

Guide

A Guide to Regulatory Changes in the Renewable Electricity Market



Foreword

From Nathan Dad, Head of C&I Supply Sales

The urgency of climate change is putting an increasing amount of pressure on organisations to procure 100% renewable electricity and operate more sustainably. Leading corporates have committed to net zero targets, but achieving this goal doesn't come without its challenges.

Businesses today face a balancing act: procuring the greenest electricity supply while managing energy costs. Budget considerations often influence corporate decisions but the drive to lower emissions is propelled by a confluence of forces, from industry peers and stakeholders to customers and employees.

This evolving dynamic highlights the need for a nuanced approach to energy procurement and sustainability. Expected regulatory changes are on the horizon in the next couple of years and a consultation is already underway on the Greenhouse Gas (GHG) Protocol. The updated standards are expected to reflect a global shift towards more rigorous emissions reporting. Additionally, corporate action groups like RE100 and the UK Green Building Council are tightening their guidelines, imposing stricter parameters for the use of Renewable Energy Guarantees of Origin (REGOs).

This guide aims to help you work towards your net zero journey with insights and suggested strategies to balance cost and sustainability effectively, helping your business stay ahead of any new regulatory requirements and exceed your stakeholder's expectations.



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This guide delves into upcoming industry changes and outlines the dynamic shifts in the renewable energy market to help you prepare for change and choose the optimal path for your journey to net zero.

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Change on the Horizon:

Key changes, impacts and how to prepare

Consultation on the Greenhouse Gas Protocol

The ongoing consultation on the Greenhouse Gas Protocol is expected to introduce key changes, including:



Granular time-based tracking of renewable energy consumption



Creation of "bidding zones" to define geographical market boundaries

These updates aim to enhance the precision and accountability of emissions reporting and are likely to impact businesses with public commitments to 100% renewable energy. Companies must therefore identify effective products and strategies to improve their scope 2 emissions under the updated protocol.

GHG Protocol is seeking to align standards for scope 1, 2, and 3 with best practices, providing a robust foundation for measuring and tracking progress towards science-based targets and net-zero targets in line with the 1.5°C global goal.

All updates to the GHG Protocol will follow a global, multi-stakeholder decision-making process, involving input from businesses, academia and governments. This inclusive approach ensures that the new standards support credible and rigorous emissions accounting aligned with major disclosure initiatives.

2024

GHG Protocol now anticipates that Technical Working Groups will be established towards the end of Q2 2024

2025

GHG Protocol anticipates releasing draft standards/guidance for public consultation in 2025

2026

Publishing final standards/guidance in the latter half of 2026.

RE100

Stricter regulations of Renewable Energy Guarantee of Origins (REGOs)

Starting January 2024, RE100 members will face new rules on renewable procurement, including stricter regulations on the "vintage" Renewable Energy Guarantee of Origin (REGO)-issuing assets. Under these rules, REGOs must come from assets that have been commissioned or repowered within the last 15 years, with exceptions for self-generation or private-wire arrangements.

Additionally, the European market will see more restrictive measures, further tightening the criteria for acceptable renewable energy sources. These changes are designed to ensure that RE100 members are contributing to a more recent and robust renewable energy infrastructure.



Expected impacts on corporates

In the short term, corporates can expect a tightening of the REGO market as new measures are implemented to address credibility challenges.

This will likely create a more constrained and competitive market environment, forcing businesses to adapt their renewable energy procurement strategies to ensure they continue to meet sustainability goals amidst these changes.

How to prepare :

Medium to Long-Term: Reassess Scope 2 Emissions

- 01** Seek robust alternatives to manage and reduce carbon footprint
- 02** Invest in new renewable energy technologies and enhance energy efficiency
- 03** Participate in collaborative initiatives for sustainable energy development.

UK Green Building Council (UKGBC)

New recommendations on unbundled Renewable Energy Guarantees of Origin (REGOs)

The UK Green Building Council (UKGBC) has introduced new recommendations in its recently updated guidelines, emphasising the limitation of unbundled Renewable Energy Guarantees of Origin (REGOs) in driving the decarbonisation of the electricity system.

The UKGBC now advises its members to adopt a "Carbon Free Energy" score rather than relying on annual matching, as annual matching typically only achieves around 60% effectiveness. This shift encourages a more impactful approach to reducing carbon emissions and aligns with broader sustainability goals.



Expected impacts on corporates

Corporates will need to adjust to new guidance when securing contracts that align with their climate ambitions.

This includes the consideration of time-matched procurement and location-based reporting, as well as the requirement for supply chain businesses to provide more robust renewable reporting to meet the needs of clients' Scope 3 reporting.

How to prepare :

- 01** Align procurement strategies with contracts that reflect strong climate ambitions.
- 02** Implement time-matched renewable energy procurement.
- 03** Enhance renewable energy reporting practices within the supply chain.
- 04** Ensure robust claims to support clients' Scope 3 reporting requirements.

Why should companies start preparing early?



100% renewable commitments may not be achievable anymore under new guidelines



Corporates must take action to be recognised as a leader in the drive to net zero



There is a desire for more transparent and traceable renewable electricity solutions

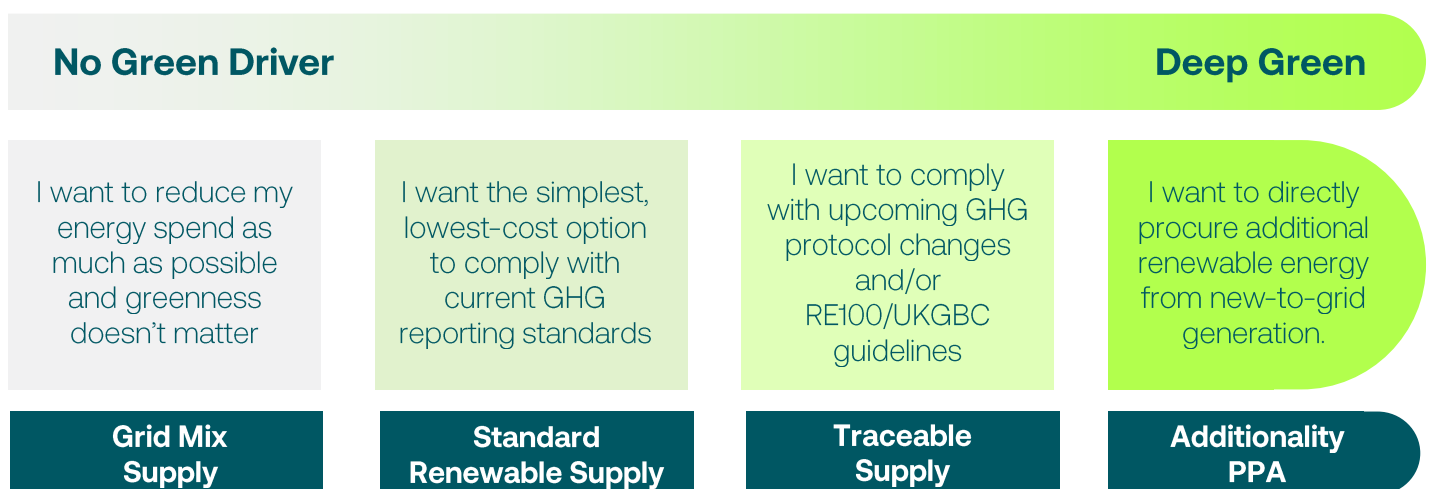


Likely this will be passed on to the supply chain by large corporates

Navigating Your Net Zero Journey: How SmartestEnergy Can Help

At SmartestEnergy, our business energy products have been designed to meet the varied and unique sustainability needs of large, Commercial and Industrial businesses, wherever they are on their net zero journey. We work with organisations across many business sectors, supporting them in achieving their Net Zero ambitions.

Below we have outlined various renewable energy procurement options, from basic green commitments to deep green commitments. By understanding and aligning your energy goals and sustainability targets, we'll ensure that you're well-equipped to navigate the evolving renewable energy landscape.



Introducing Our New Traceable Supply Product

We are excited to introduce our Traceable Supply Product, designed to provide a transparent and reliable renewable energy solution for your business that serves businesses with deep green commitments.



This innovative product offers:



Hourly Matched REGOs:

Ensures your energy consumption is matched with renewable energy on an hourly basis.



Appropriate "Vintage" REGOs:

Utilises REGOs from renewable generation sites that meet stringent vintage requirements.



Compliance with Carbon Reporting:

Aligns with potential new carbon reporting requirements.



Carbon Free Energy (CFE) Scoring:

Facilitates the switch to CFE scoring while maintaining current 100% renewable commitments.

Contact us today to learn more about how our Traceable Supply Product can help you achieve your sustainability goals.

