

Big Clean Switch

Supplier selection policy

v2.1 – Updated 17 September 2017

About this document

This document sets out the criteria governing the inclusion of tariffs and suppliers on the Big Clean Switch website. We're hugely grateful to all those who've helped us shape it, and welcome all your feedback and support. The clean energy sector – and our understanding of it – is constantly evolving, and we expect this document to do so, too, so if you have any comments or suggestions, please do get in touch.

Specifically, this document covers:

1.	The Big Clean Switch and its objectives.....	1
2.	Tariff and supplier selection – what's at stake?.....	1
3.	Our current position	1
4.	Recent changes to our position.....	3
5.	Comments and suggestions	4

1. The Big Clean Switch and its objectives

The Big Clean switch is a consumer-facing campaign that aims to help large numbers of UK households switch to affordable renewable energy tariffs. We hope that in doing so, we will:

- Make clean energy a part of the everyday lives of hundreds of thousands, if not millions of people, contributing to a cultural shift in attitudes to, and engagement with, the low carbon economy;
- Support the growth of a vibrant and competitive renewable energy supply market that will eventually become the default choice for domestic energy customers; and
- Create demand for clean energy that will shape a more positive political and commercial environment to support new investment in generating capacity.

2. Tariff and supplier selection – what's at stake?

We enable users to compare clean energy tariffs on our website. It is critical that our criteria for including or excluding tariffs and suppliers from that list is transparent, robust, defensible and avoids any accusations of greenwash.

At the same time, for the campaign to succeed, it is essential that we are able to source competitive tariffs for our users, and that we offer them a choice of suppliers. We know from our early testing that failing on either one of these elements significantly reduces our ability to drive behaviour change at scale.

3. Our current position

Our current criteria for including tariffs and suppliers focus on the areas below. Each is explained in more detail over the paragraphs that follow.

Criteria	Description
1. Excluded fuels	We don't list clean tariffs where the supplier's definition of clean energy includes (a) oil, coal and gas; (b) nuclear or (c) large-scale virgin biofuels, such as those burned at Drax
2. Ofgem's requirements for renewable tariffs¹	To be listed on our site, suppliers need to demonstrate 'additionality', 'transparency', and 'evidence of supply'
3. Origin of REGOs	We don't list tariffs selling electricity matched by REGOs sourced outside of the UK ²
4. Customer service	We monitor the customer service records of the companies we work with, and will de-list any that repeatedly underperform on customer satisfaction.

1. Excluded fuels

This restriction applies to the declared clean fuel mix for each supplier.

Oil, coal and gas

It should go without saying: all of the tariffs listed on our site exclude the three main fossil fuels traditionally used in electricity generation – oil, coal and gas.

Nuclear

Whilst nuclear has a much lower lifecycle carbon impact than fossil fuels³ and is recognised by the IPCC as a necessary part of a transition to a low carbon economy⁴, this view is contested⁵, and nuclear power remains divisive due to concerns about safety and the environmental consequences both of sourcing and transporting fuel and of disposing of waste.⁶ In order to maximise our potential audience base, we have therefore decided to exclude nuclear.

Biofuels

When it comes to biofuels, the situation is more complex. We are conscious that large-scale use of imported virgin materials – as at Drax⁷ – carries significant implications both in terms of transportation and land use. We therefore currently aim to exclude suppliers that source their clean electricity from these sources.

At the same time, we recognise that the situation is less clear-cut when it comes to smaller-scale virgin biofuels, and specifically that:

- Growth of feedstocks can be beneficial as part of well-managed crop rotation⁸;
- A base of virgin feedstocks can help to balance supply of waste organic matter, which can be subject to seasonal peaks and troughs in volume; and
- In practical terms, excluding all virgin biofuels is challenging, because almost all clean electricity tariffs include some proportion of electricity generated from virgin feedstocks, as does the growing amount of 'green gas' sold by some suppliers as part of their gas mix.

¹ <https://www.ofgem.gov.uk/publications-and-updates/notice-proposal-modify-electricity-supply-licence-standard-licence-conditions-slcs-inserting-new-condition-slc-21d>

² Generally through 'Guarantees of Origin' or GOs issued in other European countries

³ See page 9, <http://www.eurelectric.org/media/26740/report-lca-resap-final-2011-420-0001-01-e.pdf>

⁴ <http://www.ipcc.ch/ipccreports/tar/wg3/index.php?idp=128>

⁵ See, for example, Greenpeace's [R]evolution series: <http://www.greenpeace.org/international/en/campaigns/climate-change/energyrevolution/>

⁶ Between a fifth and a quarter of UK consumers consistently say they are opposed to the use of nuclear power, while only around a third say they support it – far lower than for other forms of energy. See <https://www.gov.uk/government/statistics/energy-and-climate-change-public-attitude-tracking-survey-wave-21>.

⁷ <http://www.letsrecycle.com/news/latest-news/drax-explains-rationale-for-not-burning-waste-wood/>

⁸ See, for example, <https://www.ecotricity.co.uk/our-green-energy/our-green-gas/what-is-green-gas>

We do not therefore believe it is either right or practicable to exclude all virgin biofuels, since if produced responsibly and at relatively small scale, the potential harmful consequences can be negated. Instead, we seek assurances from the suppliers we work with that virgin feedstocks are sourced from the UK and where possible, are grown as part of an arable crop rotation.⁹

2. Ofgem’s requirements for renewable tariffs

Research carried out by Ofgem has found that consumers feel misled when companies market the renewable electricity they are obliged to source by law (though mechanisms such as the Renewables Obligation) as ‘green’ or renewable without doing anything further to support the renewable energy industry.¹⁰ Ofgem therefore require suppliers marketing renewable tariffs to demonstrate ‘additionality’ – which essentially means showing an environmental benefit beyond that delivered as a result of complying with regulatory requirements.

Ofgem is less clear on what that means. In our view, as a bare minimum, a supplier’s fuel mix should either:

- (a) have a greater proportion of clean electricity than that required by regulation;¹¹ or
- (b) include clean electricity sourced directly from generators through a power purchase agreement, or from the supplier’s own generation – both of which demonstrate a long-term commitment to sourcing clean energy and directly support clean energy generators.

In line with the Ofgem requirements, we also expect suppliers to be transparent about the environmental/additionality claims they make, and to provide evidence of supply.

Origin of REGOs

Whilst technically a European Guarantee of Origin and a UK Renewable Energy Guarantee of Origin (REGO) perform the same function (guaranteeing that an amount of renewable energy equivalent to that used by a consumer has been generated somewhere in the system), we believe it is reasonable for consumers to expect their renewable tariff to relate to clean energy generated within the UK, so we don’t include tariffs for which supply is matched by guarantees of origin from outside the UK.

Customer service

As a new campaign, our reputation is closely tied to the reputation of the suppliers we help people switch to. We take a subjective view of customer service records of the suppliers we work with, including performance in league tables, online customer feedback, and any data on complaints handling published by Ofgem.

4. Recent changes to our position

The criteria above reflect amendments made following consultation with many of our stakeholders. As a result, in September 2017 we dropped two of our previous criteria – specifically, our requirement that suppliers source 100% of the electricity they sell from renewables, and a requirement that they procure some of their electricity through power purchase agreements or their own generation capacity. We also amended a third (which excluded all virgin biofuels).

⁹ We are currently exploring whether there is scope for suppliers to meet a recognised standard or certification programme for small-scale use of virgin biofuels, guaranteeing that those feedstocks do not have undue direct or indirect social and environmental impacts. If so, this stipulation may be subject to revision.

¹⁰ <https://www.ofgem.gov.uk/ofgem-publications/88451/gtmessagingsummaryfinal-pdf>

¹¹ For simplicity, we have translated this into a minimum proportion of 50% of a supplier’s total electricity mix coming from clean sources. As the regulatory environment – and proportion of the national fuel mix accounted for by renewables – changes, we expect this threshold to be revised.

What was the problem with the previous criteria?

Encouraging market growth

We've been conscious that our previous criteria excluded some new entrants to the supply market in unintended ways. Bristol Energy, for example, was set up by Bristol City Council in 2015 to offer low-cost energy to UK households. They are open about the fact that, whilst their aim is to increase the amount of renewable energy they provide across all of their tariffs, it is taking time for them to put deals in place with generators. Their commitment to clean energy has already been demonstrated through agreements to purchase renewable energy from at least 10 generators, and they offer a 100% renewable tariff. We believe our campaign should be supporting new ethical suppliers like Bristol Energy to grow their base of renewables, rather than penalising them for it not being large enough.

Delivering maximum impact

A number of stakeholders challenged us about how realistic it was to expect consumer demand to drive investment in new renewables generation capacity and infrastructure. More specifically, they suggested that the investment required for utility-scale renewables was such that growing the domestic clean energy market by hundreds of thousands of homes would still only create a very minor driver, and that the commercial viability and attractiveness of investment in utility-scale renewables will continue to be dictated in large part by central government policy.

This being the case, the main impact of our campaign will be a cultural and political one. Changing perceptions of renewable energy from being an expensive luxury, open only to a wealthy, 'deep green' minority, to being a popular – if not dominant – consumer choice will, we hope, have knock-on implications for attitudes to a range of other low carbon lifestyle choices, as well as creating a much more positive political environment for low carbon policy-making.

As a result, we relaxed the two criteria that were geared towards ensuring that increasing demand created as *direct* a need for additional supply as possible. Specifically, we now include:

- Suppliers who don't source 100% of the electricity they sell from renewables (for clarity, we still only list the 100% renewables *tariffs* from these suppliers); and
- Suppliers that source 100% of their renewable electricity supply on wholesale markets and then match this with REGOs.

Clarifying our position on biofuels

In our earliest drafts of this policy, we wrongly believed it would be possible to exclude all virgin biofuels from the tariffs offered through the campaign. Rather than dealing with the complexities surrounding the relative merits of different types of virgin biofuel as outlined above, this seemed to be the clearest cut – and most consumer-friendly – policy. Our ongoing conversations with suppliers and with policy experts have suggested that use of virgin feedstocks is much more common than we had previously understood and that balancing the positive and negative impacts of small scale virgin biofuels is not clear-cut. We have therefore revised the position on virgin feedstocks, though we welcome further comments and suggestions on how we could improve on this.

5. Comments and suggestions

The energy market is complex, and we're always learning. If you have a comment or suggestion about how our criteria could or should be amended or improved, email Jon Fletcher, our campaign director, at: jon@bigcleanswitch.org.