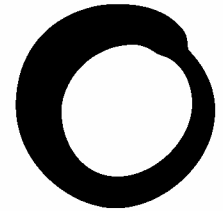


Briefing Note



**Friends of
the Earth**

Green Electricity Tariffs

Why Friends of the Earth no longer produces a green electricity tariff league table, and what needs to happen next

Friends of the Earth have in the past compiled several green electricity league tables to encourage and inform people about what green electricity tariffs are available and which are the best products.

Up until 2002 the absence of any obligation on electricity suppliers to provide renewable electricity meant that people who switched to a green tariff were making a positive difference. Consumers who bought tariffs were directly increasing the demand for renewable energy.

In 2002 the situation changed with introduction of the Renewables Obligation. This Obligation sets a target for renewable energy (4.9% in 2005, rising to 10% by 2010) that companies have to reach, or else pay a fine. However if a company exceeds the target then they are able to trade their certificates to another company who has not reached the required level.

Friends of the Earth supports the ethos behind the Renewables Obligation, as it actively encourages the development of new renewable electricity generation.

However, the effect of the Renewables Obligation on the green electricity market for the consumer has been to muddy the waters considerably. This is for a number of reasons including:

- **Paying more with little benefit**
By paying for a green tariff, you could end up simply paying extra to help the electricity company meet its legal obligations - without increasing demand for renewable electricity.
- **Selling electricity twice**
Because companies can trade their Renewable Obligation certificates, in theory they could sell renewable electricity twice – once to the consumer, and once through selling the certificates to another company.
- **Climate Change Levy**
There is an added complication in the form of the Climate Change Levy which is another government scheme that is designed to encourage cleaner electricity generation. Levy Exemption Certificates can be used in the commercial sector as proof of purchase of green electricity that is exempt from the levy. Every electron of green electricity receives therefore two certificates – one from the Renewables Obligation and one from the Climate Change Levy - but there is still only one electron. This raises the possibility of further double counting between the domestic and commercial markets

Friends of the Earth inspires solutions to environmental problems, which make life better for people.

Friends of the Earth is:

- **the UK's most influential national environmental campaigning organisation**
- **the most extensive environmental network in the world, with almost one million supporters across five continents and over 60 national organisations worldwide**
- **a unique network of campaigning local groups, working in over 200 communities throughout England, Wales and Northern Ireland**
- **dependent on individuals for over 90 per cent of its income.**

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When Friends of the Earth redesigned its green energy league table in 2003 it was aware of these potential problems, and spent considerable time and effort designing its league table accordingly. Friends of the Earth also spent a lot of time meeting with the companies to discuss their tariffs, and to obtain reassurance that their products met our stringent criteria for recommendation.

The Friends of the Earth league table was then published online in 2003.

Friends of the Earth local groups have been actively promoting green electricity tariffs. Friends of the Earth nationally has thousands of visitors to its online league table, and has promoted green tariffs through many of its publications.

However the green tariff market is very fluid, as the tariffs on offer are constantly changing. Friends of the Earth was the only organisation – government, private or charity – that was attempting to produce some kind of order out of this confusion. We were producing the league table with scarce resources, and so we did not have the capacity to follow up on the suppliers' statements to verify their claims about their tariffs.

As a result of its 2003 league table Friends of the Earth was inundated with queries about the criteria used and the value judgements made when choosing which tariffs to recommend. Responding to all these queries took a huge amount of time, and so when the time came in 2005 to update the information Friends of the Earth decided to take a step back and reconsider its commitment to producing another league table.

Whilst we believe it is vital that Friends of the Earth campaigns for solutions to environmental problems, and also to empower individuals to take action, we also have to be strategic in ensuring that our scarce resources are used in the most effective way to tackle climate change. Currently the best way for Friends of the Earth to make a difference is to concentrate on our Big Ask campaign - which aims to reduce national emissions by 3% per year (see <http://www.thebigask.com>) – rather than continuing to spend inordinate amount of time redeveloping the league table.

Friends of the Earth considered whether - in light of the total lack of information provision on this issue from any centralised source - we should attempt to provide a list of all the available tariffs. However some tariffs are so badly designed it would be wrong to publicise them, and so if we attempted just to list the tariffs again we would start down the time consuming path of making value judgements, so we have decided not to list the tariffs at all on our site.

To move on from this vicious circle it is clear that the government needs to step in and clarify the complex and confused situation that currently exists.

Friends of the Earth have therefore removed the league table from the website and in its place will be an online action to the Chief Executive of Ofgem, Mr Alistair Buchanan. Ofgem is the government funded independent regulator for Britain's gas and electricity services, which is tasked with promoting choice and value for all customers.

The online action calls on Ofgem to implement, as a priority, a robust accreditation scheme for green electricity tariffs. Friends of the Earth would like to see such a scheme taking into account whether a tariff is truly adding to additional green electricity, and accrediting only those tariffs that fit strict criteria on this issue. The scheme would need to be independently verified, and should apply to both the domestic and commercial tariffs.

Press for Change

Email Mr Buchanan, Ofgem's Chief Executive:

http://www.foe.co.uk/campaigns/climate/press_for_change/choose_green_energy/index.html