



GREEN ENERGY SUPPLY CERTIFICATION SCHEME

Requirements for certification of tariffs

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TABLE OF CONTENTS

1	Measurement and Evidence.....	6
1.1	Definition of customers	6
1.1.1	Domestic.....	6
1.1.2	Small Business Customers	6
1.2	Carbon dioxide levels per fuel.....	7
1.2.1	Carbon dioxide measure.....	7
1.2.2	Calculating CO2e savings.....	7
1.2.3	Claim patterns.....	7
1.2.4	kWh conversion factors.....	7
1.2.5	Line losses.....	8
1.3	Customer counting.....	8
1.3.1	Reasoning	8
1.3.2	Domestic methodology	8
1.3.3	Small Business Customers Methodology	8
1.4	Accounting Period.....	9
1.4.1	Compliance period.....	9
1.4.2	Reporting period	9
1.4.3	Claiming of individual projects.....	9
1.4.4	Withdrawal or replacement of projects	10
	Lifetime of projects	10
1.4.5	Offset measures	10
1.4.6	Physical energy efficiency measures	10
1.4.7	Generation measures	11
1.4.8	Usage reduction measures	11
1.5	Evidence.....	11
1.5.1	Green energy matching	11
1.5.2	Fuel mix.....	11
1.5.3	Carbon offsetting	12
1.5.4	Generation schemes.....	12
1.5.5	Other schemes	12
1.6	Banking and Borrowing.....	13
1.6.1	Balancing period.....	13
1.6.2	Banking.....	13
1.6.3	Borrowing	13
2	Scheme membership	14
2.1	Joining the scheme.....	14
2.1.1	Joining Criteria.....	14
2.2	Administration of the scheme.....	14
2.2.1	Submission of tariffs for approval.....	14
2.2.2	Actions and sanctions for non-compliance	15
2.3	Leaving the scheme.....	16
2.3.1	Resignation.....	16
2.3.2	Withdrawal of tariffs part way through compliance period.....	16
3	Modifications.....	17
3.1	Roles and Responsibilities.....	17
3.1.1	The Panel and Secretariat	17
3.1.2	Technical Sub-groups.....	17
3.2	Modification Proposals.....	17
3.2.1	Submissions of Proposals.....	17
3.2.2	Modification Register	18
3.3	Modification Approval	18
3.3.1	The Panel and Secretariat	18
3.3.2	Voting	18
3.3.3	Modification Report.....	19
3.3.4	Governance Documents	19
4	Additionality Types.....	19
4.1	Offsetting	19
4.1.1	Eligibility of schemes and offset levels	19

4.2	Generation schemes (Green Funds).....	20
4.2.1	Eligibility of schemes.....	20
4.2.2	Other obligations.....	21
4.2.3	Minimum non-offsetting threshold	22
4.2.4	Compliance calculations	23
4.2.5	Additional considerations for generation project funding	24
4.3	Energy Efficiency schemes.....	25
4.3.1	Eligibility of schemes.....	25
4.3.2	Minimum threshold.....	25
4.3.3	Consumption reduction schemes	25
4.4	Other schemes	26
1	Product Submission	33
2	Proposition	33
3	Product Description	34
4	Tier 1 information.....	35
5	Other information.....	35
6	Verification.....	36

Appendix A – Ofgem Guidelines

Appendix B – Tariff Application Proforma

Appendix C – Current Definitions and Conversion Factors

INTRODUCTION TO THE GREEN ENERGY SUPPLY CERTIFICATION SCHEME

The Green Energy Supply Certification Scheme was launched in February 2010 to provide independent verification of claims made by energy suppliers against tariffs they propose to market as 'Green' tariffs. Similar to a kite mark, the scheme awards a 'Green Energy Certified' label to renewable electricity products that will deliver a real, measurable environmental difference.

The aim of the scheme is to give consumers confidence that a tariff which is certified under the scheme represents a genuine environmental benefit.

By purchasing a Green tariff that has been certified and therefore awarded the label, consumers can be confident that they are buying electricity that is matched from a renewable source and that the energy supplier is delivering additional environmental benefits over and above their existing regulatory obligations.

The Scheme is overseen by a panel of independent experts who are qualified to assess the range of Green tariff products in the market. The Green Energy Supply Certification Scheme is governed by the Green Supply Guidelines published by Ofgem, the independent regulator of electricity markets in GB in February 2009.

These Guidelines are then applied by the Panel through an agreed Rule Book with the administration undertaken by a Secretariat, the National Energy Foundation.

0.1 The Rule Book

This document is the Rule Book for the Green Energy Supply Certification Scheme. Its main purpose is to provide greater detail and clarity on the way that the Scheme is implemented. It should be seen as complementary to the Green Supply Guidelines issued by Ofgem, and in the event of any apparent conflicts between the Guidelines and the Rule Book, the Guidelines will take precedence.

The Rule Book was created in 2009 by the seven founder Members of the Green Energy Supply Certification Scheme. Once the independent Panel that oversees the Scheme was established, the Members formally transferred responsibility for the Rule Book to the Panel.

The Panel exercise this through the Scheme Secretariat, who are responsible for maintaining the register of requested changes, as described in Section 3.

Energy suppliers holding a valid supply licence may apply to join the Scheme, using the process described in Section 2. Suppliers are also expected to join the Green Energy Supply Code Association, which represents the Members in collective dealings with the Panel, Secretariat and Ofgem, which is achieved by signing up to a Collaboration Agreement designed to ensure compliance with UK competition law. Once signed up as a Member, they may submit tariffs for certification by the Panel, using a standard proforma (the current version of which is attached at Annex B).

All approved tariffs must provide evidence of Green Energy Matching, as described in Section 1.5. They must also provide additional environmental benefits through carbon offsetting, generation schemes, energy efficiency, consumption reduction schemes or

other measures, as long as the measure reduces a specified amount of carbon emissions., The criteria applied to for additionality is described in Section 4.

As part of the overall assurance of the environmental benefits, Members are required to calculate consumption and savings, including customer numbers in accordance with the Rules set out in Section 1. This section also provides rules for banking or borrowing additionality savings made between years. Members are required to provide information about their tariffs to the Public using three tiers of information, as set out in the Ofgem Green Supply Guidelines. They may use the Scheme label to do so, in which case they must follow the rules in the Label Style Guidelines. Failure to adhere to the reporting requirements or any other rule or guideline may lead to sanctions being imposed on the Member in accordance with Section 2.2.

0.2 Principal Contacts²

The current list of contacts, including the names of the Panel members, can be found on the Green Energy Supply Certification Scheme website:

www.greenenergyscheme.org

The Chair of the Green Energy Supply Certification Scheme is:

Solitaire Townsend solitaire@greenenergyscheme.org

The Secretariat for the Scheme is provided by:

National Energy Foundation

info@greenenergyscheme.org

Telephone Enquiries

0845 269 4475

Postal Address:

The Green Energy Supply Certification Scheme
The National Energy Foundation
Davy Avenue
Knowlhill
Milton Keynes
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0.3 Note on Terminology

Section 1 includes certain key definitions, but it may be helpful to note the following usages:

The "Scheme" will mean the Green Energy Supply Certification Scheme.

A "Member" will be a UK energy supplier that has signed up to offer tariffs under the Scheme, and will be assumed to have joined the Green Energy Supply Code Association ("GESCA"), unless the context requires that it refers to a duly appointed Panel Member.

"Ofgem" and the "Authority" both refer to the Gas and Electricity Markets Authority, commonly known as Ofgem, and shall extend to any successor body if appropriate. "DECC" refers to the UK's Department of Energy and Climate Change, and may include any successor department if appropriate.

² *The contact details in this section may be changed without requiring a formal amendment to the Rule Book.*

The word "energy" will include electricity and any gaseous, liquid or solid fuel or heat supply for the purposes of Green, Energy efficiency or Demand Reduction Schemes in Section 4. However, when used in respect of energy supplies made by Members, including green energy matching and fuel mix disclosures, it shall, for the time being, only relate to the electricity element of any multifuel customer offering, and other fuels are outside the scope (as noted in Section 1.1). Therefore, the additionality requirements are only mandated for electricity supplies, but may optionally be applied by Members to gas or other fuels or heat supplied.

Unless otherwise indicated, it is to be assumed that any matters in this Rule Book relating to the supply of energy apply only within Great Britain, as defined in Section 4.2.1.3.

1 MEASUREMENT AND EVIDENCE

1.1 *Definition of customers*

1.1.1 Domestic

A domestic customer is defined, for the purposes of this Scheme, as a customer supplied or requiring to be supplied with electricity or gas at a residential premises (but excluding such customers in so far as they are supplied or require to be supplied at premises other than domestic premises), in line with the definition set out by Section 6 of the Electricity Supply Licence.

Profile classes 01 and 02 (excluding unmetered supplies) may be used as a broad proxy for domestic customers.

For the purposes of the Green Energy Supply Certification Scheme, non-domestic premises defined under the electricity supply licence condition 6.2a, but where the premises are domestic in nature, such as with a housing association property or landlord letting, will be treated as domestic customers, even if they are in profile classes 03 or 04.

A customer account is defined as a single account registered to an individual household to which gas and/or electricity is supplied, even if it contains more than one supply point (e.g. 2 MPANs). A customer to whom both gas and electricity are supplied is deemed to have two accounts, even if paid on a single bill. Gas accounts are currently outside the scope of this certification scheme.

1.1.2 Small Business Customers

Small Business customers are defined, for the purposes of this scheme, as business customers consuming less than 55,000kWh of electricity per annum.

A customer may also self define themselves as a Small Business Customer and request a certified Green tariff if they have fewer than 10 employees (or full-time equivalent) and a turnover below 2 million Euros per annum. Members are not expected to use this information to identify Small Business Customers unless it is specifically supplied for this purpose.

A customer account is defined as a single account registered to an individual business premises to which gas and/or electricity is supplied, even if it contains more than one supply point (e.g. 2 MPANs). A customer to whom both gas and electricity are supplied is deemed to have two accounts, even if paid on a single bill. Gas accounts are currently outside the scope of this certification scheme.

1.2 Carbon dioxide levels per fuel

1.2.1 Carbon dioxide measure

The measure used in all calculations for carbon savings will be the Carbon Dioxide Equivalent measure (CO₂e) as calculated by the current European Environment Agency method. The full definition is in Appendix C.

1.2.2 Calculating CO₂e savings

For the purposes of calculating the CO₂e saved by any given measure from energy, a value, in kilograms of CO₂ per kWh will be assigned to each fuel which a project will affect the output of. This will be taken from the official CO₂ conversion figures published by DECC (and formerly by DEFRA).

Avoided emissions of other greenhouse gases forming part of the CO₂e calculations will be calculated using their Global Warming Potential, applying the formula and factors set out in Appendix C.

The figures used in all calculations will be set as of 1st November every year, and updated by the Secretariat, based on the guidance currently in effect at that time. These figures will be used for the full compliance year of any tariff approved in this period, regardless of any changes made by the setting authority during the period. Appendix C lists figures currently in force.

1.2.3 Claim patterns

1.2.3.1 *Full lifetime CO₂e claims*

The full lifetime carbon credit for any measure may be claimed in the first year. The level of CO₂e will be based on current values for the compliance period in question, including allowable lifetimes as defined in Section 1.4.6. .

For grid electricity, this means using a single CO₂e value as given in the official DECC figures for the year in which the tariff compliance period starts, over all years the measure is in place.

For example, a generation measure avoiding 500kg of CO₂e through zero carbon electricity generation in the current year will have the 500kg figure applied each year of its full lifetime. This means a measure with a 25 year life span would be given a lifetime CO₂e offset value of 12,500kg. Allowable lifetimes are found in Appendix C.

1.2.3.2 *Ongoing CO₂e claims*

Schemes which claim their carbon on a year by year basis will base their claim for any given compliance period on the figures in force during that compliance year. This means recalculating the amount of CO₂e avoided on an annual basis, using the figures in effect at that time.

1.2.4 kWh conversion factors

In some instances, consumption of energy will be measured in volumetric units, such as litres, for example, LPG and fuel oil. In order to provide consistent CO₂e measurement, the kWh per litre of these fuels will be based on conversion factors used in the DECC GHG reporting document.

The main conversion factors currently in effect can be seen in Appendix C. The conversion factors will be reviewed annually by the Secretariat at the same time as the CO₂e factors. Any changes in conversion factors will be notified to Members and will apply to certified tariffs from the commencement of their next compliance period.

1.2.5 Line losses

When claiming for electricity avoided from import, it is only possible to claim for kWh avoided at point of supply. No account can be taken of any perceived gains from avoided line loss or other differences between centralised and localised generation.

1.3 *Customer counting*

1.3.1 Reasoning

As tariffs are required to deliver a minimum level of CO₂e abatement per customer electricity account per annum, it is essential to have a count of customers against which benefits can be assigned. This will allow compliance to be measured.

1.3.2 Domestic methodology

1.3.2.1 *Customer numbers*

Where the compliance is based on absolute customer electricity account numbers and a defined purchasable benefit (such as a physical energy efficiency measures), the Member shall provide evidence of the number of customer accounts Live on Supply (LoS)³, defined as customers billing on a given Member's system, as of the 1st of every month of the year, and use a mean average of this number to provide their compliance customer number.

For measures which measure specific customer consumption reductions over the compliance period, there may be no need to provide a mean average customer figure, as each customer has their actual energy consumption measured.

1.3.2.2 *Average Financial Contribution*

Where a tariff relies on an average financial contribution per customer account to provide evidence of compliance due to yearly award variations (such as a green fund backed generation product), a calculation method is required to convert money contributed to carbon abated. To achieve this, the Member shall provide evidence of total fund contribution made over the compliance period, which can then be divided by the average customer account numbers (as calculated above) to give a contribution per customer.

1.3.3 Small Business Customers Methodology

1.3.3.1 *Customer numbers and usage*

As part of the verification process, the Member shall provide evidence of customer account numbers Live on Supply (LoS) as of the 1st of every month of the year, and use a mean average of this number to provide their compliance customer account number.

³ A customer is Live on Supply when they have completed the industry change of supplier process and are registered to their new supplier.

For Small Business Customers the additionality element of the tariff should be proportional to their usage compared to the average domestic customer. The Member shall provide evidence of either Estimated Annual Consumption (EAC) or actual consumption for the Small Business Customer electricity accounts signed up to the approved Green Tariff. This EAC or actual consumption figure will be compared to the average EAC of domestic customers, as defined by Ofgem (listed in Appendix C), to provide a scaling factor by which to increase proportionally the level of CO₂e emissions abated required to meet the minimum threshold.

1.3.3.2 Average Financial Contribution

Where a tariff relies on average financial contribution per customer account to calculate emissions reduced (such as a green fund backed generation product) the Member should provide evidence either:

- that Small Business Customer accounts and/or the Member contribute an identical amount per kWh energy consumed as domestic customer accounts on an equivalent compliant tariff, or
- that total fund contribution made over the compliance period, for Small Business customers only, divided by average customer account numbers as calculated above is equal to the domestic contribution per customer, multiplied by the same scaling factor used for domestic customers.

1.4 Accounting Period

1.4.1 Compliance period

Members are required to demonstrate compliance on a rolling basis, producing reports annually, with the period running from the date of first approval by the independent Panel of the tariff in question, and being reviewed annually on the anniversary of this approval.

1.4.2 Reporting period

Members have three months after the finish of the compliance period to complete any transactions required to support their tariff and to submit their annual report (proforma return) and any supporting evidence to the Panel for consideration.

The Panel may, at their absolute discretion, increase this compliance and reporting period up to a further 3 months at most, upon a written request from the Member. If Members require this extension, they must submit information to the Panel detailing the reasons for the extension being required, and the amount of extra time it will take. No extension past 3 months can be granted.

For remedial actions and sanctions for failure to submit a report see the section on non-compliance.

1.4.3 Claiming of individual projects

Members have two options for claiming CO₂e abated by individual initiatives, either of which is acceptable, but the chosen method must be clearly stated when submitting a tariff for approval.

1.4.3.1 Full lifetime CO₂e claims

The Member will count individual purchases (e.g. a CER offset) or schemes (e.g. a wind turbine) full CO₂e value in the compliance period during which they are agreed

by means of a signed, written contract, regardless of when the project or scheme commences its benefit (this start time being within the constraints and restrictions of section 3 of this document).

This enables companies to claim the full lifetime carbon benefit of a project in the year during which it is agreed.

1.4.3.2 Ongoing CO₂e claims

The Member may instead choose to claim the CO₂e avoided during each compliance year of operation. In this case, a yearly calculation will be made of the CO₂e avoided and this will be used to provide evidence of compliance.

1.4.4 Withdrawal or replacement of projects

Members must report to the Panel any projects for which claims have been made, but which have not proceeded, by the end of the following compliance period and must calculate the effect this has on the additionality claimed in the earlier compliance period.

1.4.4.1 Removal of projects affecting ability to comply

The Member should also indicate if the removal of this project affects their ability to comply (i.e. dropping them below the compliance threshold in the earlier compliance period) and if so the Member should provide details of alternative projects chosen to establish compliance again. These projects will be counted in the compliance period for which they act as a replacement, and cannot count towards later periods. The Member should agree with the Panel a timeline for these replacements.

1.4.4.2 Removal of projects not affecting ability to comply

If the removal of a project does not affect the ability of the Member to comply for the given compliance period (as they have purchased excess additionality over and above the requirement), no further action is required other than informing the Panel of the change.

Lifetime of projects

1.4.5 Offset measures

Purchased Offsets will be allocated the lifetime given to them in the approved certification process, which must be compliant with the DECC Quality Assurance Scheme for Carbon Offsetting or the Gold Standard for regulated credits.

1.4.6 Physical energy efficiency measures

Energy efficiency measures will be allocated the lifetime equivalent to that given by the Carbon Emission Reduction Target (CERT) or its replacement, although measures cannot be claimed for both CERT and as Green Tariff additionality. If a lifetime equivalent is not available in CERT, then the Member must provide an alternative source for this information. Whenever possible, independent evidence of lifetimes (eg. from CEN Workshop Agreement CWA 15693:2007 Saving lifetimes of energy efficiency improvement measures in bottom-up calculations) will be required for measures which have no CERT values available.

The current accepted lifetimes for key measures are included in Appendix C.

1.4.7 Generation measures

Generation measures will take the lifetime given to similar projects under the Carbon Emission Reduction Target (CERT) scheme, where one exists, or from DECC or other independent sources if a CERT value is not available.

The current accepted technology lifetimes are included in Appendix C.

Should a Member wish to claim a lifetime for a technology with a value over and above that allocated by CERT or DECC, they should submit technical reports to the Panel from a reputable third party assessor to indicate why an extended lifetime value should be awarded.

1.4.8 Usage reduction measures

Where the Member is providing evidence on ongoing reductions in usage by customers as a result of their compliance, this will be assessed on a year by year basis, and as such does not require a lifetime measurement, instead being comparable to the previous year's reduction.

1.5 Evidence

1.5.1 Green energy matching

Members must comply with the Volume Test as set out in the Ofgem Green Supply Guidelines. In essence, they must hold sufficient Renewable Energy Guarantees of Origin certificates to cover 100% of the usage of customers signed up to the approved Green Tariff.

The Member must also demonstrate that, for the compliance period in question, the supplier has retired or redeemed any Renewable Levy Exemption Certificates (rLECs) associated with electricity allocated to the usage of customers signed up to the approved Green Tariff.

Imports of renewable generation from outside the UK must be treated as set out by Ofgem.

Members must comply with the Green Supply Guidelines' requirement that even once the Volume Test is met, they cannot make claims that a green tariff is either carbon-free or "100% renewable electricity". However, a Member can claim that it has matched the amount of electricity sold under its green tariffs with purchases of renewable electricity.

1.5.2 Fuel mix

In order to comply with information disclosure requirements, the supplier fuel mix will be taken from the data published yearly as part of Member compliance with Standard Licence Condition 21 (Fuel Mix Disclosure arrangements), and must be from the supply licence used to supply customers on the certified green tariff.

In the event that a Member wishes to supply customers from multiple supply licences, the Panel should be informed of all the licences being used to supply customers

under the approved tariff. Customers should be shown the fuel mix related to the licence they are supplied under.

Members who have more than one licence should explain this and provide website links to the fuel mix disclosure for each licence in Tier 2 information for the purposes of transparency.

If a Member creates a new licence for a tariff under this Scheme or a new supplier enters the electricity supply market and joins this Scheme, the fuel mix presented to comply with the requirements under Tier 1 information should either be at the Member's company level or left blank with explanation. Once fuel mix information has been published for the first time, then the fuel mix data should be presented.

1.5.3 Carbon offsetting

1.5.3.1 CER certificates

The Member must provide certificates indicating the appropriate tonnage of offset product for the compliance period. The certificates should be issued under the DECC Quality Assurance scheme for carbon offsetting or the Gold Standard for regulated credits. The Member must also show that the certificates have been retired.

1.5.4 Generation schemes

Members should provide evidence, as submitted by the recipients of the awards, of the estimated generation of the funded measure(s) per year (in kWh), with quotations from the installer or seller of the generation equipment to support this figure where appropriate.

The estimated generated amount should be within the reasonable average performance for the technology type and location, and the Member should submit evidence to support this. Where technology is of breakthrough performance levels or where there is a lack of published evidence for performance levels on a given project, the Member should submit appropriate evidence for the performance of their specific unit, which could be from a seller, installer, academic research or other source, although it will be up to the Panel to ultimately decide the appropriateness of the evidence submitted.

All kWh figures will be converted in to a CO₂e figure based on the data provided in Appendix C to this document.

1.5.5 Other schemes

1.5.5.1 Physical energy efficiency measures

Members will be required to provide evidence that they have installed or provided energy efficiency measures which would be approved under the CERT scheme, with CO₂e values equivalent to the required amount in the compliance period.

The Member should also provide a written undertaking that they have not and will not claim some or any of the measures under CERT which they are claiming as part of their Green Tariff compliance.

1.5.5.2 Consumption reduction measures

Members must provide direct measurement evidence of consumption over the compliance period for the customers involved in the reduction measures. These should take the form of actual consumption reads on electricity and/or gas. Estimated reads will not be acceptable, although it is acknowledged that some level of extrapolation may be required between actual read date and measured date.

These reads can then be converted to CO₂e using the figures in Appendix C of this document, in order to ascertain a compliance period saving. From year 2 onwards the total reduction would be cumulative from year 1.

1.6 Banking and Borrowing

1.6.1 Balancing period

Subject to section 1.6.2 below, Members have 2 months from the end of each compliance period (“balancing period”) (which may be extended to five months at the sole discretion of the Panel) to have in place the form and quantity of additionality required by their tariff. This must meet the requirements of both the minimum certification level, as well as any additional carbon levels claimed by the Member in marketing materials or the tiered public information.

The quantity required shall be calculated by reference to the amount of CO₂e abatement proposed in the Member's “Application for Green Scheme Certification” approved by the Panel and the number of domestic customer numbers or SME customers customer numbers and usage, as the case may be.

1.6.2 Banking

Where Members have a surplus of additionality at the end of the balancing period, over and above what is required for compliance, they may either:

- carry forward the surplus additionality for use in future compliance periods. In this case, in their reporting (both to the Panel and to customers) they must not count any of the additionality carried forward for the compliance period when it is earned.
- claim the surplus additionality as an enhanced benefit for customers during the compliance period, including it in reporting for that period, but not carry any part of the surplus forward

1.6.3 Borrowing

For each tariff a Member shall be permitted to carry an additionality deficit between compliance periods of up to 10%. Where at the end of a compliance period a tariff has a deficit of 10% or more the Member must submit a report to the Panel setting out the circumstances which has given rise to the deficit. The report must be verified by the Member's independent auditor. It is at the Panel's discretion to allow the Member extra time to secure the additionality required to fill the deficit or to impose sanctions.

Borrowing is only permitted in one compliance period, and failure to secure sufficient additionality for a second consecutive year will be considered a breach of scheme rules.

2 SCHEME MEMBERSHIP

2.1 Joining the scheme

2.1.1 Joining Criteria

A supplier wishing to become a Member will be required to satisfy the Panel that they are a qualifying energy supplier (i.e. hold a valid supply licence for the market they wish to serve)

A supplier wishing to become a Member of the Scheme will be required to apply via the Secretariat in writing, having already informed the Authority in writing of their intention to sign up in principle to the Green Supply Guidelines.

A supplier must commit to pay the appropriate membership fees, which includes but is not limited to a joining fee, annual membership fee and certification fees. All fee payments must be made to the Secretariat.

2.2 Administration of the scheme

2.2.1 Submission of tariffs for approval

2.2.1.1 Submission Process

The tariffs of Members must be approved by the Panel for Certification. The process is as follows:

- (1) The tariff proposal is presented to an independent verifier who reviews and signs the completed tariff submission proforma which is then submitted to the Secretariat. A copy of the current proforma is at Appendix B. The Panel may from time to time make such changes to the proforma as it believes necessary for the smooth administration of the Scheme, without needing to go through the formal modifications procedure of this Rule Book.
- (2) The Secretariat reviews the proforma and any additional information it requests from Members. The tariff is then passed to the Panel for approval. The tariff will be certified by the Panel if it meets all of the criteria under the Green Supply Guidelines and this Rule Book
- (3) No later than 14 months after the tariff proposal approval, the evidence to support claims made are submitted to the independent verifier. The results of this verification process are then submitted to the Secretariat no later than 15 months after the tariff proposal approval. The Panel will view the results and decide if the tariff has met its claims and if it can continue to be certified, or if any sanctions are required.

2.2.1.2 Revision of Certification Criteria

Where Certification criteria have been revised, appropriate transition arrangements will be implemented in respect of products which have already received Certification but which do not fulfil the revised criteria.

Members will have a maximum of 3 months from the date of notification to the Member by Ofgem, the Panel or the Secretariat to implement the changes to a tariff required in order to comply with the revised certification criteria.

2.2.1.3 Dispute

Where a Member disputes a certification decision that Member may submit an appeal in line with Section 2.2.2.4.

2.2.2 Actions and sanctions for non-compliance

2.2.2.1 Powers and Responsibilities of the Panel

The Panel shall have the right to request information from a scheme Member when investigating a case of potential non-compliance and to impose sanctions upon scheme Members where non-compliance is found.

The Panel must ensure that any actions required of the Member will be clear and confirmed in writing (which may include e-mail).

The Panel will seek to minimise the costs of compliance for Members by ensuring that any action required of the Member is proportionate.

2.2.2.2 Non-compliance

The Panel may apply sanctions for non-compliance, including, but not limited to the following offences:

- Omission or inaccurate provision of required information (Tier 1, Tier 2, Tier 3)
- Provision of misleading information to customers
- Failure to meet any of the requirements under the Green Supply Guidelines, including provision of evidence of supply and provision of additionality
- Incorrect reporting
- Failure to submit an independently verified annual report
- Failure to provide information when required to upon the request of the Secretariat or Panel
- Failure to make remedial or corrective changes required under sanction.

2.2.2.3 Possible Sanctions

The Panel should always attempt to resolve the matter satisfactorily through discussion prior to imposing any further sanction. If a satisfactory resolution cannot be found then the Panel may impose sanctions, including but not limited to:

- Require provision of further information to customers
- Require remedial and corrective changes to a Certified product or tariff
- Removal of a product or tariff's Certified status
- In the event that a Member is in material or persistent breach of the Green Supply Guidelines, the Panel may terminate the membership of that Member with immediate effect.

The sanction used should be proportionate to the offence and as fair as possible.

Prior to any enforcement action taking place the Panel must provide the Member with an opportunity to discuss the circumstances of the case and, if possible, resolve any points of difference, unless immediate action is judged necessary.

2.2.2.4 Appeals

Members may appeal against any decision made by the Panel.

Members can request an opinion from Ofgem on the interpretation of the Green Supply Guidelines, and the Panel will consider that opinion based on the fact that the Guidelines take precedence over the Rule Book.

An appeal must be submitted within 10 working days of the date of the Panel's decision. Any appeal must be provided in writing with reasons for appeal and supporting information to the Secretariat.

The Panel will have 10 working days from the date Ofgem's opinion is received to respond to the appeal and provide judgement. The judgement must be provided in writing to the appellant.

Any sanctions or measures imposed by the Panel on a Member will be deferred until an appeal decision has been made by the Panel.

Where a Member is disputing an initial Certification decision made by the Panel, the Member may not represent their tariff and/or product as being certified. Where a Member is disputing a re-Certification decision made by the Panel, the Member may retain their tariff and/or product's status as Certified until an appeal decision has been made.

2.3 Leaving the scheme

2.3.1 Resignation

A Member may resign from the Scheme, but Members should take all reasonable steps to ensure that tariffs extant at that point remain compliant to the later of i) the end of the compliance year and ii) the effective date of the resignation.

Should a Member exit the Scheme, then the Member must clearly inform all customers of the change in status. If in addition, the tariff ceases to conform to the compliance conditions, then the Member must also inform all customers of the change in status.

For the avoidance of doubt, a tariff only maintains certification whilst the Member remains a signatory to the Scheme and the tariff remains compliant.

From the moment of resignation, the Member may not participate in any part of the Scheme, other than the compliance activities relating to existing products.

A resigning Member is responsible for fees up to 365 days after the notification of resignation, with pro rata application as appropriate.

2.3.2 Withdrawal of tariffs part way through compliance period

A Member wishing to withdraw a tariff from the Scheme part way through a compliance period must notify the Secretariat in writing.

Any withdrawal will be effective from the date the Secretariat acknowledges receipt of the withdrawal.

Once the tariff has been withdrawn the Member must not represent the tariff as being certified under the Scheme, including the use of the label.

3 MODIFICATIONS

3.1 Roles and Responsibilities

From time to time, Ofgem may make revisions to the Green Supply Guidelines, subject to consultation. The revised Guidelines would not necessarily apply to existing tariffs, only to new tariffs proposed after the introduction of the revised Guidelines.

3.1.1 The Panel and Secretariat

The Panel shall be responsible for the governance of the modification procedures in accordance with the provisions of the GESCA Collaboration Agreement and this Rule Book. The Panel must ensure that the modification procedures are carried out in an efficient and timely manner and give due regard to views of all effected parties.

The Secretariat will assist the Panel with the administration of the modification procedures. This includes the creation and maintenance of a modification Register.

3.1.2 Technical Sub-groups

The Panel or Scheme Members may set up Technical Sub-groups to develop a modification proposal or assist in the approval process. The individuals who are appointed to sit on the Sub-groups should have specialist technical knowledge in the relevant area(s). These individuals may be appointed by the Panel or Scheme Members.

3.2 Modification Proposals

3.2.1 Submissions of Proposals

The proposals must be submitted in writing and contain a minimum amount of relevant information to allow the Panel to consider the Proposal, otherwise the Panel can refuse to accept the submitted proposal and will provide the Proposer with the reasons for this.

The Proposal should contain the following information:

- a) the name of the Proposer;
- b) the name of the representative of the Proposer (and his alternate) who shall represent the Proposer in person;
- c) a description of the issue or defect which the proposed modification seeks to address;
- d) a description of the proposed modification and of its nature and purpose and reasons why the modification would better facilitate the achievement of the Green Supply Guidelines;
- e) indicate which parts of the Green Supply Guidelines, if any, would also need to be amended to give effect to the proposed modification; and
- f) the proposed implementation date.

The Secretariat must record all modification proposals on the Modification Register.

On receipt of the modification proposal the Secretariat must notify the following parties in writing of their receipt of the proposal:

- a) All Panel Members;
- b) All Scheme Members; and
- c) Ofgem.

3.2.2 Modification Register

The Panel supported by the Secretariat shall establish and maintain a Modification Register. The purpose of the Register is to enable the Panel to effectively manage the Modification Procedures and for interested parties to obtain information regarding the progress of modification proposals.

The Modification Register shall record in respect of current outstanding Modification Business:

- (a) details of each Modification Proposal (including the name of the Proposer, the date of the Modification Proposal and a brief description of the Modification Proposal);
- (b) the current status and progress of each Modification Proposal and the anticipated date for implementation;
- (c) the current status and progress of each approved Modification; and
- (d) such other matters as the Panel may consider appropriate.

3.3 Modification Approval

3.3.1 The Panel and Secretariat

The Panel has responsibility to provide a decision on all modification proposals.

The Panel must evaluate whether the proposed modification identified in a Modification Proposal better facilitates achievement of the Green Supply Guidelines and whether any alternative modification would, as compared with the proposed modification, better facilitate achievement of the Guidelines' objectives in relation to the issue or defect identified in the Modification Proposal.

The Secretariat must write to all interested parties on behalf of the Panel to invite their view on the proposed Modification. The Secretariat will collate all responses to the proposed modification. The Panel should give due regard to the views of Members in making their decision on the proposed modification.

If the Panel considers that there is insufficient information available to it to enable it to take a decision it may form a Technical Sub-group to assist them gather and assess information to enable it to take a decision on the modification proposal.

The Panel should provide a decision on the proposed modification as soon as reasonably practicable in the circumstances.

3.3.2 Voting

Any modification decision of the Panel shall be determined by a simple majority and in the event of an equality of votes the Chairperson shall have a casting vote.

The quorum required for any meeting at which modifications are considered shall be at least two thirds of the Panel Members (or their designated alternative who meets the requirements of Schedule 2 of the GESCA Collaboration Agreement).

Any Panel Member unable to attend shall be entitled to vote on any agenda item prior to the meeting in writing to the Chairperson or may appoint a nominated representative to act as proxy subject to informing the Chairperson in writing.

Any vote by proxy shall be taken into account in determining whether a quorum is present.

3.3.3 Modification Report

The Panel shall complete a Modification Report which is to include:

- (a) the decision to implement the proposed modification, an alternative modification deemed more effective or to reject the proposed modification;
- (b) an explanation of the decision made; and
- (c) expected implementation date and timescales for compliance which are to be reasonable and proportionate to the circumstances.

The Secretariat shall distribute the Modification Report to all interested parties.

3.3.4 Governance Documents

The Panel shall make such modifications to all relevant governance documents and/or adopt such new governance documents as may be necessary to give full and timely effect to an Approved Modification by the implementation date.

4 ADDITIONALITY TYPES

4.1 Offsetting

4.1.1 Eligibility of schemes and offset levels

Any carbon credits offered as part of a green tariff must be certified under either DECC's Quality Assurance Scheme for Carbon Offsetting (QAS) or the Gold Standard for regulated credits.

4.1.1.1 Offsets within the QAS⁴

If a Member chooses the QAS there are two options for domestic customers:

1. Members can purchase full offsets on average emissions. The volume of offsets purchased must match, on average, the annual CO₂ emissions from an average UK household based on DECC's average annual emissions factor (in Annex A). For the first compliance period of 12 months this is 1.8 tonnes per domestic customer (3,300kWh x 0.54055 kgCO₂/kWh). It must be clearly communicated to customers that the amount offset represents an average, and does not reflect their actual emissions. Under this route, Members will not be required to calculate actual emissions for each domestic customer; or
2. Members may offset based on actual emissions. It is strongly recommended that the full amount of the customer's actual emissions are offset, but a partial offset is permissible (as per paragraph 5.2 of the QAS scheme requirements document). In

⁴ DECC announced the ending of the QAS scheme with effect from 30 June 2011

this case the volume of offsets purchased must be at least 1 tonne of CO₂e emissions per customer. This calculation is part of the Tier 2 information, and may be communicated to the customer either:

- a) via inclusion on the customer's bills, or
- b) through a statement sent to the customer annually (or on the termination of the customer contract on the tariff if earlier), or
- c) through the Member's website, which must then include a calculation facility to enable the offset percentage to be identified.

For the first compliance period of 12 months 1 tonne offset is equivalent to 1,850kWh of grid average electricity. It is the appropriate figure in kWh that should be related to the customer's actual (or EAC) consumption.

Members may offset a small business customer's emissions provided the offset level is based on actual energy use. As with domestic customers it is strongly recommended the full amount of actual emissions are offset, although a partial offset is permissible provided a minimum threshold is met. For the first compliance period of 12 months, this threshold will be scaled to 56% of the business's emissions following the rule in 1.3.3.

Any offset instruments within the QAS can qualify, including CERs, ERUs and Phase 2 EUAs. For the avoidance of doubt, QAS credits do not have to meet the additional requirements of the Gold Standard. Members may obtain their QAS offsets either through gaining full approval to sell quality assured offsets, or by becoming a reseller of quality assured offsets (as defined in paragraph 2.11 of the QAS Scheme requirements document).

4.1.1.2 Offsets using the Gold Standard

If a Member chooses Gold Standard credits then only regulated credits from the compliance offset market (CDM & JI) that carry the Gold Standard label will be accepted.

For domestic customers, the threshold is 1 tonne CO₂e per tariff per annum. For small businesses, the domestic threshold will be scaled up or down depending on the customer's consumption level in accordance with section 1.3.3. Under the Gold Standard, only offsets based on CERs and ERUs can qualify.

4.2 Generation schemes (Green Funds)

4.2.1 Eligibility of schemes

In order to be eligible for inclusion in the certification scheme, Members must invest in schemes which pay for, or contribute to, the installation of technologies which reduce the CO₂e related to electricity, heat, heat & cooling or trigeneration in buildings located within Great Britain.

4.2.1.1 Eligible technologies

Technologies will be eligible if they are approved under the Renewable Obligation Order or Renewable Heat Order which applies at the time of build.

Prior to the implementation of the first renewable heat order, the permitted heat technologies will be:

- Heat pumps (all types – ground, air, water etc.)
- Solar thermal, including concentrators
- Geothermal heat
- Biomass (excluding co-firing with fossil fuels)

Other renewable technologies may be permitted at the discretion of the Panel, if accompanied by technical reports from a reputable external assessment body verifying their CO₂e reducing credentials.

4.2.1.2 Ineligible technologies

Schemes which include the combustion of fossil fuels cannot form part of an approved tariff. The only exception to this exclusion is where there is a requirement for a heat backup unit (for example a biomass CHP backed up with a gas boiler). In this case, the funds from the eligible tariff should not be used to contribute towards this backup measure, and this should be funded separately.

4.2.1.3 Territory of funding

No additional proof is required for generation schemes connected directly to a transmission or distribution system in Great Britain (being the mainland of England, Scotland and Wales, and outlying islands including the Hebrides and Isle of Wight, but excluding the Isle of Man, Channel Islands and Northern Ireland) and the electricity cannot be or have been conveyed to Great Britain through an electricity interconnector.

If a generation scheme does not meet this definition, it would normally be considered an offsetting scheme and would need to meet the requirements under section 3.1. However, if Members can provide evidence of additionality, including independently accredited evidence of CO₂ levels being abated (e.g. grid average of the country), the Panel has the discretion to allow the project.

4.2.1.4 Generation building timescale

It is normally expected that projects submitted to demonstrate compliance will be operational within three years of the end of the compliance period. If this is not the case, or is not likely to be the case, the Member must report this to the Panel at the earliest opportunity. This report should include reasons for delays, mitigations used or planned and a milestone plan to bring the scheme on line as soon as possible. The Panel will review this submission and decide if a Member can have an extension. If the project is permitted to continue, they may require the Member to submit regular update reports on progress and keep the scheme under review. The Panel will review the extension decision and has the right to request replacement of a project, if, in their view, no substantive progress is being made.

4.2.2 Other obligations

4.2.2.1 Ownership of generation assets funded by a Green Tariff

Members supporting new generation through a Green Tariff must not have any ownership interest in the generation equipment, including through any affiliate, subsidiary, holding company or group company. For the elimination of doubt, Members may not hold any share or stock of the asset(s) or any company which holds some or all of the asset(s), but may freely trade with the controlling entity to facilitate sale of power or any other output.

4.2.2.2 Claiming of renewable energy certifications

Members do not have right or claim to the ROCs, LECs or REGOs assignable to the generation/equipment which it has funded through its Green Fund. The party who owns the generation equipment shall have full title and the right to the certificates.

4.2.2.3 Purchase of Power

The recipient of funding for a renewable or low carbon generation scheme shall have absolute title over the electricity or heat generated, and shall be free to sell it through any legal mechanism (such as a power purchase agreement or metered heat sales) to any party whom they choose, although the aim should be that the party consume the energy or the majority of energy.

The Member funding the scheme through a certified green tariff will have no claim to exclusively purchase this power, or any portion of this power. They shall also have no rights to demand a preferential price or preferential treatment in any tender process.

4.2.3 Minimum non-offsetting threshold

4.2.3.1 Domestic

The minimum amount of CO₂e that must be offset for a domestic customer will be equivalent to 50kg for every domestic customer on the tariff over the average of a year.

4.2.3.2 SME

SME customers should abate at least the minimum amount of CO₂e based on a modification of the domestic threshold, as calculated in the SME average contribution methodology (section 1.3.3).

4.2.4 Compliance calculations

4.2.4.1 *Full lifetime CO2e claims*

Where the full CO2e value of the generation project is to be claimed in the year of funding agreement, the following calculation applies:

Average contribution per customer = Total green fund contributions in period / Number of customers mean average over period

CO2e per year* = kWh generated per year x CO2e conversion figure

Lifetime CO2e* = CO2e per year x Assumed lifetime

£ per kg CO2e = Total project costs** / Lifetime CO2e

kg CO2e per customer = Average contribution per customer / £ per kg CO2e

* These calculations will need to be repeated for every project submitted in a given compliance period, and separately for each element of electricity, heat and cooling

** Total project costs include all contributions from recipient and other funding bodies, as well as the contributions from the supplier's fund

Where a scheme funds a number of projects and/or technologies, every individual project part will have its Lifetime CO2e calculated individually. Following this, the scheme will calculate '£ per kg CO2e' by using total cost of all the projects in the scheme divided by total Lifetime CO2e of all the projects, adding together each project part. The CO2e threshold only has to be met, on average, over all projects.

4.2.4.2 Ongoing CO2e claims

Where the CO2e of the project will be calculated year on year, the following modified calculation will be undertaken in each compliance year of operation, with the same process applying.

Average contribution per customer = Total green fund contributions in period / Number of customers mean average over period

CO2e per year* = kWh generated per year x CO2e conversion figure

£ per kg CO2e = Total project costs** / CO2e per year

kg CO2e per customer	=	Average contribution per customer	/	£ per kg CO2e
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4.2.5 Additional considerations for generation project funding

4.2.5.1 Distribution of funds

In addition to demonstrating compliance through the above calculation, Members will have to provide evidence that they have made all reasonable efforts to distribute the monies received for the compliance period, and are not unnecessarily stockpiling cash reserves. Whilst variations year to year are expected, over a rolling 3 year period, the monies set aside by the Member for green funds should equal the monies committed to eligible projects with a variance of less than 10% to the detriment of the fund.

4.2.5.2 Interest on funds

Members must return any interest or dividends gained on monies held for the purposes of a green fund to the fund, which will then be used for the stated purposes of the fund. This interest should not be taken in to account when making CO2e compliance calculations.

4.2.5.3 Multiple technologies

In instances where more than one technology is used (e.g. an electricity generating turbine and a heat collecting unit), each technology should have its CO2e saving calculated separately, with CO2e scores added together to create a final score.

4.2.5.4 Electrically powered heating units

Where a heating unit (such as a heat pump) is electrically powered, the CO2e for grid average electricity should be taken in to account when calculating savings. Therefore, if a heat pump is installed to replace electric heating, only the reduction in kWh for electricity consumed for heating, per year, should be counted for CO2e.

Alternatively, where electrically powered heating replaces gas or oil directly, the additional CO2/kWh of electricity used in generating the heat should be taken in to account when calculating savings from the other fuel. If the site is also employing

electricity generation on site, then this will be taken in to account, and will cancel out some of the increased electricity demand.

4.3 Energy Efficiency schemes

4.3.1 Eligibility of schemes

In order to be eligible for inclusion in the certification scheme, other measures should be either:

- (1) a physically installed measure meeting the Energy Efficiency Recommended standard of the Energy Saving Trust, eligible for certification under the Carbon Emission Reduction Target, or accompanied with technical evidence from a reputable third party assessment organisation to assert the CO₂e savings
- (2) a measure designed to introduce behaviour change, with carbon reduction evidenced by physical reductions in consumption related to actual customer usage.

Any measure claimed for additionality under this scheme cannot be fully or partly claimed under any other scheme, including, but not limited to, compulsory schemes such as CERT, CESP and (formerly) HES. Members must not claim against both a Green Tariff and any supplier voluntary social spend commitment made to government prior to the inception of the Green Supply Guidelines in February 2009.

4.3.2 Minimum threshold

4.3.2.1 Domestic

The minimum threshold for other schemes for domestic customers is a CO₂e reduction of 50kg per customer account per year, claimed either over the lifetime of the selected measures in the first year, or year by year. This is calculated by taking total CO₂e abated through measures linked to this tariff, and dividing by the average number of customers on the tariff over the compliance period.

4.3.2.2 SME

The minimum threshold for SMEs will be calculated by using the domestic minimum threshold of 50kg, scaled up or down based on the consumption of the SME as explained in section 1.

4.3.3 Consumption reduction schemes

Actual reductions in electricity usage should be evidenced by the following formula:

$$\text{Actual customer consumption reduction} = \frac{\text{Electricity usage in previous year} - \text{Electricity usage in current year}}{\text{previous year}}$$

Usage figures should be derived from actual readings which can be from a supplier read (e.g. meter reader), provided by the customer (e.g. telephone or internet) or via Automated Meter Reading (AMR) or Smart metering. It is appreciated that in order to fit with compliance periods, some level of extrapolation from actual reads may be required, but reads must have been within a reasonable period of the submission.

In instances where a customer is newly acquired by a Member, and no actual read data is available, it is acceptable to use estimated annual consumption (EAC) data available for that property as the basis for the 'previous year' usage.

4.4 Other schemes

Members may propose other schemes which provide additional carbon saving to the Panel. The proposal will need to satisfy the Panel that the tariff will:

- Be compliant with the Green Supply Guidelines
- Deliver the relevant carbon additionality
- Be a robust, quantifiable measure

Where necessary, the Panel will consult with Ofgem to confirm that they believe the proposal satisfies the principles of the Green Supply Guidelines.

If the Panel reject the proposal they will provide an explanation to the Member.

APPENDIX A – OFGEM GUIDELINES

Final Green Supply Guidelines

1. Aims of the guidelines

1.1. The key aim of these guidelines is to provide clarity to customers on whether green tariffs are truly "green". This in turn requires that, where tariffs are marketed as "green" by suppliers, they must apply the following principles:

- **transparency:** tariffs need to be clear and consistent with public understanding and expectations as to what constitutes green supply. Customers should have easy access to specific information regarding the tariff as well as more general information regarding the way that the electricity market, supplier obligations and green tariffs interact. The requirements on transparency, under these guidelines, are discussed in further detail in Sections 1.6 to 1.13 below;
- **evidence of supply:** suppliers will need to have and retain evidence, for the duration of the relevant compliance period, to verify all claims regarding both the source of electricity supply and additionality (as described in the next bullet) so that this can be made available to the public or an external verifier. The requirements on evidence of supply, under these guidelines, are discussed in further detail in Sections 1.14 to 1.21 below;
- **additionality:** customers choosing a green tariff need to be able to be satisfied that their support is contributing to additional environmental benefits or additionality. As such, they must be assured that the environmental benefit secured through their decision to sign up to the tariff would not have occurred in the absence of this decision. Benefits derived from existing support schemes, e.g. through the Renewables Obligation (RO) or under the Carbon Emissions Reduction Target (CERT), are not included. For example, assigning renewable electricity supported by the RO to a green tariff is not, in itself, evidence of additionality under these guidelines. A minimum requirement in demonstrating additionality should be met by suppliers to achieve accreditation under the scheme. The requirements on additionality, under these guidelines, are discussed in further detail in Sections 1.22 to 1.24 below; and
- **accreditation:** suppliers who have signed up to the guidelines will be required to agree and develop an accreditation scheme within given time periods. This process may result in detailed accreditation scheme rules which could be appended to these guidelines. The scheme will require the employment of an independent accreditation body (details to be agreed). The aim of having the tariffs accredited will be to provide assurance to consumers that suppliers are actively engaging in the activities in which they claim they are undertaking within their marketing materials. The presence of an independent third party at the centre of the scheme will facilitate the feeling of assurance achieved by consumers and ensure that there is no bias, towards any one supplier, within the scheme itself. The development of the scheme will be overseen by Ofgem to ensure that its structure adheres to the key principles outlined in these guidelines.

1.2. These guidelines place additionality as a core principle. As a result of these guidelines, it must be clear to customers whether their tariff provides additional environmental benefits or not. This is consistent with consumer expectations of what a green tariff should constitute⁵. It

⁵ This is consistent with the conclusions reached through Ofgem's consumer research, carried out in December 2007, which highlighted that the key motivation for consumers in signing up to green tariffs is to facilitate additional environmental benefits. The conclusions of the research are available at:

is also crucial that customers are able to understand clearly and easily what they are getting in terms of environmental benefits.

2. Status of the guidelines

1.3. These guidelines are voluntary in nature and, given the high level nature of the principles contained within them, the green tariff products supported should be capable of evolving over time in line with the evolution of the market. However, where a signatory or other interested party considers that certain provisions within these guidelines need to be revised, they should notify Ofgem. Ofgem will subsequently consider whether a consultation regarding this proposed amendment is required.

3. Scope of the guidelines

1.4. The guidelines apply to green tariffs targeted at both domestic and Small and Medium Enterprise (SME) customers that are offered by suppliers who are signatories to the guidelines. For the purpose of these guidelines, SME is defined as having an annual electricity consumption of less than 55,000 kWh⁶.

1.5. Further, the guidelines cover renewable tariffs only not low carbon tariffs such as good quality Combined Heat and Power (CHP) or nuclear.

4. Transparency

General requirements

1.6. All marketing material and related information should be based on correct, up-to-date and specific information about the product that is being offered. Information provided regarding the market more generally and the obligations with which suppliers must comply should also be up-to-date and accurate.

1.7. The use of images and symbols should reflect the product being offered; for example, the use of images of wind generation should only be used where a supplier sources a substantial portion of its generation from wind. The exact detail of these arrangements will be agreed through the discussions that take place to establish the accreditation scheme.

Provision of information on a tiered basis

1.8. In recognition of the different needs of consumers regarding the provision of information, suppliers must provide information to consumers on a tiered basis. The first tier of information will outline some of the key information which consumers should be aware of in advance of signing up to a green tariff. The second tier of information will provide an explanation of these symbols and the third will provide general contextual information regarding green tariffs and the electricity market. The requirements for the provision of information under the first, second and third tiers are outlined in more detail in paragraphs 1.9 to 1.13 below.

Tier 1 information

1.9. The supplier must provide tier 1 information to customers at the point of sale⁷. The supplier should also include tier 1 information regarding green tariffs on its website and in all marketing material. This information must include:

<http://www.ofgem.gov.uk/Sustainability/Environmnt/Policy/Documents1/Final%20Report%20from%20Mori%20re%20Consumers%20Views.pdf>

⁶ Follows the definition used as part of the Energy Ombudsman

⁷ Before a customer enters into contract for a green tariff

- **a Fuel Mix Disclosure chart** illustrating the relevant fuel mix of the supplier⁸ which shows the different energy sources used and the percentage of each source making up the fuel mix. This will provide an indication to customers of the environmental credentials of the supplier. This requirement is in line with legal obligations on active suppliers to provide information to each customer that has received a bill or statement, in the 12 month period commencing 1 October, regarding the contribution of each energy source to the total amount of electricity purchased for supply by the licensee⁹;
- **an additionality description**, in plain language, briefly outlining the environmental measure/activity that the supplier is undertaking on behalf of the customer to demonstrate additionality. If the activity is carbon offsetting, then this must be explained very clearly and the carbon offsetting product used by the supplier must be compliant with the Government's Quality Assurance Scheme for Carbon Offsetting¹⁰; and
- **an additionality symbol/mark** demonstrating that the environmental measure/ activity as part of the green tariff results in the abatement of at least a minimum level of Carbon Dioxide equivalent (CO₂e) emissions.

1.10. Where it is not possible to provide a pictorial representation of these attributes of the green tariff at the point of sale, consumers must be made aware of this information prior to entering into a contract for a green tariff.

Tier 2 information

1.11. The second tier of information should be available from a publicly accessible resource (e.g. the supplier's website) or in printed materials and must explain the symbols presented in the first tier. As such it should provide details of:

- the key messages that the fuel mix chart is seeking to convey;
- the specific fuel sources that are referenced in the fuel mix and the key attributes of these fuel types;
- a website link or reference to the information that the supplier produces regarding their overall fuel mix;
- the environmental measure that has been supported as a result of the purchase of this particular tariff, specifically what this will mean in practical terms; and
- an explanation of the minimum threshold for additionality and how it was met and derived for the tariff in question.

Tier 3 information

1.12. Tier 3 information should also be available from a publicly accessible resource or in printed materials and suppliers should ensure that customers are made aware of this information in any marketing material or correspondence relating to the green tariff. This information must include the following:

- suppliers have a Renewable Obligation (RO) under which they have to either pay a fee to Ofgem and/or buy Renewable Obligation Certificates to fulfil their annual obligations;

⁸ If a supplier has multiple licences then it must use the FMD chart specifically related to the relevant licence

⁹ The requirement is contained at paragraph 4(a) Standard Supply Licence Condition 21

¹⁰ <http://offsetting.defra.gov.uk/>

- the Government's ongoing aim of the RO is to encourage an increased amount of electricity to be generated from renewable technologies;
- the average amount that domestic/SME (as appropriate) customers on a standard electricity tariff are already contributing to renewable energy as a result of the RO¹¹;
- a description of suppliers' Carbon Emissions Reduction Target (CERT) obligations;
- the Government's ongoing aim of the CERT is to encourage an increased amount of energy efficiency by domestic customers;
- the average amount that average domestic/SME (as appropriate) customers on a standard electricity tariff are already contributing towards the supplier's CERT obligations¹²;
- for SME tariffs, a description of the Climate Change Levy (CCL) and levy exemption regulations; and
- for SME tariffs, the average contribution that SME customers make to support renewables through the CCL.

1.13. The measures that will be applied, including possible sanctions, in the event that suppliers are not compliant with these requirements will be determined through the development of the accreditation scheme. Furthermore, the way in which tier 1, 2 and 3 information is presented will also be agreed and standardised through the development of the accreditation scheme to ensure consistency and facilitate greater customer understanding.

5. Evidence of supply

1.14. Suppliers will need to conform to the legal requirements relating to Fuel Mix Disclosure, as set out in Standard Supply Licence Condition 21 (Fuel mix disclosure arrangements), when making any claims regarding their overall generation portfolio.

1.15. Evidence of supply should be retained for the suppliers overall fuel mix and this evidence should follow the requirements of paragraph 8 of the Electricity (Fuel Mix Disclosure) Regulations 2005. Where particular generation sources are specified, the supplier should provide this evidence by category of generation source.

1.16. Evidence must also be retained (period to be agreed) regarding the environmental measure(s) in which the supplier has engaged in on behalf of its customers.

The volume test

1.17. To ensure that double or triple counting the "greenness" of a green tariff does not occur and that there is consistency across the market, the following volume test applies:

A supplier must hold the requisite number of Renewable Energy Guarantee of Origins (REGOs) to support the volume of renewable supply in a green tariff/contract. The supplier must also either retire or redeem any associated Levy Exemption Certificates (LECs) to ensure that they are not later sold on to other customers.

1.18. Imports of renewable generation from outside of the UK is treated as follows under the volume test:

¹¹ Figures to be provided by Ofgem

¹² Figures to be provided by Ofgem

If the electricity is from a generator that has been issued with LECs then the supplier must retire the LECs and hold the requisite number of non GB or NI issued Guarantees of Origin recognised by Ofgem. If the electricity is from a generator that has not been issued with LECs then the supplier must purchase and retire LECs and hold the requisite number of non GB or NI issued Guarantees of Origin recognised by Ofgem.

1.19. Even once the volume test is met, a supplier cannot make claims that a green tariff is either carbon-free or "100% renewable electricity". However, a supplier can claim that it has matched the amount of electricity sold under its green tariffs with purchases of renewable electricity, if this is the case.

1.20. Furthermore, a green tariff must meet both the additionality¹³ and volume tests to receive accreditation under the green supply guidelines. Fuel mix allocations will not be taken, by themselves, to imply that a green tariff is additional and therefore further measures are necessary to be accredited under the green supply guidelines.

1.21. Suppliers can sell Climate Change Levy (CCL) exempt supply or LEC-backed supply under the guidelines only if the tariffs meet both the additionality and volume tests as set out above. Suppliers can also sell unaccredited CCL-exempt supply but this should not be described as green supply.

6. Additional benefits associated with the tariff

1.22. For green tariffs to obtain accreditation under the scheme, suppliers must also demonstrate that the relevant tariffs incorporate a certain minimum level of additionality. In demonstrating this, suppliers must first show that they are undertaking an activity or measure that results in the delivery of an environmental benefit that would not occur under a "Business As Usual" Scenario, consistent with the description of additionality in paragraph 1.1 under these guidelines. The supplier must then demonstrate that the additionality measure/activity that it is undertaking results in the abatement of at least a minimum level of CO₂e emissions, as described below, and this must be certified through the accreditation scheme.

The additionality minimum threshold test

1.23. For measures of additionality to qualify under the guidelines it is necessary that they are not only compliant with the requirements outlined above but that they also result in the abatement of at least a minimum level of Carbon Dioxide equivalent (CO₂e) emissions. For domestic green tariffs, this minimum threshold level depends on the activity that the supplier is undertaking to demonstrate additionality:

- for carbon offsetting activities, the minimum threshold is currently set at 1 tonne of CO₂e emissions abated per tariff per annum. The carbon offsetting product used by the supplier must be compliant with the Government's Quality Assurance Scheme for Carbon Offsetting¹⁴; or
- for all other additionality activities, the minimum threshold may be a figure less than 1 tonne of CO₂e emissions abated per tariff per annum but must be of broadly equivalent materiality. The minimum threshold for all other activities shall be agreed by all signatories to the guidelines before the accreditation scheme is fully operational.

For SME green contracts, the thresholds should be scaled upwards based on the electricity consumption of the SME¹⁵.

¹³ As outlined in paragraph 1.23

¹⁴ <http://offsetting.defra.gov.uk/>

¹⁵ For example, if the electricity consumption of an SME is 25,000 kWh per year, then the green contract that it purchases should result in the abatement of about 7.6 tonnes of CO₂ emissions per annum (based on an average household electricity consumption of [3,300] kWh per annum) if the environmental measure is carbon offsetting.

7. Assessment of whether a benefit is additional

1.24. A degree of responsibility and self-governance is required from suppliers in interpreting the additionality provisions and ensuring that something would not have happened under a "Business as Usual" scenario. This will be monitored as part of the accreditation scheme to ensure that suppliers that are signed up to the guidelines and accreditation scheme remain compliant.

8. Third party assessment of green tariffs

1.25. Implementation of these guidelines will require suppliers to agree a governance structure for the accreditation scheme for green tariffs.

1.26. The scheme should include provisions to ensure the auditing and verification of claims and the creation of an additionality symbol/quality mark which can be assigned to all tariffs that fulfil the requirements set out in these guidelines.

1.27. Once the accreditation scheme is in place and sufficient experience has been gained, Ofgem will review the guidelines to determine the possibility of extending them to include the I&C sector, low carbon tariffs and green gas. Ofgem will also revisit the additionality thresholds and consider the possibility of developing a ranking system, based on CO₂e emissions abated, that allows for greater differentiation between tariffs. However, where a signatory or other interested party considers that certain provisions within these guidelines need to be revised, they should notify Ofgem. Ofgem will subsequently consider whether a consultation regarding this proposed amendment is required.

APPENDIX B – PROFORMA

This is version 2.1 of the Proforma but may be superseded by revised versions not requiring a formal modification to this Rule Book.

Green Energy Supply Certification Scheme

1 PRODUCT SUBMISSION

Company Name
Product Name
Brand Name(s)
Supply licence(s)
Submission Date

Company contact
Address

Telephone
Email

2 Proposition

Summary of product

Target market

Residential

SME

Contractual obligations

Contract length(s)
Early termination fee
Product joining fee

3 Product Description

Product Features

Key Customer Benefits

- 1
- 2
- 3
- 4
- 5

Carbon Abatement

Method of abatement _____
Description of abatement _____

What level of CO₂e abatement is required to meet OFGEM requirements for this tariff

_____ kg per residential electricity account

If you are making a higher CO₂e claim than required under the guidelines, what is it?

_____ kg per residential electricity account

Measurement

Describe how the carbon will be measured and verified

Measured in accordance with the following rule book section: _____

6 Verification

This statement may either be completed here, as part of an initial application, or included in a more formal report by the verifier on the verifier's headed paper.

As proposed verifier of this Green Tariff, I agree that the proposed project has the potential to produce additionality equal to or greater than the figure required, and, if different, the figure claimed.

Auditor/Verifier
Contact/Lead
Address

Telephone
Email
Date of verification
Signature of verifier

Please send the completed signed proforma to:

*Ian Byrne, Green Energy Supply Certification Scheme Secretariat
National Energy Foundation
Davy Avenue,
Knowlhill,
Milton Keynes MK5 8NG*

*Copies may initially be sent electronically to ian@greensupplyscheme.org
or by fax to 01908-665577, marked for the attention of Ian Byrne,
but a properly signed copy will be required before the Panel can adjudicate.*

APPENDIX C – CURRENT DEFINITIONS

These definitions are to be used when calculating CO₂e emissions for all certified tariffs. They are reviewed annually on the 1st November and updated when necessary by the Secretariat, and should be used as set out in this document for every tariff with a compliance period starting between the setting date and the following 31st March.

Definition of CO₂e

Source: European Environment Agency

Carbon dioxide equivalent is a metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential (GWP). The carbon dioxide equivalent for a gas is derived by multiplying the tonnes of the gas by the associated GWP.

CO₂e = Mass of gas (kg, tonnes etc.) * GWP of the gas

Global Warming Potential

Source: [Defra/DECC's](#) GHG Conversion Factors, 2011 (Table 5a)

(<http://www.defra.gov.uk/environment/economy/business-efficiency/reporting/>)

The Global Warming Potential (GWP) of emission gases is defined by a formula laid down by the Intergovernmental Panel on Climate Change (IPCC) and reported annually by Defra/DECC. Example outputs for this include:

Gas	GWP (times)
Carbon Dioxide	1
Methane	21
Nitrous Oxide	310
HFC-23 (hydrofluorocarbon)	11,700
R410A (Puron refrigerant)	1,725

CO₂e levels per kWh of fuel

Source: DEFRA/DECC GHG conversion factors, 2011 (Tables 1b/c and 3)

Fuel	2009-10 kgCO ₂ e per kWh	2010-11 kgCO ₂ e per kWh	2011-12 kgCO ₂ e per kWh
Grid Electricity	0.54055	0.54522	0.52462
Mains natural gas	0.18358	0.18523	0.18360
Liquefied Petroleum Gas	0.21419	0.21445	0.21467
Gas Oil	0.25215	0.27533	0.27857
Fuel Oil	0.26530	0.26592	0.26744
Burning Oil	0.24555	0.24683	0.24681
Diesel (retail blend)	0.25012	0.25301	0.24340
Petrol (retail blend)	0.23976	0.24176	0.23610
Coal (domestic)	0.29582	0.34010	0.33920

Burning Oil includes including kerosene and paraffin for use in domestic heating systems
Figures are Scope 1 Total Direct GHG per kWh on a Gross Calorific Value basis.

Note: Under the Rules the figures for 2011-12 (which are taken from the July 2011 Defra Guidelines) are to be used for compliance periods starting between 1 November 2011 and 30 October 2012. So, for example, a tariff with a compliance period ending in February 2013 will therefore use the 2011/12 factors.

Volumetric to kWh conversion factors

Source: Carbon Trust CTL 153, 2011

Fuel	kWh / tonne	kWh / litre
Coal (average)	7,500	-
Fuel oil	12,029	11.75
LPG	13,668	6.95
Gas/diesel oil	12,584	10.92
Burning oil	12,834	10.31
Petrol	12,807	9.40

Note: Revised figures from July 2012; calorific values of coal and petrol reduced

Scheme allowable lifetimes

Source: Ofgem Carbon Emissions Reduction Target
(<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs/Documents1/TM%20Guidance.pdf>) as amended

Measure	Lifetime (years)
Loft insulation (DIY & Professional)	40
Cavity wall insulation	40
Draught proofing	10
Solid wall	30
Hot water tank	10
High efficiency water cylinder	20
Radiators	10
Window glazing	20
Boiler	12
Heating controls	12
Fuel switching	20
Flue gas heat recovery	12
Heating recovery ventilation	10
LEDs (see note)	19.5
Halogens	6.5
Freezers and Fridge Freezers	15
Refrigerators and Larders	12 (non-priority group) 15 (priority group)
Fridge saver	15
CHP	15
Solar water heating	25
Ground Source Heat Pumps	40
Biomass (domestic)	20
Biomass (community scheme)	30
Wind - micro (roof mounted up to 1kWp)	10
Wind - mini	22.5
Photovoltaics - amorphous	20
Photovoltaics - polycrystalline	25
Photovoltaics - monocrystalline	30

Note: CFLs were withdrawn and replaced by LEDs in v2.1 of this Rule Book.

Domestic usage

Ofgem define the average consumption of a domestic household to be 3,300 kWh electricity per calendar year.