

Renewables Obligation: Guidance for licensed electricity suppliers

Draft guidance

Reference: 50/13
Publication date: 3 April 2013

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Overview: This document provides guidance on the Renewables Obligation (RO) for all Great Britain and Northern Ireland licensed electricity suppliers. It explains what licensed electricity suppliers need to do in order to comply with the RO from (and including) the 2013-14 obligation period and the timetable for doing so. This is intended to be a working document and may be updated from time to time. It is not intended to be a definitive legal guide to the Renewables Obligation. This document is an updated version of the guidance published in May 2012.

NOTE: The Renewables Obligation (Amendment) Order 2013 (RO) (covering England and Wales) and the Renewables Obligation (Scotland) (Amendment) Order 2013 (ROS) (covering Scotland) came into force on 1 April 2013. However, the draft Renewables Obligation (Amendment) Order (Northern Ireland) 2013 (covering Northern Ireland) (NIRO) was laid on 20 March 2013 but is not yet in force. This draft document has been updated as per all three sets of legislation but will remain in draft form until the amended NIRO legislation is in force. (Please note that the draft NIRO Order is still subject to approval). We will then make any necessary changes in relation to the NIRO Order and publish the final version which will apply to all generating stations. In the meantime generating stations under the NIRO should continue to consult the current NIRO Order and 2011 version of the guidance. Generating stations under the RO and ROS can use this draft version until the final version is published. We will advise all stakeholders via the Ofgem website once the final version of the guidance has been published.

Context

The Renewables Obligation (RO) is currently the main mechanism for supporting large scale deployment of renewable electricity in the UK. The scheme came into effect in England and Wales and Scotland in 2002 and Northern Ireland in 2005 and is governed by three separate Orders to reflect the responsibilities of the devolved administrations. In the main, there is consistency between the obligations in view of the fact that there is a UK-wide market for Renewables Obligation Certificates (ROCs).

The Renewables Obligation Orders place an obligation on licensed electricity suppliers in the UK to source a proportion of their supply to customers from eligible renewable sources. The obligation is set on an annual basis by the UK and devolved governments, based on a prediction of the amount of electricity that will be supplied in the UK and the number of ROCs that will be issued to eligible renewable generators.

The RO schemes are administered by the Gas and Electricity Markets Authority ('the Authority') with its day to day functions performed by its office ("Ofgem").

Associated documents

Renewables Obligation Annual report 2011-12 and previous obligation years
www.ofgem.gov.uk/ro

The Renewables and CHP Register
<https://www.renewablesandchp.ofgem.gov.uk/>

Renewables and CHP Register - User Guide
<http://www.ofgem.gov.uk/Sustainability/Environment/RCHPreg/Pages/RCHPreg.aspx>

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Executive Summary

This document provides guidance on the Renewables Obligation (RO) for all Great Britain and Northern Ireland licensed electricity suppliers under the Renewables Obligation Order 2009 (as amended), the Renewables Obligation (Scotland) Order 2009 (as amended) and the Renewables Obligation Order (Northern Ireland) 2009 (as amended). To highlight changes made by the 2013 Amendment Orders for the RO, ROS and NIRO, the term "Amendment Orders" is used.

This document sets out how Ofgem¹, as the administrator of the RO scheme calculates each supplier's obligation, the information required for the relevant obligation period and how to provide this information. The document also outlines a step by step guide to the compliance process, how the budget is set for the recovery of administration costs, and the latest buy-out price and mutualisation ceiling. In addition, the contingency arrangements that are in place where a supplier is unable to submit a compliance report are explained.

This document has been updated to reflect the changes to the RO legislation that are came into force on 1 April 2013 (or 1 May under the NIRO) as a result of the government's banding review decisions. The main changes to this document relate to the proposed removal of the co-firing cap from 1 April 2013 (or 1 May under the NIRO), which limits the number of co-firing Renewables Obligation Certificates (ROCs) that a supplier could present to 12.5 per cent of their obligation. In addition, a bioliquid cap is due to be introduced from 1 April 2013 (or 1 May 2013 under the NIRO) meaning that suppliers will be limited to supplying 4% of their obligation using ROCs that were issued in respect of electricity generated from the combustion of bioliquids. We have also updated the document to include the RO buy-out price (per ROC) for 2013-14 and the mutualisation ceiling under the scheme (see page 26).

This document does not purport to anticipate every scenario which may arise. Where a scenario arises which is not addressed in these procedures, we will adopt an approach consistent with the relevant legislation. Any separate guidance published in addition to this document will be published on our website.

NIRO legislation

The draft NIRO (Amendment) Order 2013 was laid on 20 March 2013 and can be accessed from DETI's website². This Order is not yet in force and so this document has been published in draft. The information in this document relating to the 2013 banding review amendments for Northern Ireland is based on the content of the NIRO banding review decision document, the proposals contained in their supplementary consultation documents (see 'Associated documents' section on page 2) and the laid draft legislation. Please note further changes relating to the NIRO may be made to this document once the NIRO Order comes into force as the laid

¹ Ofgem is the Office of the Gas and Electricity Markets Authority.

² http://www.detini.gov.uk/draft_renewables_obligation_amendment_order_northern_ireland_2013-2.pdf

legislation is still subject to approval. The 2013 banding review amendments and associated processes set out in this document will therefore not apply to stations currently accredited under the NIRO or seeking accreditation under the NIRO until this Order is in force and they should continue to use the 2011 version of the guidance. Once the Order is in force we will publish the final version of the guidance and inform stakeholders via the Ofgem website that this has happened. Generators currently accredited or seeking accreditation under the RO and the ROS should use this draft version from 1 April 2013 until the final version is published.

1. Introduction

1.1. The RO scheme has been subject to various amendments over the years, the most significant being in April 2009 through the introduction of 'banding' where different levels of financial support was awarded to generators based on their generation technology. Further to this, from 1 April 2009, the obligation changed from a percentage of electricity supplied, to an obligation to present a number of ROCs per MWh of electricity supplied.

1.2. There were various changes that impacted upon compliance in the 2009 and 2010 Orders, these have been explained in previous versions of this guidance which are archived on our website. There were no changes made in the 2011 RO Amendment Orders that impact on compliance.

1.3. The most recent changes to the RO scheme were introduced by the RO (Amendment) Orders 2013. As well as several changes affecting renewable generators, notably revision of the 'banding' of different generating technologies, two changes impacting on the compliance requirements for suppliers were also made. These were:

- the removal of the cap on presentation of co-fired ROCs for the 2013-14 and subsequent obligation periods;
- the introduction of a cap on presentation of ROCs derived from combustion of bioliquids commencing with the 2013-14 obligation period


1.4. Licensed Electricity Suppliers can meet their obligations by presenting sufficient Renewables Obligation Certificates (ROCs) to cover their obligations. Where suppliers do not have sufficient ROCs to meet their obligation, they must pay an equivalent amount into a buyout fund, the proceeds of which are paid back on a pro-rata basis to those suppliers that presented ROCs.

Ofgem's Responsibilities

1.5. The Renewables Obligation Orders³ ('the Orders') detail Ofgem's powers and functions in respect of the RO scheme. For compliance, those functions include (but are not limited to):

- Monitoring and administering compliance with the requirements of the Orders

³ The Renewables Obligation Order 2009 (as amended) (RO), Renewables Obligation (Scotland) Order 2009 (as amended) (ROS) and Renewables Obligation Order (Northern Ireland) 2009 (as amended) (NIRO). See appendix 1 for a full list of recent RO legislation.



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- on an annual basis calculating the buy-out price and mutualisation ceiling to reflect changes in the RPI
- receiving buy-out payments and redistributing the buy-out fund
- receiving late payments and redistributing the late payment fund.

1.6. By virtue of section 121 of the Energy Act 2004, the Authority and the Northern Ireland Authority for Utility Regulation (NIAUR) can enter into an arrangement for the Authority to act on behalf of NIAUR in respect of the NIRO. This arrangement is facilitated by an Agency Services Agreement (ASA) with NIAUR. Under this agreement, Ofgem is required to carry out the functions listed above in respect of the NIRO however, NIAUR retains the Statutory responsibility for administering the NIRO.

1.7. This is a guidance document only. At all times, the onus is on the licensed electricity supplier to ensure that it is aware of the requirements of the Orders. It is not intended to provide comprehensive legal advice on how the Orders should be interpreted.

1.8. The document does not cover every scenario which may arise. Where a scenario arises which is not addressed in this document, we will adopt an approach consistent with the legislation. Any separate guidance published in addition to this document will be posted on our website. Notification of the publication will be sent by email to all licensed electricity suppliers.

1.9. Unless apparent from the context, where "RO" is used it denotes the RO, RO Scotland (ROS) and Northern Ireland RO (NIRO) and where "ROC" is used it denotes ROCs, SROCs and NIROCs. 'Ofgem', 'us', 'our' and 'we' are used interchangeably when referring to the exercise of the Authority's powers and functions under the Orders.

1.10. Any paper correspondence sent to Ofgem should be addressed to 'RO Compliance' at: **Ofgem, 9 Millbank, London, SW1P 3GE.**

2. Calculating the Renewables Obligation

Chapter Summary

Each supplier's renewables obligation is based on its total supply of electricity to customers in England and Wales, Scotland and Northern Ireland during the relevant obligation period. Obligation periods run each year from 1 April to 31 March. This chapter explains how Ofgem calculate each suppliers obligation from the total electricity supply data sent to us.

Calculating each suppliers RO

2.1. From 1 April 2009, the obligation changed from a percentage of a supplier's sales to an obligation to present a number of ROCs per MWh of a supplier's sales. The amount of each supplier's RO for an obligation period is based on the amount of electricity supplied by the supplier to customers in England & Wales, Scotland and Northern Ireland. Table 1 shows the obligation level set each year of the scheme so far.

Table 1

Obligation period (1st April - 31st March)	Buy-out price	Obligation for England & Wales and Scotland (% of total supply)	Obligation for Northern Ireland (% of total supply)
2002-2003	£30.00	3.0%	
2003-2004	£30.51	4.3%	
2004-2005	£31.39	4.9%	
2005-2006	£32.33	5.5%	2.5%
2006-2007	£33.24	6.7%	2.6%
2007-2008	£34.30	7.9%	2.8%
2008-2009	£35.76	9.1%	3.0%
Banding introduced in 2009 Orders. Obligation now in ROCs per MWh			
2009-2010	£37.19	0.097	0.035
2010-2011	£36.99	0.111	0.0427
2011-2012	£38.69	0.124	0.055
2012-2013	£40.71	0.158	0.081
2013-2014	£42.02	0.206	0.097

2.2. From 1 April 2010 the obligation levels in England & Wales, Scotland and Northern Ireland are set by the Department of Energy and Climate Change (DECC). These are published on DECC's website around 1 October each year⁴.

2.3. In 2011-12 the obligation is 0.124 ROCs per MWh of electricity supplied in England & Wales and Scotland and 0.055 ROCs per MWh of electricity supplied in Northern Ireland. Any fraction of a MWh sold by suppliers will have the obligation applied on a pro rata basis.

2.4. A supplier's obligation is set using the formula below:

Supplier obligation (ROCs) = total electricity supplied (MWh) * amount of RO (ROCs/MWh)

For example; 1000MWh * 0.124 = 124 ROCs (total obligation)

2.5. A supplier's RO should be rounded to the nearest whole ROC with any half ROC being rounded upwards.

2.6. The amount of each supplier's RO includes supply of electricity to customers connected to a distribution or transmission system. Including:

- supply to customers connected directly to a licensed distribution network
- supply to customers connected to a licence exempt distribution network
- supply to customers connected directly to the transmission system (please note that the exceptions no longer apply).

Supply made under sell-and-buy-back contracts (SBB)

2.7. Until 1 April 2007, supply made under a Sell and Buy-Back contract (SBB) formed part of a supplier's RO. Since 1 April 2007, electricity sold under SBB contract does not form part of a supplier's RO. However, we ask suppliers to provide details of supply volumes under SBB contracts that continue to be in force after 1 April 2008, to allow us to compare supply volumes to previous years.

Supply to customers connected directly to the transmission system

2.8. Exceptions to the relevant Commencement Order⁵ no longer apply on or after 1 April 2010, with regard to supply to transmission connected customers.

⁴ The calculations used to determine each Obligation are provided in a document entitled, "Calculating the Level of the Renewables Obligation", which is published annually on [DECC website](#).

3. Information required from licensed electricity suppliers

Chapter Summary

The Orders require that suppliers provide certain information to the Secretary of State (DECC or the Northern Ireland Department of Enterprise, Trade and Investment (DETI)) and Ofgem each year in respect of the Renewables Obligation for the relevant obligation period. This chapter explains the information required, the process of providing it and the deadlines involved.

Information Required

3.1. We will contact every licensed electricity supplier each year in May reminding them of the requirements of the Orders and the timetable for provision of information. This correspondence will also contain the relevant contact details of Ofgem personnel involved.

3.2. We ask all licensed electricity suppliers to set up an account on the Renewables & CHP Register⁶ ('the Register') in order to submit compliance information. Guidance on setting up an account on the Register can be found in the Register User Guide on Ofgem's website⁷.

3.3. Suppliers are required to provide information to DECC/DETI and Ofgem by specific dates, these are stipulated by the Orders and set out in detail in Appendix 2 of this document. The following paragraphs explain what data suppliers are required to submit to Ofgem for compliance with the RO.

Provision of supply information to DECC/DETI by 1 June

3.4. The RO and ROS require each licensed electricity supplier in England & Wales and Scotland to provide DECC with an estimate of its total supply of electricity during each obligation period on or before 1 June following the relevant obligation period. Please send this information to clive.sarjantson@decc.gsi.gov.uk (including any enquiries for further information on this requirement).

⁵ Article 3(2) of the Energy Act 2004 (Commencement No. 6) Order 2005 (SI 2965) refers.

⁶ Register <https://www.renewablesandchp.ofgem.gov.uk>

⁷ Register User Guide

<http://www.ofgem.gov.uk/Sustainability/Environment/RCHPreg/Pages/RCHPreg.aspx>

3.5. The NIRO requires each licensed electricity supplier in Northern Ireland to provide DETI with an estimate of its total supply of electricity during each obligation period on or before 1 June following the relevant obligation period. Please send this information to michael.harris@detini.gov.uk (including any enquiries for further information on this requirement).

3.6. The Orders require suppliers to provide Ofgem with a copy of the information sent to DECC/DETI at the same time. This should be sent via email to rocompliance@ofgem.gov.uk or to the Ofgem address (given in Chapter 1) marked FAO Renewables Obligation Compliance Team.

Provision of supply data to Ofgem by 1 July

3.7. The Orders require each supplier to provide us with details of the total amount of electricity it has supplied to customers in England & Wales, Scotland and Northern Ireland during each obligation period, on or before 1 July following the relevant obligation period.

3.8. Each supplier must provide separate information on electricity supplied to customers in England & Wales, Scotland and Northern Ireland, even if it has only supplied in one of these.

3.9. In calculating the supply data for both the 1 June and 1 July submission, electricity suppliers should refer to our recommended methodology given in Appendix 5 of this document. We advise suppliers to use this methodology from 2011-12 onwards. Suppliers MUST advise us if they have NOT used the methodology stating the reasons why they have chosen not to.

3.10. For suppliers which have *not* supplied electricity in England & Wales and/or Scotland and/or Northern Ireland during the obligation refer to section 3.21-3.26 for further information.

How to provide this information

3.11. As mentioned before, each supplier will be required to set up an account on the Renewables & CHP Register and use this to submit supply data.

3.12. In order to satisfy ourselves that a supplier has submitted accurate information we will carry out a number of checks on the data provided. We will cross check the supply figures provided to us with our copy of the figures provided to DECC/DETI. Suppliers should provide an explanation if those two sets of data differ significantly (+/- 5%). We will also audit a sample of suppliers in relation to the supply figures provided.

3.13. We will notify any supplier where there is a discrepancy between the supply figures they have provided to us and the figures held by DECC / DETI, if the supplier has not already provided a reason for the difference.

3.14. Suppliers should also provide an explanation if the figures provided differ significantly from the figures provided for the previous obligation year. Where a satisfactory explanation is not provided, we will follow this up with the relevant supplier.

Changes to supply figures provided to Ofgem

3.15. The supplier should notify us immediately if their figures for the amount of electricity supplied changes after they have submitted the information. Supply data submitted to the Register can be edited by the supplier up to and including the 1 July. If a supplier wishes to amend its supply data after 1 July it must contact Ofgem at rocompliance@ofgem.gov.uk (or the usual Ofgem address provided in chapter 1) immediately to discuss and arrange this.

Confirmation of supplier's obligation

3.16. We will confirm to each supplier, in writing, its obligation under the RO, ROS and NIRO (separately) as soon as possible after the correct supply information has been received and any queries regarding this information have been resolved.

3.17. At this time we will also contact suppliers who have not supplied electricity in Great Britain in the relevant obligation period confirming they do not have an obligation under the RO, ROS or NIRO (separately).

3.18. Following confirmation back to suppliers we will publish, on the Ofgem website, the aggregate amount of the RO, ROS and NIRO⁸.

Site-specific licence

3.19. In cases where an electricity supply licence is site-specific, the supplier needs only to provide information with respect to the relevant geographical area. For example, for a site-specific licence relating to England & Wales only, information on supply to customers in England & Wales only needs to be provided. The Register allows a supplier to create either a GB licence or a site specific licence.

Licences granted during the relevant obligation period

3.20. If a supplier's electricity supply licence was granted after 1 April in the relevant obligation period, the information provided to DECC/DETI and Ofgem should relate to the period from the date the licence was granted to the end of the relevant obligation period (i.e. 31 March). For example, if the licence was granted on 1 July the information should be provided from 1 July to 31 March.

⁸ If there is any change following this publication, we will publish a revision or notice of amendment to reflect this.

Zero supply and licence not used

3.21. If a supplier has not supplied electricity in England & Wales and/or Scotland and/or Northern Ireland during the obligation period, it should inform us of this by completing the declaration under 'submit zero sales' on the 'submit sales data' part of the Register. The declarations are as follows:

3.22. *"...as the authorised RO compliance contact for [**licence name**] I am writing to confirm that [**supply licence name**] has not supplied any electricity to customers in England & Wales and/or Scotland during the period 1 April [**year**] to 31 March [**year**] inclusive".*

3.23. *"...as the authorised RO compliance contact for [**licence name**] I am writing to confirm that [**supply licence name**] has not supplied any electricity to customers in Northern Ireland during the period 1 April [**year**] to 31 March [**year**] inclusive".*

3.24. If a supplier has supplied electricity in one of the countries but not the other, it should use the edit supply data option in the Renewables & CHP Register. See chapter 7 of the User Guide⁹ for further details.

3.25. If a supplier does not have an account on the Register and has not supplied any electricity in the relevant obligation period they may submit a zero supply declaration in writing. This must be on their company headed paper, suitably authorised by a senior executive or finance officer, and sent to rocompliance@ofgem.gov.uk or the usual Ofgem address (given in Chapter 1) before 1 July marked FAO Renewables Obligation Compliance Team.

3.26. If an electricity supply licence for GB is not being used and the supplier wants to surrender the licence they should contact:

- in England, Wales and Scotland, the Ofgem Licensing Team at licensing@ofgem.gov.uk or in writing to the Ofgem address (in chapter 1) marked FAO Licensing Team
- in Northern Ireland the NIAUR Licensing Team at: NIAUR, Queens House, 10-18 Queen Street, Belfast BT1 6ED.

⁹ <http://www.ofgem.gov.uk/Sustainability/Environment/RCHPreg/Pages/RCHPreg.aspx>

4. Compliance with the Renewables Obligation

Chapter Summary

Suppliers can comply with their obligations by presenting ROCs, making a buy-out payment or through a combination of these. This chapter explains the process of how a supplier can comply with the Renewables Obligation as well as what happens if it does not comply.

4.1. The Orders require us to establish and maintain a register of ROCs. As such, we have established the Renewables & CHP Register¹⁰.

4.2. We expect each Registered Holder to comply with the guidelines in the Register User Guide when requesting transfers of ROCs to another party or when carrying out any other functions on the Register, including using the Register to submit compliance reports.

Procedure for supplier compliance

4.3. Suppliers can comply with their obligations by presenting ROCs, making a buy-out payment or through a combination of these.

Evidence of compliance - the compliance report

4.4. The Orders require that each supplier must present ROCs to us to meet their obligation on or before 1 September following the relevant obligation period.¹¹ Suppliers can present ROCs by submitting a compliance report in relation to an obligation period, anytime between 1 July and 1 September each year.

4.5. The compliance report should be submitted via the Register. Please see Chapter 8 for details on what action suppliers should take if they are unable to submit a compliance report via the Register.

4.6. The compliance report should include evidence of a calculation for each supplier of its compliance with the RO for the relevant obligation period, including:

¹⁰ <https://www.renewablesandchp.ofgem.gov.uk>

¹¹ Article 5 of the Orders refer.

- the total amount of electricity it has supplied to customers in England, Wales, Scotland and Northern Ireland (where relevant) in the obligation period
- the total renewables obligation under each scheme, where relevant, in number of ROCs
- the quantity of ROCs presented against each of the obligations, including the quantity and identifiers of any ROCs issued in the previous obligation period (banked ROCs) and the quantity and identifiers of any co-fired ROCs it is presenting (the Register will identify banked and co-fired ROCs in each compliance report automatically)
- the amount of buy-out payment being made in respect of each obligation (listed separately for each).

4.7. Suppliers should submit separate compliance reports for their England and Wales, their Scotland and their Northern Ireland supply licence (where relevant).

4.8. An example of a compliance report can be found in chapter 7 of the Register User Guide¹².

4.9. The onus is on the supplier to ensure that ROCs are presented correctly. In so doing, the supplier should ensure that it is familiar with the limits on the proportion of 'banked', 'co-fired' and bio-liquid ROCs that can be presented. These are set out in the Orders¹³.

4.10. The Renewables & CHP Register will calculate these proportions and notify the supplier if the number of ROCs presented has exceeded the limits. The supplier will have the opportunity to go back and adjust the number of 'banked' and 'co-fired' ROCs selected.

4.11. The Orders provide that a supplier may discharge up to 25% of its RO in an obligation period by producing ROCs relating to electricity supplied in the immediately preceding obligation period. An example would be where ROCs issued in respect of electricity generated in the 2010/11 obligation period (1 April 2010 to 31 March 2011) are used in the 2011/12 obligation period (1 April 2011 to 31 March 2012) to discharge a supplier's RO. In this document, for reference only, we have used the term "banked ROCs" where this applies.

4.12. The term "co-firing" is used in the Orders to refer to electricity generated partly from biomass and partly from fossil fuel. Therefore the term "co-fired ROCs" are used by Ofgem to refer to ROCs issued to generating stations that fall in this category. Co-fired ROCs will be clearly identified on the Renewables & CHP Register and have the generation type identifier CB in their suffix. Up to and including the

¹² <http://www.ofgem.gov.uk/Sustainability/Environment/RCHPreg/Pages/RCHPreg.aspx>

¹³ Article 13 of the Orders refer.

2012-13 obligation period the number of co-fired ROCs that can be presented for compliance is limited to a maximum of 12.5 per cent of a supplier's obligation.

4.13. Note that from April 2013 (or May 2013 under the NIRO) there is no longer any limit on the number of co-firing ROCs which may be presented by a licensed supplier to meet their Renewables Obligation. This means that for the 2013-14 and subsequent obligation periods, there is no limit on the numbers of ROCs with the generation type identifier CB which may be presented to meet a supplier's obligation.

4.14. The Orders provide that from 1 April 2013 (or 1 May 2013 under the NIRO) no more than 4% of a supplier's RO may be satisfied by the production of ROCs issued in respect of electricity generated from bioliquids. However, there are a number of exceptions to this cap. The following types of generating stations burning bioliquids are excluded from the 4% bioliquid cap:

- energy from Waste with CHP
- advanced Fuels
- microgenerators (below 50 kWe)
- qualifying combined heat and power (CHP) generating stations below 1 MWe
- any generation that took place before 1 April 2013.

4.15. The Renewables & CHP Register will clearly identify which ROCs the 4% bioliquid cap applies to. The majority will have the suffix BL; the full list is provided in table 2:

Table 2

Generation types
Co-firing of regular bioliquid
Co-firing of regular bioliquid with CHP
Dedicated biomass – BL
Dedicated biomass with CHP - BL
Station conversion – BL
Station conversion with CHP - BL
Unit conversion – BL
Unit conversion with CHP - BL

4.16. We will check that the calculation of each suppliers RO is correct and that ROCs have been correctly presented.

4.17. ROCs not correctly presented will be returned to the supplier. In these instances, we will notify the supplier as soon as possible where they have not met their obligation by the deadline. The supplier will then be required to make up the difference by making a late payment, which includes an interest penalty in addition to the shortfall.

Bank account details

4.18. The Orders allow suppliers to meet their RO by either presenting ROCs or paying an equivalent amount into the buy-out fund. Suppliers should provide details of the bank account from which any buy-out payment will be made into the buy-out fund and the bank account where any payments should be sent from the recycle of the buy-out fund. These details should include the name of the account, the name of the bank where the account is held, the sort code and the account number.

4.19. This information should be provided as part of the compliance report submitted via the Register.

4.20. In addition, the Register requires an 'Account Reference'. This reference should match the information attached to any buy-out and/or late payment. For example, the Account Reference could be the name of the relevant licence, or an abbreviation of that licence name.

4.21. Each year suppliers should provide proof that this account is held in the name of the company. This proof should show the company name, sort code and account number, and be on their bank's headed paper (e.g. a bank statement). This proof can be uploaded onto the Register, posted to our office in London (address provided in chapter 1) or Glasgow (addressed to: Ofgem, Cornerstone, 107 West Regent Street Glasgow G2 2BA), or faxed to 0207 901 7387. This proof should be provided with the relevant compliance report where possible, or by 1 September if not.

Buy-out payments

4.22. Suppliers must make a buy-out payment for each ROC that they do not present for compliance towards their total obligation.¹⁴

4.23. The buy-out price per ROC is set by Ofgem in the February preceding each obligation period. It is adjusted annually in accordance with the Retail Prices Index (RPI). See table 3 for the buy-out price for the relevant obligation periods.

¹⁴ Article 43 of the RO and ROS Orders and Article 40 of the NIRO Order.

Table 3

Obligation period (1st April - 31st March)	Buy-out price (per ROC)
2010-2011	£36.99
2011-2012	£38.69
2012-2013	£40.71
2013-2014	£42.02

4.24. Buy-out payments should be made in full to Ofgem on or before 31 August following the relevant obligation period. In normal circumstances buy-out payments should not be made before 1 July following the obligation period. If, in exceptional circumstances, a supplier wants to present ROCs or make payment earlier than this, it should contact us and we will consider requests for early payments on a case-by-case basis. Any payments received on or after the deadline will be a late payment and subject to additional interest. Any overpayment made into the buy-out fund will be returned.

4.25. Buy-out payments should be made by electronic transfer to the dedicated Ofgem bank accounts for the RO, ROS and NIRO. We will write to each supplier advising them of the bank account details to be used. Suppliers should ensure the correct buy-out amount for each of the RO, ROS and/or NIRO is sent to the correct account and that each payment includes an Account Reference.

Confirmation of compliance

4.26. We will confirm with each supplier that it has complied with its Renewables Obligation as soon as possible after the 1 September deadline.

4.27. We will follow up any irregularities or issues as soon as possible after they arise.

Late payments

4.28. Suppliers must make a late payment to meet their obligation if for any reason they have not fully complied with their obligation by the legislative deadline (31 August to make a buy-out payment, 1 September to present ROCs). For example, if a supplier has made an error and presented too many co-fired ROCs for compliance but did not amend this before the deadline, it can make up the difference by making a late payment.

4.29. Late payments must be made during the 'late payment period' which runs from 1 September to 31 October following the relevant obligation period. Suppliers cannot present ROCs during the late payment period.¹⁵

4.30. Late payments are subject to an interest charge on top of the amount owed. The interest rate is set at 5 per cent above the Bank of England base rate as at the first day of the late payment period.

4.31. Interest is to be calculated on a daily basis from 1 September to the date of payment, inclusive. It is calculated as follows:

$$\text{Interest} = \text{Debt} \times \text{interest rate} \times \frac{\text{the number of days late}}{365}$$

4.32. Late payments, including the applicable interest, should be made by electronic transfer to the dedicated Ofgem bank accounts for the RO, ROS, and NIRO. We will write to each supplier advising them of the bank account details to be used. Suppliers should ensure the correct late payment amount for each of the RO, ROS and NIRO is sent to the correct account and that each payment includes an Account Reference.

Non-Compliance with the Renewables Obligation

4.33. Any obligation or requirement imposed on a supplier by the Orders is a relevant requirement under section 32 – 32M of the Electricity Act 1989 (the Act). Breach of a relevant requirement by a licensee can attract enforcement action including the imposition of an enforcement order or a financial penalty by the Authority, and breach of a relevant requirement of an NI electricity supply licence can attract enforcement action including the imposition of an enforcement order or a financial penalty by NIAUR.

4.34. Generally, the Authority has the discretion to impose a financial penalty where it is satisfied that a licensee has contravened or is contravening any condition of its licence.

4.35. Specifically in relation to the RO or ROS, the Authority has the discretion to impose a financial penalty where it is satisfied that an electricity supplier has contravened or is contravening a "relevant requirement". A relevant requirement is a requirement set out in either of the Orders. Any such decision to impose a penalty will take into account Ofgem's current Enforcement Guidelines available on the 'Enforcement' page of our website.¹⁶

¹⁵ Article 44 of the RO and ROS Orders and Article 41 of the NIRO Order refers.

¹⁶ <http://www.ofgem.gov.uk/About%20us/enforcement/Documents1/Enforcement%20Guidelines%20post%20consultation.pdf>

4.36. NIAUR has the discretion to impose a financial penalty where it is satisfied that a supplier has contravened or is contravening any duty or requirement imposed on it by the NIRO.

4.37. The following is a list of some examples of potential supplier breaches of the Orders, this list is not exhaustive:

- failing to provide relevant information to DECC, DETI or Ofgem by the dates specified in the Orders, or if requested to do so
- making an error in calculating total electricity supply
- failing to present ROCs or pay buy-out before the deadline and
- failing to make the necessary late payment before the end of the late payment period
- presenting ROCs incorrectly (including co-fired and banked ROCs) in excess of the limits stipulated in the Orders, where a late payment has not been made by the supplier to meet its full obligation
- presenting revoked ROCs
- presenting a ROC for which the presenting supplier is not the registered holder on the Register
- presenting a ROC which is not on the Register, or
- failing to make the payment into the mutualisation fund by the dates specified in the Orders.

Revoking ROCs that have already been redeemed

4.38. Where a supplier has redeemed ROCs against its obligation and it later transpires that the ROCs are inaccurate i.e. they do not represent eligible renewable electricity, we will not revoke these ROCs.

4.39. Ofgem have previously consulted and provided guidance on whether ROCs can be revoked once they have been redeemed. Ofgem has power to withhold the issue of ROCs in situations where ROCs already used for compliance are later found to be inaccurate or have been issued on the basis of fraudulent or false information, behaviour or undertaking or unsatisfactory certification of supply of electricity to customers. Under the amendments made by the 2010 Orders, Ofgem must refuse to issue further ROCs in respect of electricity generated by the generating station in relation to which the original ROC was issued. This is however subject to the original ROC not being more than 6 years old and not being issued under a NFFO¹⁷ contract.

¹⁷ Non-Fossil Fuel Order

5. Setting Ofgem's administration costs for the RO

Chapter Summary

This chapter describes the process we go through to establish our costs for administering the RO each year.

5.1. Each year Ofgem sets its budget for the following year as part of its corporate planning process. This includes setting the budget for the administration of the Renewables Obligation. The corporate plan (which includes our budget) is drafted in November/December.

5.2. All sections of the proposed plan undergo an internal scrutiny session before the draft is approved for consultation. The corporate plan also projects the expected costs for the subsequent four Financial Years. As part of our scrutiny session, we must justify any significant changes from the previous year's corporate plan for the upcoming year, and we must also justify any significant changes from the previous year's budget.

5.3. We release our draft corporate plan for public consultation in January via our website. All stakeholders have an opportunity to comment on our proposed activities and expenditure.

5.4. For the 2011-12 financial year onwards we will publish separate cost projections for the RO to make these costs more transparent. This sets out our final budget for the coming year. This final plan takes into account the consultation feedback we received.

5.5. Ofgem's budget for the year must also be approved by HM Treasury. It is also laid in parliament around April or May of each year.

5.6. The budget for the RO is based on a projection of the resources we need to administer the RO in the coming year. We take into account the growth in the size and complexity of the RO, any major changes we need to make to our work processes to administer the RO effectively, and any efficiency improvements we can make. The costs in administering the RO include staff costs (administration staff, IT staff and legal staff) and overheads. There are also some costs associated with obtaining external advice, including technical advice for informing decisions on accrediting stations and for fraud prevention (including auditing costs).

6. Redistribution of funds and recovery of administration costs

Chapter Summary

The buy-out and late payment funds are redistributed to all suppliers that have presented ROCs against their obligations. Ofgem recovers its costs for administering the RO from these funds prior to their redistribution. This chapter describes how this process works.

Recovering administration costs for the RO

6.1. All payments received from suppliers before 1 September are referred to as 'buy-out payments' and form the 'buy-out fund' for the obligation period. There are three separate buy-out funds for the RO, ROS and NIRO.

6.2. In September of each year we will recover our costs for administering the RO from these buyout funds. We will also recover the costs incurred by NIAUR in administering the NIRO on their behalf.

6.3. The total amount that we recover will be equal to the total of Ofgem and NIAUR costs and we will recover these proportionally from each buyout fund. For example; if the buyout funds amounted to £30m NI, £60m Sctoland and £210m England & Wales, and the total cost of administering the RO scheme was £2 Million, we would recover £200,000 from the NI buyout fund, £400,000 from the Scotland buyout fund and £1.4 Million from the England & Wales buyout fund.

6.4. If there is not enough money in all three buyout funds combined to cover our costs then we will take the full amount of the buyout funds and take the remaining costs from the late payment funds. If there is not enough money in both the buyout and late payment funds to cover our costs then we will take the full amount of both funds and be reimbursed by government (DECC, Scottish Executive and DETI) for the remainder.

Buy-out fund redistribution

6.5. We will redistribute the RO, ROS and NIRO buy-out funds, including any interest accrued, through the 'single recycling mechanism'.¹⁸ We will do this after recovering the RO administration costs (of Ofgem and NIAUR) from the funds as described above.

¹⁸ Article 47 RO and ROS Orders and Article 44 of the NIRO Order refers.

6.6. The buy-out funds will be redistributed to suppliers in proportion to the total number of ROCs that each has presented across the three obligations. For example, a supplier that presented 3 per cent of the total number of ROCs (presented across all three obligations) would get back 3 per cent of the total sum of each of the three buy-out funds. That would still be the case if that supplier had only presented ROCs in respect of just one of the obligations.

6.7. We will round down each redistribution payment from the buy-out funds to the nearest pound. Any money that remains in the buy-out funds will be carried over for redistribution in the following obligation period.

6.8. The buy-out funds will be redistributed as soon as possible after the 1 September deadline and certainly by 1 November following the obligation period. We must complete extensive and rigorous checks on the redistribution payments to suppliers so these payments are not usually made before 30 September. We give this a high priority to ensure payments are made as soon as all of the necessary checks have been completed.

6.9. Payments will be made by electronic transfer to the bank account nominated by each supplier.

Late payment fund redistribution

6.10. Any payments received after the 31 August deadline are referred to as 'late payments' and form the 'late payment fund' for the obligation period. There are separate late payment funds for the RO, ROS and NIRO.

6.11. The late payment funds for the RO, ROS and NIRO, including any interest accrued, will be redistributed in the same way as the buy-out fund (as described earlier in this chapter i.e. in proportion to presentation of ROCs). We will do this after recovering, where necessary, any outstanding administration fees owed to Ofgem and NIAUR.

6.12. The late payment funds will be redistributed as soon as possible after the 31 October deadline and certainly by 1 January following the obligation period. Again, we give this a high priority to ensure payments are made as soon as all of the necessary checks have been completed. Where possible, we will redistribute the late payment funds with the buy-out funds.

6.13. Payments will be made by electronic transfer (CHAPS) to the bank account nominated by each supplier.

6.14. Late payment funds will not be redistributed where they total less than £50,000. Instead, these funds will roll over into the following year and be



redistributed as part of the buy-out funds in the immediately following obligation period¹⁹.

¹⁹ Article 46 of the RO and ROS Orders and Article 43 of the NIRO Order.

7. Mutualisation

Chapter Summary

Mutualisation is the process by which all suppliers with an obligation under the RO and/or ROS are required to make additional payments where a relevant shortfall is identified in the buy-out fund.

Mutualisation payments are not made by suppliers in Northern Ireland however, suppliers in Northern Ireland are entitled to a share of any mutualisation fund. This chapter explains how this process is triggered and, if so, how it will work in practice.

Mutualisation and 'relevant shortfall'

7.1. In the event of a supplier being unable to meet its RO and/or ROS, for example due to it entering administration or becoming insolvent during the obligation period, there may be a shortfall in the buy-out fund. This means that the buy-out fund would be less than the total amount which would have been paid into it if all suppliers had properly discharged their RO and/or ROS. Where this shortfall is of a certain size, a 'relevant shortfall', it will trigger the mutualisation process.

7.2. Table 4 sets out the 'relevant shortfall' level for each obligation period, in England & Wales and in Scotland, this is taken from Schedule 3 of the Orders.

Table 4

England and Wales - Obligation period	Relevant shortfall amount
1 April 2010 to 31 March 2011	£10,400,000
1 April 2011 to 31 March 2012	£11,400,000
1 April 2012 to 31 March 2013	£12,400,000
1 April 2013 to 31 March 2014	£13,400,000
1 April 2014 to 31 March 2015	£14,400,000
1 April 2015 to 31 March 2016	£15,400,000
Each subsequent period of twelve months ending with the period of twelve months ending on 31 March 2037	£15,400,000
Scotland - Obligation period	Relevant shortfall amount
1 April 2010 to 31 March 2011	£1,040,000
1 April 2011 to 31 March 2012	£1,140,000
1 April 2012 to 31 March 2013	£1,240,000
1 April 2013 to 31 March 2014	£1,340,000
1 April 2014 to 31 March 2015	£1,440,000
1 April 2015 to 31 March 2016	£1,540,000
Each subsequent period of twelve months ending with the period of twelve months ending on 31 March 2037	£1,540,000

7.3. Where a mutualisation process is triggered all suppliers who have discharged their RO and/or ROS (in whole or in part) will be required to make additional payments to make up the 'relevant shortfall'.²⁰ The mutualisation provisions do not apply to any shortfall in the NIRO buy-out fund and Northern Ireland suppliers are not required to make mutualisation payments.

7.4. In the event of a relevant shortfall, when mutualisation is triggered, we will notify each supplier with a RO and/or ROS in the obligation period of the amount of the shortfall and the amount of additional payment that each supplier is required to make. We will do this as soon as possible after the end of the late payment period, or earlier if we have access to the information and it has been verified.

7.5. Any shortfall in the RO will be met by suppliers with an obligation under the RO. Any shortfall in the ROS will be met by suppliers with an obligation under the ROS. In other words, a shortfall in the RO will not be met by suppliers who only have an obligation under the ROS, and vice-versa.

Calculation of mutualisation payments

7.6. Each supplier that has met all, or part, of its obligation in the shortfall period, has to pay a proportion of the total 'relevant shortfall' to be recovered. This is calculated by assessing that supplier's obligation as a proportion of the total Obligation for the shortfall period, taking into account the fact that the failed supplier cannot make any payment. The whole of the shortfall will be recovered, up to the mutualisation ceiling published by Ofgem in respect of each obligation period. Table 5 sets out this ceiling amount for recent obligation periods:

Table 5

Obligation period (1st April - 31st March)	Mutualisation ceiling England & Wales	Mutualisation ceiling Scotland
2010-2011	£222,805,333.33	£22,280,533.33
2011-2012	£233,072,945.77	£23,307,294.57
2012-2013	£245,212,161.70	£24,521,216.16
2013-2014	£253,099,819.57	£25,309,981.95

7.7. Mutualisation payments have to be paid in four equal instalments, as set out in table 6, with the first payment being made in the September following the compliance period where the relevant shortfall occurred.

²⁰ Article 49 of the RO and ROS Orders refers.

Table 6

Payment deadline	Proportion	Redistribution deadline
Before 1 September	25 per cent	Before 1 November
Before 1 December	25 per cent	Before 1 February
Before 1 March	25 per cent	Before 1 May
Before 1 June	25 per cent	Before 1 August

7.8. Payments should be made by electronic transfer to the dedicated bank accounts that have been set up by Ofgem. We will advise each supplier of the bank account details to be used. Suppliers should ensure the correct payment amount is sent to the correct account as notified by us and that each payment includes an Account Reference (described in Chapter 3). Where a supplier who has failed to meet its RO and/or ROS in full subsequently makes payment towards its RO, we will recalculate the relevant shortfall and notify suppliers of the change. We will publish details of the amount of the shortfall and the amount to be recovered from all suppliers at this time.

Mutualisation fund redistribution

7.9. The payments received from suppliers during the mutualisation process are paid into 'the mutualisation fund' for the obligation period when the shortfall occurred.

7.10. We will redistribute the mutualisation funds to all suppliers in England & Wales, Scotland and Northern Ireland that complied with their RO in full in respect of the obligation period in which the shortfall occurred.

7.11. We will redistribute the mutualisation funds, including any interest accrued on these amounts, in the same way as the buy-out fund and in the same proportions used when redistributing the buy-out fund in the relevant obligation period.

7.12. We will redistribute the mutualisation funds two months after each payment instalment. See table 6 for the timetable of payments and redistribution. Payments from the mutualisation funds will be made by electronic transfer (CHAPS) to the bank account nominated by the supplier.

7.13. Suppliers who did not meet their obligation in full are not entitled to payments from the mutualisation fund.

8. Contingency arrangements

Chapter Summary

This chapter explains what we will do in the event that suppliers have difficulty or are unable to submit their compliance report via the Renewables & CHP Register.

Contingency if you are unable to submit a compliance report

8.1. Suppliers that experience difficulty or are unable to submit a compliance report via the Register during the period 1 July to 1 September, should in the first instance contact Peter Collins on 0207 901 7275, or by email at rocompliance@ofgem.gov.uk. We will try to resolve the issue where we can.

8.2. If we are unable to resolve the issue, suppliers will be asked to submit their compliance report(s) in an Excel spreadsheet which should arrive in the rocompliance@ofgem.gov.uk mailbox before 1 September.

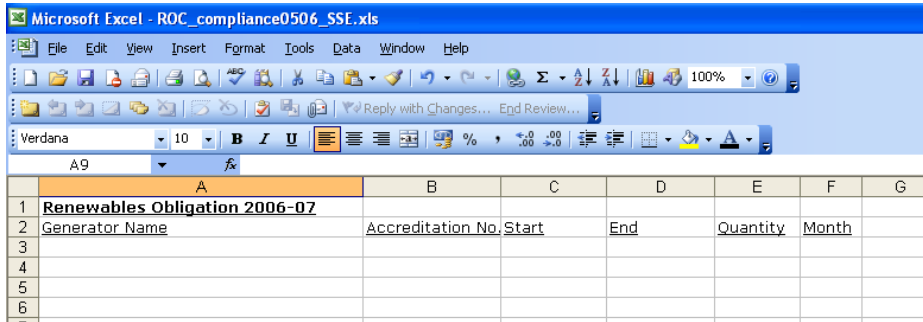
8.3. Each spreadsheet submission should be accompanied by a signed copy of the declaration attached in Appendix 4. We will confirm receipt of any submission.

8.4. Suppliers should calculate any buy-out that is due (for each of their separate obligations) if they are not submitting enough ROCs to meet their obligation(s) in full. This should be entered onto the declaration in Appendix 5.

8.5. The spreadsheet copy of the compliance report should include the following information:

- generator name
- accreditation ID
- ROC start number
- ROC end number
- quantity
- month.

8.6. An example is shown below:



The screenshot shows a Microsoft Excel spreadsheet with the following structure:

	A	B	C	D	E	F	G
1	Renewables Obligation 2006-07						
2	Generator Name	Accreditation No.	Start	End	Quantity	Month	
3							
4							
5							
6							

8.7. This is the basic information we need to assess RO compliance. However, we are open to any suggestions about how the provision of this information could be improved. Contact us via ro.compliance@ofgem.gov.uk or at the address in chapter 1 in order to do this.

8.8. Each piece of information submitted should be clearly marked with the licence name and contact details of the person making the submission.

8.9. Suppliers wishing to deliver this information to our London or Glasgow office on a disk or memory stick should call Peter Collins on 0207 901 7275 or the Renewables helpline on 0207 901 7310 to arrange this.

Contingency if you are unable to view ROCs in your account(s)

8.10. Suppliers that are unable to view the ROCs in their account should contact us to arrange for the information to be made available by other means (most likely an excel spreadsheet). Suppliers will need to use the information we send to build a report to be submitted in line with the process described above. We will confirm receipt of any submission by email.

Amending the ROC status

8.11. Where we receive Excel spreadsheet compliance reports, we will amend the status of the ROCs submitted from 'issued' to 'redeemed' in the Register. These ROCs will not be available to present against any future obligation.

Confirming compliance

8.12. We will write to each supplier confirming compliance with its obligation(s) as soon as possible after 1 September, usually within one month of this date.

9. Adjustment of the buy-out price and mutualisation

Chapter Summary

The buy-out price and mutualisation ceiling are reviewed by Ofgem before each obligation period and updated to reflect any changes in the Retail Prices Index (RPI).

Adjustment of buy-out price

9.1. The buy-out price was £30 per MWh for the first obligation period (2002-03). In each subsequent obligation period, the buy-out price has been amended in line with RPI²¹ and the amount published on the Ofgem website. The buy-out price is rounded to the nearest penny, with any exact half of a penny being rounded upwards.

Adjustment of mutualisation ceiling

9.2. In each obligation period the mutualisation ceiling is amended in line with RPI. We are required to calculate this change²² and publish the amount on the Ofgem website. The mutualisation ceiling will be rounded to the nearest penny, with any exact half of a penny being rounded upwards.

Retail Price Index

9.3. We calculate the revised buy-out price and mutualisation ceiling for each obligation period by the average change in RPI over the previous calendar year. We publish them once the Office of National Statistics²³ makes available the RPI information for the previous year (typically in February).

²¹ Article 43 of the RO and ROS Orders and Article 40 of the NIRO Order refers.

²² Article 48 of the RO and ROS Orders refers.

²³ <http://www.ons.gov.uk/ons/index.html>

Appendices

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Appendix 1 – RO Legislation

England and Wales

The Renewables Obligation Order 2009 for England and Wales
<http://www.legislation.gov.uk/uksi/2009/785/contents/made>

The Renewables Obligation (Amendment) Order 2010 for England and Wales
<http://www.legislation.gov.uk/uksi/2010/1107/contents/made>

The Renewables Obligation (Amendment) Order 2011 for England and Wales
http://www.legislation.gov.uk/ukdsi/2011/9780111507353/pdfs/ukdsi_9780111507353_en.pdf

The Renewables Obligation (Amendment) Order 2013 for England and Wales
http://www.legislation.gov.uk/ukdsi/2013/9780111534137/pdfs/ukdsi_9780111534137_en.pdf²⁴

Scotland

The Renewables Obligation (Scotland) Order 2009
<http://www.legislation.gov.uk/sdsi/2009/9780111003268/contents>

The Renewables Obligation (Scotland) Amendment Order 2010
<http://www.legislation.gov.uk/sdsi/2010/9780111007860/contents>

The Renewables Obligation (Scotland) Amendment Order 2011
<http://www.legislation.gov.uk/sdsi/2011/9780111012352/contents>

The Renewables Obligation (Scotland) Amendment Order 2013
http://www.legislation.gov.uk/ssi/2013/116/pdfs/ssi_20130116_en.pdf

Northern Ireland

The Renewables Obligation Order (Northern Ireland) 2009
<http://www.legislation.gov.uk/nisr/2005/38/contents/made>

The Renewables Obligation (Amendment) Order (Northern Ireland) 2010
<http://www.legislation.gov.uk/nisr/2010/134/contents/made>

The Renewables Obligation (Amendment) Order (Northern Ireland) 2011
<http://www.legislation.gov.uk/nidsr/2011/9780337983696/contents>

The draft Renewables Obligation (Amendment) Order (Northern Ireland) 2013
http://www.detini.gov.uk/draft_renewables_obligation_amendment_order_northern_ireland_2013-2.pdf

²⁴ The final version will be published at the following website shortly: www.legislation.gov.uk

Appendix 2 – Summary of key dates and legislation Articles

The following is a summary of the key dates and Articles for an obligation period as set out in the Orders.

Table 1: Presenting ROCs and buy-out payments

Action required	Dates	Relevant Article (RO and ROS)	Relevant Article NIRO
Suppliers required to provide DECC / DETI and Ofgem with estimated figures relating to total supply of electricity to customers in each of England & Wales, Scotland and/or Northern Ireland during the relevant obligation period.	On or before 1 June	53(5)	45(5)
Suppliers required to notify Ofgem of the amount of electricity supplied (in MWh) to customers in each of England & Wales, Scotland and/or Northern Ireland during the relevant obligation period	On or before 1 July	53(5)	45(5)
Ofgem will confirm, in writing, each supplier's obligation under the RO, ROS and/or NIRO.	As soon as practicable after 1 July	n/a	n/a
Ofgem will publish the aggregate amount of each Obligation (RO, ROS and NIRO).	As soon as possible after confirming each suppliers obligation		
Suppliers required to (where applicable) make a buy-out payment in respect of its RO, ROS and/or NIRO.	Before 1 September (but not normally before 1 July)	43	40
Suppliers required to present ROCs, SROCs and NIROCs in respect of its RO, ROS and/or NIRO.	On or before 1 September ²⁵ (but not normally before 1 July)	5(2)	5(2)
Ofgem will confirm each supplier's compliance (or not) with its obligation according to the compliance report submitted by the deadline.	As soon as practicable after 1 September	n/a	n/a
Ofgem will notify any supplier which has not fully discharged its obligation.	As soon as practicable after 1 September	44(1)	41(1)
Ofgem will redistribute the buy-out funds to	By 1 November	47	44

²⁵ ROCs can be presented up to midnight 1 September; any buy-out payments due must be made before 1 September i.e. by midnight 31 August.

relevant suppliers.			
Ofgem will publish the amount of the buy-out funds recycled and the proportions to each supplier.	As soon as possible after recycle of the buy-out fund		

Table 2: Late payments

Action required	Dates	Relevant Article (RO and ROS)	Relevant Article (NIRO)
Suppliers must (where applicable) make a late payment (including interest) to Ofgem in respect of its obligation.	1 September to 31 October	44(6)	41(6)
Ofgem will redistribute the late payment funds to relevant suppliers.	By 1 January	47	44
Ofgem will publish the amount of the late payment funds recycled and the proportions to each supplier.	As soon as possible after recycle of the late payment fund		

Table 3: Mutualisation

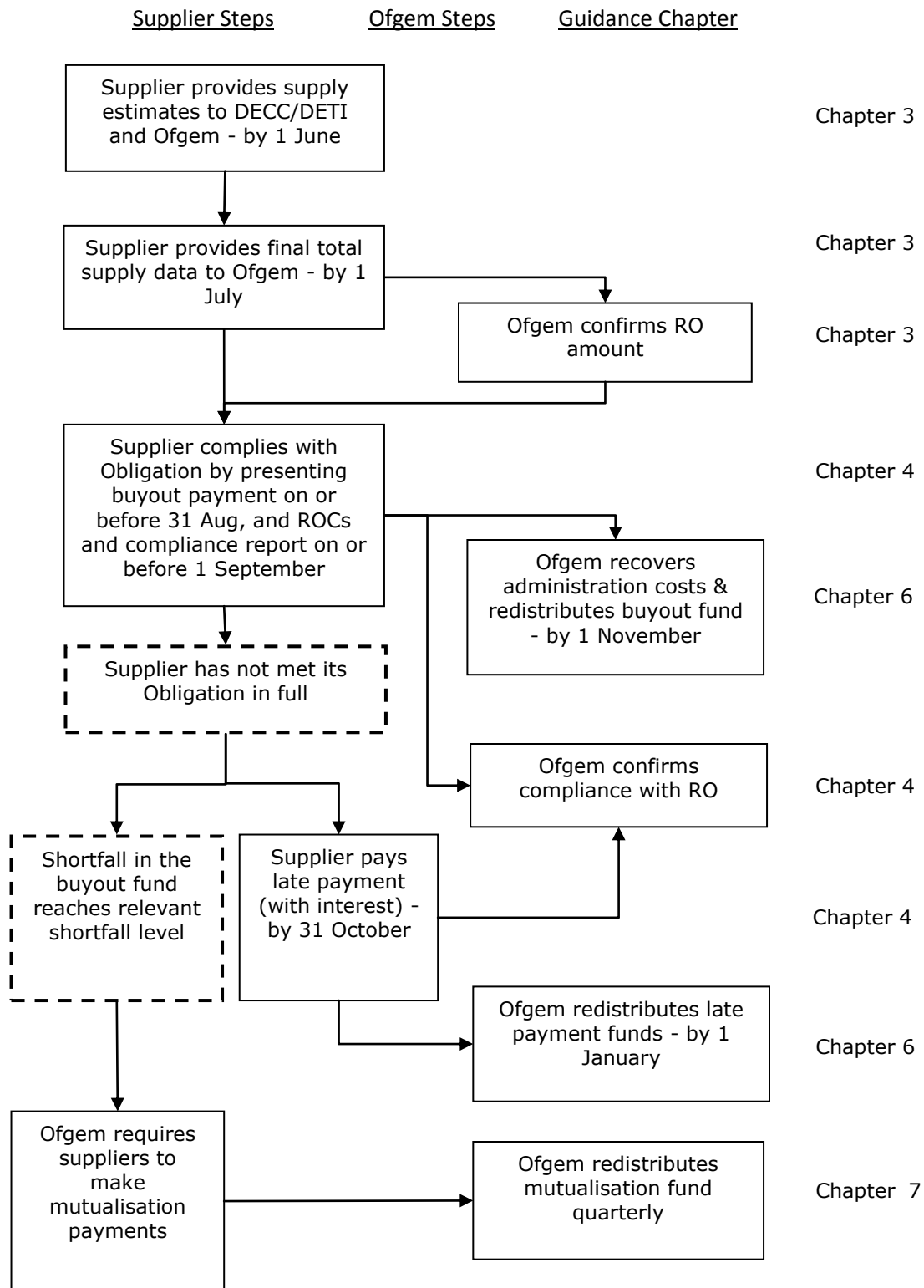
Action required	Dates	Relevant Article (RO and ROS)
Ofgem will notify relevant suppliers of any shortfall in the buy-out fund and the amount to be paid by each supplier into the mutualisation fund.	As soon as practicable after 31 October	49(1)
Suppliers required to make first 25% instalment into mutualisation fund in respect of any shortfall in the buy-out fund.	Before 1 September	49(5)
Ofgem will redistribute the first instalment of the mutualisation fund to relevant suppliers.	By 1 November	52(2)
Suppliers required to make second 25% instalment into mutualisation fund in respect of any shortfall in the buy-out fund.	Before 1 December	49(5)
Ofgem will redistribute the second instalment of the mutualisation fund to relevant suppliers.	By 1 February	52(2)
Suppliers required to make third 25% instalment into mutualisation fund in respect of any shortfall in the buy-out fund.	Before 1 March	49(5)
Ofgem will redistribute the third instalment of the mutualisation fund to relevant suppliers.	By 1 May	52(2)
Suppliers required to make fourth 25% instalment into mutualisation fund in respect of any shortfall in the buy-out fund.	Before 1 June	49(5)

Ofgem will redistribute the fourth instalment of the mutualisation fund to relevant suppliers.	By 1 August	52(2)
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Table 4: Annual report

Action required	Dates	Relevant Article (RO and ROS)	Relevant Article (NIRO)
Ofgem will publish the Renewables Obligation Annual Report.	By 1 April	57(1)(f)	49(1)(e)

Appendix 3 – RO compliance process map



Appendix 4 – Contingency declaration

Supplier compliance declaration

Compliance period 1st April 20[] - 31st March 20[]

Company details

Company name	
Licence name	
Renewables & CHP Register Registered Holder ID and Holder name	

Declaration

1. a) I declare that I wish to present [] ROCs listed in the attached supplier compliance template to Ofgem against our Renewables Obligation. This includes [] co-fired ROCs and [] banked ROCs²⁶.

1. b) I declare that I wish to present [] ROCs listed in the attached supplier compliance template to Ofgem against our Renewables Obligation Scotland. This includes [] co-fired ROCs and [] banked ROCs.

1. c) I declare that I wish to present [] ROCs listed in the attached supplier compliance template to Ofgem against our Northern Ireland Renewables Obligation. This includes [] co-fired ROCs and [] banked ROCs.

2. I confirm that Ofgem will change the status of the ROCs listed against any of the 3 obligations from 'issued' to 'redeemed' in the Renewables & CHP Register, and that they will not be available to present against any future obligation.

3. a) I confirm that we have made a buy-out payment of £[] into the England and Wales bank account against our Renewables Obligation.

3. b) I confirm that we have made a buy-out payment of £[] into the Scotland bank account against our Renewables Obligation Scotland.

3. c) I confirm that we have made a buy-out payment of £[] into the Northern Ireland bank account against our Northern Ireland Renewables Obligation.

²⁶ Banked ROCs are ROCs issued in the previous obligation period.



Signature

Signature (Compliance contact or designated authority):	
Name of signatory:	
Position within the company:	
Date:	

Note

Use of this declaration should be restricted to periods when the Renewables & CHP Register and the online Compliance Report are unavailable. You will be informed by Ofgem when the Register is unavailable and when this declaration and manual Compliance Report should be used.

This declaration should be completed by the compliance contact or a designated authority within the company (ie Director or Company Secretary).

This declaration should be returned along with your compliance report. Ofgem will not be able to confirm compliance without this declaration being completed.

Appendix 5 – Recommended methodology for calculating electricity supply data

5.1. Suppliers are required to calculate their supply data for the volumes which relate to their Renewables Obligation for each compliance period. Article 53(5) of The Renewables Obligation Order 2009 (as amended) requires that an initial submission be provided by 1 June and a final submission by 1 July of each year. This appendix summarises the requirements for calculating the supply data to be reported for the Renewables Obligation each year. It contains guidance on the recommended approach including which data flows should be used and the timing of when each calculation should occur to enable consistency of the supply data used across all obligated suppliers.²⁷

Great Britain

5.2. Suppliers are required to report an initial view of supply figures to Ofgem and DECC by 1 June and a final view of supply figures by 1 July for each compliance period. In order to maintain a consistent basis of measurement amongst suppliers, ELEXON settlement data is considered the standard for settlements data across the industry which provides a consistent basis on which all suppliers can report. We recommend that all submissions should be based on ELEXON data as detailed in this Appendix.

5.3. Most suppliers collate their energy supply volumes on a monthly basis and a similar approach has been adopted for Renewables Obligation reporting, with the same settlement run type being used for complete months.

5.4. For all non-half hourly customers, the ELEXON dataflow D0030 Non Half Hourly DUoS Report (summation of Daily Profiled SPM Total Annualised Advance and Daily Profiled SPM Total EAC in Group TOT) should be used for reporting supply data. Alternatively, D0296 Supplier BM Unit Report (summation of Daily Aggregated BM Unit Energy in Group TL1 for Consumption Component Classes 17-19 in Group CCC, i.e. Active Import for Measurement Quantity id AI for Data Aggregation Type N) should be used. These flows contain the volumes which have been delivered to customers and therefore no adjustments to line losses need to be made in respect to reporting supply for the Renewables Obligation.

5.5. For all half hourly customers, the ELEXON dataflow D0296 Supplier BM Unit Report (summation of Daily Aggregated BM Unit Energy in Group TL1 for

²⁷ This final version of the methodology for calculating electricity supply data has been altered from the original that was released for consultation in March 2011 to encompass comments made as part of the response to consultation.

Consumption Component Classes 1, 2, 9, 10, 23, 28 in Group CCC, i.e. Active Import for Measurement Quantity id AI for Data Aggregation Type H) should be used for reporting supply data. Alternatively, other dataflow containing equivalent information (for example, D0040/D0298 Aggregated Half Hour Data File or D0036/D0275 Validated Half Hourly Advances, although these latter two contain data at MPAN level rather than summarised to Consumption Component Class) should be used. These flows contain the volumes which have been delivered to customers and therefore no line loss factors need to be applied in respect of this supply data.

5.6. The first view of supply data is due to Ofgem on 1 June and an updated final view is due 1 July and this is the view on which the final obligation will be settled. The timetable set out below should be used for extracting data on a month-by-month basis for reporting under the Renewables Obligation, along with the associated settlement runs which should be utilised.

5.7. For the initial reporting at 1 June, the extracts for complete months from the ELEXON-provided data should be taken on or around **15 May**. At this time, the settlement runs should be as follows:

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
R3	R3	R3	R3	R3	R3	R2	R2	R2	R1	R1	SF

5.8. For the 1 July reporting, the extracts for complete months from the ELEXON-provided data should be taken as at **21 June**. At this time, the settlement runs should be as follows:

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
RF	R3	R3	R3	R3	R3	R3	R2	R2	R2	R1	R1

5.9. It is expected that the timetable for the extraction of data will allow sufficient time for any internal review and sign off procedures to be completed by suppliers prior to submission. Greater time has been allowed for checking of the initial reporting as it is anticipated that the bulk of checking will be performed at that stage, with only movements in excess of trivial amounts requiring to be checked for final reporting.

5.10. It is expected that with the use of the above ELEXON data flows, it will not be necessary to make adjustments to volumes for any line losses. It is expected that any other adjustments to data will be limited and should be reported under the following guidance.

5.11. Under the terms of the RO, supply data for any customers located in the Isle of Man must be removed from supply figures reported to Ofgem. For those suppliers who have customers in the Isle of Man this is an acceptable adjustment to be made

to supply figures. Such adjustments should be clearly documented as an exclusion from the supply totals.

5.12. It is recognised that there may be other adjustments which suppliers feel are necessary to make to the supply volumes computed from ELEXON data flows above. These may relate to specific customer sites and EACs²⁸ which it is aware have been settled by ELEXON using incorrect or unrealistic values. For suppliers with smart metered customers, it may be the case that the actual consumption indicated by data received from smart meters indicates consumption either higher or lower than ELEXON data suggests and any adjustment made in respect of this data should include supporting calculations. Any other adjustments which are made to data that the supplier believes need to be made should be transparent and substantiated in the reporting, with a clear reconciliation between supply volumes thus calculated and supply volumes reported on relevant settlement reports.

5.13. Suppliers which have customers on sale and buy back contracts or customers connected directly to the transmission system must include supply under these contracts in the reporting figures provided to Ofgem in respect of the Renewables Obligation. For those suppliers who have a White Label provider²⁹, the supply made under the White Label agreement must be included in the supply figures reported for the supplier. Suppliers with a single on-site customer may continue to report supply volumes in an appropriate alternative manner agreed with Ofgem.

5.14. Suppliers should provide an overall reconciliation of supply volumes reported as at 1 July to those previously reported as at 1 June, with an explanation of any significant movements. It is recognised that there are likely to be movements in respect of consumption reported for the months of April, October, January, February and March where data from later settlement runs should have been used for the supply volumes reported as at 1 July.

5.15. Suppliers should provide a reconciliation of supply volumes reported as at 1 June to those previously reported each month to DECC, with an explanation of any significant movements.

5.16. Any deviations from the requirements set out above should be confirmed with Ofgem prior to submission of supply volumes. Suppliers should be aware that if they opt to calculate their volumes on an alternative basis, Ofgem may recalculate their volumes on the basis set out above and they will be required to account for any material differences. An exemption to this being for suppliers with a single on-site customer that have agreed in advance an alternative method of calculation with Ofgem.

²⁸ Estimated annual consumption

²⁹ A 'White Label' supply provider is an existing company (usually with an established brand name) that markets electricity through and on behalf of a licensed supplier

Northern Ireland

5.17. Suppliers are required to report an initial view of supply figures to Ofgem and DETI by 1 June and a final view of supply figures by 1 July in each compliance period. In order to maintain a consistent basis of measurement amongst suppliers, Single Electricity Market Operator (SEMO) provided settlement data and Northern Ireland Electricity Transmission & Distribution (NIE T&D) provided metered data are considered the standard sources for data across the industry which provide a consistent basis on which all suppliers can report. We recommend that all submissions should be based on SEM and NIE T&D data as detailed in this Appendix.

5.18. Most suppliers collate their energy supply volumes on a monthly basis and a similar approach has been adopted for Renewables Obligation reporting, with the same settlement run type being used for complete months.

5.19. SEM settlement data provides half hourly settlement volumes for the Northern Ireland market through the Participant Information Report (Supplier), which includes volumes in respect of the NI Error Supply Unit. For some suppliers equivalent data is provided by the NIE T&D Supplier Aggregated Demand Report. These flows contain the volumes which have been delivered to customers and therefore no adjustments to line losses need to be made in respect to reporting supply for the Renewables Obligation.

5.20. Non-participating distribution connected generation output (i.e. contracted generation which is below the Trading & Settlement Code de minimis threshold of 10MW) is netted off against a supplier's data by the Meter Data Provider prior to submission to SEMO and should be added back to the supply volumes, based on NIE T&D data.

5.21. The first view of supply data is due to Ofgem on 1 June and an updated final view is due 1 July and this is the view on which the final obligation will be settled. The timetable set out below should be used for extracting data on a month-by-month basis for reporting under the Renewables Obligation, along with the associated settlement runs which should be utilised.

5.22. For the initial reporting at 1 June, the extracts for complete months from the SEMO and NIE T&D provided data should be taken on or around **15 May**. At this time, the settlement runs should be as follows unless there have been subsequent ad-hoc runs for particular dates within the period which should be used instead of the normal settlement run (the D+4 run is also known as Ex Post Initial):

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	D+4	D+4	D+4

5.23. For the 1 July reporting, the extracts for complete months from the SEMO and NIE T&D provided data should be taken as at **21 June**. At this time, the settlement

runs should be as follows unless there have been subsequent ad-hoc runs for particular dates within the period which should be used instead of the normal settlement run(the D+4 run is also known as Ex Post Initial):

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
M+13	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	D+4

5.24. It is expected that the timetable for the extraction of data will allow sufficient time for any internal review and sign off procedures to be completed prior to submission.

5.25. It is expected that with the use of the above SEM data flows, it will not be necessary to make adjustments to volumes for any line losses. It is expected that any other adjustments to data will be limited and should be reported under the following guidance.

5.26. It is recognised that there may be other adjustments which suppliers feel are necessary to make to the supply volumes computed from SEM Participant Information Reports or NIE T&D Supplier Aggregated Demand Reports as set out above. These may relate to specific customer sites and meter advances or EACs which the supplier is aware have been settled in the SEM using incorrect or unrealistic values, particularly for D+4 data. For suppliers with smart metered customers, it may be the case that the actual consumption indicated by data received from smart meters indicates consumption either higher or lower than SEM data suggests and any adjustment made in respect of this data should include supporting calculations. Any other adjustments which are made to data that the supplier believes need to be made should be transparent and substantiated in the reporting, with a clear reconciliation between supply volumes thus calculated and supply volumes reported on relevant SEM settlement reports.

5.27. Suppliers which have customers on sale and buy back contracts or customers connected directly to the transmission system must include supply under these contracts in the reporting figures provided to Ofgem in respect of the Renewables Obligation. For those suppliers who have a White Label provider, the supply made under the White Label agreement must be included in the supply figures reported for the supplier. Suppliers with a single on-site customer may continue to report supply volumes in an appropriate alternative manner agreed with Ofgem.

5.28. Suppliers should provide an overall reconciliation of supply volumes reported as at 1 July to those previously reported as at 1 June, with an explanation of any significant movements. It is recognised that there are likely to be movements in respect of consumption reported for the months of April, January and February where data from later settlement runs should have been used for the supply volumes reported as at 1 July.

5.29. Any deviations from the requirements set out above should be confirmed with Ofgem prior to submission of supply volumes. Suppliers should be aware that if they

opt to calculate their volumes on an alternative basis, Ofgem may recalculate their volumes on the basis set out above and they will be required to account for any material differences. An exemption to this being for suppliers with a single on-site customer that have agreed in advance an alternative method of calculation with Ofgem.

Appendix 6 – Glossary

A

Act Electricity Act 1989

D

DETI Department of Enterprise, Trade and Investment
DECC Department of Energy and Climate Change

G

GB Great Britain

K

kW Kilowatt
kWh Kilowatt hour

M

MW Megawatt
MWh Megawatt hour

N

NI Northern Ireland
NIAUR Northern Ireland Authority for Utility Regulation
NIRO Renewables Obligation (Northern Ireland)
NIROC Northern Ireland Renewables Obligation Certificates
NFFO Non Fossil Fuel Obligation

O

Ofgem Office of Gas and Electricity Markets

R

RO Renewables Obligation
ROC Renewables Obligation Certificate
ROS Renewables Obligation (Scotland)
RPI Retail Price Index

S

SBB Sell and Buy Back contract
SROC Scottish Renewables Obligation Certificate