

**R/42**

**Wednesday October 3 2007**

## **THE RENEWABLES OBLIGATION BUY-OUT FUND (2006-2007)**

Figures showing the total amount of Renewables Obligation Certificates (ROCs) presented to Ofgem and the size of the buy-out fund for the 2006-07 obligation period have been published today (Wednesday).

For this fifth year of the scheme, the total Renewables Obligation (RO) for electricity supplied to customers across the UK was 21,629,676 megawatt hours (MWh).

- The total RO in England and Wales was 19,390,016 MWh.
- The total Renewables Obligation (Scotland) (ROS) was 2,022,791 MWh.
- The total Renewables Obligation (Northern Ireland) (NIRO) was 216,869 MWh.

A total of 12,868,408 ROCs were correctly submitted by suppliers to Ofgem for the RO before the 1 September 2007 statutory deadline. Suppliers correctly submitted 1,725,781 ROCs for the ROS and 18,465 ROCs for the NIRO.

The total value of RO buy-out payments correctly received by 1 September 2007 was £216,788,250 for England and Wales, £9,613,939 for Scotland and £6,594,949 for Northern Ireland. The total value of late payments correctly received before the deadline, including interest, was £258,978.

There is no shortfall in the buy-out fund as all suppliers have complied with their obligations in full.

The total values of the RO buy-out funds redistributed on 1 October were; £217,888,311 for England and Wales, £9,662,865 for Scotland and £6,628,093 for Northern Ireland (all including interest).

A total of £259,815 in late payments in the buy-out fund for the Renewables Obligation Scotland were redistributed (including interest). Very small amounts of late payments into the funds for England and Wales (£2) and Northern Ireland (£5) were also redistributed.

The amount paid to suppliers from the buy-out fund for each ROC they presented was £16.04.

***Ends***

## **Notes to Editors**

1. Ofgem has responsibility for administering the Government's Renewables Obligation, which started in April 2002 (April 2005 in Northern Ireland). The Obligation sets a level for electricity suppliers to source at least part of their electricity from renewable generators. In England & Wales and Scotland, this level started at 3 per cent of electricity supplied in 2002-2003. The level for 2006-2007 is 6.7 per cent and for 2007-08 it is 7.9 per cent. The level reaches 15.4 per cent in 2015-2016 and remains at this level until 2026/2027. In Northern Ireland, the level for 2006-2007 is 2.6 per cent and for 2007-08 it is 2.8 per cent. The level reaches 6.3 per cent in 2012-2013 and remains at this level until 2026-2027.

2. All renewable generators apply to Ofgem for accreditation that their electricity is generated from eligible renewable sources. These generators are issued with Renewables Obligation Certificates (ROCs) for their qualifying output. Each ROC represents one megawatt hour of electricity. The renewable generator can sell ROCs either with or separately from the electricity generated.
3. To meet the levels, suppliers can present Ofgem with enough ROCs or use a buy-out clause to make up the difference. They can also use a combination of ROCs and buy-out to meet the obligation. The buy-out price per megawatt hour of electricity is calculated by Ofgem each year by adjustment to reflect changes in the Retail Prices Index. The buy-out price for 2006-07 obligation period was £33.24.
4. The buy-out fund and the late payment funds are redistributed using the single recycling mechanism. The buy-out funds have been redistributed to suppliers in proportion to the total number of ROCs that each has presented across the three obligations.
5. The three buy-out funds and late payment funds have been recycled to suppliers in the following way:

Supplier	Percentage of each buy-out fund
BizzEnergy Limited	0.0994138368020
British Energy Direct Limited	5.3983896422922
British Gas Trading Limited	13.5752410205566
EDF Energy Customers PLC	19.9934111900549
Seaboard Energy Ltd	3.8149880233940
Electricity for Business	0.0151238782496
Gaz de France Marketing Ltd	1.5217906343365
Good Energy Limited	0.0477599757033
Opus Energy Ltd	0.1452713518023
E.ON UK Plc	0.7385311388335
Powergen Retail Ltd	9.3416226785360
The Renewable Energy Company Limited	0.0670035710145
Electricity Plus Ltd	0.1289635681513
Npower Direct Ltd	0.8013397155643
Npower Ltd (GB)	8.8826848291898
Npower Northern Ltd	1.1896264703181
Npower Yorkshire Ltd	0.6719587009998
SSE Energy Supply Ltd	21.5746023959782
Scottish Power Energy Retail Limited	11.5838300147256
Slough Energy Supplies Limited	0.0604270791603
Smartestenergy Limited	0.1738151057296
Total Gas & Power Limited	0.0342169191168
Tradelink Solutions Limited (GB)	0.0136251771923

Airtricity Energy Supply LTD	0.0399106144579
ESB Independent Energy	0.0854601771862
Npower Ltd (NI)	0.0002395184338
Northern Ireland Electricity plc	0.0007253986853
Tradelink Solutions Limited (NI)	0.0000273735353

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. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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