sell such electricity as green.

However, BT recommends that Ofgem instead return the focus of these guidelines to the content of electricity products contracted for, and the associated supply chain impacts. Greater clarity should be created by ensuring that energy suppliers give full exposure on the fuel mix (as per the EU directive) of the individual products and tariff groups sold, and that customers are able to purchase against that information and

[1] EU Directive 2003/54/EC Article 3.6 (transposed into UK law by The Electricity (Fuel Mix Disclosure) Regulations 2005)

claim the carbon intensity for that purchase. The contract should determine what is bought and the supplier must be made to demonstrate that they have only sold the quantity of renewable and low carbon energy that they have produced.

It is important to note that physical power flows are immaterial: it is contractual positions and flows of value that should be the focus of any system for the accreditation of grid-supplied green electricity.

7. Chapter 2 - comments

Customers have been encouraged by government to purchase renewable energy (often at a premium) and to count this as zero carbon. It has now come to light that energy suppliers cannot differentiate their products and, therefore, cannot state with any certainty what they are supplying to customers. BT believes that suppliers should be required to differentiate their supply and charge accordingly, or to remove from sale all renewable tariffs and marketing of their products' "Green Credentials". It should not be possible to sell something that does not exist. The reflection on the November proposals is disappointing in that it does not seek to tackle this issue.

Although consumer demand for power from renewable energy sources may not directly lead to increased investment in new renewable capacity (due to the dominance of the RO), decreased demand for the most environmentally damaging forms of generation may result from consumers choosing to exclude these forms of generation from their electricity mix. Such exclusion could (if the scheme were properly designed) lead to reduced running, and perhaps even 'mothballing' of the UK's most environmentally damaging generation capacity – thus creating a real environmental benefit.

In addition, under the proposed guidelines customers will, in the future, be able to knowingly purchase electricity from producers with high carbon emissions and yet be required to tell their stakeholders that the electricity they have purchased has 'grid average' carbon content.

These proposals will cause electricity consumers to focus their buying decisions solely on price.

BT does not agree that it is reasonable to ask business and consumers to pay a premium for a "green tariff" where no real product differentiation exists. If suppliers will only be able to sell grid average electricity then any product which they are selling is by definition 'grid average' irrespective of any environmental benefit product that is bundled with it.

BT does not agree with section 2.8 (b). BT has been one of the world's largest purchasers of renewable energy – it has never stated that this is additional nor have we ever assumed that this is additional to the RO of suppliers. BT believes that there should be a simple balancing of what is produced and what is sold – both numbers should be the same. BT is very concerned that energy suppliers have been allowed to sell (and charge a premium) for a product that does not exist and to sell more of the non existent product than they actually produced.

Nor is BT convinced that there is, or can be, no market pull for renewables. Firstly, the RO is not a complete obligation as there is a buy out option, with the funds raised distributed amongst the electricity producers. Secondly, BT knows there are sites that the main electricity producers discount yet are being considered by actors outside the electricity industry.

- A Green Tariff analogy (page 14 of consultation)
In relation to the Ofgem extension of the yoghurt analogy, it would appear that energy suppliers cannot sell "Green, Low Carbon or Renewable energy":, since they all produce a homogenous product and there is no differentiation. If this is the case, a customer can only make a decision on price and the brand. The document also highlights that the basis of the proposed approach is simply because of the electrons being mixed up. BT believes that a simple understanding of electricity contracts, coupled with a contractual system of evidence of electricity attributes (as per European E-TRACK proposal) will solve this problem.

BT recommends that Ofgem focus this debate away from physical electrons supplied (which in any case doesn't actually happen as the grid works on alternating current) and onto the contract purchased. BT further recommends that energy providers clearly define their fuel mix and agree through contract what a customer is contracting to be supplied – as per the details in our January 2008 response to the previous Ofgem consultation on green electricity. Coupled with an annual third party audit of each supplier's contracted position, this would ensure that energy companies could only sell as much renewable electricity as they produce, and that the real carbon emissions for each product or tariff group are tracked and allocated appropriately. Both a supply and a demand side market for renewable electricity can in this way sit side by side in the UK system.

BT is not convinced that consumers will understand the term "additional" in the government definition and therefore does not agree that all consumers expect the green energy they have been purchasing should be "additional" to the RO. Conversely what consumers do understand is 'my power comes from XXX, and the consequential impact is YYY (although BT understands that if a system that allows this approach is inadequate in scope it will fail to deliver surety of environmental impact). Customers do not buy "additional", but customers do buy a product called "renewable". Further, BT has developed a proposal for a system whereby consumers can know and understand where their power comes from (as an alternative to purchasing additional environmental benefit so as to 'offset' the impact of a homogenised electricity product).

Under the current proposal BT does not believe that a "green tariff" would be possible as customers are purchasing a homogenous product. Many customers would only be prepared to pay a "green tariff" if they could claim a "zero-low carbon footprint; without this benefit, there is no incentive to pay more and the "green tariff" itself is simply marketing spin without substance which BT believes would be extremely misleading to business and consumers.

Whilst Ofgem is not concerned with the RTFO, Ofgem's proposal would create further inconsistency with E85. Should the same treatment be given to E85, then biofuels would be given the same carbon count as fossil fuel. This would make no sense whatsoever to consumers.

8. Chapter 3 – comments on questions

Question 1
Do you think that the suggested information in tiers 2 and 3 are appropriate to ensure that consumers have access to the information they need?

In principle the idea of a tiered system for the provision of different levels of information is sound. However, the information to be provided must be associated with the electricity being provided. We do not believe that the information to be ranked under the current proposals is appropriate. We do not support the idea that a

company should be ranked by how much money it contributes to other "environmental projects". We would support a tiered system whereby electricity companies are ranked on the overall carbon content of their fuel mix including the amount of renewable energy that they generate.

We cannot see how a company can ethically create a multi level tariff system when it can only sell "grid average" electricity. We believe that this approach, which is contrary to the mandatory requirement on fuel mix disclosure, will further confuse consumers.

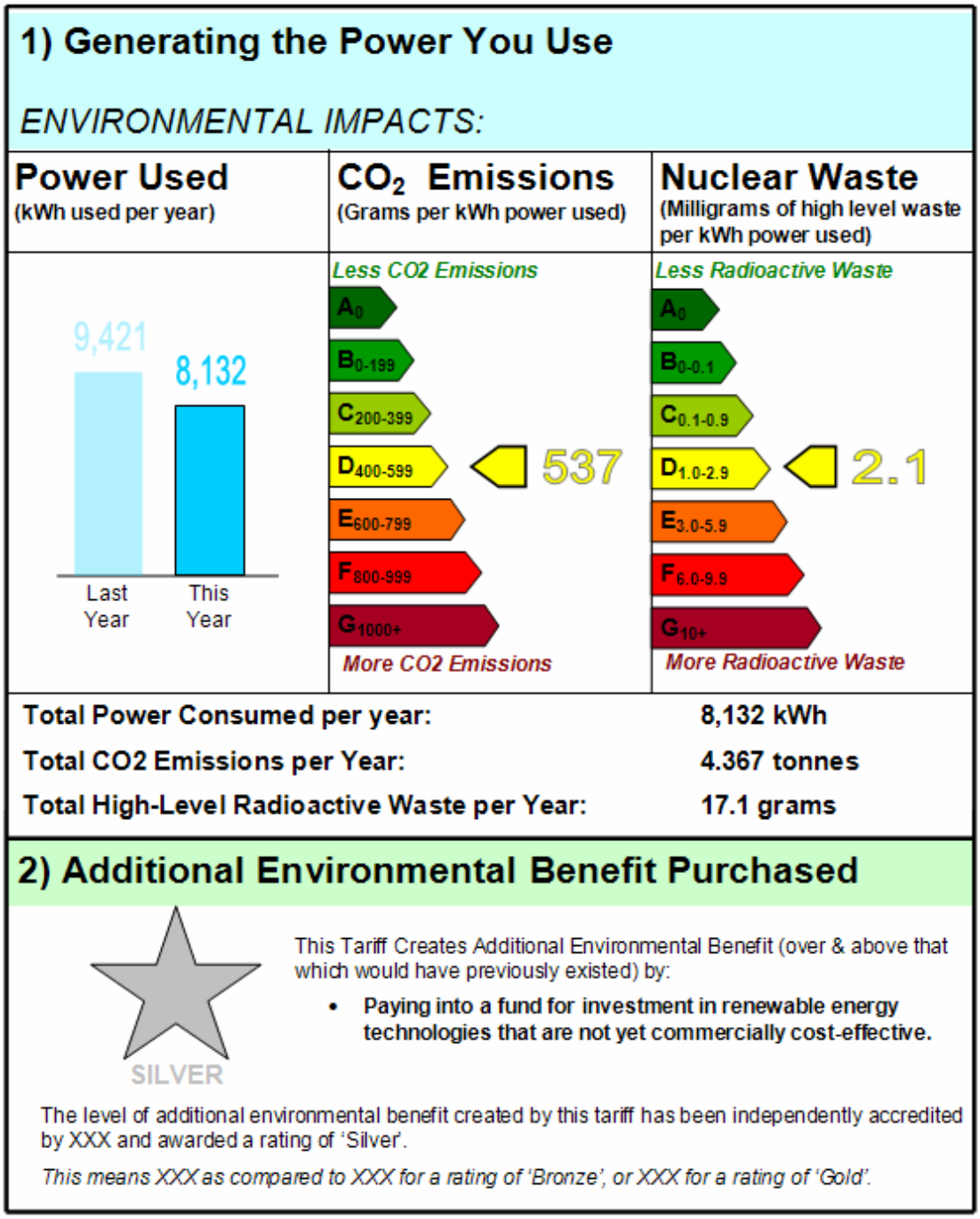
BT does not see any reason why a customer (with the possible exception of a small number of domestic or SME consumers) would pay a premium in order for the supplier to invest in other projects. It is most likely that customers would invest this in their own right. There are a plethora of offset companies offering to invest money from consumers who BT believes would have greater trust from consumers. Energy companies would not be seen as neutral and the profits they make would over shadow any neutrality they may otherwise have. Large organisations like BT would not pay an energy supplier to invest in other environmental projects. BT does not see how "other environmental projects" would create additional renewable energy that the UK could claim against its emissions output.

A significant danger surfaces here – in that if the proposals go ahead as planned, and no thought is given to market access by third parties – then Ofgem, through these green supply guidelines, will be creating another closed market to which only Electricity Supply licensees have access. It is thus imperative that if this route is pursued, Ofgem ensures that third parties (such as consumer facing organisations, existing providers of carbon offsets, and broker organisations) have equal access to, and the ability to compete on a level playing field with electricity suppliers in, markets for additional environmental 'benefit'. And accreditation under the green supply guidelines should be just as easy for such third parties to achieve as it is for electricity suppliers.

A fuel mix chart is required under EU Directive 2003/54/EC Article 3.6 (transposed into UK law by The Electricity (Fuel Mix Disclosure) Regulations 2005). BT suggests that Ofgem explores the adequacy of the UK application of this Directive – particularly given the issues of double counting and customer confusion that have become apparent in the UK electricity system during this series of consultations on green electricity. In essence it is BT's view that under an adequate application of this directive the "voluntary" element of this consultation would become "mandatory". And the environmental impact information would utilise actual rather than standardised CO_2 impact information.

In BT's view the mock example of tier one information shown in the consultation document is meaningless in the absence of any environmental impact information linked to the fuel mix given – in particular it needs to show clearly the carbon intensity of the mix from that supplier. BT recommends that each energy provider is made to disclose the fuel mix they produce by allocating accurate carbon intensity to each type of fuel and that this is visible to all customers. Energy providers can then sell by product group i.e. sell the quantity of each energy source to customers. Once all the renewable and low carbon units have been sold, customers can then buy the residual mix and that will have the true carbon content associated with it.

BT further recommends that the electricity label has two marks, the first (mandatory) being the carbon content of supply and the second (optional) could be a star based on the amount of renewable energy produced above the RO. This is illustrated in the proposed label design in the figure below.



Question 2

Are the examples of additionality that are suggested all correct? Should any alternative examples be included? Is the threshold of 1MW for small scale renewable/low carbon generation appropriate? If you think an alternative threshold would be more appropriate please explain why.

BT agrees that the more a supplier can prove its "green credentials" the more attractive it will be to consumers and business. However, those "green credentials" need to be based on the operation and the products and services that a supplier sells. Tariffs should not be allowed to be marketed as "green" when they have a high carbon content.

Additionality is a complex and confusing area. We believe that businesses and consumers are interested in the carbon intensity of the energy they purchase more than whether or not it is additional to what the supplier would do under "business as usual".

Addressing the third of Ofgem's principles for this consultation (that suppliers should be able to demonstrate that they are doing something above the obligations that they would fulfil for a standard tariff), BT proposes that the best way of addressing this is to remove the concept of a 'standard tariff'.

BT also believes that any non-energy company that produces renewable energy through wind farms, hydro, solar etc should be counted as "additional", as the energy suppliers would not have produced this as "business as usual" irrespective of whether the ROCs are sold or not.

BT is unsure what the implications would be if, as mentioned in 3.35, Ofgem were to "withdraw its support" for a supplier's application scheme.

Question 3
Is the example related to the proposed bands (gold, silver, bronze etc) appropriate? If you think an alternative way of setting a minimum standard and associated ratings would be better, please explain why and how it would work in practice.

We do not agree with the 3 stars principle as it currently stands. Electricity suppliers should be rated on the products they sell and on the carbon intensity of those products. We firmly believe that contributing financially to other environmental projects is not a true reflection on the quality or carbon impact of the products sold and used and that consumers do not think that "additional" means planting trees or building playgrounds; the focus should be on the carbon content of the electricity they purchase. Furthermore, we believe that this approach could be misleading. If a supplier can only sell one product (grid average) there is no point to a green electricity accreditation scheme. If they can sell differentiated products then these need to be rated and audited, so that customers can easily identify which supplier offers the lowest carbon footprint.

Under BT's labelling proposal, tariffs would be graded between A-G depending on the carbon content of the electricity provided. This simplifies the system and creates greater transparency and re-uses learned behaviour from the white goods market and as such is easily understandable. Ofgem could then accredit a supplier through independent audit for a year – as such, every supplier would be accredited every year on the products they produce. Consumers and businesses can then select their supplier on their rating – and where appropriate, major users could also indicate the electricity mix that they use in the same terms.

Question 4
What are your views regarding the treatment of additionality for non-domestic customers, particularly with respect to the most appropriate way to rate these tariffs.

We suspect most large businesses would have no real interest in purchasing offsets or other 'additional' environmental benefits from an electricity provider, as companies are able to undertake these activities under their own initiative. In particular, we can see no justification in giving money to a supplier to invest in "other energy projects" to create additionality for the supplier, since there would be no value in marketing this to customers and stakeholders.

We accept that companies should account for the carbon content of the electricity they purchase, even though this creates an element of double counting. However, this is only reasonable if companies can influence the carbon content through their procurement process. On a related matter, Defra has made it clear that contribution to the development and deployment of on-site renewables is only counted as additional where the ROCs are not sold. If the ROCs (a financial subsidy that bears no formal record of carbon emissions) are not sold, it makes producing renewable energy financially very unattractive.

We strongly encourage Ofgem to consider the implications of removing the ability to procure green electricity on the behaviour of the business community, where this is often an important part of a company's climate change strategy. We fully agree it should not be the only aspect with respect to managing electricity, but it is often a critical step in Board engagement in companies.

BT would have no interest in purchasing "offset" from an electricity provider. It would not be possible for BT to use in its marketing the treatment of "additionality" as it currently stands in relation to the purchase of electricity, since the new Defra guidelines stipulate that all purchased electricity whatever the source (including our own wind farms) must be counted as "grid average" (where the ROCs are sold). Investing in offsetting through "other environmental projects" is not an attractive proposition for BT. BT will invest in areas that reduce its carbon footprint and that of its suppliers and customers. BT can see no justification in giving money to a supplier to invest in "other energy projects" to create additionality for the supplier.

BT is unsure what the carbon abatement in 3.40 refers to. Is this a level of abatement equal to the impact of the electricity purchased or a greater or lesser amount of abatement? In any of these cases a major problem here is that the scheme is attempting to measure any potential offset both in terms of actual carbon impact avoided, and in terms of the quantity of effort expended. BT favours measures that can be directly linked to carbon accounting – but sees no justification in creating a closed, energy supplier only scheme, to accredit the retailing of such offset products when such products already exist and can be accredited under an existing government sponsored accreditation scheme (the Defra gold standard accreditation scheme for carbon offset products).

BT believes that all energy produced by non-energy providers should be counted as "additional" as those energy providers would not have produced it otherwise – irrespective of whether or not the ROCs are sold.

BT would like greater clarity regarding the ASA support of the "guidelines where appropriate" as BT finds it is unclear as to how non energy companies could claim "additionality" and use that credibly in their marketing based on the DEFRA guidelines and how energy suppliers can market a "green tariff" when they can only sell a homogenous product at "grid average".

BT
27 August 2008