

## **Carbon reporting rules threaten renewables**

Businesses are unlikely to develop on-site renewables if they cannot report the electricity generated as zero-carbon, the Aldersgate Group warned on Saturday.

Last year, the Environment Department (DEFRA) published guidance saying firms should report CO<sub>2</sub> emissions from electricity bought under green tariffs as the grid average.

Firms using on-site renewables must do likewise, unless they forgo any subsidy under the Renewables Obligation (RO).

The Aldersgate Group – a coalition of environmental NGOs, regulators and businesses – wrote to Joan Ruddock, parliamentary under-secretary of state at the Department of Energy and Climate Change (DECC), about the rule.

The letter was signed by 56 companies and NGOs including IKEA, Johnson Matthey, Sky and Microsoft.

“Potential investments are being undermined by the government’s insistence that end-users must assume...all electricity generated on-site contains the average carbon intensity for the national grid,” it says. Forgoing subsidy under the RO makes most projects unviable.

DEFRA changed the carbon reporting rules due to concern that CO<sub>2</sub> savings from green electricity can be claimed by more than one party.

The Aldersgate Group says this could be overcome by the creation of “a clearly defined and regulated market for zero carbon electricity.” Firms could only report electricity as zero carbon if they own the certificates of origin associated with it – so-called REGOs.

Another solution would be to create a subsidy mechanism specifically for on-site renewables. Feed-in tariffs for micro-renewables could help when they are introduced in April 2009. However, DECC has yet to confirm whether businesses claiming these subsidies can report the electricity produced as zero-carbon.