

Information Note

8 DECEMBER 2011

THE RENEWABLES OBLIGATION LATE PAYMENT FUND (2010-2011)

Figures showing the total amounts redistributed to electricity suppliers from the Renewables Obligation (RO) late payment funds for the 2009-10 obligation period have been published by Ofgem today.

This provides an update to our information note of 5 October 2011 'The Renewables Obligation buy-out fund 2010-11'.

The three main buy-out funds were redistributed on 30 September 2011 and two late payment funds were redistributed on 30 November 2011. The amounts (including interest) redistributed from the late payment funds totalled £688,535. These were redistributed to all suppliers that had presented ROCs and complied with their renewables obligation, in the proportions previously published.

For this ninth year of the scheme, the total Renewables Obligation for electricity supplied to customers across the UK was 34,749,418¹ ROCs.

The total amount (after removal of costs and accrual of interest) redistributed to suppliers for 2010-11 from the buy-out and late payment funds combined was, £358,308,373. As the total number of ROCs presented for this compliance round was 24,969,364 this equates to £14.35 per ROC presented.

The amounts distributed across the three schemes are shown in the table below:

Fund	Amount redistributed
England & Wales buy-out	£331,800,438
Scotland buy-out	£22,611,671
Northern Ireland buy-out	£3,207,729
England & Wales late payment	£638,470
Scotland late payment	£50,065
Total	£358,308,373

Ends

¹ The total RO is lower than the figure previously reported of 34,749,941 ROCs due to data for one supplier being amended following the findings of our supplier audit. The supplier's obligation for both the RO and ROS was found to be slightly lower than previously submitted. Consequently, the total shortfall of the RO and ROS buyout funds combined was £682,540 rather than £701,885 previously published.

Notes

1. 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. The renewable generator can sell ROCs either with or separately from the electricity generated.
2. The introduction of banding in April 2009 changed the obligation from being a percentage of a supplier's supply to an obligation to present a number of ROCs per MWh of a supplier's supply. This broke the direct link between the level of the Obligation and the actual amount of renewable energy required to meet it; one ROC is not necessarily equivalent to 1 MWh of renewable electricity.
3. The Renewables Obligation started in April 2002 (April 2005 in Northern Ireland). The obligation levels are set out on a yearly basis in Schedule 1 of the Order; in England, Wales and Scotland this obligation started at 3 per cent of electricity supplied in 2002-2003. The Renewables Obligation Order 2009 (including the Scotland and Northern Ireland equivalents) introduced "headroom" provisions which meant the obligation could exceed the levels set out in Schedule 1 of the Orders. The calculation to set the obligation is performed by DECC and takes into account the number of ROCs issued and the total amount of electricity supplied under the RO and ROS. The 2010-2011 obligation was the first time the obligation level (11.1 and 4.27 ROCs per 100 MWh in England and Wales and Northern Ireland respectively) exceeded that of Schedule 1, similarly for 2011-2012 the obligation has exceeded Schedule 1 and is 12.4 and 5.5 ROCs per 100 MWh in England and Wales and Northern Ireland respectively.
4. In order to meet their Renewables Obligations, suppliers can present Ofgem with enough ROCs or make buy-out payments 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 ROC is calculated by Ofgem each year by adjustment to reflect changes in the Retail Prices Index. All buyout payments are redistributed to suppliers who have presented ROCs against their obligation in proportion with the number of ROCs that each has presented. Late payments can be made by suppliers that fail to make buy-out payments by the 31 August. The 'late payment period' in which they can do this runs from 1 September to 31 October.
5. 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.
6. The combined total buy-out fund (RO, ROS and NIRO) have been recycled to suppliers in the following proportions:

Licence	% of total ROCs presented
Airtricity Energy Supply Limited	0.20%
British Gas Trading Limited	15.76%
E.ON Energy Limited	7.98%
E.ON UK Plc	5.68%
EDF Energy Customers Plc	15.92%

Electricity Plus Supply Limited	0.41%
ESB Independent Energy NI Limited	0.24%
Gazprom Marketing & Trading Retail Limited	0.26%
GDF Suez Marketing Limited	5.05%
Good Energy Limited	0.06%
Haven Power Limited	0.83%
IPM Energy Retail Limited	0.16%
NIE Energy Limited	0.36%
Npower Direct Limited	0.75%
Npower Limited	9.94%
Npower Northern Supply Limited	2.16%
Npower Yorkshire Supply Limited	0.46%
Opus Energy (Corporate) Limited	0.25%
Opus Energy Limited	0.52%
Quinn Energy Supply Limited	0.02%
Scottish Power Energy Retail Limited	8.03%
SmartestEnergy Limited	0.84%
SSE Energy Supply Limited	22.49%
Statkraft Markets GmbH	0.00%
The Co-operative Energy Limited	0.00%
The Renewable Energy Company Limited	0.12%
Total Gas & Power Limited	1.26%
Viridian Energy Supply Limited	0.25%

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. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

For press information contact: Chris Lock 020 7901 7225

Non-press enquiries contact: Annie Gibbons 020 7901 0523