

R/45

3 November 2005

## THE RENEWABLES OBLIGATION BUY-OUT FUND (2004-2005)

Figures showing the total amount of Renewables Obligation Certificates (ROCs) submitted to Ofgem and the size of the buy-out fund for the third obligation period (2004-2005) have been published today (Thursday).

For this third year of the scheme, the total Renewables Obligation (RO) for electricity supplied to customers in England and Wales was 14,315,784 MWh, and the total Renewables Obligation (Scotland) (ROS) for electricity supplied to customers in Scotland was 1,445,283 MWh.

A total of 9,971,851 ROCs were correctly submitted by suppliers to Ofgem for the RO before the 1 October 2005 statutory deadline. Suppliers submitted 883,997 ROCs for the ROS.

The total RO buy-out payments correctly received by 1 October 2005 were £135,657,001.57 for England and Wales and £17,602,787.25 for Scotland. The total amounts of the RO buy-out funds redistributed on 31 October 2005 were £136,169,919.22 for England and Wales and £17,667,494.20 for Scotland (including interest).

Atlantic Electric & Gas Ltd failed to comply with its Renewables Obligations as the company is in administrative receivership. This has resulted in a shortfall of £699,055 for the Renewables Obligation and £15,067 for the Renewables Obligation (Scotland). This was the subject of a separate information note published by Ofgem on 31 August 2005.

*Ends*

### Notes to Editors

1. Ofgem has the responsibility for administering the Government's Renewables Obligation, which started in April 2002. The obligation requires electricity suppliers to supply a certain and growing proportion of their total sales in Great Britain from electricity generated from renewable sources. This proportion started at three per cent in 2002 – 2003 and reaches 15.4 per cent in 2015 – 2016.
2. All renewable generators apply to Ofgem for accreditation that their electricity is generated from eligible renewable sources. These generators are then issued with Renewables Obligation Certificates (ROCs) for their qualifying output. One ROC is issued for each megawatt hour of electricity produced. The renewable generator can sell ROCs either with or separately from the electricity generated.
3. Suppliers met their Renewables Obligations for 2004-2005 either by presenting ROCs to Ofgem, which equate to 4.9 per cent of the electricity they supplied to customers in Great Britain, making an equivalent payment into an Ofgem-administered dedicated buy-out fund, or by a combination of presenting ROCs and making buy-out payments. The buy-out price per megawatt hour of electricity is adjusted by Ofgem each year to reflect changes in the Retail Price Index. Companies using the buy-out clause are actually assisting the growth of the renewable energy industry as the buy-out fund is redistributed to suppliers in accordance with how many ROCs they have presented. The deadline for

presenting ROCs and/or making buy-out payments was before 1 October 2005. Full compliance by the deadline is required by the legislation.

4. Ofgem gave notice on 30 August 2005 under section 25 of the Electricity Act 1989 that it did not intend issuing provisional or final enforcement orders to the administrator of Atlantic Electric and Gas Limited for its breach of the Renewables Obligation.

5. Following the amendments to the Renewables Obligations as of April 2004, Ofgem can accept a late payment, that is, a buy-out payment received on or after 1 October.

6. The buy-out fund has been redistributed to the following suppliers (percentages are approximate due to rounding):

#### **Renewables Obligation (England and Wales)**

<b>Supplier</b>	<b>Percentage of buy-out fund</b>
BizzEnergy Limited	0.497
British Energy Generation Ltd	1.712
British Gas Trading Ltd	16.227
Electricity Direct (UK) Ltd	0.792
Cinergy Global Trading Ltd	0.009
London Energy Plc	12.809
Seaboard Energy Ltd	3.015
Good Energy Ltd	0.031
Opus Energy	0.094
E.ON UK Plc	9.866
Powergen Retail Ltd	15.657
The Renewable Energy Company Ltd	0.085
Npower Ltd	10.565
Npower Direct Ltd	1.231
Npower Yorkshire Ltd	1.487
Npower Northern Ltd	2.689
SSE Energy Supply Ltd	16.371
Scottish Power Energy Retail Ltd	6.453
Slough Energy Supplies Ltd	0.113
Smartestenergy Ltd	0.078
Total Gas & Power Ltd	0.629
Tradelink Solutions Ltd	0.002
Utility Link Ltd	0.037

#### **Renewables Obligation (Scotland)**

<b>Supplier</b>	<b>Percentage of buy-out fund</b>
British Energy Generation Ltd	1.910
British Gas Trading Ltd	17.517
Electricity Direct (UK) Ltd	2.171
Cinergy Global Trading Ltd	0.017
Economy Power	0.863
London Energy Plc	3.981
Seaboard Energy Ltd	0.204

Good Energy Ltd	0.006
E.ON UK Plc	3.543
Powergen Retail Ltd	3.793
Npower Ltd	4.383
Npower Direct Ltd	1.331
Npower Northern Ltd	0.147
SSE Energy Supply Ltd	25.779
Scottish Power Energy Retail Ltd	34.156
Total Gas & Power Ltd	0.191
Tradelink Solutions Ltd	0.005
Utility Link	0.004

7. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000. In this information note, the functions of the Authority under the relevant Acts are, for simplicity, described as the functions of Ofgem.

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