

Power of a label

Emission and efficiency figures are now seen on a diverse range of products, from food items to fridges. Yet no such labelling is available on the most carbon-intensive purchase made: Electricity. Richard Tarboton, head of energy & carbon management at BT tells Claire Jackson why we should have a CO₂ marking on our electricity supply and how this will incentivise the development of green energy



Richard Tarboton,
head of energy &
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With the array of environmental credential rating schemes available it seems no product is left untouched. From smoothie makers to crisp manufacturers, companies are falling over themselves to promote how low carbon emissions are throughout their supply chain. Paradoxically, no formal labelling system is in place for the largest carbon-intensive purchase made: Electricity.

A purchaser of large amounts of energy, particularly green electricity, BT is calling for greater transparency in carbon emission statistics.

"It's become clear to us that the marketplace does not have a degree of surety in how electricity is generated and then sold to customers," says Richard Tarboton.

"The link doesn't exist nearly to the level that it should to provide confidence. We've been talking to other companies and many share the same concerns."

The problem is that many companies are trying to give themselves a competitive advantage by claiming their product is environmentally sound, but this paints a very complicated picture for the average consumer who simply wants to make a green choice.

In addition to wind, biomass, hydro and solar – green energy includes that from waste (landfill/sewage gas), co-firing (part fossil fuel/part biomass) and 'good quality' CHP. The choice of green tariffs is staggering but only serves to increase confusion. There is a real need for standardisation in the

electricity industry, in order to make it clearer for consumers exactly what their consumption is.

"Energy companies are not using standard established schemes but inventing their own methodologies – we don't think customers can trust suppliers that are monitoring their own carbon footprint in their own way," explains Tarboton.

Several energy companies have their own method of determining how 'green' tariffs are, and the disparity between them can be huge. Reports suggest that rather than providing consumers with a credible benchmark, the abundance of bespoke systems leaves purchasers confused and indifferent. There is a real risk that the market will become saturated with rating schemes, rendering them meaningless. The concept of a one step, one methodology approach advocated by Tarboton is expected to be well-received.

"We've already sent a letter to the Secretary of State outlining this

proposal in principle," he says. Backed by key bodies such as the Major Energy Users Council (MEUC) the concept is steadily progressing.

The suggested solution is a colour-coded labelling system that consumers can receive alongside their bill, akin to the A-G efficiency markings currently seen on white goods. "It would be comparable to the labels on fridges and freezers, with A being the best and G being the worst. In a similar vein, energy would be labelled against its carbon content," explains Tarboton.

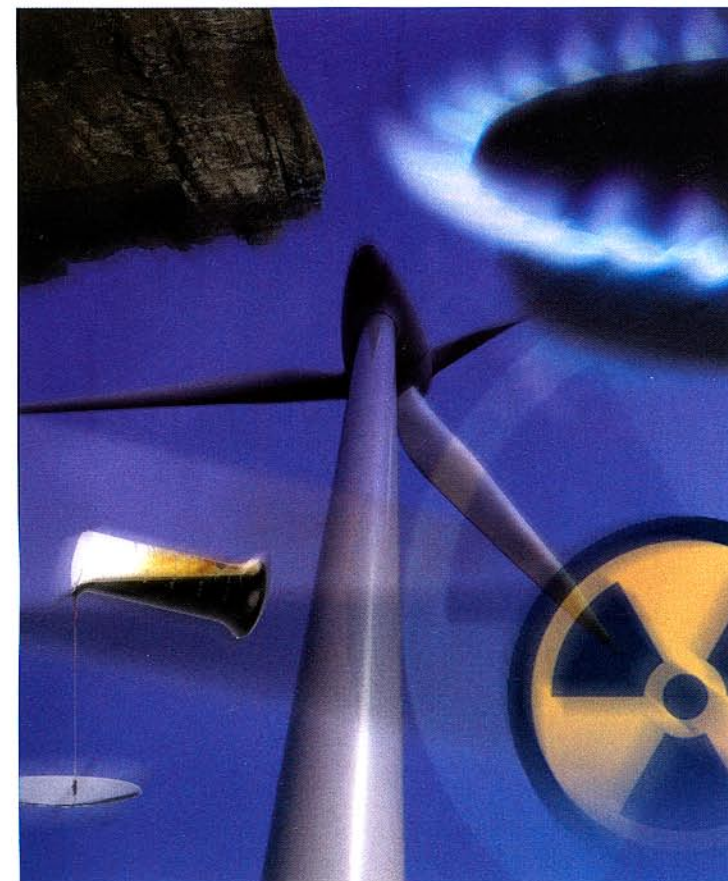
The system places great store on renewables, propelling them to the top end of the scale, whereas coal would remain relegated to the bottom. Nuclear and CHP are sandwiched between the two.

"Ultimately we want to put forward a basic foundation layer of measurement to drive companies to reduce emissions," explains Tarboton.

The green tariffs currently in vogue have come under scrutiny for

Electricity CO ₂ Label	CO ₂ / kWh	%	KWh supplied	CO ₂ tonnes
A Renewable / zero carbon	0g	█ %		
B Low carbon / CCS	<200g	█ %		
C Gas CHP	<300g	█ %		
D CCGT Gas	<400g	█ %		
E UK Average / Gas	<600g	█ %		
F Good Coal / Oil	<800g	█ %		
G Coal	>800g	█ %		
TOTAL ELECTRICITY CO₂		█		

* NUCLEAR WASTE – this label could include a column showing nuclear waste at 0.0025g/kwh



misleading consumers. In light of this, Richard recommends an auditing framework to work alongside the labelling.

"We would like to see a balancing mechanism put in place. We've already made plans for a watchdog body to ensure that the energy matches its rating and its supply."

It is hoped the labelling system will create the right amount of demand pull needed to increase the level of renewable energy being produced in the UK market place. EU directives have increasingly sought to define energy choices but the 2020 target of 20% energy derived from renewables is unlikely to be met unless the system is incentivised. Richard suggests a tax benefit scheme whereby A-rated power enjoys a discount, on a par with the current road tax system.

"While it is true that for the time being, coal and gas still need to be in the energy mix, it shouldn't be the case that companies make more money from coal than they do from renewables." Coal power demand has risen over the years, the government needs to play a role in

creating a market mechanism that makes coal power less economically attractive and viable than green power. The Renewables Obligation order introduced in 2002 was designed to incentivise the generation of electricity from renewable sources in the UK. Despite seeing some success, the premium is not enough to drive generators beyond their statutory obligations. If suppliers cannot buy enough ROCs they can simply make a payment into the buy-out fund. Current economic barriers are preventing the widespread uptake of renewable energy, meaning at present demand exceeds supply. Tarboton implies that as A-rated power becomes more profitable, more investment will be directed into generating it. It is hoped this latest proposal will incentivise buyers, and in turn, suppliers, to make the green generation a reality.

Do you think that the labelling system is viable? Email your thoughts to: comment@progressive-media.co.uk

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