

Summary Paper | Green Tariff Electricity

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Introduction

There has been confusion about whether purchasing green tariff electricity entitles the purchaser to claim zero or low emissions from their electricity consumption.

This briefing note explains why, for the purposes of greenhouse emissions reporting, green tariffs generally do not entitle the purchaser to claim zero or low emissions¹.

Guidance on greenhouse gas emissions reporting

Previous guidance from the UK's Department for the Environment, Food and Rural Affairs (Defra) allowed green tariff electricity to be counted as having zero emissions². This guidance has now been updated³, and reporting companies are advised to apply the standard grid emissions factor to green tariff electricity.⁴

In line with Defra guidance, Ecometrica strongly recommends that companies *do not* apply a zero emissions factor to green tariff electricity, for the reasons presented below.

Reasons why green tariff electricity should not be reported as zero emissions

There are two interrelated problems with counting green tariff electricity as having zero emissions:

1. **Double-counting.** The low carbon intensity of renewable electricity is included in the calculation of published emission factors for grid electricity⁵. If the same renewable electricity is sold through a green tariff and the purchaser claims zero or low emissions then the "benefit" is double-counted.

1 The only circumstances in which renewable electricity should be counted as having zero emissions are limited to off-grid renewable generation, or where the green tariff in question is for renewable electricity which is not counted in the grid emissions factor.

2 Guidelines for Company Reporting on Greenhouse Gas Emissions. Defra 2005 <http://www.defra.gov.uk/environment/business/envrp/pdf/envrpgas-annexes.pdf>.

3 Guidelines to Defra's Greenhouse Gas Conversion Factors for Company Reporting. Defra 2008 <http://www.defra.gov.uk/environment/business/envrp/pdf/ghg-cf-guidelines2008.pdf>

4 Unless a company is assessing the 2007-08 reporting period and has purchased electricity from green tariff contracts which provide Climate Change Levy exemption, in which case the purchaser may apply a zero emissions factor, but should make it clear that this is what they have done when reporting emissions.

5 For example, the International Energy Agency's grid emissions factors include the low carbon contribution of grid-connected renewables www.iea.org/.

2. **Additionality.** In many countries electricity suppliers are obliged to supply a certain percentage of electricity from renewable sources⁶. In these circumstances the renewable electricity sold through a green tariff would be produced regardless of the green tariff, and therefore the purchaser will not have increased the amount of renewable electricity generated (i.e. there is no additionality).

The additionality issue does not necessarily disallow a green tariff purchaser from claiming zero emissions, if the double-counting issue is resolved. However, claiming zero emissions without resolving the additionality issue may be perceived as an accounting “trick” (it allows an organisation to claim lower emissions without reducing actual emissions), and will therefore be undesirable to most businesses and organisations who wish to achieve real emissions reductions.

⁶ For example, in the UK energy suppliers are obliged to supply a certain percentage of total electricity supply from renewables under the Renewables Obligation.