

1. Do you agree with our proposed updates to the principles of transparency and additionality?

Green Energy agree that greater levels of transparency will improve the relationship between customer and supplier and this must be seen as the optimum route to encouraging greater levels of uptake in the green market. We wholeheartedly support the notion of the green marketplace being rationalised and made consistent. Following on from OFGEMs work on the RMR we feel the time is right for this review and we would urge OFGEM to continue to simplify policy. However, we worry that this scheme over complicates the green marketplace. Whilst we support this review we would urge OFGEM to look at the failure of the current Green Energy Guidelines and learn the lessons from this. Where a policy is overly complex it purely serves to further disengage customers from a particular area of the market. As OFGEM points out the non-certified green tariff area of the market has experienced far more demand over the course of the last few years than those tariffs that are certified under the scheme. We would argue that this is the result of simple marketing schemes and the avoidance of unnecessary costs being introduced into tariffs, not lack of transparency. While OFGEM is keen to see certified tariffs become more popular with consumers, we feel that it would be inappropriate to ignore the value of non-certified green tariffs. Despite not meeting certain criteria of the Green Supply Guidelines they have been successful in raising awareness of environmental issues and providing competition, and company individuality in a monopoly dominated market.

While Green Energy has no specific issue with the tier system as laid out in the OFGEM consultation paper, we feel that it is lacking in necessary detail. We disagree strongly with the concept of a supplier having to retire 1 LEC (Levy Exemption Certificate) per Mwh supplied to a customer on a green tariff, as is proposed under the 'Volume Test'. A LEC is a tradable commodity with a value that is typically used as a mechanism by HMRC to avoid collecting CCL (Climate Change Levy) from renewable power. However, being tradable it is no guarantee that the power a consumer buys is in any way 'Green'. A supplier can easily buy power from brown technologies and buy LEC's from another source; they can then offer CCL relief to their commercial customers. By implementing this OFGEM would be forcing up the price of renewable power to both the commercial and domestic market, while offering neither any guarantee that tariffs offer greater environmental benefits. We would suggest instead that OFGEM look at the possibility of asking suppliers to retire 1 additional REGO (Renewable Energy Guarantee of Origin) per Mwh supplied under a certified tariff. While REGOs are again tradable it is a far less common transaction due to the fact that REGOs have no market value. They are also used by a supplier to give proof of the renewable power that they are claiming in their fuel mix disclosure. This ties in well with OFGEMs proposed scheme as it will encourage suppliers to buy renewable power rather than certificates. At the end of the day that is what a customer looking for a Green tariff will be most interested in.

With respect to the additionality proposal, Green Energy agree with the definition but there needs to be more detail provided. This could be done by highlighting some example of how OFGEM would like this satisfied (e.g. supporting green generation, planting "X" trees etc.). Green Energy would like OFGEM to consider the possibility of classing current CHP and nuclear technologies as the additionality benefit of a green tariff. Currently neither is supported by any government scheme (Although we are aware that new nuclear will receive a CFD FiT) and in terms of carbon abatement, would generally surpass the 1T of CO₂ emissions/per tariff/per year threshold that OFGEM have set out in the additionality guidelines.

2. **Is the current CO2 abatement threshold of 1 tonne of CO2e emissions abated per tariff per annum (or broadly equivalent materiality depending on the additionality type) appropriate?**

Green Energy are not in the position to answer this question.

3. **Do you agree that our updated green supply guidelines should apply to any electricity tariff whose proposition relates to the supply of renewable energy alongside additional environmental benefits at tariff level?**

Yes, we agree that renewable tariffs with an additional environmental benefit should be the main focus of the updated green supply guidelines. However, we would also agree that should a supplier choose to provide a renewable tariff without any additional benefits, then they must be allowed to do so without being forced into the rules of the updated green supply guidelines.

4. **Do you agree with our proposals for nuclear and CHP tariffs?**

Yes, Green Energy recognises neither technology is renewable, but both are low-carbon. In the case of CHP, this was accepted by HMRC until April 2012 when LECs for Good Quality CHP were removed. Clearly new nuclear sites will receive a CFD FiT and therefore Ofgem will again find itself in a position where nuclear power may receive the double benefit of government support and additionality under the updated Green Supply Guidelines, but we feel the guidelines should be updated once new nuclear is generating.

In the meantime, Green Energy would readily encourage the low carbon element of both technologies to be recognised in the Green Supply Guidelines to satisfy the additionality element of green tariffs. We feel that CHP is a stepping stone technology and has a role to play in the energy future of Great Britain for a long time to come. The technology is mature and scalable. We would urge Ofgem to look at the case studies of Germany, Denmark and Japan if they are at all unsure of the benefits it provides both on an environmental basis, and for security of supply.

5. **Do you agree that environmental bundles should avoid broad terms such as green or environmentally friendly when marketed to consumers?**

The degree to which a supplier is 'green' should be verified on their fuel mix disclosure. Therefore we would agree that bundled products with misleading titles should be prohibited. We would however point out that we feel there should be a review on the rules surrounding the fuel mix disclosure. Currently a supplier can purchase brown power at times of high demand and spill renewable power in to the market during periods of low demand, yet claim that all the electricity they have supplied is green/renewable. Consequently, we would urge Ofgem to consider the prospect of suppliers to declare the sources of the electricity that they supply at all times.

6. **What do you think are the pros and cons of all, or some, of our proposed principles for green tariffs being extended to large non-domestic consumers? Is 100,000 kWh an appropriate threshold?**

We would urge Ofgem to concentrate on the domestic market in the short-term. When there are guidelines in place and green tariffs are proving popular to consumers, it would be possible to then look at branching out into the commercial sector. If suppliers are required to retire a LEC per MWh, this would be unworkable for commercial sites due to their volume of consumption and the knock on effect would be shown in tariff prices.

7. Do you have a preferred implementation and verification option? Why?

We would support option 2 of those laid out in the Ofgem paper. We feel that voluntary guidance is sufficient with a panel to interrogate and approve schemes. The issue that Green Energy had with the panel under the current Green Supply Guidelines is the large fee charged to join the scheme. As proved by the lack of interest, this created a financial barrier to entry into the scheme. This must be removed by any panel going forwards.

8. What is the best method of ensuring that the principles are consistently applied in the market?

We feel that the status quo of a panel who approve each tariff a supplier wishes to induct in to the scheme is the best way for the principles to be consistently applied. We would however reiterate our desire for the panel not to try and charge suppliers large sums of money to join the scheme; this will lead to lack of take-up.

9. Do you agree that a prescriptive approach should be applied to the additionality principle for green tariffs? If so what activities should be included? Please provide evidence to support your answer.

We believe that this should be an area where Ofgem allows suppliers to be innovative and competitive. Prescription is likely to lead to suppliers doing the bare minimum to satisfy the additionality element of the guidelines. However, if a supplier is allowed to sell their tariff based on the additional environmental benefits, this will lead to wide variety of options for consumers.

10. Do you agree that there is a need for increased transparency around the sale of other renewable energy tariffs?

Increased transparency in any market place is beneficial as long as customers are not burdened with complex information. We would reiterate that our belief is, the degree to which a supplier is 'green' should be passed on their fuel mix disclosure. We would welcome a review of the rules surrounding the fuel mix disclosure, as we feel that all suppliers should have to declare the source of all electricity they supply in each half hourly period. Currently a supplier can buy brown power at times of high demand, spill renewable power in to the market at a time of low demand and claim that all electricity they have supplied in green. Clearly this is misleading.

11. Do you agree that other renewable energy tariffs, without any tariff level environmental benefits, should follow our 'transparency' principles for green tariffs (excluding requirements relating to additionality)?

We feel that a renewable tariff without environmental benefits should be exempt from the volume test.

12. What is the best way to convey to consumers at the point of sale that purchasing the tariff will not drive additional environmental benefits? If this is a message, what should it be?

We do not feel there needs to be a message as such, as this will interfere with suppliers marketing strategies. Sales teams should be allowed to promote renewable tariffs without misleading the

customer. We have to assume some intelligence on behalf of the consumer, the tariff-level simplification and transparency procedures from the RMR should not lead the consumer to believe that a 'other renewable' tariff will provide an additional environmental benefit. How a supplier wants to portray this to the customer should be left up to the individual suppliers. Where a supplier offers an accredited green tariff, they should be allowed to promote the additional environmental benefit it offers as part of the sales procedure.

13. Do you agree that other renewable energy tariffs should also follow the 'evidence of supply' principle?

We feel that the volume test is inappropriate and will force up the price of tariffs accredited under the updated guidelines, while not proving that electricity has been provided from a renewable source. A LEC is a tradable commodity with a value that is typically used as a mechanism by HMRC to avoid collecting CCL (Climate Change Levy) from renewable power. However, being tradable it is no guarantee that the power a consumer buys is in any way 'Green'. A supplier can easily buy power from brown technologies and buy LEC's from another source; offering CCL relief to their commercial customers.

By implementing this OFGEM would be forcing up the price of renewable power to both the commercial and domestic market, while offering neither any guarantee that tariffs offer greater environmental benefits. We would suggest instead that OFGEM look at the possibility of asking suppliers to retire 1 additional REGO (Renewable Energy Guarantee of Origin) per Mwh supplied under a certified tariff. While REGOs are again tradable it is a far less common transaction due to the fact that REGOs have no market value. They are also used by a supplier to give proof of the renewable power that they are claiming in their fuel mix disclosure. This ties in well with OFGEMs proposed scheme as it will encourage suppliers to buy renewable power rather than certificates. At the end of the day that is what a customer looking for a Green tariff will be most interested in.

14. What do you think the pros and cons of our proposals for other renewable energy tariffs being extended to large non-domestic consumers are? Is 100,000 kWh an appropriate threshold?

We would urge OFGEM to concentrate on the domestic market in the short-term. When there are guidelines in place and green tariffs are proving popular to consumers, it would be possible to then look at branching out into the commercial sector. If suppliers are required to retire a LEC per MWh, this would be unworkable for commercial sites due to their volume of consumption and the knock on effect would be shown in tariff prices.

15. Do you have a preferred implementation option for our proposal for other renewable energy tariffs? Why?

We feel that there should be no need for implementation as we feel that 'other renewable' tariffs should be unaffected. Rather than impose new rules onto a thriving area of the market, OFGEM should ensure that tariffs that are signed up to the scheme. OFGEM should use the logo for the certification scheme to promote trust. This should lead suppliers to have their tariffs certified under the scheme, and there would be no need for OFGEM to impinge on the other renewable tariff sector.