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Response

These comments are restricted to just two subjects, firstly and most importantly the appointment of a **suitable Accreditation Authority** and secondly the **credibility of the Retired ROCS Scheme**. In addition I have some related comments on selected Sections within the proposed guidelines.

1. Accreditation

1.1 Background.

1.1.1 The Original Guidelines failed to attain their objective not because they were badly drafted or unworkable but simply because no suitable Authority was appointed to interpret and enforce their recommendations. They relied instead on suppliers 'self certifying' their own schemes with such bodies as the Advertising Standards Authority (ASA), Office of Fair Trading (OFT) and Trading Standards Service (TSS) being available to adjudicate on any complaints from the general public or elsewhere. I have personal experience that this arrangement was a complete failure.

1.1.2. The ASA is limited to dealing only with advertisements appearing in the public domain and even when an advertisement is withdrawn as the result of a successful complaint there is no guarantee that the offending 'green offering' is withdrawn from sale. At one time Good Energy claimed they *supplied* their customers with 100% renewable electricity; but as a result of a complaint to ASA they no longer do so claiming instead that they *purchase* 100% renewable electricity. They operate a discredited Retired ROCS scheme but rightly make no claims that this reduces carbon emissions only that it contributes in some vague way to an environmental benefit of which they have no proof. They still see their scheme as being environmentally beneficial in some way.

1.1.3 Both the OFT and TSS have claimed that dealing with complaints against green offering schemes is none of their responsibility.

Note - In the above I have here taken Good Energy as an example but other schemes are similarly flawed and equally unassailable.

1.2 Composition.

1.2.1 The proposed Guidelines include provision for : -

an *"increased emphasis on transparency"*

"ensuring green claims are verifiable"

"an associated accreditation scheme"

a *"demonstration that green tariffs facilitate environmental benefit"*

It is my belief that these requirements can only be satisfied by a body with the authority to assess, approve or reject any green supply scheme submitted to it, and also be the equivalent of ASA's 'Panel of Experts' able to pass judgement on consumer complaints from the general Public. Enforcement of it's conclusions will best be effected by Ofgem.

1.2.2 The assumption must be that any accreditation scheme must, as a minimum, have access to independent expertise in relation to : -

- * Electricity Generation, Transmission, Distribution & Supply in the U.K.
- * The Trading & Marketing. of Electricity in the U.K
- * Ecology, Meteorology, Biology and other Environmental sciences
- * General Civil, Mechanical and Electrical Engineering
- * The Law, as it applies to all the above

1.2.3. I have already given my thoughts on how members of this 'Accreditation Board' can be conscripted in my last response and I see no reason to change these further, other than to recommend that representatives of political lobbyists and pressure groups such as Friends of the Earth, Greenpeace, WWF, BWEA etc. be specifically excluded from membership.

2. Retired ROCS Schemes

2.1. I have already supplied an outline of the deficiencies of this scheme in my last response. 'Retiring ROCS' simply means they are *scrapped*. The reduction in the number of ROCS available for sale to other suppliers results in an increase in the buy out fund equivalent to the buy out price (presently about £35) for each ROC 'retired'. This results in an increased pay out to all holders of the remaining eligible ROCS and almost all of this extra money ends up in the hands of the four or five biggest suppliers who have the biggest Obligations and are therefore obliged to purchase by far the the greatest number of ROCS. It is claimed that the increase in the buy out fund encourages Market Traders to pay a higher price for the ROCS and so encourage the construction of more wind farms. But this is already being effected by the Renewables Obligation and there is no scope for additional improvement. It may be argued that in the long term, the Renewables Obligation could fail in it's purpose, for example when there is more than sufficient renewables energy available to satisfy all Obligations, but in this case the buy out fund reduces to zero, there is no pay-back to suppliers and so all

ROCS, retired or otherwise, become worthless, and consequently there is no incentive for suppliers to purchase high priced wind farm electricity. There is no other foreseeable scenario in which retiring ROCS could be seen to be any way environmentally beneficial and neither is there any way of verifying existing claims. The premium price paid for the scrapped ROCS (which must be additional to those required to satisfy the Obligation) has to be paid by subscribers to the RET-ROCS Schemes, and it is this amount of money which ends up in the hands of the major suppliers. Whether, or not, they pass some of this on to renewables generators is not known and cannot be verified.

3. Miscellaneous Comments

3.1 The Comments under this heading refer to individual Sections in the Proposed Guidelines

Section 3.1 ‘Self Regulation’ was the primary downfall of the original Guidelines for Green Offerings. Crackpot ideas like the Retired ROCS Scheme continued in existence simply because the operators were unable to see their deficiencies, there was no appointed regulatory body and the reliance on ASA, OFT, TSS and Ofgem as arbitrators and enforcers for complaints from the public proved to be ill founded.

Section 3.2 Provided an authoritative regulatory body is established there is no need to be concerned about supplier support other than to exact funding for such a body.

Section 3.7. The remit empowering an ‘independent regulatory scheme’ should encompass, *but not be limited to*, the provisions contained in Ofgem’s Guidelines.

Section 3.15. How can it be expected that the ordinary consumer can make an “informed choice” on all the ingenious schemes that suppliers could perhaps devise? How, for example, would they have been able to assess the RET ROCS scheme - even when supplied with all the details? This is surely a job for the regulatory body?

Section 3.16 The possession of the appropriate number of REGOs is no evidence of a “renewables *supply*”, it is only evidence of a renewables *purchase*. Ofgem will only accept ROCS as proof of a part-renewable supply. Any environmental benefit claimed for the purchase of REGOs would need to be verified by the regulatory body.

Section 3.24 RET-ROCS schemes should be abandoned unless the operators are able to verify their claims to the regulatory body.

Section 3.44 This provision is again best addressed by the establishment of an authoritative regulatory body with Ofgem exercising it’s enforcement powers on the advice of this body.

Section 4.4 This provision addresses the question of the “accreditation body” and accepts the requirement for “independent representation on the board”. I hold that representation on the board should be wholly independent, whilst still providing opportunities for suppliers and other interested parties to express their particular points of view.

W.D.O.