



EMBARGOED UNTIL 00.01 HOURS ON MONDAY 4 JUNE 2007

R/23

STAR RATING SCHEME FOR GREEN ENERGY DEALS

- **New easy-to-understand star rating for green energy tariffs**
- **Rating scheme to include other low-carbon generation**
- **Energy Saving Trust (EST) to carry out consultation into new accreditation scheme for green energy deals**

Customers and businesses looking to reduce their carbon footprint will be able easily to compare the environmental credentials of green energy deals under proposals by energy regulator, Ofgem. Under Ofgem's proposals all green tariffs would be awarded a rating ranging from 1-5 stars.

Under Ofgem's proposals for revised guidelines the star rating scheme would apply to green tariffs offered to businesses as well as to domestic customers. The guidelines would also be expanded to cover low-carbon technologies like efficient Combined Heat and Power schemes. Ofgem and the EST will be working with the energy industry and customer groups to develop their proposals, with the aim of delivering new guidelines by September.

Minister of State for Climate Change and Environment Ian Pearson said: "More and more people want to go green, but they need to be sure that what they're doing is making a real difference. Green tariffs have the potential to be a real force for good, and I'm delighted that the Energy Saving Trust and Ofgem are doing this much-needed work that will give consumers clear, accurate information on the options that are available to them."

Ofgem's Chief Executive Alistair Buchanan, said: "A star rating scheme will make it much easier for customers to make informed choices when shopping around for an electricity deal which will help cut their carbon foot print. By expanding the guidelines to businesses, which consume two thirds of the UK's electricity, we are making it easier for firms to become carbon neutral."

To make sure the star rating scheme gives customers confidence in green energy tariffs the EST is today launching a parallel consultation looking at the issues involved in setting up an independent accreditation scheme. A key concern of the EST is to ensure that when customers buy green energy they are not just paying for the amount of renewable energy suppliers are already required by government to buy, but are actually funding additional supplies.

Philip Sellwood, Chief Executive of the Energy Trust, said: "Our research shows that over one third of all households are interested in signing up to a green tariff, once the concept had been explained to them. We need to make sure they get the best impartial advice to make informed choices.

"One in two people now look for our Energy Saving Recommended label when purchasing household appliances. We need to develop the same level of recognition and confidence in green tariffs so that when customers purchase green electricity they can be sure that they are making a difference."

Notes to editors









1. What is green energy?

Green supply tariffs are contracts into which customers can enter with suppliers to obtain all or part of their electricity from renewable or potentially low carbon/carbon neutral sources of generation. They also include contracts under which suppliers can agree to invest a premium back into renewable energy or other environmental funds, or alternatively take other carbon offsetting actions.

2. Star rating scheme

Ofgem is proposing a star accreditation scheme that will identify how much carbon each green tariff uses. The table below is an illustrative example of how any such scheme would work.

Illustrative example of star accreditation scheme

	Carbon Emissions Indicator			Environmental benefits	
	Medium	Low	Zero (or close to 0)	Efficiency	Waste
Supply Offering 1 Primary fuel = Wind turbine					
Supply Offering 2 Primary fuel = Good Quality CHP					

3. Way forward

Ofgem today published a detailed consultation on its proposed revisions to the guidelines for green supply offerings and setting out Ofgem’s initial proposals as to what the key deliverables of the revised scheme should be. Ofgem and DEFRA/EST will be holding a series of joint seminars and workshops throughout the summer and will publish the revised guidelines in September

4. About the Energy Saving Trust:

The Energy Saving Trust is one of the UK’s leading organisations set up to address the damaging effects of climate change. EST aims to cut carbon dioxide emissions - the main greenhouse gas causing climate change - by promoting the sustainable and efficient use of energy. The Energy Saving Trust is an independent, non-profit making organisation and acts as a bridge from government to consumers, trade, businesses, local authorities and the energy market. EST provides impartial information and advice

and have a network of advice centres in the UK specifically designed to help consumers take action to save energy. Visit www.est.org.uk

5. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

For further press information contact:

Mark Wiltsher: 020 7901 7006

Chris Lock: 020 7901 7225

Julia Collings: 020 7901 7217

Out of hours contact: 07774 728971 or 07766 511470