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THE RENEWABLES OBLIGATION ANNUAL REPORT 2004-2005

- **More than 10.8 million Renewables Obligation Certificates (ROCs)* were issued by Ofgem in the third year of the Renewables Obligation (2004-2005)**
- **788 generating stations have now been accredited to take part in the scheme – up from 505 in 2002-2003**
- **The total Renewables Obligation across Great Britain was 15.7 million MWh* in 2004-2005 – up from 13.6 million MWh* in 2003-2004.**

A report published today (Monday) by energy regulator Ofgem shows there has been a growth in the amount of electricity supplied from renewable sources.

The Renewables Obligation, the Government's main scheme to encourage production of green energy, requires all electricity suppliers to source an increasing portion of their electricity from green power. A renewable electricity generator receives one Renewables Obligation Certificate (ROC) from Ofgem for every megawatt hour of renewable energy it produces. It then sells the ROC onto suppliers so they can meet their obligation targets.

The report shows that in 2004-2005 (the third year of the scheme) more than 10.8 million* ROCs were issued compared with 7.5 million* in 2003-2004 and 5.5 million* in 2002-2003. There are also a total of 788 generating stations participating in the scheme at the end of 2005 – up from 505 at the end of the first year.

Ofgem Chief Executive, Alistair Buchanan, said: "The Renewables Obligation encourages the growth and development of renewable energy generation and Ofgem has an important role to play in administering it on behalf of the Government. The rises in the amount of electricity supplied from renewables and in the number of stations participating in the scheme is to be welcomed as renewable energy makes an important contribution to the Government's overall climate change programme."

The total Renewables Obligation across Great Britain in 2004-2005 was more than 15.7 million megawatt hours (MWh)* compared with 13.6 million MWh* for 2003-2004 and 9.2 million MWh* in the first year of the scheme.

* For full figures on the Renewables Obligation 2003-2004 see Notes to Editors

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1. Ofgem has the responsibility for administering the Government's Renewables Obligation, which started in April 2002. The obligation requires electricity suppliers to source 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 stood at 4.9 per cent in 2004/05. The Obligation continues until 2027, when electricity suppliers will have to ensure 15.4 per cent of their electricity is from renewables.

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, 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. Proceeds from the buy-out fund are paid back to suppliers in accordance with how many ROCs they have presented, compared to the total number of ROCs presented for the Obligation period. 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. The report shows that in 2004-2005 (the third year of the scheme) the total amount of ROCs issued was 10,870,929, compared with 7,553,083 in 2003-2004 and 5,583,560 in 2002-2003. The total Renewables Obligation across Great Britain in 2004-2005 was 15,761,067 megawatt hours (MWh) compared with 13,627,412 MWh for 2003-2004 and 9,261,568 MWh in the first year of the scheme.

5. The total Renewables Obligation buy-out fund redistributed to electricity suppliers for 2004-2005 was £136,169,914 in England and Wales and £17,688,392 in Scotland. This compares with £158,466,502 for England and Wales and £16,488,755 for Scotland in 2003-2004.

6. An accompanying fact sheet, The Renewables Obligation 2004-2005: Facts and Figures, is available on the Ofgem website.

6. 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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