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Dear Sabreena

### **Green supply guidelines: Updated proposals**

EDF Energy welcomes the opportunity to respond to this consultation on updated proposals on green supply guidelines. In principle, we are supportive of the new proposals, although we believe there is still opportunity for further improvement. We are committed to continue working with Ofgem, government and other stakeholders to establish a scheme that meets the needs of customers.

We agree that investment in renewable electricity generation is primarily being driven by the Renewables Obligation (RO), subject to supply-side constraints, and that a green tariff based solely on the reallocation of existing generation should not qualify as 'green'. We therefore support the concept of additionality and agree that there must be an 'environmental benefit' associated with green tariffs. We also believe that an 'environmental benefit' should have a close link to the development of low carbon generation or carbon abatement measures.

Many organisations have set carbon reduction targets as part of, or in addition to, their Corporate Social Responsibility (CSR) reporting. Until recently, it was accepted that organisations could report lower emissions through purchasing Levy Exempt Certificate (LEC) backed renewable electricity. The recent changes to Defra's voluntary GHG reporting guidelines, i.e. to treat renewable electricity (without additionality) as grid-mix, will make it difficult or impossible for many organisations to meet their targets. It is important that this does not act as a disincentive to organisations, leading them to move back from those targets. Defra's pending consultation on how any broader environmental benefits, possible long term carbon benefits and any genuinely additional carbon benefits of green tariffs could be treated in its reporting guidelines should create further options to enable organisations to meet their carbon reduction targets.

We were, however, very disappointed that Ofgem was unable to launch a joint consultation with Defra and HMRC. To many business consumers, green tariffs are synonymous with LEC-backed renewables, climate change levy (CCL) exempt tariffs and zero carbon tariffs. Ofgem's guidelines, therefore, only present a partial picture of the treatment of green tariffs for business consumers. As stated by BAA in its response to Ofgem's previous consultation on green supply, the *"output of this process needs to be a clear and single guide for customers on how 'green' offers are defined and certified and what percentage of carbon abatement they can claim against the standard grid mix if they buy this option."* The piecemeal approach to developing a new framework is likely to confuse and frustrate consumers. Joined-up thinking with government initiatives is imperative and this must be demonstrated through a single comprehensive and cohesive document. It will be a shame if Ofgem was unable to rally enough support for its proposals for this reason.

We continue to be concerned that elements of the proposals remain poorly defined or ill-judged. For example:

- the concept of using the Fuel Mix Disclosure (FMD) to demonstrate the electricity supplied is inconsistent with the Climate Change Levy (CCL) regulations;
- the anomaly between Ofgem's proposal and CCL regulations may result in suppliers selling both FMD and renewable based electricity, resulting in further consumer confusion;
- the uncertainties surrounding the ratings of additionality and the timing of Defra's consultation mean that stakeholders (including consumers) will not be able to gain a full understanding of the changes being proposed, resulting in further consumer confusion; and
- the short timescale for implementation will leave little time to establish a robust scheme that truly meets the needs of consumers.

In the attached response, we propose amendments to the proposals to address the issues outlined above. Since this will require government involvement, we are copying this response to both Defra and HMRC. We would also like to highlight that Ofgem's proposals may have an impact on DCLG's policies on Zero Carbon Homes. Prior to finalising the green supply guidelines, we strongly recommend that the two meet to determine how the principles of additionality extend to Zero Carbon Homes.

Climate change is the biggest challenge facing the world today and we all have a role to play in reducing our environmental impact. We believe the revised proposals, with our suggested amendments, and the establishment of an accreditation scheme will enable our customers to become active participants in meeting the climate challenge.

I hope these comments are useful and we would be happy to elaborate on any specific issues. Please let me know if a bilateral meeting might be helpful.

Yours sincerely

Mari Toda  
Gas and Electricity Policy Manager

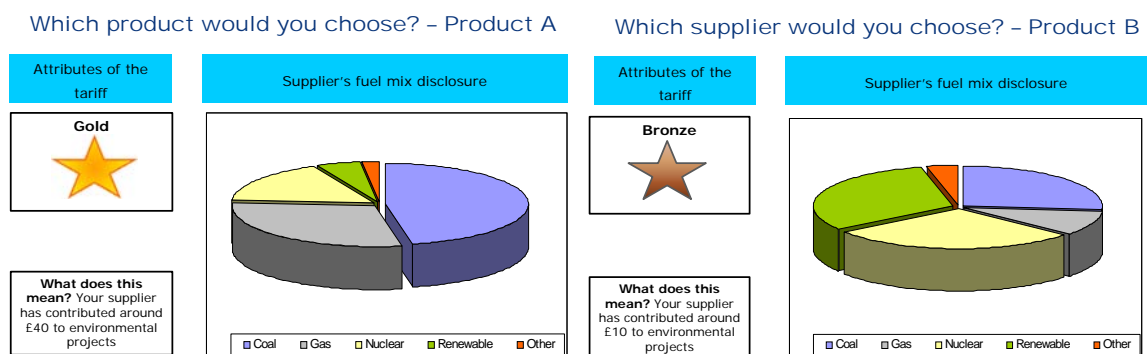
## EDF Energy Executive Summary

- **Additionality.** We agree that additionality should be the qualifying criterion for green tariffs. This applies to both domestic and non-domestic markets. We also welcome Ofgem's preliminary views that, by making additionality the qualifying criterion for green, suppliers could market gas with additionality measures as 'green' under these guidelines. This should be made clear in the finalised guidelines.

To our mind, additionality means doing much more than meeting the national target. We believe that old renewable generation such as large scale hydro or new generation that claims the benefit of the ROCs are not additional. Once the ROCs are claimed by the generators, they must be retired (as opposed to a supplier redeeming them against the RO) for the capacity to be deemed additional; otherwise the new capacity simply becomes part of the national target.

- **Electricity supply based on FMD.** Provided that the anomaly with CCL regulations can be addressed, we agree that the underlying electricity supplied should be based on supplier FMD rather than renewable electricity. This will address the problem of "slicing and dicing" the FMD.

The FMD should not, however, be presented alongside or as part of, the quality mark for green tariffs as this will send mixed messages leading to further confusion. For example, it should be clear from the illustration below that Product A is superior to Product B. However, the addition of the FMD in the overall illustration provides a conflicting message; it seems to suggest that Product B contains more renewables or will lead to more renewable generation. Furthermore, it needs to be recognised that if both suppliers are claiming the benefit of the ROCs, then there is no additional environmental benefit from a national good perspective.



Encouraging consumers to select their electricity supplier based upon past investment decisions (i.e. the decision to build a large scale hydro<sup>1</sup> or coal power station over 40 years ago) seem bizarre. The proposal creates winners and losers which have no bearing on current or planned future investments in renewable generation. Given that legacy generation cannot be easily replaced and the overall fuel mix of a supplier has little bearing on the green tariff on offer, the FMD should not be treated as tier 1 information under the green supply guidelines. Ofgem should also consider the

<sup>1</sup> e.g. Dolgarrog High Head 1924 and Glennlee 1935, British Hydro Power Association

competitive dimension before making the disclosure of FMD a mandatory requirement of the marketing of green tariffs.

Since the FMD illustrates the fuel mix of electricity, removing the FMD from the quality mark will also enable ‘green gas’ or gas with additionality measures to use the same quality mark.

- **Reforming CCL.** CCL regulations should be reformed in such a way that it only focuses on energy supplies without robust carbon pricing. CCL on electricity could be set to zero, as the cost of carbon is already incorporated into wholesale electricity prices via the EU ETS. CCL on gas could be based on its associated CO<sub>2</sub> emissions until an alternative robust price signal exists. By setting CCL on electricity to zero, the link between renewables and CCL can be broken and the anomaly between Ofgem’s guidelines and CCL regulations can be removed. This will also ensure that climate change policy measures are streamlined to avoid overlap of policy measures.
- **Carbon savings not £s spent.** In principle, we believe that an ‘environmental benefit’ should have a close link to the development of low carbon generation or carbon abatement measures. However, in the domestic market, we see value in a flexible approach where other related measures, such as educational programmes and feasibility studies linked to the development of low carbon generation, should be included.

On the other hand, the majority of business consumers are purchasing ‘green’ electricity as they wish to make a difference by contributing to lowering carbon emissions. Therefore, the rationale for qualifying which tariffs qualify for gold, silver or bronze additionality standards should be based on carbon savings and not on the amount of money spent by electricity suppliers. We agree with Ofgem that the measures that qualify for additionality in the business market must facilitate carbon abatement.

**Rating additionality.** We are strongly against using ‘money spent’ to rate additionality because the measures are not comparable i.e. consumers may be misled into believing that £20 spent on energy efficient lighting has the same environmental benefit as £20 spent on a green fund to develop additional renewable or low carbon generation. Furthermore, there is little, if any, consumer demand for rating additionality. Under the circumstances, we see no real benefit in rating additionality in the domestic market.

What is needed in the domestic market is a simple quality mark that assures the consumer that by purchasing a green tariff that action is leading to an environmental benefit. Ofgem’s revised proposals ensure that:

- there is no risk of double selling;
- there is no slicing and dicing of the FMD; and
- accredited green tariffs have additionality or an environmental benefit associated with them.

This is a significant step forward from the status quo and a simple quality mark could instantly communicate this to consumers.

For the business market, Defra must first publish a list of acceptable forms of additionality and assign a range of emissions factors to these green tariffs. There is little point in developing a star rating scheme if it is not aligned with Defra’s voluntary GHG reporting guidelines. Once Defra finalises its views, a star rating scheme for the business market can be established.

- **ROC retirement.** ROC retirement should be included in the list of eligible measures of additionality. We believe that ROC retirement makes a significant contribution to additionality, quite possibly more than some of the other suggested measures in the draft guidelines.
- **1 MW threshold.** Ofgem proposes that one possible way in which suppliers could demonstrate additionality is by investing in small scale renewable or low carbon generation (i.e. under 1 MW). The development of new generation should be supported but we believe that the arbitrary threshold should be removed; it does not make any sense to support small scale renewable generation over larger schemes. Moreover, it must be clarified that once the ROCs are claimed by the generators, they must be retired (as opposed to a supplier redeeming them against the RO) for the capacity to be deemed additional.
- **Tiered information provision.** We believe that transparency is crucial and agree with the tiered approach to information provision. However, our view remains that the tier 1 information (i.e. the quality mark) must be simple and easy to understand by all consumers. Our internal research suggests that the proposed tier 1 information (star rating alongside FMD) is confusing; it is imperative that the quality mark is consumer tested before it is finalised and launched.
- **Timescale.** The timescale for implementation must reflect the huge amount of work that needs to be completed before an accreditation scheme can be set up. This includes time for:
  - Defra to consider the various measures of additionality and assign relevant carbon emissions factors for GHG reporting;
  - Defra to consider whether any of these measures could be adopted by the Carbon Reduction Commitment;
  - HMRC to consider the future of CCL (and make necessary changes);
  - Ofgem to work with government departments and issue a complete set of green tariff guidelines and guidance notes explaining what criteria green tariffs must meet to obtain accreditation and what percentage of carbon abatement they can claim against the standard grid mix if they buy this option;
  - Government sign-off to ensure that they are satisfied that Ofgem's guidelines are consistent with their policies;
  - suppliers to develop terms of reference for the accreditation scheme provider;
  - competitive tender of accreditation scheme provider;
  - scheme provider to develop the accreditation scheme;
  - design and testing of the quality mark;
  - developing a communications plan supported by Government, Ofgem, suppliers and NGOs supporting the launch of the new scheme; and
  - all suppliers to put forward their green tariffs through the accreditation scheme.

We believe the earliest launch date of the scheme is Q2 2009.

There are lessons to be learnt around the time it has taken to develop Defra's quality assurance scheme for carbon off-setting. The accreditation body for the off-setting scheme was announced in February 2008. Despite the scheme being simpler than the proposed accreditation scheme for green tariffs, the scheme has yet to be launched.

## **Attachment: EDF Energy's response: The green supply guidelines – updated proposals**

Before we answer the specific questions posed in the consultation, we explain our concerns outlined in the covering letter and provide options for addressing the issues.

### **The concept of using the Fuel Mix Disclosure (FMD) to demonstrate the electricity supplied is inconsistent with the Climate Change Levy (CCL) regulations.**

One of the overall strategic objectives of the CCL is to reduce carbon emissions by taxing the end users of energy sources that create them. CCL regulations therefore provide an incentive to business consumers who purchase alternative sources of energy that do not produce such emissions. In effect, supplies of electricity that are generated from qualifying renewable sources are exempt from CCL where certain conditions are met; this includes a supplier declaration which confirms that a certain amount of levy exempt electricity, such as renewables, was supplied under contract to a business consumer.

As explained previously to Ofgem, the anomaly between Ofgem's proposed guidelines with existing legislation will result in a perverse outcome where 'climate change levy exempt' tariffs are not 'green' despite the name suggesting that the tariff is levy exempt because of its environmental characteristics. In our view, it is paramount to maintain the link between 'green' and 'CCL' until such a time Government decides to significantly reform CCL regulations.

CCL was one of the first major climate change policies to address carbon emissions from businesses. It has played an important role in focusing the attention of businesses on energy efficiency. However, climate change policy has evolved, especially since the introduction of the EU ETS and the proposed introduction of the CRC, and the time is now right to consider the future of CCL. We have previously suggested that CCL regulations are reformed; this consultation provides another reason for Government (and Ofgem) to consider the value of doing so.

We recommend that CCL regulations are reformed in such a way that they only focus on energy supplies without robust carbon pricing. CCL on electricity could be set to zero, as the cost of carbon is already incorporated into wholesale electricity prices via the EU ETS, and CCL on gas could be based on its associated CO<sub>2</sub> emissions until an alternative robust price signal exists. By setting CCL on electricity to zero, the link between renewables and CCL can be broken and the anomaly between Ofgem's guidelines and CCL regulations can be removed. This will also ensure that climate change policy measures are streamlined to avoid overlap of policy measures.

If Government is unwilling to make this change, Ofgem could make additionality the qualifying criterion for green but allow suppliers to continue marketing renewable electricity as opposed to electricity based on FMD. Under this scenario, Ofgem would have to accept that the issue of "slicing and dicing" the FMD will continue.

Under Ofgem's proposals, it appears suppliers can continue to legitimately supply LEC-backed renewables as climate change levy (CCL) exempt tariffs but will not be able to market them as green. Although Ofgem seems to suggest that green tariffs and CCL exempt tariffs are different products which can co-exist, to many business customers, the two are synonymous. In our view, the marketing of both FMD based green tariffs and CCL exempt renewables is likely to lead to further consumer confusion. Consumers should be able to purchase a tariff that is both green and CCL exempt but this is not an option under Ofgem's guidelines. We strongly recommend that Ofgem reviews this anomaly before finalising its guidelines

Our preference would be the first option (i.e. to reform CCL regulation) as this will ensure that:

- consumers of electricity are not taxed twice via the EU ETS and CCL;
- the electricity supplied as green could be based on supplier FMD and address the issue of “slicing and dicing” the FMD;
- the risk of suppliers marketing both FMD based and LEC backed renewable electricity will be avoided and, as a result, minimise consumer confusion; and
- climate change policy measures are aligned and avoid overlap.

If this option is not tenable, then we would recommend that green tariffs in the business market are LEC-backed renewable contracts with additionality. This way, the green tariffs will be CCL exempt and have the potential of attracting a lower carbon emissions factor under Defra’s GHG reporting guidelines.

**The uncertainties surrounding the ratings of additionality and the timing of Defra’s consultation means that stakeholders (including consumers) will not be able to gain a full understanding of the changes being proposed resulting in further consumer confusion.**

Unfortunately for business consumers, the proposals outlined in this consultation only provide a partial picture of the treatment of green tariffs. The star rating of additionality will be meaningless to many of these consumers unless it is aligned with Defra’s GHG reporting guidelines. In other words, a gold star tariff must attract a lower emissions factor than a silver or bronze tariff. Until Defra completes its assessment, hopefully by the end of the year, business consumers will have no idea whether green tariffs under Ofgem’s proposals will help them meet their carbon reduction targets.

Under CRC, only on-site renewables that retire ROCs can be reported as zero carbon. There have been suggestions that some of the new additionality measures under green tariffs may be considered under CRC. Again, until such a time Defra is able to confirm whether this will be the case, business consumers will not be able to assess the full value of Ofgem’s proposals. The piecemeal approach to developing a new framework will simply confuse and frustrate most consumers.

We support the key principles set out in the consultation and believe that we can make these guidelines work by making consumer needs the central feature of the proposals. For business consumers, this means a single output that:

- clearly demonstrates that Ofgem’s proposals are aligned with CCL regulations (our proposal set out above should address this);
- explains what emissions factor(s) they can apply should they purchase green tariffs with additionality; and
- explains whether any of the additionality measures can be used under CRC.

For domestic consumers this means:

- a simple scheme and quality mark that verifies that the tariff meets the standards set out in the guidelines;
- an affordable green tariff; and
- links to further information to aid transparency.

**Further clarity on the scope of the guidelines is needed. In particular, it must be clarified whether the concept of additionality is intended to extend to other government policies such as Zero Carbon Homes.**

The guidelines could also benefit from clarifying its scope. For example, it is not clear whether the guidelines are intended to include other forms of green supply such as on-site renewables



and distributed energy. Similarly, Defra will need to make it clear in its pending consultation whether different emissions factors should apply to them and explain the rationale behind its thinking. Currently, those businesses that are considering investment in on-site renewables are unable to make a simple “build” or “buy” decision owing to lack of clarity.

The importance of working with Defra and HMRC has already been highlighted. Ofgem should also note that the work they are doing may have an impact on DCLG’s work on Zero Carbon Homes. The definition of zero carbon is currently unclear and being considered by DCLG. However, it is clear that developers will be required to source zero carbon electricity and heat for their development.

In the event that DCLG rule that developers must demonstrate that the renewable electricity they source is ‘additional’ (i.e. the developer invests in some kind of carbon reduction measure/retires ROCs etc.) then this will significantly increase costs for the developer, and make the construction of new homes very challenging. We do not believe that it is realistic to expect developers to bear this cost. Therefore in our view, DCLG should permit developers to either build on-site renewable generation, or source off-site generation via a PPA with a renewable generator. All of the generation should be eligible for ROCs/should not have to retire the ROCs.

However, we then have a situation where by the rules for Zero Carbon Homes permit developers to source their zero carbon energy from renewable sources, without demonstrating ‘additionality’. Whereas, suppliers wishing to sell ‘green’ electricity under Ofgem’s green supply guidelines would not be able to call this electricity ‘green’. This is not necessarily a problem, however, we just wish to bring to Ofgem’s attention that this issue exists, and remind Ofgem that in addition to liaising with Defra and HMRC, they will also need to work with DCLG. A joint statement from Ofgem and DCLG, clarifying the intention, will be useful when Ofgem publishes its final guidelines.



## Specific questions raised in the consultation

### 1. Do you think the suggested Tier 2&3 information is appropriate to ensure consumers have access to the information they need?

We believe that transparency is key and support the tiered approach to information provision. However, we believe that the guidelines are becoming unnecessarily prescriptive and that individual suppliers should not have to provide the detailed information outlined under tier 2 information in the draft guidelines to receive accreditation. Although suppliers should provide supplier specific information such as the background information regarding the additionality activity in which the supplier has engaged in the tariff, we believe that it will be more appropriate if the scheme provider provides the majority of the information outlined in the draft guidelines. This will ensure that consumers have access to factual, standardised information. However, it would be sensible to make it a requirement for suppliers to provide a link to the scheme provider's website.

In terms of the third tier information, the consultation suggests providing data relating to the contributions consumers already make to existing environmental initiatives to facilitate consumer understanding regarding the level of contribution that they would need to make (i.e. the premium that they chose to pay for a green tariff). Given that we oppose the star rating scheme for domestic customers for the reasons explained above, it would follow from this that we see little value in making this a mandatory requirement under the guidelines. Instead, we believe Ofgem could manage a page on its website containing general background information regarding electricity tariffs including its document 'Updated Household Energy Bills Explained'. Suppliers could then be obliged to provide a link to this page under the guidelines.

### 2. Are the examples of additionality that are suggested appropriate? 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.

Our view is that additionality must have a close link to carbon abatement or low carbon generation. We see value in including educational programmes and feasibility studies linked to the development of low carbon generation but believe that measures such as contribution to an environmental charity should be excluded unless that environmental charity can demonstrate that the funds will be used to implement carbon abatement or low carbon generation.

ROC retirement should be included in the list of eligible measures of additionality as it is generally understood and accepted to make a significant contribution to additionality.

Ofgem proposes that one possible way in which suppliers could demonstrate additionality is by investing in small scale renewable or low carbon generation. Small scale is defined as <1MW and low carbon as CCS, Nuclear and Good Quality CHP. Ideally suppliers should be able to invest their 'additionality spend' in any low carbon generation that is additional to what would have been built otherwise. However, in practice, demonstrating this additionality may be difficult and it may be more pragmatic to limit new generations to renewables. Furthermore, irrespective of the size of new renewable generation projects funded through the additionality measure, they must not be counted as additional unless the ROCs are retired (as opposed to a supplier redeeming them against their RO) for these projects. If projects with installed capacities of below 1MW are included it may lead to suppliers channelling funds into this area when typically larger, well located, generation

projects deliver better environmental and financial returns. Therefore, the 1MW threshold should be removed.

**3. Is the example related to the proposed bands 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.**

No, we do not agree with the example relating to the proposed bands. Through attending the industry meetings, Ofgem will already be aware why the concept of rating using the proposed bands is contentious. EDF Energy is primarily against this approach because of its potential to mislead consumers into thinking that the quality of the environmental benefit associated with a green tariff will be higher if more money is spent. We are also concerned that the proposed bands will incentivise suppliers to develop gold star tariffs, potentially making green tariffs only available to those with a higher disposable income.

Customers are purchasing 'green' electricity as they wish to make a difference by contributing to lowering carbon emissions. Therefore, the rationale for qualifying which tariffs qualify for gold, silver or bronze additionality standards should, in principle, be based on carbon savings and not on the amount of money spent by electricity suppliers. By focusing on the amount of money spent, the proposed green supply guidelines could lead to electricity suppliers prioritising projects of a charitable or social nature ahead of those that maximise carbon savings.

What is needed in the domestic market is a simple quality mark that assures the consumer that by purchasing the green tariff that action is leading to an environmental benefit. The revised proposals ensure that:

- there is no risk of double selling;
- there is no slicing and dicing of the FMD; and
- all green tariffs has additionality or an environmental benefit associated with it.

This is a significant step forward from the status quo and what is needed now is a simple quality mark that will be able to communicate this to the consumer.

Instead of the rating scheme, we suggest an alternative approach for the domestic market. We propose that all suppliers seeking accreditation could demonstrate that they have made a financial contribution of approximately £15 (based on a typical customer with an annual electricity consumption of 3300 kWh) on behalf of its customers (i.e. supplier and customer contribution). Customers can then choose the most appropriate tariff based on the description of the additionality measure provided by suppliers.

For the larger business market, Defra must first publish a list of acceptable forms of additionality and assign a range of emissions factors to these green tariffs. There is little point in developing a star rating scheme if it is not aligned to Defra's voluntary GHG reporting guidelines. Once Defra finalises its views, a star rating for the business market can be established. We could then consider whether there is value in adopting a similar scheme in the domestic and SME market.

The appetite for green tariffs is lacking in the small business market. The need for small businesses to lower their energy expenditure currently outweighs their desire to contribute towards their environmental obligations. We have no evidence to suggest that SME customers want additionality or will benefit from the rating of additionality. Under the circumstances, we believe that a simple scheme for the domestic market will be more appropriate for the SME market. However, as CCL regulations apply to business customers who consume over 12,000 kWh of electricity, the anomaly between Ofgem's green tariffs

under the guidelines and CCL regulations must be clarified. It should be noted that SME customers expect green tariffs to be CCL exempt.

**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?**

See above.

**5. For suppliers, do you accept the guidelines in principle?**

We are supportive of the key principles and the overall approach of Ofgem's proposals. However, as explained above, further work is needed before we can sign-up to the guidelines.

We iterate our continued support in developing a workable set of guidelines and believe that Ofgem can deliver a robust set of guidelines by working closely with government departments and making consumer needs the focal point of its proposals. For business consumers, this means a single output that:

- clearly demonstrates that Ofgem's proposals are aligned with CCL regulations (our proposal set out above should address this);
- explains what emissions factor(s) they can apply should they purchase green tariffs with additionality; and
- explains whether any of the additionality measures can be used under CRC.

For domestic consumers this means:

- a simple scheme and quality mark that verifies that the tariff meets the standards set out in the guidelines;
- an affordable green tariff; and
- links to further information to aid transparency.

**6. What form of accreditation scheme will it be possible to deliver by the end of 2008?**

As explained above, much work is needed should Ofgem wish to deliver a set of guidelines that will be meaningful and valuable to consumers. Given that Defra's consultation on the revisions to its GHG reporting guidelines is expected to be published in Autumn 2008, we suspect that it will be late 2008/early 2009 by the time a decision document is published. Similarly, HMRC may wish to consider the merits of changing CCL regulations; Ofgem's consultation on green supply could act as a catalyst for reform. Given that the outcome of Ofgem, Defra and HMRC decisions will have a significant weighting on the design of the accreditation scheme, suppliers will not be able to establish any form of accreditation scheme by the end of 2008.

Should Ofgem wish to deliver an accreditation scheme as quickly as possible, Ofgem may wish to focus first on the domestic sector. Implementing the minimum threshold approach, which is significantly simpler than the rating scheme, should also accelerate the establishment of the scheme. However, Ofgem should note that we will only be able to establish whether the underlying electricity should be based on renewables or supplier FMD after HMRC makes its views regarding the future of CCL regulations clear.

We believe the earliest launch date of a full scheme, covering both domestic and business, will be Q2/Q3 2009. With this in mind, we would also suggest that Defra consider postponing the date from which business organisations ought to use grid mix for reporting purposes as the emissions factor for renewables to 2009/2010.

We continue to believe that the accreditation scheme should be a joint scheme set up by Government, Ofgem and the suppliers. Both Government and Ofgem should contribute towards the establishment of the scheme as this will increase its credibility and provide consumers and consumer bodies more confidence in the scheme.

**7. Are there strong reasons to delay establishment of the accreditation scheme beyond the end of 2008? If there are, please explain why and what the benefits of delay would be?**

Yes, see above. The delay will allow Ofgem time to fully develop its proposals and deliver a robust set of guidelines that is consistent and coherent with other government policies and initiatives. Once this has been done, the underpinning accreditation scheme should deliver real value to consumers.