



Promoting choice and value
for all gas and electricity customers

Demand-Led Renewable Energy

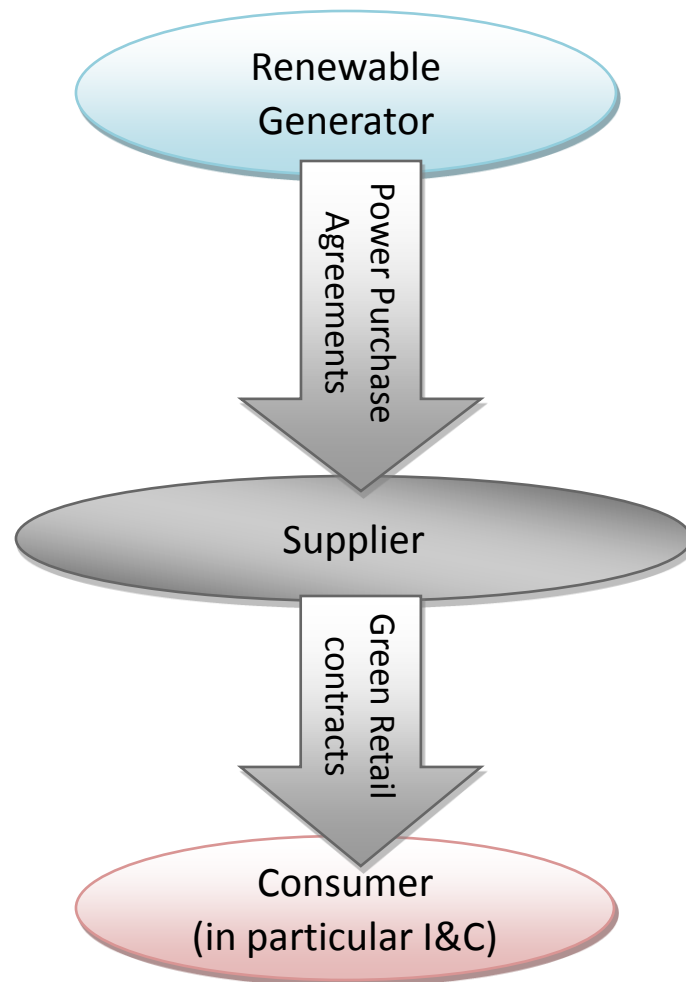
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Identified problem

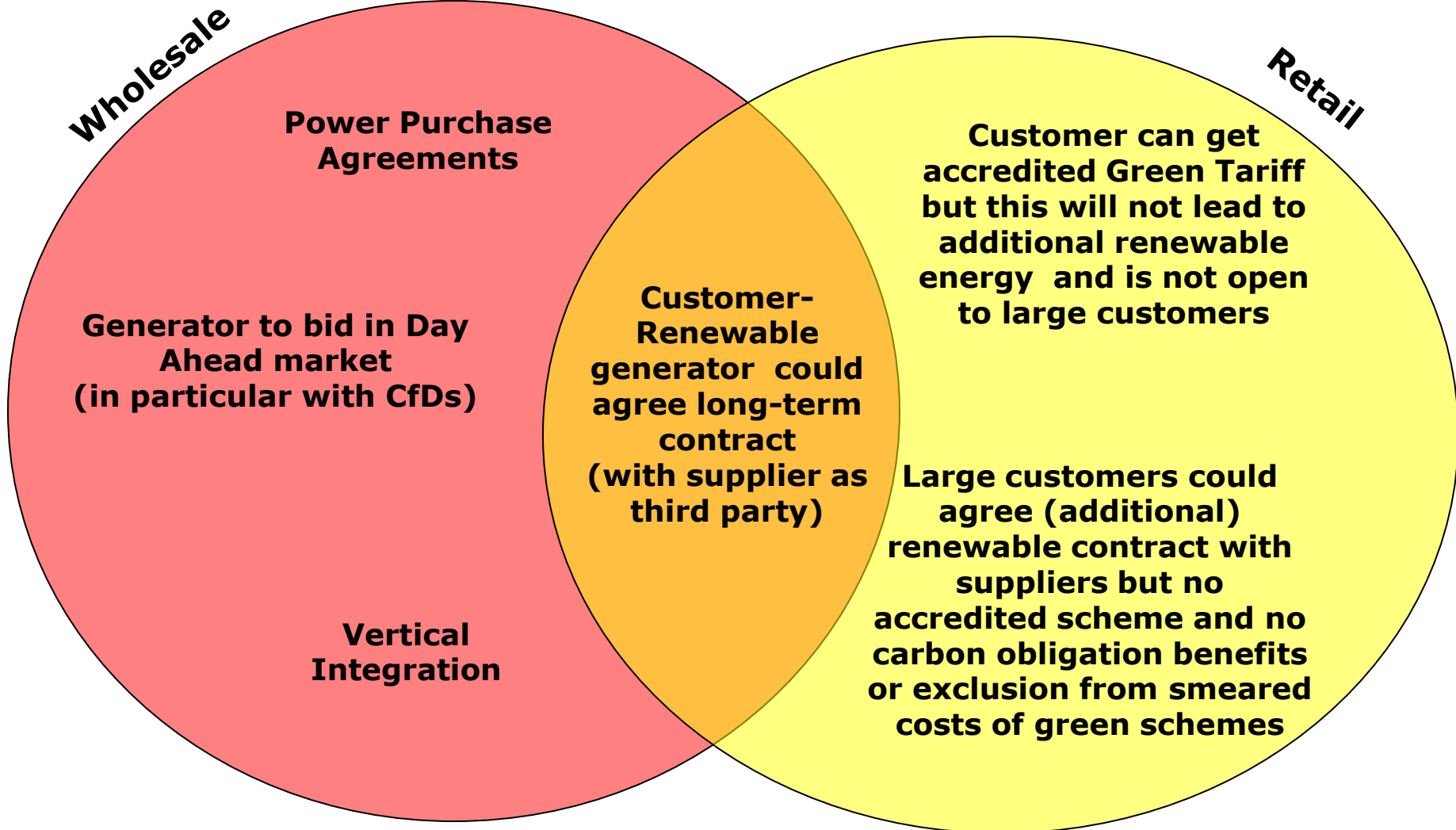
Renewable generators lack access to long-term supply contracts with third parties (usually supplier but can be customer) to provide access to market

Some customers seek(long-term) renewable energy but there are no certified schemes in place to facilitate this (in particular for I&C customers) and very limited advantages in terms of carbon obligations (eg CRC)

Party concerned



Current



Current Certified Green Tariffs



- Are not open to large customers (eg supermarkets)
- Do not mean *additional* renewable energy even though some customers might think they do. Renewables Obligation Certificates (ROCs) are not retired. Need to have additional environmental benefit, eg carbon offsetting (not additional renewable energy)
- The RMR may have implications for these tariffs

How could Green Tariffs be reformed in an EMR world?

- Move from a model of supply-led provision funded through subsidies to demand-led investment facilitated by consumers.
- Could be “additional” with generators not benefiting from CfDs and FITs. This might pave a way out of a renewable energy world entirely dependent on subsidies.
- Business customers could benefit through carbon obligations (eg CRC); however, unclear whether DECC would support this (as it is against current direction of travel of CRC simplification).

How could “additionality” work?

- World Resources Institute describes that renewable tariffs are usually “limited to generation that is low-carbon, ‘new’ (within a designated recent time frame), and beyond existing regulatory supply quotas that some electricity providers may be subject to.”
- Australia:
 - GreenPower providers are required to purchase a minimum of 10% renewable energy (Renewable Certificates must be retired)
 - Examples of generation which is not allowed in the scheme includes:
 - Pre-existing renewable energy generation prior to 1997
 - Hydro power where significant river diversions have taken place as part of the hydro station being built
 - Biomass using native rainforests



Questions

- Should Green Tariffs be reformed to drive additional renewable generation, post-Renewables Obligation?
- Is there a role for demand in driving this change?
- Who has a role in taking this forward?

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

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