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28 July 2014

Dear Natasha,

**Energy UK response to the Ofgem Final Proposals on Protecting Domestic Consumers in the Green and Renewable Tariffs Market**

Energy UK is the trade association for the energy industry. We represent over 80 members made up of generators and gas and electricity suppliers of all kinds and sizes as well as other businesses operating in the energy industry. Together our members generate more than 90 per cent of the UK's total electricity output, supplying more than 26 million homes and investing in 2012 more than £11 billion in the British economy.

Energy UK strongly believes in promoting competitive energy markets that produce good outcomes for consumers. In this context, we are committed to working with Government, regulators, consumer groups and our members to develop reforms which enhance consumer trust and effective engagement. At the same time, Energy UK believes in a stable and predictable regulatory regime that fosters innovation, market entry and growth, bringing benefits to consumers and helping provide the certainty that is needed to encourage investment and enhance the competitiveness of the UK economy.

These high-level principles underpin Energy UK's response to Ofgem's Final Proposals on Protecting Domestic Consumers in the Green and Renewable Tariffs Market. This is a high-level industry view; Energy UK's members may hold different views on particular issues. We would be happy to discuss any of the points made in further detail with Ofgem or any other interested party if this is considered to be beneficial.

Energy UK members are supportive of Ofgem's aim to increase confidence and engagement in the retail energy market by creating simpler, clearer and fairer market for green and renewable energy tariffs. Suppliers were instrumental in setting up the Green Energy Supply Certification Scheme in 2010, following the publication of Ofgem's Green Supply Guidelines. The principles of cooperation, transparency and fairness underpinning that scheme remain important. Based on our experience with the Scheme we believe that there is a need for transparency and clarity both in the licence conditions and in the way those will be implemented and checked, to ensure that there is uniformity and fairness in the market, to the ultimate benefit of consumers.

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We support Ofgem's principle to work under the transparency guidelines and the Standards of Conduct. The latter specifically provides a level of flexibility, and we accept that suppliers need to take responsibility to think through how they should be applied. In turn, Ofgem should aim to allow suppliers to take that responsibility with confidence, adopting an "educative and advisory" approach.

Additionally, we recognise that licence conditions may be implemented differently when a principles based approach is used. It would therefore be useful if Ofgem could indicate whether and how it will determine additionality, check compliance and its expectations on reports by suppliers to customers.

We also note that the consultation mentions the following:

*By "environmental claim" we mean a claim made in the course of marketing, billing, or other customer communication that says, or may lead a customer to believe, that choosing the particular tariff will deliver an environmental benefit based on the supply of renewable electricity.*  
(p. 5)

We would like to stress that we understand that the normal inclusion of renewable energy in the fuel mix in the course of compliance with existing prescriptive obligations does not mean that a tariff is covered by the proposed new licence condition (i.e. that an environmental claim is being made) . However, we do understand that in cases where the fuel mix of one tariff is significantly different than the fuel mix of that supplier's other tariffs, then the former may be covered by these licence conditions, depending on the circumstances of the case.

I hope you find our comments helpful, should you require any more information please do not hesitate to contact me directly on 020 7747 2964 or at [sofia.gkiousou@energy-uk.org.uk](mailto:sofia.gkiousou@energy-uk.org.uk). Energy UK and our members are always willing to discuss with Ofgem ways in which we can work together for the benefit of consumers and the industry.

Yours sincerely

Sofia Gkiousou  
**Policy and External Relations Manager**