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**OFEM Consultation on Improving Consumer Protection in the
Green and Renewable Energy Offers Market**

Dear Ms Smith, dear Sustainable Energy Policy Team staff

Thanks a lot for this well elaborated text, and for giving us the opportunity to comment on it.

EKOenergy is a recently launched network of 31 environmental NGOs from 23 European countries. We focus on green electricity sales and on claims related to these sales. Our network doesn't have a British member yet, but we are in touch with several British NGOs and we are confident that our current contacts will sooner or later lead to a more intensive cooperation.

EKOenergy is also the name of the first and only pan-European ecolabel for electricity. That label is managed by our EKOenergy network.

Both the network and the label result from a strong feeling that we, environmental NGOs, have to cooperate if we want to have any influence at European level. Both the political context and the economic evolution are pushing for cooperation.

Although there are many differences between the national electricity markets, there are at least as many similarities. All electricity markets are confronted with increased liberalisation and competition, internationalisation, product differentiation,... These

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evolutions lead to similar questions and similar challenges all over Europe. Surprisingly, until very recently, there has been very little coordination between stakeholders from different countries to find adequate and coordinated answers to the new challenges. We hardly even invested in the exchange of experiences. This is particularly true for the environmental NGOs. Each country had/has national experts but none of the European environmental "umbrella organizations" tried to come up with a European wide answer to European wide questions and challenges. To some extent, the consumer organizations, and even the regulators, have faced similar problems.

This lack of coordination has made us miss a lot of opportunities, and it looks like we are only little by little recovering from this.

Apart from the internationalization of the market, we are also being confronted with an internationalization of the demand. More and more companies buy their (green) electricity at European level, sometimes even at international level (Such as American companies buying American RECs to cover their worldwide consumption). This trend is accelerated by the use of international standards such as LEED or CDP.

At EKOenergy, we think we should be able to give such companies a solid and harmonized European answer.

During the set up of EKOenergy, in 2012, we have been in contact with over 400 stakeholders, and we had numerous debates, discussions, brainstorming... So, no surprise that many of OFGEM's reflections, thoughts and concerns sound very familiar to us. While reading the document, we felt some temptation to get into the debate again. But timing didn't allow us to dig into all details this time. We had to limit ourselves to some general comments. We particularly focus on the elements that raise doubts or questions. But we would be eager to continue the conversation with you, any time it suits you.

1) Good and clear document

The document is well written and very informative, also for non-native speakers. Thanks for this. During our start-up, we have gone through the legislations and systems of all EEA countries, and surprisingly, we found the British green electricity market amongst the most difficult to understand and to grasp. Nobody of our contacts has ever been able to give us the overview you give in your document. Even at NGO level and amongst climate and energy experts, there seems to be quite some confusion about how the British green electricity market works. Or maybe, we just didn't manage to find the right people?

2) What is the earlier experience?

The original OFGEM guidelines on green tariffs exist since 2009. Surprisingly, the new proposal hardly refers to the experiences of the last couple of years. Most of the new proposals are based on the comments of a limited number of consumers (given during a survey). If all this is about making sure that there is environmental change that would not have happened otherwise, it would be very interesting to see the actual numbers. To how much 'additionality' have these guidelines led in the past years? What have been the costs so far? And what are the benefits? Have earlier targets been reached? Why or why not?

3) European and international perspective

During the start of our EKOenergy adventure, we have got to know tens of very ingenious and logical national systems, heavily defended by national experts. Very good examples are Spain, Denmark, Germany, Norway,... Unfortunately, many of the national answers only work at national level. And very few of them give an adequate answer to challenges brought along with the changing European and international context. Nor does one of them reflect on how the national system interacts with solutions in other countries. The German case is a good example. Germany has long tried to be an island, where renewable energy flourished (and still flourishes) as a result of the EEG-law. However, Germans have now also realized that it is difficult to be an island on the European electricity market and have recently decided to bring the German system more in line with those of neighbouring countries. This is particularly true for the regulations with regard to the marketing of green electricity. Last year, Germany has implemented art. 15 of the Renewable Energy Directive, and as a part of this implementation, the German legislator has also laid a solid base for a product market based on the same principles as the other European countries (although subsidised German production remains excluded from the market).

While reading the OFGEM document, we have the strong feeling that this is still 'UK splendid isolation' at its best. Nothing about the Renewable Energy Directive, nothing about the evolution in the carbon accounting world (where more and more standards seem to accept the existence of a market based method - without any reference to all the concepts that are at the heart of the OFGEM paper), nothing about REDISS, nothing about standardization of the tracking system,...

We are aware the UK is indeed an island, but on the other hand, we start to notice some interactions. E.g. when some Northern-European production -and not the most sustainable one- finds it way to the UK to be used as LECs.

We are particularly surprised that this public consultation runs in parallel with a similar CEER initiative, but without referring to it (Although OFGEM is a CEER member). In many respects both initiatives are very different. Even the starting points seem to be different. Why doesn't OFGEM use its knowledge and experience to improve the reasoning behind the CEER text.

Is it of any surprise that the European consumer is confused, if even the regulators cannot bring a clear and coherent (European) message?

4) Similar goals, different approaches

We see a lot of similarities between what OFGEM does and what EKOenergy tries to develop at European level. Transparency, additionality, as well as consumer protection are also the cornerstones of EKOenergy our initiative. They are at the heart of our main document, the text "EKOenergy Network and Criteria". So, of course we think this is a very good initiative and we see many ways to cooperate and join forces.

Yet at the same time, we go for simple and flexible solutions, in which there is a lot of space for involvement of local stakeholders.

We think that the GO (REGO) system contains a lot of valuable information, and that stakeholders should be encouraged to use this objective information to trigger the consumers willingness to pay. We have difficulties to understand how OFGEM can on the one hand issue REGOs, and on the other hand be very suspicious towards any use made of them outside the framework of the green tariffs. Or do we misunderstand this?

In a competitive market, attractive products (such as new and domestic renewable production) should get a higher price. They actually do already get a higher price on the more advanced markets. We would like to encourage suppliers to experiment with this. If it doesn't work out that way, so if the market does not lead to differences in willingness to pay, and if the best don't get better from it, product differentiation doesn't make sense and will be questioned.

We also think that a product differentiation, which is usually combined with a positive communication about renewables, brings along 'free publicity' for the further development of the renewable energy sector. We haven't seen too many companies proudly advertising their coal power plant (although there are some examples...)

We regret that in many countries it is more difficult to communicate about renewables than about gas, cars or nuclear. Based on this document, which is very

suspicious towards green claims, we get the impression this is the case in the UK as well. Or?

We don't want to question the efficiency of the British approach on the UK national market, but from our perspective this looks a bit like overkill, also a bit 'paternalistic' and far from transparent. It creates somehow a feeling that the market players cannot be trusted. It also creates a feeling that this is 'expert work', and that others shouldn't interfere with that. Whereas we think the market should be used as a tool for involvement and participation. See e.g. the debate which is currently going on in the Netherlands: how to stimulate dynamics and how to allow people to claim that their electricity comes from local production. See a recent blog post on our website: <http://www.ekoenergy.org/guarantees-of-origin-making-a-difference/>

5) Carbon offsetting and product differentiation

We see carbon offsetting as different from electricity tracking, and we don't think that offsetting as such should be a requirement to use the name green tariff. We find the 'intrinsic' link OFGEM is trying to create between green electricity and offsetting rather confusing. We also find it rather conflicting with the mainstream 'climate measures hierarchy' which usually distinguishes between 1) reducing the energy demand, 2) switching to non-fossil fuels/renewable energy and 3) offsetting the carbon emissions (E.g. Trias Energetica, CDP, Greenhouse Gas Protocol,....).

Yet at the same time, we agree that offsetting can be one of the elements to prove additionality to the consumers who are willing to pay for it, and is one of the elements that helps to create product differentiation. The EKOenergy schemes refers to offsetting as one of the possibilities to create additionality (Chapter 9.1 of the text 'EKOenergy - Network and label'). Yet, at the same time we realize this raises as many questions as it answers. How do we prove the additionality of the offsetting instruments? And how to avoid double counting? (In the case of green electricity offsetting products, the green electricity also remains visible in the source country's national grid mix, which leads to double counting). We would be very interested to hear more about the British experience. How many tons have been abated through this policy, and at what price? Does OFGEM recommend to use gold standard certified offsetting?...

6) Sale of other renewable energy tariffs.

We think the first priority should be on the avoidance of double counting. In particular double counting via parallel use of as a LEC. But also double counting via the uncoordinated use of product mixes and supplier mixes. This is also one of the main focuses of our comments to the CEER public consultation.

We don't believe that the benefits of regulating the other renewable energy tariffs would outweigh the costs. Especially not because it looks like the regulation wouldn't be in harmony with international evolutions.

Good luck with the further process, and we are looking forward to continuing the conversation about this very interesting (and controversial) topic,

Yours sincerely,

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