



THE NATIONAL ENERGY FOUNDATION

The National Energy Centre • Davy Avenue • Knowlhill • Milton Keynes • MK5 8NG

Tel: 01908-665555 • e-mail: nef@nef.org.uk • www.nef.org.uk

Hannah Cook & Sabreena Juneja
European Strategy & Environment Team
Ofgem, 9 Milbank, London, SW1P 3GE

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Dear Hannah and Sabreena

Consultation on the Green Supply Guidelines

Thank you for the invitation to respond to the latest draft of the green supply guidelines. We are pleased to attach a short response, focusing in particular on the importance of providing consumers with a clarity on how switching to a Green Tariff can play a part in their action to counter climate change. We understood that this tied in with Ofgem's main aim for the guidelines to "provide increased clarity to customers about what they are getting – 17th September 2007 stakeholder workshop"

Having been involved in the consultation process over the past year it seems to NEF that the latest draft of the green supply guidelines is furthest from what the consensus view at the stakeholder workshop on 17th September 2007 and provide the least clarity to consumers of any of the drafts to date. Moving away from showing the carbon content of tariffs would seem to be the biggest single retrograde step in providing clarity for consumers. We suggest a rapid revisiting of the draft guidelines and strongly support the timescale of the end of 2008 Ofgem has set for compliance and setting up of the associated accreditation scheme.

The National Energy Foundation empowers individuals and organisations to take action to reduce their carbon emissions through energy efficiency and use of sustainable energy sources to counter climate change. We welcome the aim of providing consumers with clarity on what benefits they are purchasing when they choose a green tariff.

The National Energy Foundation (NEF) is an independent UK-based charity that has been working to encourage the more sustainable use and supply of energy for 18 years. Over this period we have developed a number of initiatives designed to increase public awareness of sustainable energy, including the Energy Efficiency Accreditation Scheme which has now been developed into the Carbon Trust Standard (which we now operate on behalf of the Carbon Trust), the National Home Energy Rating Scheme, launched in 1992 and now operated by our trading subsidiary, and the Energy Saving Trust's network of Energy Efficiency Advice Centres (which we helped them establish in 1993 and managed for a number of years). Since 1995, we have also worked to encourage the uptake of appropriate renewable energy technologies, through a number of initiatives, as well as in support of the fledgling trades.

Please contact the undersigned if you require any further information about our comments.

Yours sincerely

Dr Tim Lunel
Chief Executive

The National Energy Foundation Response to the Green Supply Guidelines

Key Recommendations

1. **Reinstatement of Carbon Intensity Bandings:** This was a central element presented to stakeholders in September 2007 and seemed to be well supported by the stakeholder group. Reinstatement of this approach seems to NEF to be key for building renewable electricity generation in the demand side.
 - In the absence of Carbon Intensity ratings it would be difficult to envisage some of the current leading green tariff suppliers signing up to these voluntary guidelines. So for example, NEF as an independent charity would be continuing to advise both domestic and non-domestic consumers to sign up to the green tariffs provided by companies such as Good Energy and Ecotricity, yet it would seem unlikely that these companies would sign up to these voluntary guidelines. This would result in even greater confusion than at present in the market.
 - Having the Carbon Intensity Banding as a key performance indicator for suppliers and linked to the charges they are able to make to their own customers would seem to be an important incentive to put in place on the supply side.

2. **Reduce complexity of the Additionality measure and focus on additional renewable electricity supply:** The range of additionality measures are so wide that it will cause confusion among consumers that will want to understand why one tariff has got a gold rather than a bronze rating.
 - Even though NEF as an environmental charity could be a beneficiary of the breadth of the current definition of additionality, we urge Ofgem to limit the additionality criteria those of direct relevance to increasing the supply of renewable electricity. We strongly believe that a UK consumer purchasing a “green tariff” would have an expectation that additionality would result in more green energy being made available in the UK.
 - NEF also believes that providing a further incentive for suppliers will be significant in overcoming the barriers to further supply identified by Ofgem.

In summary, these important comments how to design and implement the green supply guidelines are within the context of The National Energy Foundation fully supporting the overall aims of establishing both the guidelines and the accreditation by the end of 2008.

Appendix – Answers to the specific Ofgem consultation questions:

Chapter 3:

1. No. On the basis that the large amount of tier 2 & 3 information is likely to confuse most consumers and detracts from a key element of the mix of electricity generation from their chosen supplier.
2. No. On the basis inclusion of factors such as retirement of EU allowances and purchase of carbon offsets is likely to confuse consumers on its direct relevance to purchasing a green tariff.
3. No. On the basis that it is likely to be purely the large existing players that will be able to attain the higher start ratings purely by spending from their large reserves. This will stifle new and innovative providers such as Good Energy and Ecotricity.
4. No. This will be even more confusing in the non-domestic sector on the basis inclusion of factors such as retirement of EU allowances and purchase of carbon offsets is likely to be confused with to organisation's own direct actions in these areas such as purchase of carbon offsets.

Chapter 4:

1. N/A
2. Yes. A high level accreditation scheme focussing on transparency and verification could be delivered by the end of 2008.
3. No. The prolonged consultation process has already meant that it has been 2 years since the NCC report "Reality or Rhetoric". The accreditation scheme must be in place by the end of 2008.