

**Contact: Roger Littlewood****[rocompliance@ofgem.gov.uk](mailto:rocompliance@ofgem.gov.uk)****020 7901 7136****4 December 2013****THE RENEWABLES OBLIGATION (RO) LATE PAYMENT FUND 2012-13**

This document records the details of the RO late payment fund collected and redistributed by Ofgem for the 2012-13 obligation period.

Following the submission of ROCs and buy-out payments by obligated suppliers prior to 1 September 2013, there was a combined shortfall of £3,508,579.17 in the England & Wales, Scotland and Northern Ireland buy-out funds. This was due to twelve suppliers not meeting their total obligations by 1 September 2013. All suppliers owing late payments made them by the statutory deadline of 31 October 2013. The RO Orders<sup>1</sup> specify that late payments to be paid by suppliers incur a daily interest penalty at an annualised rate of 5% + Bank of England base rate, this year equating to 5.5%. The payments redistributed include interest earned on the funds while held by Ofgem and are rounded down to the nearest pound.

Details of the late payments received from and redistributed to suppliers for each RO scheme are shown in Table 1 below.

**Table 1**

<b>Obligation</b>	<b>Late payments made by suppliers</b>	<b>Late Payments Redistributed</b>
<b>England &amp; Wales (RO)</b>	£3,115,286.14	£3,116,518
<b>Scotland (ROS)</b>	£86,181.87	£86,212
<b>Northern Ireland (NIRO)</b>	£328,351.83	£328,627
<b>Total</b>	£3,529,819.84	£3,531,357

These payments were redistributed to the suppliers on the same basis as the buy-out fund, i.e. pro rata in accordance with the proportion of the total ROCs they presented across the three schemes.

The percentage share of each licensee was published in our note covering the redistribution of the buy-out fund published on 4 October 2013, which can be found via the following link:

<https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-buy-out-fund-2012-13>

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<sup>1</sup> The Renewables Obligation Order 2009 (as amended), Renewables Obligation (Scotland) 2009 (as amended) and Renewables Obligation (Northern Ireland) 2009 (as amended).

This document stated that the amount paid to suppliers per ROC presented from the redistribution of the buy-out fund was £3.59. From the recycle of the late payment fund, the suppliers have received an extra £0.08 per ROC. **This means that the final 'recycle value' per ROC for the 2012-13 obligation period is £3.67<sup>2</sup> to the nearest penny.**

Final recycle values (i.e. after redistribution of both buy-out and late payment funds) from recent years are shown in Table 2 below.

**Table 2**

Obligation Period	Final Recycle Value
<b>2012-13</b>	£3.67
<b>2011-12</b>	£3.58
<b>2010-11</b>	£14.35
<b>2009-10</b>	£15.17
<b>2008-09</b>	£18.61

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<sup>2</sup> Actual figure £3.672262224