



RENEWABLE ENERGY TARIFFS GUIDE




INTRODUCTION

Electing to procure a renewable (or 'green') energy tariff means that some, or all, of the electricity your business buys is 'matched' by the purchase of renewable energy sources or certificates your supplier makes on your behalf, which is then fed into the national or regional energy grid. Renewable energy is energy produced from renewable sources such as solar, wind or hydro.

BENEFITS

REDUCED SCOPE 2 EMISSIONS

The greenhouse gas (GHG) emissions associated with energy usage fall under an organisation's Scope 2 emissions. If an organisation purchases all of its energy through a 100% renewable energy tariff, its **market-based** Scope 2 emissions are zero, or close to zero. This shift represents significant progress towards overall emissions reduction goals.

 *Note that procuring a 100% renewable energy tariff does not reduce your organisation's **location-based** Scope 2 emissions to zero, so it's important to be transparent in your approach to reporting Scope 2 emissions.*

- **Market-based** - Assigns emissions based on the specific energy source purchased by the organisation.
- **Location-based** - Assigns emissions based on the average emissions intensity of the electricity grid from where the organisation sources its energy.

POTENTIAL COST SAVINGS

Renewable energy tariffs can reduce exposure to fluctuating prices of fossil fuels and offer greater stability in energy costs. In some jurisdictions, governments are subsidising renewable energy providers or offering incentives for organisations transitioning to renewable energy, creating the potential for these tariffs to be cost-competitive and potentially more affordable.

INVESTMENT IN GREEN ENERGY

Switching to a 100% renewable energy tariff can promote the expansion and development of renewable energy infrastructure and projects. Increasing demand allows energy suppliers to allocate more resources to renewable energy and transition away from carbon-emitting energy sources. Through the uptake of renewable tariffs, your organisation can contribute towards the green energy transition and actively promote your commitment to sustainable energy sourcing and environmental responsibility.



HOW 'GREEN' IS YOUR TARIFF?

Some green tariff supplies are 'greener' than others in terms of how much they directly support investment in the renewables industry.

Most green tariffs claim that some or all the electricity you buy is 'matched' by renewable energy that your energy supplier buys on your behalf. In the UK, some suppliers continue to buy electricity on the market, but also buy [Renewable Energy Guarantee of Origin certificates](#) (REGOs). These are intended to prove that an equivalent amount of renewable electricity was produced somewhere at some time.

Good - The standard tariffs of some larger electricity companies typically offer a mix of energy sources, including fossil fuels, while their green tariffs are often backed by REGOs. This can present a potential issue. As more consumers choose to switch to green tariffs, suppliers aren't necessarily compelled to increase renewable energy production. Instead, they might choose to allocate more of their existing renewable energy to these green tariffs, leaving their standard tariffs more reliant on fossil fuels. Growing demand for green tariffs therefore may not directly lead to increased renewable energy generation.

Better - Choosing an energy supplier that buys renewable electricity directly from renewable sources provides a greater opportunity of benefiting the renewables industry. More of what you pay will go directly to renewable generation companies. Many energy suppliers that operate in this way are transparent about their electricity sources and provide detailed information on their websites.

NEED MORE HELP?

For more information and support with choosing a renewable energy tariff, please feel free to contact us at: info@future-plus.co.uk.

