

Ms Natasha Smith
Sustainable Energy Policy
OFGEM
9 Millbank
London
SW1P 3GE

28th October 2014

Dear Ms Smith,

RE: *Improving Domestic Consumer Protection in the Green and Renewable Energy Tariffs Market*

I am writing in response to Ofgem's proposal to modify the electricity supply licence by inserting a new condition, SLC 21D.

As an energy supplier that has a renewable domestic offering, we feel obliged to voice our concerns relating to the proposals Ofgem are planning to implement by April 1st 2015. We agree that greater levels of transparency in the green market is a worthwhile aim, but would urge Ofgem to review the failings of the previous version of the Green Supply Guidelines. Whilst the goals of this scheme were commendable, it was overcomplicated and drove up the prices of "green" offerings for those suppliers involved and consequently saw little uptake. Ofgem stated in its original proposal for changing the requirements for Green Tariffs ("Improving Consumer Protection in the Green and Renewable Energy Offers Market"), that over the previous operating period of the Green Supply Guidelines, the tariffs offered by those not in the scheme proved more popular than those in the scheme. This suggests that Ofgem approval of a scheme is unimportant to consumers. Our concern is that these new proposals are falling into the same pitfalls and could see a reduction in the number of renewable tariffs offered on the market. In line with Ofgem's RMR work we would ask Ofgem to again try and simplify this market sector, as this is the only way to engage with customers at the desired scale.

We are concerned by the evidence of supply principle (retiring Levy Exemption Certificates) that Ofgem is hoping to impose as a part of this licence change. There will be a financial impact on suppliers marketing renewable tariffs if they currently sell renewable electricity that is not backed by LECs. We realise the intention of these modifications is to eradicate "green wash", but ultimately these detrimental adjustments to a suppliers working capital will have to be recovered through the consumer. Whilst we understand that providing a Renewable Energy Guarantees of Origin (REGOs) and a LEC verifies the source of electricity, we feel that the consequences of doing so are not in the best interest of the customer. As mentioned previously, renewable tariffs will increase in price and we fear that these mark ups will begin to price out renewable tariffs against their brown counterparts. If suppliers begin to see a decline in uptake, or an increase in customers switching away from their renewable tariffs, they may be forced to remove them from the market as it will be taking up one of their 4 core tariff slots. This goes entirely against what Ofgem are hoping to achieve in the green marketplace, we encourage Ofgem to seriously consider the likelihood of this consequence as price is more often the main concern for domestic consumers.

We would urge Ofgem to review the messaging of each supplier and then organise bilateral meetings to discuss the results. After this period, allow the market to operate with enforcement action taken against any supplier whose messaging is found to be inaccurate.

Kind Regards,

Tom Whitehouse

Regulatory Analyst

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