

Green Electricity Tariffs...

Green Electricity

The electricity grid network is supplied with energy from many power stations, mostly fossil fueled. Now, some smaller renewable energy plants are supplying electricity to the national grid. Put simply, green electricity is produced from renewable sources, as opposed to 'normal' electricity tariffs, which are from fossil fuel generation. Often also referred to as green tariffs or green power, green electricity is frequently given specific 'brand' names by the energy companies.

You can embrace green electricity by purchasing green electricity from current plants (green tariff) or by supporting a fund for the development of future renewable energy generation (green fund). Green funds and green tariffs are collectively known as green supply offerings. A number of companies also supply offerings that are a combination of the funds and tariff offerings.

Green Tariffs

When you choose a green tariff, your supplier is obliged to source for you an amount equal to some, or all of the electricity you consume, from existing renewable energy sources (such as a wind farm). Electricity is supplied to your home in exactly the same way; it is a matter for the energy company to buy the same amount to match your energy consumption (and that of all their green electricity customers) from a green electricity source.

Green Funds

Another option is a 'green fund'. This involves you contributing to a fund that will be used to support new renewable energy developments. The cost of generating electricity from renewable energy sources is usually higher (although the difference has reduced significantly in recent years). Under this option, your existing electricity supply continues as normal, but your involvement will help to alter the mix of energy sources in future toward renewable sources.

Legislation?the Renewables Obligation

The Government has a policy to increase the amount of renewable energy produced in the UK and therefore reduce greenhouse gas emissions. Supported by legislation known as the Renewable Obligation (2002), it requires energy suppliers to source a percentage of the electricity that they sell from defined renewable energy sources. The target is 10.4% renewable by 2010. So, even if you do nothing, your electricity will be 10.4% green by 2010. It is important to note that green supply offerings are voluntary activities undertaken by various electricity suppliers; the Renewables Obligation is a mandatory legislative requirement.

How do I choose?

There are a number of factors to consider and questions you should ask your electricity

supplier.

Cost

Because generation from renewable sources is more costly, you usually pay a premium for a green tariff. This varies from company to company depending, for instance, on which renewable source is being used. The cost is usually no more than a few pounds per month, although some companies do not charge a premium at present.

Additional Generation?

It is important to reiterate that green supply offerings are voluntary activities undertaken by various electricity suppliers?the Renewables Obligation is a mandatory requirement. Many people are therefore asking, if my electricity company is required by law to purchase electricity generated from renewable energy sources, why should I participate in a green supply offering?

It is a valid question. We recommend that you ask several questions of your potential green electricity supplier (including any ?doorstep? sellers):

- Is the green electricity you are considering buying part of that which is legally required by that supplier to purchase?or is it additional generation?

- Similarly, if you are considering contributing to a green fund, will it be used for new renewable energy generation equipment to meet their legislative requirements? Or is it additional to those requirements and thus a voluntary decision to support more renewable energy generation?

If it is additional, you should ask how it is verified.

It is likely that greater impact will be gained from offerings additional to legislative requirements. In all cases, electricity suppliers should be clear to consumers about what they are offering.

Regulation in green supply offerings

The Regulator for Britain?s Gas and Electricity Industries (OFGEM) is responsible for administering the Renewable Obligation legislation, but does not directly regulate green supply offerings. However, it has produced guidelines for the operation of green supply offerings and whilst not mandatory, they do clarify suppliers? obligations to ensure that green offerings are credible and defensible. A scheme known as Future Energy which previously existed to accredit the voluntary green offerings of suppliers has been discontinued.

So what should I do?

Even if you do nothing, a small part of the electricity you purchase will be from a renewable

source, as a result of the Renewables Obligation legislation. However, you can choose to purchase more or all of your electricity from green sources and assuming it is additional, you will be contributing to new renewable energy generation. You may not think this makes a difference, but it will send a message to the energy companies that renewable energy is the preferred consumer option. Just think of the impact, if we all opted for the green tariff.

Where can I get more information?

With the many changes occurring in the electricity market at present, we strongly urge you to talk to your energy supplier to find out the latest information regarding renewable energy tariff structures and prices, as well as referring to any of the following information sources:

Advice

The Mid and South West Wales Energy Efficiency Advice Centre (EEAC) is participating in a renewable energy advice pilot and can provide options for your home or community group. If you are located within this area call 01239 821903 or visit www.ecocentre.org.uk

Web

- Further information on renewable energy, case studies, funding sources etc:
www.est.org.uk/renewables

- Greenprices; independent web site dedicated to green electricity tariffs:
www.greenprices.co.uk

- Ofgem; electricity and gas regulator: www.ofgem.gov.uk

Further Information

- The Green Electricity Marketplace is an excellent website providing instant price and environmental information on green electricity suppliers in your area. www.greenelectricity.org

- Future Energy provides information from the Energy Saving Trust on green energy suppliers. www.est.co.uk or 08457 277200.

- Friends of the Earth's website provides a guide to electricity supply companies and ranks them according to their support for renewables and energy efficiency. www.foe.co.uk

- GreenPrices provides electricity prices and more general information on green electricity throughout Europe. www.greenprices.com