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Protecting Domestic Consumers in the Green and Renewable Tariffs Market – Final Proposals

Dear Natasha,

This is npower's response to your Final Proposals for changes to the green and renewable tariffs market. The principal purpose of those changes being to improve the protection for domestic customers.

Overall we believe Ofgem's proposals represent a positive development both from a supplier and customer perspective. They introduce consistency and transparency into this market, where previously two tiers of tariffs existed. So aligning to an approach adopted within the Green Energy Supply Certification Scheme is welcome. It constitutes a sound basis to provide customers with the comfort and evidence that the tariffs they are entering into contribute to an additional environmental benefit.

We believe it is appropriate and proportionate this approach is mandated through the supply licence to prevent the splintering of the green tariff market. We also welcome the flexible; principles based approach to your proposals, around the three key issues of additionality, transparency and evidence of supply. When allied to the provisions of SLC 25C it forms a framework for the potential further development of such tariffs. In particular the completeness, accuracy, appropriateness and fairness of what is presented to customers.

npower were a founding member of the Green Energy Supply Certification Scheme and its Juice tariff one of the first to be accredited. So the requirements within your proposals with respect to transparency, evidence of supply and additionality are not new or daunting. They are to be welcomed and they have enable us to demonstrate to customers the positive contribution made as a result of the Juice tariff. So the development and delivery of community based renewable generation projects via a tariff at no premium to our standard tariff.

We have some comments on the logistics and detail to arrive at the desired outcome by April 2015:

- Given the mandatory approach adopted we concur it's inappropriate to extend to the non-domestic sector;
- While in a licence condition your approach is principles based; it would help to set out how you will check on compliance and respond to non-compliance;
- The Annual Report is a new phenomenon (although similar to the annual audit within the Green Supply Certification Scheme) and your expectations and guidance here would be helpful;
- Appendix 2 – draft licence change: Definition of "Environmental Claim" needs tweaking because your previous Guidelines insisted that tariff had to be matched with renewable supply;
- The important thing to draw out is that the tariff is delivering an additional environmental benefit;

RWE npower

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An **RWE** company



- Suggested definition:

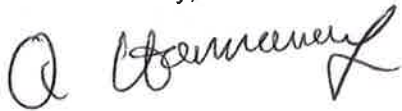
“Environmental Claim” means a claim made in the course of marketing, billing, or other customer communication, that asserts, or may lead a customer to believe, that choosing the particular tariff is driving an additional environmental benefit based on the supply of renewable electricity or based on a new development.

- Some stakeholders have expressed concern about the principles based framework and pointed to the need for advice, education and guidance to reduce regulatory uncertainty.
- Given the proposals are very similar to the Green Supply Certification Scheme it is for consideration whether the GESCS secretariat could fulfil such a role, similar to CAP in relation to the advertising standards.
- This would enable them to provide an advisory service to a wide range of suppliers that would be more cost effective basis than their previous role.

In summary we are broadly supportive of the proposals put forward, subject to providing some finer detail and making some adjustments as outlined above. No doubt they would then form part of your statutory consultation in the Autumn.

I hope the above comments are helpful. Do not hesitate to contact me if you would like to discuss any of these points further.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A Hannaway', with a stylized flourish at the end.

Alan Hannaway
Regulation