ofgem e-serve

Making a positive difference
for energy consumers

Renewable Electricity Development Team
9 Millbank, London SW1P 3GE

Email: REDevelopment@ofgem.gov.uk

Date: 20 January 2014

Dear Stakeholder,

PERIOD OF COMMENT ON OFGEM E-SERVE'S RENEWABLES OBLIGATION SUSTAINABILITY AUDIT – GUIDANCE FOR OPERATORS AND AUDITORS GUIDANCE DOCUMENT

I am writing to inform you that a draft version of our Renewables Obligation: Sustainability Audit – Guidance for Operators and Auditor guidance document is now available for public comment and is provided as an annex to this letter.

This guidance document has been updated to incorporate the biomass sustainability amendments expected to be introduced for 1 April 2014 under the Renwables Obligation (Amendment) Order 2014, a draft of which was published by the Department of Energy and Climate Change (DECC) on 16 January 2014[1].

The guidance document has been drafted as if these amendments are already in force. If any changes are made to the amending legislation before it comes into force, we will amend the guidance document as appropriate. These changes are mostly minor and have been made throughout the document. The main changes have been highlighted in yellow in the document.

The period of comment is to review the technical aspects of the additional and adjusted administrative processes described in the draft guidance document, as well as the document's usability. We cannot make any changes to policy already decided by DECC or to existing or amending legislation.

[1] Available at https://www.gov.uk/government/publications/illustrative-draft-of-the-renewables-obligation-amendment-order-2014

Renewables Obligation Scotland (ROS) and Northern Ireland Renewables Obligation (NIRO) Legislation

The Scottish Government and the Department of Trade and Investment (DETI) in Northern Ireland are yet to publish draft amendment Orders for the ROS and NIRO respectively. However, based on their biomass sustainability response documents (published 16 October 2013[2] and 7 November 2013[3] respectively), we note it is their intention to implement the same sustainability criteria as DECC. The guidance will be updated to reflect any requirements specific to ROS and NIRO where required.

Until the amendment Orders take effect, and the final version of the guidance document is published (expected on 1 April 2014), stakeholders should refer to the current legislation and guidance[4].

Specific questions that we would welcome comments on:

General

- Question 1 Are the amendments to the guidance document clear? If not, where could these be improved?

- Question 2 – Do you consider the amended administrative processes explained in the guidance document to be suitably efficient and effective?

- Question 3 – Are there any specific areas of the legislative or guidance amendments that you think require further explanation? If so, which areas and what would you wish to see?

We will consider all comments provided and make suitable changes if and to the extent they are considered appropriate.

The closing date for comments is Friday 28 February 2014, and responses should be sent to either:

REDevelopment@ofgem.gov.uk, or

RE Development Team
Ofgem
9 Millbank,
London SW1P 3GE

[2] Available at http://www.detini.gov.uk/government_response_to_biomass_sustainability_consultation.pdf
[3] Available at http://www.scotland.gov.uk/Resource/0043/00437780.pdf
[4] The current sustainability guidance documents can be found at: https://www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro/information-generators/biomass-sustainability

Finally, please note that our Fuel Measurement and Sampling and Sustainability Criteria guidance documents are also being revised – The draft documents are available for comment at: https://www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro

Yours sincerely,

Renewable Electricity Development Team

Annex – Draft Renewables Obligation: Sustainability Audit – Guidance for Operators and Auditor

ofgem e-serve Making a positive difference for energy consumers

Renewables Obligation: Sustainability Audit – Guidance for Operators and Auditors

Draft Guidance

Publication date: 20 January 2014

Response deadline: 28 February 2014

Team: Renewable Electricity Development

Email: REDevelopment@ofgem.gov.uk

Overview:

This document is for operators of generating stations using solid biomass, biogas and bioliquid fuels, and their auditors. It provides guidance on how to comply with the annual sustainability audit report requirements under the Renewables Obligation. It details the auditing requirements of the Renewables Obligation as introduced on 1 April 2014. It is not a definitive legal guide.

Context

The Renewables Obligation (RO), the Renewables Obligation (Scotland) (ROS) and the Northern Ireland Renewables Obligation (NIRO) are designed to incentivise large-scale renewable electricity generation in the UK. This is to help the UK meet its requirements for 15 per cent of energy to be from renewable sources by 2020. The respective schemes are administered by the Gas and Electricity Markets Authority (the Authority), whose day to day functions are performed by Ofgem. The scheme places an obligation on licensed electricity suppliers in England and Wales, Scotland and Northern Ireland to acquire an increasing proportion of electricity from renewable sources.

In 2009, the EC introduced a comprehensive and binding sustainability scheme for bioliquids. Under the European Renewable Energy Directive (RED)[5], operators using bioliquids must meet specified sustainability criteria to be eligible for support under national incentive schemes. At this time, the EC also committed to considering solid biomass and biogas sustainability and subsequently published a paper setting out recommendations member states should follow if they opted to implement sustainability criteria.[6] The UK government transposed the bioliquid sustainability requirements of the Renewable Energy Directive as well as the solid biomass and biogas recommendations into the RO on 1 April 2011.

The analysis of the UK Bioenergy Strategy concludes that up to 11 per cent of the UK's total energy needs to be met with biomass by 2020. This further reliance on bioenergy has been reflected in the recent banding review where additional support was provided for use of biomass in co-firing and conversions. In 2013, the Department of Energy and Climate Change (DECC) consulted on further amendments to the RO sustainability criteria for implementation from 1 April 2014. They mainly affected the sustainability criteria and related reporting requirements for generating stations using solid biomass and biogas.

This guidance provides information on the key requirements for the submission of the annual sustainability audit reports for solid, biogas and bioliquid fuels from 1 April 2014.

[5] Available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=Oj:L:2009:140:0016:0062:en:PDF

[6] Available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0011:FIN:EN:PDF

Associated documents

The following documents support this publication:

Legislation

- Renewable Energy Directive (2009/28/EC) http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0016:0062:en:PDF
- Renewables Obligation Order 2009 (as amended), Renewables Obligation (Scotland) Order 2009 (as amended) and Renewables Obligation Order (Northern Ireland) 2009 (as amended) www.legislation.gov.uk

Guidance

All guidance is available at www.ofgem.gov.uk

- Renewables Obligation: Sustainability Criteria https://www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro/information-generators/biomass-sustainability
- Renewables Obligation: Fuel Measurement and Sampling Guidance https://www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro/information-generators/fuelled-stations-and-fms
- Renewables Obligation: Biodiesel and Fossil Derived Bioliquids Guidance https://www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro/information-generators/fuelled-stations-and-fms
- Renewables Obligation: Guidance for Generators https://www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro/information-generators
- Renewables and CHP Register User Guide https://www.ofgem.gov.uk/environmental-programmes/information-renewables-and-chp-register

Contents

Executive summary

This document provides guidance to operators of generating stations using biomass, and their appointed auditors, on the annual sustainability audit report to be submitted under the requirements of the Renewables Obligation (RO).

It aims to provide assistance to biomass based electricity operators and other interested parties by describing the requirements to verify compliance with the RO sustainability criteria. The RO requires the annual sustainability audit report to be prepared to an adequate standard, being ISAE 3000 or equivalent. Background information to International Standard on Assurance Engagements (ISAE) 3000 is provided by this document. The RO also sets out some specific points which must also be addressed as part of the audit process which are also described in this document.

The audit will require the operator of a generating station and their auditor to go through a number of steps, working together throughout the verification process. An overview and examples of the actions that may be undertaken as part of the audit are described by this document. So are the data, processes and systems used by the operator to produce the sustainability information reported to Ofgem that will be subject to verification.

Ofgem does not participate in the verification engagement therefore it is the output of the audit, ie the audit report, which is used to determine whether the operators have reported correctly. For bioliquids, it is also used to determine whether we are satisfied that the ROCs should have been issued. This document provides guidance as to the format and contents that the annual sustainability audit report must present, in order to meet the auditing requirements set out by legislation and ensure relevant and sufficient information has been provided.

This document has been specifically created for the Renewables Obligation scheme. It is a guidance only and not intended to be a legal guide.

1. Background

Chapter summary

The common terminology used within this document is explained within this introductory chapter. Information is also provided in relation to the stakeholder engagement associated with this draft document.

1.1. Some areas of the legislation are prescriptive, others give us discretion. Where the legislation is prescriptive, this guidance is intended to help operators of generating stations and verifiers understand what we require. Where the legislation gives us discretion, the document gives guidance as to how we might exercise that discretion. It also explains what we need, practically, from operators of generating stations and auditors to enable them to meet these requirements.

1.2. In instances where parties other than operators are involved in the RO (for example the auditor appointed to conduct the annual sustainability audit), the operator of the generating station is responsible for ensuring any guidance is distributed accordingly.

1.3. This document cannot anticipate every scenario which may arise. Where a scenario arises which is not addressed in this guidance, we will adopt an approach consistent with the relevant legislation.

1.4. This is a guidance document only. The onus is on the operator of a generating station 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. Where necessary, operators should seek their own technical or legal support.

1.5. As a working document it may be updated from time to time and should be read in conjunction with other guidance documents listed in the Associated Documents section, and the relevant legislation. Any separate guidance published in addition to this document will be posted on our website[7].

Terminology

1.6. The document refers to 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). Collectively these are referred to as 'the Orders'.

[7] https://www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro/information-generators/biomass-sustainability

1.7. Unless apparent from the context, where used in this document, the term "RO" refers to the Renewables Obligation, the Renewables Obligation (Scotland) and the Northern Ireland Renewables Obligation (NIRO). The term "ROCs" refers to Renewable Obligation Certificates (ROCs), Scottish Renewables Obligation Certificates (SROCs) and Northern Ireland Renewables Obligation Certificates (NIROCs).

1.8. "Ofgem", "us", "our" and "we" are used interchangeably when referring to the exercise of the Authority's powers and functions under the Orders. The term "the Act" refers to the Electricity Act 1989. For more information on Ofgem's role as the RO administrator please refer to Appendix 1.

1.9. Where the term "biomass" is used in this document it refers to solid, liquid and gaseous states. Where a distinction needs to be made the terms "bioliquid", "solid biomass" and "biogas" will be used.

1.10. The terms "auditor" and "verifier" are used interchangeably throughout this document. The terms "audit", "verification" and "engagement" are also used interchangeably.

Queries

1.11. Any queries in relation to this document should be sent to Ofgem using the details on the front of this guidance document.

1.12. All queries in relation to our functions under the Orders should be emailed to renewable@ofgem.gov.uk. Written queries should be sent to Ofgem, 9 Millbank, London, SW1P 3GE, clearly marked for the attention of the Renewables and CHP Administrator.

1.13. Any queries regarding future changes to the ROO for England and Wales and wider policy should be directed to the Department of Energy and Climate Change (DECC). Contact details can be found at www.decc.gov.uk. For the ROS and NIRO, contact details can be found at www.scotland.gov.uk and www.detini.gov.uk.

2. Auditing requirements

Chapter Summary

The Orders set out how the annual sustainability audit report needs to be prepared. They also set out specific points which must be addressed as part of the audit process.

The audit process will require the operator to appoint and engage with an auditor. They will then need to undergo a number of steps during which the operator's sustainability information and relevant processes will be verified.

Introduction

2.1. In April 2011, the government introduced mandatory sustainability reporting and associated third-party verification for operators using bioliquids to generate electricity and gain support under the Renewables Obligation scheme. Bioliquid operators demonstrate compliance with the sustainability requirements by having their sustainability data independently verified. Following the verification, an audit report is submitted to Ofgem. From April 2014, generating stations with a DNC of 1MW and above, using solid biomass or biogas, will also have to submit an annual sustainability audit report.

2.2. The Orders[8] set out the requirements on how the audit report is to be prepared including that it must:

- be prepared by a person independent to the generating station (an independent verifier)
- consider whether the systems used to produce the relevant sustainability information are likely to produce information which is reasonably accurate and reliable
- consider whether there are controls in place to help protect the relevant sustainability information against material misstatements due to fraud or error
- consider the frequency and methodology of any sampling carried out for the purpose of obtaining or checking the data on which the operator relied in preparing the relevant sustainability information
- consider the robustness of the data on which the relevant sustainability information was produced
- state whether anything has come to the attention of the person preparing the report to indicate that the relevant sustainability information is not accurate

[8] Article 54A and 54B of the ROO and equivalent articles of the NIRO and ROS Orders.

- be prepared in accordance with the requirements in respect of limited assurance engagements prescribed in ISAE 3000 or equivalent[9].

'Relevant sustainability information' for bioliquids[10] and non-waste solid biomas and biogas[11] refers to the information submitted against the greenhouse gas emissions and land criteria. For waste solid biomass and biogas[12] it refers to determining whether the biomass was waste or wholly derived from waste.

For bioliquid fuels only the Orders also require the sustainability audit report to:

- identify whether the bioliquid fuel was certified under an environmental quality assurance scheme. If so, the scheme should be named and confirmation should be provided as to whether it has been approved by the EC

- where the bioliquid was not derived from waste or residue and the actual value method or the mixed value method was used in the calculation of the greenhouse gas (GHG) emissions from its use, identify whether a restored degraded land bonus and whether an emission saving from soil carbon accumulation via improved agricultural management were included.

2.3. It is the responsibility of the operator of the generating station to provide Ofgem with an annual sustainability audit report. This report must meet the requirements specified by the Orders and be submitted to Ofgem by the relevant deadline:

- if using bioliquid fuel only, the deadline is 31 May immediately after the end of the obligation period which it covers

- if using solid biomass or biogas fuel(s) the deadline is 30 June immediately after the end of the obligation period which it covers

- where an operator is making use of bioliquid and biogas or solid biomass fuels, they should provide a single audit report to Ofgem covering all fuels used by 31 May immediately following the obligation period, reflecting the bioliquid deadline.

2.4. Where the operator is awaiting a decision on an application for RO accreditation for their generating station, then given the timing of the accreditation process can vary but no ROCs can be issued until a sustainability audit report has

[9] At the time of writing Ofgem is not aware of any equivalent standards. Should the operator and their auditor wish to make use of one, they should contact Ofgem in advance for confirmation of its acceptability.

[10] Note that for bioliquids article 54(8) of the ROO and equivalent articles of the NIRO and ROS Orders refer to "relevant sustainability information", and should be read alongside of the definition of "sustainability information" provided in article 2 of the Orders.

[11] Article 54(3ZB) of the ROO and equivalent articles of the NIRO and ROS Orders specify the relevant sustainability information that apply for non-waste solid biomass and biogas

[12] Article 54(3)(c) of the ROO and equivalent articles of the NIRO and ROS Orders specify the relevant sustainability information relevant to waste solid biomass and biogas.

been submitted and accepted by Ofgem, they may wish to consider the auditing requirements and engage with auditors at an appropriate stage. Should this be the situation, we advice to contact Ofgem so we can provide advice.

2.5. This report must be supplied regardless of the conclusion reached by the independent auditor. Organising the verification is the responsibility of the operator of the generating station.

Assurance standard – ISAE 3000

2.6. The Orders[13] requires the sustainability audit report to be prepared to an adequate standard: ISAE 3000 or equivalent [14].

2.7. ISAE 3000 sets out a framework for verifiers when undertaking assurance engagements of non-financial information. Developed by the International Auditing and Assurance Standards Board (IAASB) it is based on the same framework that underpins the IAASB's International Standards on Auditing.

2.8. ISAE 3000 is not, however, limited to sustainability reporting and covers a wide range of non-financial assurance engagements. The standard itself is therefore sparse on the detail that may help operators and verifiers conduct the specifics of the RO biomass sustainability audit engagement consistently.

2.9. It is the responsibility of the auditor to perform the assurance engagement and complete the written report in accordance with the requirements of ISAE 3000. However, the operator is responsible for ensuring they are appointing a relevant and competent auditor and agreeing an appropriate scope of work with them. The operator should therefore ensure that they fully understand the requirements of ISAE 3000.

Background of ISAE 3000

2.10. ISAE 3000 provides the background information to the parties involved in the assurance engagement, in this case the operator of the generating station and their appointed auditor. It sets out the importance of the initial work required to identify the scope of the engagement. While ISAE 3000 principally provides guidance to the auditor on carrying out assurance engagements and structuring the report, it should also be read by the operator so they understand the role and requirements of themselves and their auditor.

2.11. Paragraphs 2.12 to 2.23 below set out more detailed information on what ISAE 3000 covers. This should provide a useful summary in the context of bioliquid

[13] Article 54A and 54B of the ROO and equivalent articles of the NIRO and ROS Orders.
[14] Revised version is expected to become effective for assurance reports on or after 15 December 2015 http://www.ifac.org/sites/default/files/meetings/files/20130916-IAASB-September_2013_Highlights-final.pdf

sustainability reporting, but should not be seen as an alternative to reading ISAE 3000 itself in full.

2.12. **Ethical requirements** – Details how the verification body and its personnel should comply with the requirements of Parts A and B of the 'Code of Ethics for Professional Accountants'.

2.13. **Quality control** – Illustrates the internal controls that the verification body should have in place. These should assure it that the firm and its personnel comply with all necessary professional standards and regulatory and legal requirements, and that the assurance reports issued by the verifier are appropriate in the circumstances of the particular engagement.

2.14. **Engagement acceptance** – Information explaining that the verifier should accept engagements only if they are satisfied that the personnel performing the engagement have both the necessary professional competency and the appropriate knowledge of the subject. The verifier should ensure they can deliver to the requirements of the engagement. In this case this is to comply with ISAE 3000 and to report against the additional requirements of Article 54[15].

2.15. **Terms of the engagement** – It is important that there is a clear understanding and agreement concerning the scope and purpose of the engagement between the verifier and the operator. At this stage, preparatory work (ie initial risk assessment) must have been completed by the verifier in order to define the scope and hence the terms of the engagement which should be recorded in an engagement letter or other suitable form of contract.

2.16. The terms of engagement should be set out so that the responsibilities and liabilities of the operator and auditor are clearly and unambiguously defined. It is vital that the operator fully appreciates the importance of this document and the terms agreed as it will set out the basis on which queries or issues raised by Ofgem, if any, will be addressed, eg if the terms of engagement do not include the complete requirements for producing the RO annual biomass sustainability audit report, this may cause issues for the operator if a revised audit report, further work or information is requested by Ofgem. Where aspects of the RO requirements are not included within the terms of the engagement, they may be considered to be outside of the scope of the engagement by the verifier.

2.17. **Planning and performing the engagement** – Describes the need for the verifier to plan the engagement so that it will be performed effectively. Performing appropriate ongoing evaluation of the engagement and revisions of the initial risk assessment where necessary. In order to carry out this work, the verifier will need to understand the operator's data, systems, processes and controls in full.

2.18. **The use of experts** – Explains that if the verifier is to use a technical expert during the engagement process, they should obtain sufficient appropriate evidence

[15] Article 54A and 54B of the ROO and equivalent articles of the NIRO and ROS Orders.

that the expert's work is adequate for the purposes of the engagement and that the verifier accepts full responsibility for the opinion formed. For the purposes of the biomass sustainability audit reports a verification body, with expertise in ISAE 3000, may wish to appoint an expert with specific subject knowledge, eg an agronomist, to support the verification engagement.

2.19. **Obtaining evidence** – Gives examples on some of the generic circumstances where the verifier should have obtained sufficient appropriate evidence upon which to base their opinion.

2.20. **Representations** – The verifier should obtain representations from the responsible party (the operator of the generating station) as appropriate. In this context the verification body would be advised as a minimum to obtain a formal management representation letter from the operator confirming that all relevant data, information and records have been made available to the verifier in order for them to conduct their work. It also confirms that the operator takes full responsibility for ensuring that all such material information is both complete and accurate.

2.21. **Considering subsequent events** – Outlines how events occurred during the reporting period that is subject to verification should be considered by the verifier and included in the report itself. It is possible that some events, eg changes in processes, may have an impact on the subject matter and thus the verifier's opinion.

2.22. **Documentation** – The verifier is required to maintain adequate level of documentation that supports that the engagement was performed to the relevant professional standards. Issues which are, or have the potential to be, material should be appropriately documented to support the assurance report. This can be done via an issues log.

2.23. **Preparing the assurance report** – Demonstrates the areas that must be included within the written report. More information on the basic elements of the report is set out in Chapter 3.

Risk and materiality based assessments

2.24. ISAE 3000 states that the auditor should consider the assessment of materiality and assurance engagement risk when planning and performing an assurance engagement[16].

2.25. The determination of inherent risk will be down to the professional judgement of the auditor. The risk assessment is intended to reduce the risk of the auditor failing to observe a misstatement present in the data. When considering the risk assessment the auditor will strive to identify which areas they consider there to be the greatest risk of error or misreporting. This will then determine the sampling

[16] Paragraph 22 of ISAE 3000

strategy. The risk assessment should be clearly set out and documented so that it can be presented to Ofgem, following the audit, if further details are required.

2.26. Examples of factors that may increase the risk of misstatement are the complexity of the fuel supply chain, use of actual carbon intensity values rather than default values, when carbon intensities reported are close to the emission saving threshold or where data is recorded manually rather that electronically.

Sampling Strategy

2.27. In determining a sampling strategy the auditor identifies where they will focus their attention during the assurance engagement.

2.28. It may be expected that, as the verification process progresses, should the auditor identify areas of concern, they may determine to enlarge the sample of information under the scope of review in order to achieve an acceptable level of risk.

2.29. Whilst a sampling strategy can be used for the sampling of data, it is also of relevance for multisite audits. Where an operator has a portfolio of generating stations the verifier may consider, based on similarities in fuel use, fuel measurement and sampling (FMS) procedures and other processes, not to visit all of the generating stations. This is acceptable but the auditor should be able to provide robust justification for this, and for the selection of sites chosen to visit.

2.30. Where the audit identifies issues during any of the station visits, the auditor may determine that additional sites need visiting.

Materiality

2.31. Assessment of materiality must also be conducted by the auditor to determine whether the presence or absence of information will impact decisions or actions of the reporting party or the intended users of the report. For example, Ofgem will be using the assurance statement to help determine whether the generating station has reported correctly against the sustainability criteria. For bioliquids, it will also be used to resolve whether any ROCs have been issued for a bioliquid which the auditor determines do not meet the sustainability criteria For solid biomass and biogas, it will be used to help determine whether the operator has reported to Ofgem to their best knowledge and belief[17].

2.32. Materiality is best regarded as a concept relating to the importance or significance of a factor, amount or discrepancy, or combination of such issues, in the determination of a professional judgement, in this case whether the audit report can or cannot be verified. Materiality decision making can be applied in two ways, firstly at a "qualitative level" where there is a significant problem with due process ie major

[17] The UK government response document for biomass sustainability sets out the intention to link the sustainability criteria for solid biomass and biogas to ROC issue from 1 April 2015.

non-compliance with agreed process or procedure with a regulatory requirement, and secondly at a "quantitative level" where reported data contains errors and misstatements.

2.33. There are various factors that can affect materiality. For example, when the operator of a generating station reports biomass fuel use classified as a waste or processing residue, given that these types of fuels are exempted from certain reporting requirements, materiality of the fuel claims must be considered. Another example would be the use of actual values to calculate the carbon intensity reported to Ofgem, as the Orders require a minimum GHG emissions threshold that must be met in order to comply with sustainability criteria.

Assurance approach

2.34. ISAE 3000 defines two types of non-financial data assurance engagement, a "reasonable assurance engagement" and a "limited assurance engagement". These refer to the level of assurance engagement risk acceptable and will determine the form in which the verifier's conclusion is expressed.

2.35. In a reasonable level of assurance engagement, verification risk is reduced to a level where the auditor's conclusion is expressed in a positive form. For example, "In our opinion, the operator has reported correctly for their biomass fuels, in all material respects, against the RO sustainability criteria."

2.36. In a limited level the assurance engagement risk is reduced to an acceptable level where the auditor's opinion is expressed in a negative form eg "Based on our work described in this report, nothing has come to our attention that causes us to believe that the operator has not reported correctly, in all material respects, against the RO sustainability criteria."

2.37. The Orders[18] specify that the assurance engagement must be carried out to at a 'limited assurance level', as defined in the ISAE 3000 or equivalent.

Other requirements of the Orders

2.38. As well as requiring the sustainability audit report to be prepared in accordance with ISAE 3000, the Orders set out specific points which must be addressed as part of the audit process (see paragraph 2.2). This section provides further information on these requirements and how the auditor can address them.

2.39. **Accuracy and reliability of the systems.** The auditor must consider whether the systems used by the operator of the generating station to produce the relevant sustainability information are likely to produce information which is reasonably accurate and reliable. When discussing the scope of the engagement, the operator and their auditor will discuss the systems used by the operator to produce

[18] Article 54A and 54B of the ROO and equivalent articles of the NIRO and ROS Orders.

the relevant sustainability information. These systems may include bespoke IT systems, manual systems (eg paper-based filing systems) or widely available tools such as the UK Carbon Calculator and the UK Biomass and Biogas Carbon Calculator. Methods that could help the operator ensure accurancy and reliaibility of the information include:

- up to date, written procedures outlining how staff should use the systems
- a staged process of checking data, involving review by multiple people for quality control
- where the UK Carbon or the UK Biomass and Biogas Carbon Calculator is used, a regular check for software updates
- where input data for GHG calculations is based on existing literature, a regular review to ensure these figures are the most up to date and appropriate
- quality assurance or quality control procedures
- internal audit procedures
- sign-off processes.

2.40. **Fraud or error prevention measures.** The auditor must consider whether there are controls to help protect those systems used by the operator of the generating station to produce the relevant sustainability information against material misstatements due to fraud or error. The auditor will need to consider whether the operator has controls to help protect these against fraud or error.

2.41. While it is impossible to identify and prevent every eventuality, considering fraud and error risks is likely to already be part of the day-to-day running of the operator's business. It is therefore likely that the operator will already have considered potential areas for fraud or error, so has controls to reduce these risks. Examples of measures that may help protect against fraud and error are:

- limiting access to systems to specified employees
- ensuring that IT-based systems are protected by appropriate virus software and against hacking
- quality assurance or quality control procedures
- sign-off processes
- use of electronic records rather than or as well as paper based systems
- keeping paper documentation in a lockable area
- internal audit procedures.

2.42. The legislation does not require the auditor to assess the effectiveness of these measures. They must simply consider whether they are in place.

2.43. **Sampling frequency and methodology**. The auditor must consider the frequency and methodology of any relevant sampling performed by the operator as part of their processes for preparing or checking the sustainability information, to determine whether it is adequate. Examples of such procedures are:

- FMS procedures. These are agreed with us during the accreditation process and are intended to describe how quantity of fuel used, energy content and any level of fossil fuel are determined. The auditor is expected to review the generating station's FMS procedures and confirm whether they have been approved by Ofgem, whether they are being followed by the operator and consider their adequacy. Further information on FMS procedures and how the auditor can use them is set out later in this chapter.
- Other fuel sample and analysis. As well as what is set out in the FMS procedures, the operator may complete other regular fuel sampling and analysis to be confident that the material they have purchased is in line with the fuel specification. This process is likely to be completed at specific intervals, with both the sampling and analysis performed to standard methodologies.
- Checks for new suppliers. Before entering a contract with a fuel supplier, the operator is likely to perform checks. As suppliers will provide information in different formats, the operator will want to be confident that the sustainability information can be provided in a reliable and timely manner.
- Quality assurance protocols. The operator may receive input data for GHG calculations with each fuel delivery. The operator may take a sample of this data to verify that the values are appropriate. This may entail desk-based research using the internet or scientific journals to substantiate the values.

2.44. **Robustness of data** – The auditor must consider the robustness of the data the operator would rely upon in preparing the sustainability report, eg external data, information and documentation. Examples of these are external data, information and documentation, such as:

- input values, such as fertiliser use or crop yield, to be used as part of the GHG calculation
- voluntary scheme certification confirmation
- declarations
- certificates of laboratory analysis.

2.45. An example of a weak form of evidence to be relied upon would be a self-certification or declaration. To be considered robust enough, this would generally need to be supported with other forms of data, such as third-party verification.

2.46. **State whether anything has come to the attention of the auditor to indicate that the relevant sustainability information is not accurate.** As well as the requirements set out above, the auditor will have to state whether anything observed during the audit process could indicate that the sustainability information isisn't accurate. This statement will be made as part of the conclusions and qualifications the auditor is required to express as a result of the audit. See the Conclusions and qualifications section in Chapter 3 for how this information needs to be provided within the report.

Bioliquids only[19]

2.47. **Identification of whether the bioliquid fuel was certified under an environmental quality assurance scheme, and if so, to state the name of the scheme and whether it has been approved by the European Commission** – the RED[20] and therefore the Orders allow for recognised voluntary schemes to be used to demonstrate compliance with the sustainability criteria. The auditor will need to identify whether the bioliquid fuel is certified under an EC approved voluntary scheme. Ofgem guidance on sustainability criteria provides information on the voluntary schemes approved by the EC. Further to this, operators and auditors should refer to the EC Transparency Platform[21] for the latest information on approved voluntary schemes.

2.48. **Where the bioliquid was not derived from waste or residue and the actual value method or the mixed value method was used in the calculation of the greenhouse gas (GHG) emissions from its use, identification of whether a restored degraded land bonus and whether an emission saving from soil carbon accumulation via improved agricultural management were included** – The auditor must identify whether the generating station has applied an emission saving from soil carbon accumulation, or a restored degraded land bonus when calculating the GHG emissions saving figure reported to Ofgem. Chapter 5 and Appendix 4 of Ofgem guidance document on sustainability criteria provides guidance on how these values are to be factored in when the operator calculates the GHG emissions savings associated with the fuel used. Currently, there is no definition of 'severely degraded' and 'heavily contaminated land' and therefore no bioliquid will be eligible to claim the degraded land bonus.

The verification process

2.49. As previously stated, to provide Ofgem with assurance over the sustainability information provided by the operator of the generating station, this information must be independently verified. Though the independent auditor will verify the data and produce a conclusion, the auditor and operator will have to work together throughout the verification process.

2.50. The verification process will require the operator of a generating station to go through a number of steps. Table 1 provides an overview of these.

[19] The points set out by paragraphs 2.45-46 are new requirements introduced by the Renewables Obligation (Amendment) Order 2013
[20] Article 18(4)
[21] http://ec.europa.eu/energy/renewables/biofuels/sustainability_schemes_en.htm

Table 1: Steps for operators in the verification process

Step 1	Read and understand the auditing requirements as set out by the Orders
Step 2	Engage a verification body that is appropriately qualified to undertake a limited assurance engagement of the station's sustainability data following ISAE 3000 standard, or equivalent
Step 3	Continually engage with, and submit the relevant information and biomass sustainability data and evidence to, the auditor
Step 4	Host any visits from the auditor
Step 5	Respond to any of the auditor's questions
Step 6	Correct any material and non-material misstatement(s) identified by the auditor
Step 7	Read the audit report provided by the auditor and check that it includes all the information required (eg by using the checklist included in Appendix 2)
Step 8	Submit the verification opinion to Ofgem as the annual sustainability audit report by the relevant date as noted in paragraph 2.3.

Appointing a verifier

2.51. The operator of a generating station is responsible for engaging an verifier to carry out a limited assurance engagement following the ISAE 3000 standard, or equivalent. They are responsible for satisfying themselves that their selected verifier is appropriately qualified and competent.

2.52. The following list provides some guidance on how the verification body can demonstrate their suitability when selecting an auditor:

- is independent of organisations involved in the production of bioliquids
- has experience in carrying out ISAE 3000 assurance engagements
- has experience in working with supply chains (the extent to which expert skills and knowledge relating to sustainability information for biomass are required will depend on the complexity of the fuel supply)
- has good internal quality controls
- has established and maintains personnel records, which demonstrate that the verification personnel are competent
- has effective procedures for the training and recruitment of competent staff (employees, contractors and technical experts)

- ensures that the personnel involved in verification are competent for the functions they perform
- has systems to monitor the performance of verifiers and reviewers, which are reviewed regularly
- keeps up with verification best practice.

2.53. Whilst the operator is appointing an expert to conduct the verification process, the operator still needs to have an understanding of the process as the outcome of it will determine whether they are reporting correctly against the requirements under the RO and, in the case of bioliquids, their compliance with the sustainability criteria and issue of ROCs.

Performing the engagement

2.54. Following the appointment of the auditor, and with the terms of engagement agreed, the auditor plans and performs the engagement. Figure 1 describes examples of the actions that the appointed auditor may undertake during the engagement process:

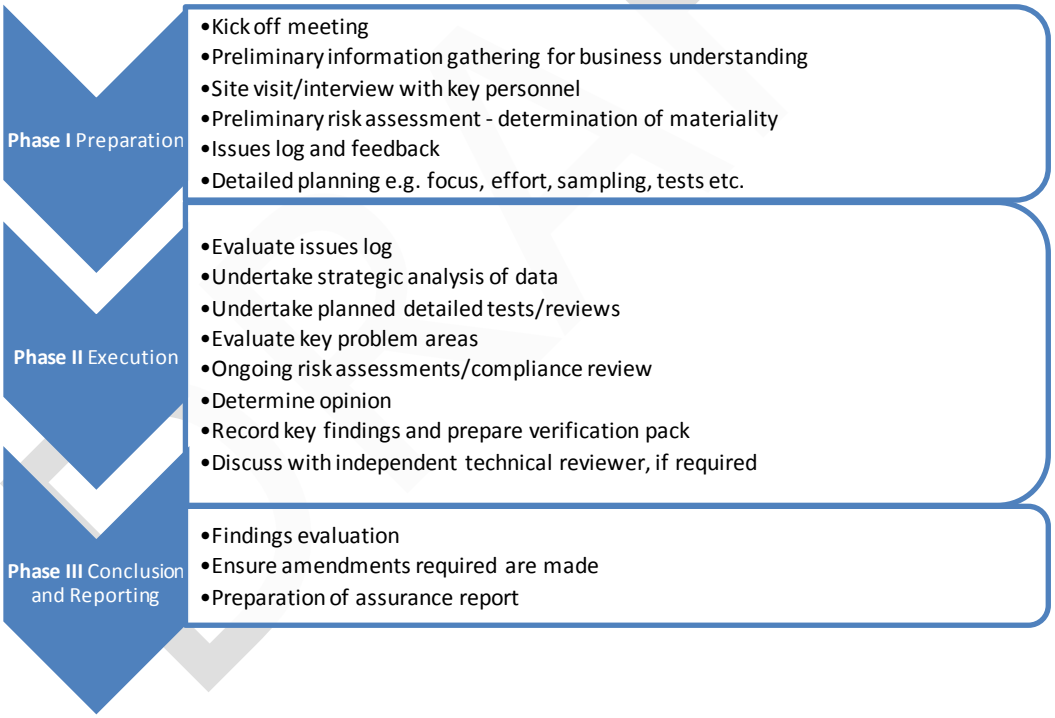

Figure 1: Typical steps undertaken by the auditor during the verification process

2.55. The first phase of the verification process involves engagement of the auditor appointed with the operator of the generating station in order to agree a plan to perform the assurance engagement in accordance with the terms of engagement previously agreed (see paragraphs 2.15 and 2.16). An initial meeting is held allowing the auditor to gain further understanding of the subject matter and other

engagement circumstances eg how the station subject to audit operates, its processes and supply chains. Having gathered sufficient information the auditor will then assess the engagement risk, will determine materiality and establish detailed planning.

2.56. During the second phase the auditor will perform the verification of the data and consideration of the processes and systems (subject matter) following the planning and testing defined in previous phase. As a result of the ongoing risk assessment further scrutiny of the information under the scope of the audit may be required. At this phase the auditor will also determine whether any action is required to be implemented by the generating station prior producing the assurance statement

2.57. The final stage involves a final evaluation by the auditor of the findings arisen through the verification process. During this process the auditor may have recommended to the operator certain amendments which should be made before the verification process ends, which the auditor will check have been completed. Finally, the assurance report is prepared with all the information obtained during the verification process and conclusions produced (assurance opinion). It is considered best practice for an independent technical review of the audit report to be conducted at this stage as a quality check. Information on how to prepare this report and the details expected to be included within it is provided in chapter 3.

2.58. When undertaking the verification engagement, the auditor should use the following basic audit principles to inform their work:

- the **traceability** of the information down the supply chain to the origin ie is the reported biomass data traceable back to the party or parties that generated the original source information through an appropriate chain of custody system?
- the **completeness** of the reported data ie has data been provided for each consignment? Does the available biomass data reflect the total volume of biomass reported under the RO?
- the **consistency** of methodologies used in calculating actual carbon data and operating mass balance system ie have consistent methodologies been followed for calculating and reporting actual carbon data? Is there any pattern where volumes of biomass change significantly?
- the **accuracy** of the reporting party's collation and reporting of biomass data.

Good practice

2.59. We recommend the operator engages with an auditor as early as possible in the process to maximise the opportunity to learn from the auditor and help identify any mistakes early on.

2.60. Common verification practice is for data to be supplied to the auditor in an organised evidence pack. This would normally be expected to include:

- the compiled biomass sustainability data (see Appendix 3)

- description of the processes, systems or standard procedures the operator uses to generate their relevant sustainability information[22] (eg the carbon calculator)
- measures taken to protect the systems used to generate sustainability information against fraud or error and to ensure sustainability data produced is accurate and reliable (see 2.39 to 2.41)
- high-level description of the supply chain (if known)
- mass balance, chain of custody records
- FMS procedures, including consignment information
- contact details of the organisations in the supply chain
- calculation spreadsheets (preferably supplied electronically so that auditors can test the formulae)
- approved voluntary scheme certificates (see 2.75 and 2.76)
- any relevant supporting evidence to the above.

Later sections in this document refer to the data listed above in more detail and the checks required to be performed by the auditor.

2.61. All the above information and any other relevant to a particular station would be needed to verify the data. If not provided in an ordered fashion, the verifier will likely need to request further information or clarifications, which increases the verification effort required and so will likely impact the time and cost to the operator.

What needs to be verified

2.62. The Renewables Obligation: Sustainability criteria guidance document describes the mandatory sustainability criteria in detail. This includes land criteria and sustainability forest management (SFM) criteria, greenhouse gas (GHG) emission criteria and the chain of custody system as required by the Orders. An adequate chain of custody system is required to be used in order to trace back the biomass data reported by the operator of a generating station through all the parties in the supply change who took legal ownership of the feedstocks or product at any point.

2.63. In undertaking the verification engagement, auditors are required to ensure the quantity of biomass reported to Ofgem on a monthly basis, and their associated sustainability characteristics, are reported as adequate (accurately in the case of bioliquids and to the best knowledge and belief for solid biomass and biogas[23]). They are also required to verify that these can be traced back through the supply chain by use of an adequate chain of custody system for the entire annual reporting period.

[22] Article 54A and 54B of the ROO and equivalent articles of the NIRO and ROS Orders.
[23] The UK government response document for biomass sustainability sets out the intention to link the sustainability criteria for solid biomass and biogas to ROC issue from 1 April 2015.

2.64. Auditors are also required to consider the processes and systems used by the operator to produce the relevant sustainability information reported to Ofgem. Background information on the checks that need performing is provided in paragraphs 2.38 – 2.48. Information on how to include these within the report is included in Chapter 3, paragraphs 3.36 – 3.51.

Sustainability compliance evidence

2.65. There is no requirement to pass physical evidence (such as copies of invoices etc.) from farms, processors or other suppliers along the supply chain and often the party who generates the evidence retains it. However, there are benefits associated to the operator obtaining copies of the evidence associated with land use, GHG and/or chain of custody data as this may ease the work required by the auditor. In verifying the data held by an operator of a generating station, the verifier may expect to work back up the supply chain to the source data using the mass balance records. The co-operation of those in the supply chain is therefore vital.

2.66. It has been identified in previous audits that there are complexities around the use of non-disclosure agreements (NDAs). However, for some business the use of NDAs is regarded as both necessary and essential for commercial confidentiality reasons. While the relevant sustainability information will still need to be verified, Ofgem appreciates these complexities, and therefore, in those situations where NDAs are an unavoidable part of the reporting and verification engagement, we will work closely with those involved to support where possible.

2.67. For the biomass data subject to verification, the operator will need to give the auditor supporting information. This might include:

- biomass type (eg rapeseed oil, miscanthus)
- fuel classification (eg waste, processing residue)
- biomass feedstock
- production process type
- country of origin of the biomass feedstock
- NUTS 2 compliant region (bioliquids only)
- GHG calculation method (ie actual, default or mixed, as appropriate)[24]. Further information on the restrictions are set out in Chapter 5 of the Ofgem Sustainability Criteria guidance.
- carbon intensity and associated data, for example if actual GHG values were used on, for example crop yield and nitrogen fertiliser use may need to be verified
- voluntary scheme(s) (including any additional checks/audits where these have been performed)

[24] Solid biomass and biogas which have a DNC ≥1MW will not be eligible to use the default value method; and only bioliquids can use the mixed value method. See Chapter 5 of Ofgem Sustainability Criteria for guidance on GHG calculation

- land use on, during and after 1 January 2008 (for fuels other than wood and energy crops[25])
- sustainable forest management criteria (if using wood fuel)
- chain of custody system records
- number of consignments for each fuel.

2.68. To be able to produce biomass data that is of sufficient quality to demonstrate compliance with the sustainability criteria, operators of generating stations need to ensure that they and others in their supply chain have effective systems for reporting and obtaining and retaining sufficient and appropriate evidence to support their biomass data reporting.

2.69. We recommend that operators of generating stations appoint a single point of contact with responsibility for biomass data reporting.

2.70. Figure 2 shows an example of data flow in a simplified supply chain for a bioliquid fuel.

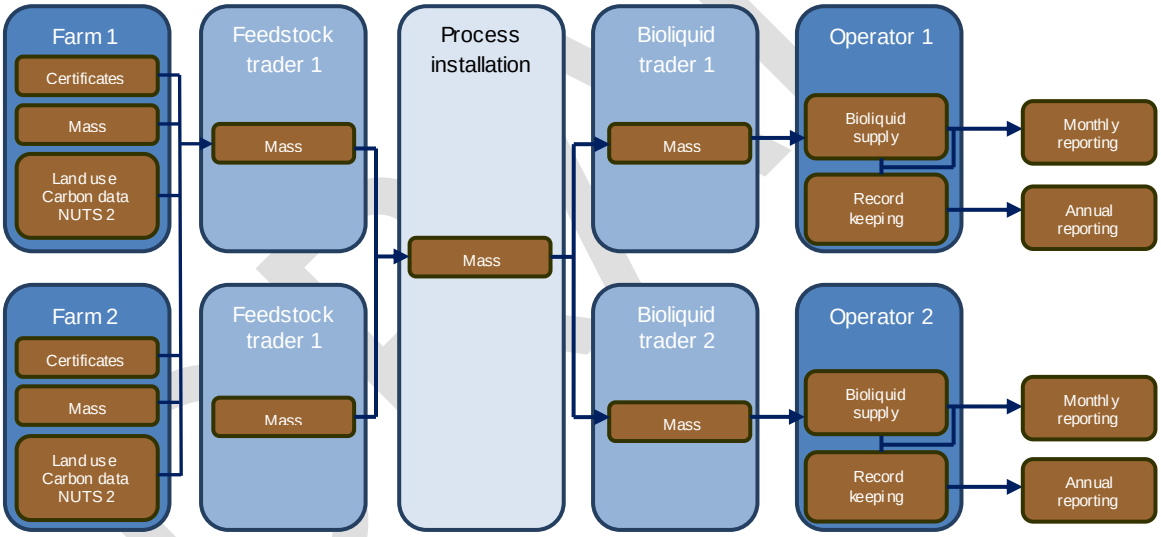

Figure 2: Example of data flow and the records kept by each party

2.71. All parties in the supply chain must have a document management system in place. This means they must have a verifiable system for the evidence related to the claims they make, that evidence must be kept for a minimum of six years and they must accept responsibility for preparing any information related to the verification of such evidence.

[25] Not all energy crops fall under the RO definition of Energy Crops. See Chapter 2 our guidance for specifics included in the definition.

2.72. It is good practice to:

- liaise with the parties in the supply chain to ensure awareness of the need for co-operation and for a chain of custody system
- produce data in a manner that is transparent and is as consistent as possible between years (allowing for improvements in method)
- remove unnecessary complexity from the reporting system
- organise internal checks of the data
- ensure all parties supplying data are aware of the rigor required and that responsibility for supplying the data is allocated
- map the data flow within the organisation, such as between spreadsheets
- minimise the manual transfer of data
- ensure adequate controls around the data
- document the system (who does what, when etc.)
- track data over time to help identify any misstatement.

2.73. Good systems reduce the cost of verification. The greater the confidence that can be placed on controls the less effort that needs to be given to verifying the data for the same level of assurance. The cost of verification can, therefore, be reduced if the verifier has confidence in the system that produced the data.

2.74. Evidence of the effectiveness of controls can come from internal sources, such as management reviews and internal audits, as well as external audits, for example, of the chain of custody.

The role of recognised voluntary schemes

2.75. Evidence of compliance with an approved voluntary scheme can be sufficient proof of compliance with the RO requirements for which the voluntary scheme has been recognised. In other words, the verifier can rely on the voluntary scheme and does not need to separately check that the party has complied with the sustainability requirements for which the voluntary scheme is recognised. The verifier would simply need to verify that the party is actually certified by the relevant voluntary scheme.

2.76. It may occur that some parties in the supply chain are certified by a recognised voluntary scheme and other parties in the supply chain are not. In that case, further verification will need to be undertaken. It may also occur that a party is certified by a voluntary scheme that is recognised for part of the sustainability requirements but not all, for example a voluntary scheme that is approved for the GHG data but not for the mass balance. In that case, the party is still subject to verification on those sustainability requirements for which the voluntary scheme is not recognised. For more information on the use of voluntary schemes see Chapter 2 of the Ofgem Sustainability Criteria guidance.

Operator's documentation to Ofgem

2.77. Biomass operators are required to provide information to Ofgem as to how fuel used is measured and sampled, the number of fuel consignments used, whether a mass balance system is required and the fuel classification (see *Fuel Classification Review* section below). This information determines how the operator will report to Ofgem monthly (or annually where appropriate). This information is provided by the operator by using Ofgem templates which we subsequently review and approve.

2.78. Biomass operators must follow the agreed fuel measurement and sampling procedures. They should hold a copy of these forms as well as confirmation that we have approved them (in the form of an email sent by us). This information should be made available to the auditor and used to support the audit process.

Fuel measuring and sampling (FMS) procedures

2.79. The FMS procedures are required to determine the quantity of fuel used in a month, the energy content of this fuel and the level of any fossil–fuel-derived contamination, if any. These procedures will also determine how the relevant sustainability information will be reported by the operator as part of their output submissions.

2.80. These procedures determine the quantity of fuel reported, an important aspect of verifying reporting of sustainability information. Therefore, as part of the audit process, the auditor will need to identify whether the generating station has FMS procedures, whether these have been approved by Ofgem and whether they are being followed. These checks form part of the audit report requirements set out by the Orderts to consider the sampling frequency and methodology.

2.81. Where the operator does not have an approval email from us agreeing the FMS procedures, the auditor will need to consider whether the procedures that are being followed are suitable and provide accurate and reliable data. It may be appropriate to qualify an assurance opinion based on there not being FMS procedures agreed with Ofgem (see *materiality* section above and paragraphs 3.58 and 3.60).

Consignment information

2.82. As part of the FMS process we ask biomass operators to consider whether they use multiple consignments of fuels and whether any mixing of these consignments occurs either at the generating station or further down the supply chain. This information is provided by the operator within the FMS questionnaires provided by Ofgem and it identifies whether multiple fuel consignments are used as well as the chain of custody system implemented[26].

[26] The auditor should note that until April 2014 consignment information was requested to bioliquids operators in a separate Consignment Questionnaire and therefore this separate document forms part of the agreed procedures

2.83. Auditors are required to confirm that the number of fuel consignments against which the generating station reports is correct as well as the chain of custody system used is consistent with that declared. Guidance on determining consignments is provided in chapter 6 of the draft Renewables Obligation: Sustainability Criteria guidance document.

Fuel Classification Review

2.84. When a biomass operator submits their FMS proposal to us for review, they will need to consider the classification of their fuel and whether it is catered for in the common classification tables in Appendix 3 of the Ofgem guidance on sustainability criteria, for the purposes of the RO sustainability criteria. There are some exemptions to sustainability reporting. These are based on whether the fuel is considered a waste or a type of residue. Where the operator considers the fuel to be a waste or a type of residue which is not covered in the common classification tables, we will ask the operator to provide evidence of the fuel classification. Operators can also request our view on the fuel classification when they consider the fuel classification indicated by these tables is not appropriate for a particular material. Chapter 3 of the Ofgem guidance on sustainability criteria provides general information on fuel classification.

2.85. Ofgem views on fuel classification does not represent and should not be considered as 'a decision' or 'official approval'. We expect the operator's independent auditor to consider all the relevant evidence and, where necessary, seek further information, as part of the annual sustainability audit. Where it has identified that evidence of fuel classified as a waste or a type of residue has had to be provided to Ofgem, the auditor will also need to verify that the evidence provided is appropriate for the fuel. They will also need to verify that the fuel classification is correct. All views provided by Ofgem will be given on a case-by-case basis and based on the information given to us by the operator. As such, we will not consider sufficient for the auditor to rely solely on the correspondence between us and the operator as part of the fuel classification review.

Monthly data submissions

2.86. As part of the engagement process, the operator of the generating station will provide their auditor with the data reported to Ofgem within the monthly data submissions (or annual where agreed for a bioliquid microgenerator[27]). See Appendix 3 in this document for our comments as to how this information is to be provided.

2.87. As Ofgem do not have any involvement in the assurance process, and the auditor does not have access to the operator's account on the Register, it is vital that a breakdown of the verified data is provided. On submission of the audit report with accompanying data, we ensure the data verified by the auditor matches exactly with that which has been reported to Ofgem via the Register.

[27] Generating station with a declared net capacity of ≤50kW

2.88. In undertaking the verification engagement, auditors are required to ensure the quantities of biomass fuels reported to Ofgem on a monthly basis, and their associated sustainability characteristics, can be traced back through the supply chain by use of an appropriate chain of custody system for the entire annual reporting period.

2.89. Where a change of the fuel used occurs or an additional fuel is used at the generating plant the auditor will need to confirm that these have been reported correctly ie that the 'new' fuel was reported separately to the 'old' fuel and that the associated data submitted are that relevant, correct and refer to the 'new' fuel.

2.90. Where a quantity of fuel has been used at the generating station and not reported to Ofgem (ie where no electricity was generated or the fuel was consumed for another use elsewhere on site) this should still be considered. Each delivery of fuel will have a corresponding set of sustainability characteristics and it is important that the audit verifies that these have not continued to be reported once all the fuels have been used, regardless of the purpose.

2.91. It is, therefore, equally necessary for the auditor to review months where no ROCs have been claimed on the use of biomass, as those for months where such claims have been made. This is to confirm, for the purpose of verifying the annual mass balance, that no biomass has been used for periods of null return.

2.92. As each audit report is for the full obligation year, we require auditors to review months of both biomass usage as well as null/zero submissions. To assist this, we propose that the operator of the generating station completes a summary table to provide to their auditor alongside their full data set. A template for this is set out in Appendix 3 of this document. When no biomass fuels have been used in any month a reason for that needs to be given within the relevant column of the cited table.

3. The sustainability audit report

Chapter summary

As a result of the verification process the operator and auditor will prepare a report presenting the outcomes of the audit. The operator will need to submit it to Ofgem.

In order to meet the requirements of the orders the annual sustainability report must be presented with certain format and contents. The format should be that is appropriate and facilitates the review. ISAE 3000 sets out the required sections within the report.

Format

3.1. Following verification, the independent auditor will provide the operator of a generating station with a formal assurance opinion (a verification statement) on the data the operator holds. The assurance opinion is submitted by the operator to Ofgem as a key part of the annual sustainability audit report.

3.2. The Orders refer specifically to the provision of a sustainability audit report. However, ISAE 3000 uses the term 'assurance report'. We have also heard the use of the terms 'verification statement' and 'opinion statement'. The bullets below set out the terminology we use:

- **Sustainability audit report**: This term refers to the document that is submitted by the operator of the generating station as required by the Orders and must include the information set out in the checklist in Appendix 1. It is made up of the assurance report, assurance opinion, requirements under the audit report requirements of the Orders[28] and biomass data summary.
- **Assurance report**: This term refers to the sections required by ISAE 3000 and should be submitted as part of the sustainability audit report.
- **Assurance opinion**: Also referred to as 'verification statement', this is the term used to describe the conclusion provided by the verifier within the assurance report.
- **Other requirements of the Orders:** Aside from the requirement for the audit to be conducted in accordance with ISAE 3000 (or equivalent), the Orders set out other checks that the auditor needs to conduct as part of the audit and which outcome must also be included within the report. The outcome of these requirements will form part of the assurance report.
- **Biomass data summary**: Also referred to as 'biomass sustainability data', this term refers to a summary of the generating station's data.

[28] Article 54A and 54B of the ROO and equivalent articles of the NIRO and ROS Orders.

3.3. Where the operator has more than one biomass generating station accredited under the RO, the auditor will likely be engaged to conduct a multisite audit. In this case, parts of the audit may be shared by all the stations (eg they may have the same fuel and supplier). Even so, the auditor will need to produce a report for each station. This should be tailored to each individual generating station and contain relevant and specific details for that generating station. It should also account for any special circumstances, eg where a particular station has not yet received RO accreditation or FMS procedures are not yet approved.

Author of report

3.4. While there is a need for consistency in the reports, we recognise that different auditors may have different styles. As such, we will accept reports in one of two structures:

- Written entirely by the auditor, including the requirements of ISAE 3000, information on systems and a representation of the data verified. This approach exists on the basis that the operator provides the raw data to the auditor rather than a summary report.
- Two sections: the operator writes an initial 'report' containing a management assertion and its data on the sustainability systems, and the auditor writes the second section in accordance with ISAE 3000.

3.5. The Orders specify that some parts of joint reports must be written by a party independent of the generating station. In particular, the auditor must comment on the additional requirements of the Orders ie consideration of the Other requirements of the Orders. In both approaches, the operator remains responsible for the subject matter.

Documentation

3.6. We require that all the information is set out in a single document submitted by the operator. This document needs to include all the requirements of both the Orders and ISAE 3000. The following sections and the supporting checklist in Appendix 2 will assist you in providing us with this information.

3.7. After the initial review of a sustainability audit report, there may be times when Ofgem requires further information. Where this information is required, we will set this out formally and clearly to the operator. We may agree that this additional information can be provided in a supplementary document, but this will be determined on a case by case basis.

Provision of evidence

3.8. The purpose of the annual audit is to require a qualified party independent from the generating station to review and verify the biomass sustainability data, systems and draft the report. Generally, Ofgem will rely on the professional expertise of the auditor in evaluating the evidence as has been presented during the

verification engagement, and as described in the sustainability audit report, and will therefore not need to see the evidence itself.

3.9. Sometimes we may need to see additional evidence to come to a final determination. In this case, we will ask the operator for the extra details in writing, after initial review of the sustainability audit report.

Contents

3.10. Paragraph 49 of ISAE 3000 sets out the required content that must be included in the sustainability audit report. Along with these requirements, those set out by the Orders also need to be included in the report. As much as possible, these should be in clear distinct sections. This approach will help support and facilitate the efficiency of the Ofgem review process.

3.11. Alongside a clear structure of the report, satisfactory level of detail is also vital for Ofgem to be able to review the sustainability audit report as it is upon the reported information alone that Ofgem will determine whether the operator had reported correctly during the period and that the verification has been carried out in an appropriate manner to an acceptable standard. Likewise, the provision of irrelevant information will not add any value to the report but will increase the time required by Ofgem to review the reports.

3.12. Reports that fail to sufficiently address all the below sections or provide a sufficient level of detail will not be accepted as providing an adequate level of assurance. Ofgem expects each of the requirements to be appropriately addressed by the verifier within the sustainability audit report. Where evidence required to appropriately address a particular section is not available, we expect a statement to be made explaining the reasons for its absence.

3.13. To assist with structuring the sustainability audit reports, we have provided further information on the required contents including both ISAE 3000 requirements and other requirements set out by the Orders in the sections below. Additionally, a checklist setting out the main points that need to be addressed within the report is provided in Appendix 2. This list should not only used by auditors, but also by operators of the generating station as a final check to ensure that requirements are met in advance of submission of the sustainability audit report to Ofgem.

Title

3.14. A relevant title must be located at the top of the document. This must include the words 'independent assurance report' and note the level of assurance provided. In the case of the sustainability audit reports, this is to a level of 'limited assurance'.

Date

3.15. The date the report has been compiled must be included. This is generally included either at the front of the document or alongside the signature at the end.

Addressee

3.16. The report must say who it has been prepared for. In the case of sustainability audit reporting, this would be the operator of the generating station. While the report may name a specific person, the name and address of the organisation should also be included. This must be provided in addition to the address of the generating station, help us identify the relevant station where they differ.

3.17. Sometimes the report is to be addressed to a party who is not the operator (see example in paragraph 3.29). In this situation, as the audit requirement lies on the operator, the operator has to authorise the third party to liaise with Ofgem. and submit the report on their behalf. Evidence of this (eg written authorisation letters) must accompany the report. A clear explanation of the relationships between the parties will also need to be provided in the report. We will assess these on a case-by-case basis and determine if further details or actions are needed.

Responsibilities

3.18. It is important that both parties to the engagement fully understand and respect each other's responsibilities. Within ISAE 3000 the two parties to the verification engagement are referred to as the 'reporting party' and 'the practitioner', these being the operator and the verifier respectively. The following examples indicate some of the responsibilities that the operator and verifier should consider when preparing and submitting the bioliquid sustainability audit report.

3.19. Operators' responsibilities include, among others:

- preparing and reporting their data to Ofgem on the Register for the issuance of ROCs
- appointing a suitably qualified verifier
- disclosing all necessary information to that verifier for them to fully understand the requirements of the proposed engagement
- ensuring that they have evidence (or that it exists in the chain of custody) to support the information needed by the verifier in order for them to come to an opinion, to a limited assurance level, as to whether the reported data and information complies with the requirements of the assessment criteria
- disclosing any significant changes or events that have occurred or are expected to occur that could have an effect on their opinion
- responding to queries from the verifier providing additional information/evidence when requested
- correcting any data which the verifier finds to be misstated or insufficiently supported by available evidence
- providing the completed sustainability audit report to Ofgem in accordance with the requirements of the legislation.

3.20. Some of the verifiers' responsibilities are:

- demonstrating to the operator that they are an appropriate party to carry out the verification engagement
- planning and carrying out such evidence gathering and testing activities as are necessary to form an opinion, to a limited assurance level, as to whether the reported systems and data are consistent with and/or meet the declared assessment criteria
- informing the operator both of any areas of non-conformance or misstatements within the systems and data which need to be addressed or corrected, and/or of any consignments which should be withdrawn from the verification
- writing the sustainability audit report, in part or in full, paying particular attention to the requirements set out in ISAE 3000 and other requirements set out by the Orders and providing the assurance opinion.

Statement referencing ISAE 3000

3.21. A positive statement that the engagement was performed 'in accordance with' ISAE 3000 must be given within the report. Simply stating that the engagement was performed 'with reference to' ISAE 3000 is not sufficient. This statement is generally noted early on in the document as it is not just in respect of what is written in the report but the entire engagement is based on ISAE 3000. ISAE 3000 is not the assessment criteria and should not be referenced as such.

Identification of the assessment criteria

3.22. The Orders set out the legislative framework with which the operator must comply. As such, we would expect the Orders to be referenced as the assessment criteria for purposes of the verification engagement[29] and should be that relevant to where the generating plant is located. For example, if the generating station is based in England or Wales the reference should be the "Renewables Obligation Order 2009 (as amended)".

3.23. There may be instances where additional criteria are needed, for example to reference the residue definitions that are not set out within the legislation. Chapter 3 of the Renewables Obligation: Sustainability Criteria provide information as to the definition of residues.

3.24. Though they must not be referenced as criteria, it is good practice for the audit principles of traceability, completeness, consistency and accuracy (referenced in chapter 2) to be stated in the audit report, alongside the assessment criteria, to make clear that they were used during the verification engagement.

[29] Within the report, depending on the location of the generating station this should be referenced as either "The Renewables Obligation Order 2009 (as amended)", "The Renewables Obligation (Scotland) Order 2009 (as amended)" or "The Renewables Obligation Order (Northern Ireland) 2009 (as amended)".

Subject matter

3.25. Identification and description of the subject matter and the information it contains, including:

- the name of the generating station should be clear in the report and should match the name on the Register)
- the reporting period that is subject to verification, eg 1 April 2014 to 31 March 2015
- the relevant sustainability information, subject to verification, ie operator's monthly submissions to Ofgem (see Chapter 2).

3.26. We have created a functionality that will allow operators to extract their biomass sustainability data from the Register. This functionality will be available for the 14/15 and onwards audit reports This report will contain the biomass data laid out as reported within the monthly output submissions in the form of a data report. A data template will need to be completed with the information in the data report along with other additional eg use of voluntary scheme. This information should be provided to the verifier by the operator. Once verified by the auditor, the data table should be included in the report. See Appendix 3 for more information on the data template.

Solid biomass and biogas (other than waste)

3.27. Operators using solid biomass and biogas fuels must report sustainability information as part of their monthly submissions. However, they do not have to meet the sustainability criteria to receive ROCs[30]. Therefore, the auditor may come across generating stations that have reported 'unknown' or where the criteria have not been met. This could be for the land criteria or the sustainable forest management criteria, GHG or both sections on the Register. In this scenario the auditor is expected to review the data held by the operator to confirm that it is correct for them to report 'unknown' or that they do not meet the criteria. We will also expect the auditor to verify the operator's reason as specified on the Register, for reporting in this way.

Solid biomass and biogas waste

3.28. Operators using solid biomass and biogas wastes[31] are exempt from reporting against sustainability criteria. Therefore, the auditor will see that these operators would have reported 'exempt' for GHG and land criteria in the Register. For these generating stations, the auditor will need to verify the categorisation of the consignments as waste, and the exemption from the GHG and land criteria.

[30] The UK government response document for biomass sustainability sets out the intention to link the sustainability criteria for solid biomass and biogas to ROC issue from 1 April 2015.
[31] See Chapter 3 of the Sustainability Criteria guidance document for definition of waste.

Risk and materiality based assessments

3.29. Comments as to the approach taken by the auditor when considered risk assessment and materiality and how this impacts the subsequent sampling strategy must be included within the report. This must cover both qualitative and quantitative aspects of reporting. For example if sample months are reviewed, rather than the complete years' data, then a comment as to why certain months were selected would be appropriate. Additionally, the justification for conducting or not conducting site visits to generating stations and/or suppliers should be stated.

3.30. The scenario in which the verification engagement is conducted with a party who is not the operator of the generating station is particularly relevant. For example, where the operator has sourced the services of a third party (eg fuel supplier, consultant etc) to prepare and submit the audit report and engage with the auditor on their behalf. In this case, we need to be satisfied that the information is adequate and sufficient. As a result, we will expect the auditor to explain in the report how they ensured and were confident that this was the case. This will be especially important where all the audit activities have been conducted at the third-party site. We also advise that advice the operator is included in any correspondence with us. This way they will be aware of the information being submitted to us, and so confident that it is adequate and sufficient.

3.31. This information can be provided as a standalone section or as a short paragraph in an existing section. It should always be included before the *summary of work performed*, as the risk assessment and sampling strategy determines what work they do.

Summary of work performed

3.32. As set out in ISAE 3000, the information described in the section, *summary of work performed*, needs to be sufficiently detailed to enable readers of the assurance report, in this case Ofgem, to readily understand what work the verifier has performed.

3.33. As Ofgem does not participate in the verification engagement we must use the audit report to determine whether we are satisfied that the ROCs should have been issued. We recognise that a significant amount of work is undertaken by both parties. However, a lack of transparency is likely to result in requests for further information or clarification.

3.34. This section of the report must include a description of what activities have been undertaken at the level of the operator and how the evidence for sustainability information up the supply chain has been tested. Some examples of typical activities that may be undertaken by the auditor are provided below:

- interviews have been undertaken with [*provide name*] (Technical Manager at the generating station) to understand the systems and

processes that are in place at the generating station for collecting and collating sustainability information and data

- an assessment was performed of the evidence that the operator holds to support the fuel classification applied to each of the fuels. This included a review of waste transfer notes and declarations by the fuel supplier in accordance with the waste definition and fuel classification tables within the Ofgem guidance
- a check was performed against the application of Voluntary Scheme 'A' which was applied for the purpose of demonstrating compliance with the chain of custody system requirements through the supply chain
- a review of the input and output of the carbon calculator was performed. This included a review of the input data including literature values and a check that the version of the calculator used was the most up to date
- a site visit to the generating station was made on 4th May 2014. During this visit the auditor observed the delivery of fuel, measuring on site, storage and recording of information.

3.35. This section of the report must make clear where the auditor has visited – eg generating station, operator's organisational headquarters, fuel supplier, etc. It should be noted that we would generally expect the auditor to visit the generating site otherwise a justification for this needs providing.

Other requirements of the Orders

3.36. Chapter 2 introduced the specific audit report requirements points set out by the Orders that must be addressed as part of the audit process. In order for Ofgem to accept the audit report submitted, it must clearly state that these points have been addressed by the auditor.

3.37. These specific points must be addressed within the section written by the independent auditor. As these points are part of the activities to be undertaken during the verification, this information should be included within the *summary of work performed* section. However, the auditor may prefer to address these points in a distinct section eg `Consideration of the Other requirements of the Orders, which we would also accept.

3.38. Examples of how information on each of the requirements of Article 54A can be presented are given below. It is important that the auditor refers to and makes use of the wording in the order.

3.39. **Consideration of the accuracy and reliability of the systems and existence of controls against fraud and error**. The auditor should confirm, in its section of the report, that these have been considered. We prefer this information to take the form of a statement in the *summary of work performed* or as a standalone section. For example:

- "We have considered whether the systems used to produce the relevant sustainability information are likely to produce information which is

reasonably accurate and reliable. We have also considered whether there are controls to help protect against misstatements due to fraud or error".

3.40. Where the auditor feels the systems are not appropriate, it should make appropriate recommendations to the operator. These should be included in the written report in the *relevant remarks* sectioned. Any recommendations should not affect the auditor's conclusion.

3.41. **Consideration of sampling frequency and methodology** – Confirmation that this has been undertaken must be included in the auditor's section of the report, along with its results. This information should be provided in the *summary of work performed* section or as a standalone section.

3.42. Where the auditor feels the procedures are not appropriate, they should make appropriate recommendations to the operator. These should be included within the written report in the *relevant remarks* section as explain below. They should not form the basis of a material misstatement or material non-conformity and alter the outcome of the verification.

3.43. The report should state whether we have approved the generating station's FMS procedures, whether the operator is following them, and the outcome of the auditor's consideration of their appropriateness. Where there is no evidence that the FMS procedures have been approved by Ofgem, this should be noted in the report as well as being listed as an outcome of the auditor's consideration of their adequacy. The auditor should also think about whether a qualification of the assurance statement is needed when FMS procedures have not been approved by Ofgem. For example, it may not be clear for the auditor what we consider suitable for sampling, measurement etc.

3.44. **Consideration of robustness of data** – As above, confirmation that this has been considered must be included in the report in the *summary of work performed* section or as a standalone section. Its results should also be included.

3.45. If there are any recommendations for improvements, these should be included in the written report in accordance with the *relevant remarks* section, as explained below. Any recommendations should not form the basis of a material misstatement or material non-conformity, as this would alter the outcome of the verification.

3.46. **Statement on accuracy of information**. As well as the requirements set out above, the auditor will have to state whether anything observed during the audit process could indicate that the sustainability information isn't accurate. This statement will be made as part of the conclusions and qualifications the auditor is required to express as a result of the audit. See the Conclusions and qualifications section below for how this information needs to be provided within the report.

3.47. Where the auditor feels that the relevant sustainability information is not accurate, it should make recommendations to the operator. This should be included in the written report in the *relevant remarks* sectioned. Any recommendations should not affect the auditor's conclusion.

Bioliquids only

3.48. **Identification of whether the bioliquid fuel was certified under an environmental quality assurance, and if so, to state the name of the scheme and identify whether it has been approved by the European Commission**. The auditor should clearly state the name of the environmental quality assurance (ie voluntary scheme) under which the bioliquid fuel was certified and whether it has been approved by the EC. For example "the rapeseed oil used to generate electricity during 2014/15 was certified under 'X' voluntary scheme. The EC approved this scheme on 19 July 2011 under Article 18(4) of the Renewable Energy Directive."

3.49. When the auditor identifies that a bioliquid fuel is certified under an environmental quality assurance which is EC approved, this will also need to be noted in the data table in Appendix 3 under the 'voluntary scheme' column. When a voluntary scheme has not been used the auditor will still need to provide a comment in the report to state so. For example "no bioliquids used for generation in 2014/15 were certified under an environmental quality assurance scheme" (Chapter 2 of the Sustainability Criteria guidance provides information on the use of voluntary schemes).

3.50. **Where the bioliquid was not derived from waste or residue and the actual value method or the mixed value method was used in the calculation of the greenhouse gas (GHG) emissions from its use, identification of whether a restored degraded land bonus and whether an emission saving from soil carbon accumulation via improved agricultural management were included**. The auditor should clearly state where an emission saving from soil carbon accumulation via improved agricultural management was included by the operator in the calculation of the GHG emissions saving figure reported to Ofgem. For example "a factor soil carbon accumulation via improved agricultural practices was included in the calculation of the GHG emissions saving figure reported to Ofgem for the rapeseed oil used to generate electricity during 2014/15". Where this has not been used the auditor will still need to provide a comment in the report to state so.

3.51. Until a definition of 'severely degraded' and 'heavily contaminated land' is provided by the EC, no bioliquid will be eligible to claim the degraded land bonus under the RO. Therefore, at this stage all reports should state that "a restored degraded land bonus has not been included in the calculation of the GHG emission saving figure for the [*name of the fuel*] used to generate electricity during 2014/15" (see Chapter 5 and Appendix 5 of the Sustainability Criteria guidance document for more information on the degraded land bonus).

Limitations (if appropriate)

3.52. Any limitation in the evaluation against the criteria or of the report must be detailed, such as:

- the extent of evidence-gathering activities
- where the work of third parties was relied on

- where the company's systems or processes have been relied on without testing them.

3.53. Stated limitations should be included only to clarify the extent of the verification activities. They should not contradict the verifier's opinion. Where the assurance engagement is conducted to a limited level it should not be regarded as a limitation and should not be included in this section.

Restrictions on use of report (if appropriate)

3.54. When the criteria used to evaluate or measure the subject matter are available only to specific intended users, or are relevant only to a specific purpose, a station restricting the use of the report should note this.

Conclusions and qualifications

3.55. This includes the opinion and any qualifications to that opinion. The opinion should be expressed accordingly to a 'limited' level of assurance engagement as defined by the Orders.

3.56. In a limited assurance engagement, the opinion should be expressed in the negative form, for example for an unqualified opinion:

- "Based on the work described in this report, nothing has come to our attention that causes us to believe that John Smith Plc's reported data to Ofgem for the generating station Smith Generating facility during the period of 1 April 2014 to 31 March 2015 is not accurate, in all material respects, based on XYZ criteria."

3.57. There are times that it may be appropriate for the verifier to express a qualified opinion. This will be the case in circumstances where non-material issues have been identified during the course of the verification, which whilst not directly affecting the verification outcome are relevant to the manner in which the sustainability audit report has been prepared and should be viewed when read. A qualified opinion will be stated in the same manner as an unqualified opinion with the addition of "with the exception of X, Y and Z".

3.58. Some examples of issues that could lead to a qualified opinion would be when FMS procedures for a generating station have not been agreed with Ofgem, where the FMS procedures were agreed for part of the reporting period, when the site was non-operational during certain period, where fuels were not used for generation for certain period or where the fuel meter was out of routine calibration for certain months. Note that reports given with qualified opinions will be carefully assessed by Ofgem, particularly where a comment recurs year on year.

3.59. Where it is identified that the operator has reported incorrectly, they should update[32] the data accordingly via the Register and within the data table assessed by the verifier. The verifier should finalise and submit the report, until they have been able to confirm that the relevant updates have been made by the operator ie the operator would confirm in writing when it has been done. Ofgem will not accept an audit report until the data have been amended on the Register, where required, and until this data (ie the data reported by the operator via the Register) is consistent with the subject matter in the audit report. To support the review of the sustainability audit report by Ofgem, we request that when the operator submits the audit report they include comments on which data were amended and why by email.

Details of the verifier and signature

3.60. A clear statement of the city or town where the verifier maintains the office that is responsible for the engagement must also be made. For example: "This report was prepared by Martin P of JJ Verifiers Ltd, London UK".

3.61. The report should be signed either by the firm or by the lead verifier or technical reviewer themselves, as required by the verification body's internal procedures.

3.62. While not a requirement, it is considered good practice under any auditing systems (eg ISAE 3000) to perform an independent technical review of the report. This would involve a second auditor who has had no involvement in the verification performing a final review of the report. If this review is conducted we recommend that the auditor says so in the report. Technical review is considered an essential part of many compliance audits, and improves the robustness of the audit process.

Relevant remarks

3.63. This section may include:

- details of the qualifications and experience of the verifier and others involved in the engagement
- findings on particular aspects of the engagement
- recommendations, eg from the consideration of the sampling frequency and methodology or the robustness of data as mentioned in Article 54A. It could also be any other recommendations which the verifier believes should be noted upon completing the engagement.

3.64. This section should be clearly separate from the verifier's opinion. It should be worded in a way that does not affect the verifier's opinion.

[32] To amend the data, the operator should log into their account on the Renewables and CHP Register and select 'output data' and then 'edit submitted output data' before proceeding to select the relevant month and update the necessary information.

Other considerations

3.65. In addition to an assurance report, verifiers should consider the need to provide a more detailed report to the management of the reporting party (the operator). This report, which will be confidential between the verifier and the reporting party, may describe in greater detail the work undertaken by the verifier. It may also highlight any opportunities for improvement in the reporting party's systems and processes.

Appendices

Appendix 1 – Ofgem's role as RO administrator

Our role under the Renewables Obligation

1.1. The ROO 2009 (as amended) and the Renewables Obligation (Scotland) Order (ROS) 2009 (as amended) detail Ofgem's powers and functions in respect of the Renewables Obligation in England and Wales and in Scotland respectively. Those functions include:

- accrediting generating stations as being capable of generating electricity from eligible renewable energy sources
- issuing ROCs and Scottish Renewables Obligation Certificates (SROCs)
- establishing and maintaining a register of ROCs and SROCs
- revoking ROCs and SROCs where necessary
- monitoring compliance with the requirements of the Orders
- calculating annually the buy-out price resulting from adjustments made to reflect changes in the Retail Price Index
- receiving buy-out payments and redistributing the buy-out fund
- receiving late payments and redistributing the late payment fund
- publishing an annual report on the operation of and compliance with the requirements of the Orders
- forwarding to the Secretary of State a summary of the sustainability information submitted during the obligation period.

1.2. We administer the Northern Ireland Renewables Obligation (NIRO) on behalf of the Northern Ireland Authority for Utility Regulation (NIAUR) under an Agency Services Agreement. Under this agreement the Authority is required to carry out the functions listed above in respect of Northern Ireland Renewables Obligation Certificates (NIROCs). However, the NIAUR continues to retain responsibility under the legislation for administering the NIRO.

1.3. We cannot properly act beyond the scope of the powers laid down in the Orders. For example, we have no remit over the operation or regulation of the ROC market itself. Amendments to the relevant legislation in respect of the Renewables Obligation are a matter for the Secretary of State, Scottish Ministers and the Secretary of State for Northern Ireland.

Legislative and administrative changes

1.4. As the legislation continues to evolve and our administrative processes are developed further, we aim to inform operators of generating stations of the changes and the impact they are likely to have by revising relevant guidance documents or publishing other communication, such as open letters, on the Ofgem website.

1.5. It should be appreciated, however, that the onus is on operators of generating stations to ensure that they are complying with the RO legislation. Operators of generating stations who are in any doubt as to whether the legislative requirements are being met may wish to seek independent technical and legal advice, as appropriate.

Our approach

1.6. As the RO evolves, Ofgem continue to work in partnership with industry to develop our administrative processes, produce clear and consistent guidance for operators of generating stations and promote good practice. This is achieved by:

- The publication and updating of this guidance document, providing operators of generating stations with guidance and examples of good practice
- Engagement with stakeholders on key issues, allowing us to gauge industry opinion and shape our guidance and administrative processes accordingly

Appendix 2 – Audit Report Checklist

1.1. This checklist has been developed to help allow both the verifier and the operator to check that the sustainability audit report covers the relevant requirements. We consider that in addition to any responsibility held by the verifier, the operator has a responsibility to ensure they are satisfied the sustainability audit report meets the requirements of the legislation before submitting it to Ofgem.

Requirement	**Checkbox**
Title	
Date	
Addressee	
Responsibilities of operator and auditor	
Statement confirming ISAE 3000	
Identification of the assessment criteria	
Identification and description of subject matter	
Risk and materiality assessment	
Summary of work performed	
Limitations (where appropriate)	
Restrictions on use of the report (where appropriate)	
Opinion (auditor's conclusion)	
Recommendations given, as appropriate	
Details of the verifier and signature	
Provision of data set (may be included under subject matter)	
Consideration of accuracy and reliability	
Consideration of controls to prevent fraud or error	
Consideration of frequency and methodology of sampling	
Consideration of data robustness	
Identification if environmental quality assurance certification[†]	
Identification whether restored land bonus included[†]	
Identification emission saving from soil carbon accumulation[†]	
Independent technical review (not a requirement)	

[†] Bioliquids only

Appendix 3 – Data Template

1.2. For the 14/15 and owards audit reports, the operators of Renewables Obligation fuelled generating stations will be able to extract their fuel and sustainability data, as reported in their monthly output data submission, via a report in their account on the Register. This data, along with some information not extractable from the Register (eg use of a voluntary scheme), will form the basis of the dataset that needs to be provided to the auditor and included in the report.

1.3. Below shows the data templates included in the Renewables Obligation: Bioliquids Sustainability Audit – Guidance for Operators and Auditors. These will be updated as noted above.

Part A: Monthly Biomass Usage

Month	Biomass fuel Use?			If No or Not Applicable - state the reason
	Yes	No	N/A	
Apr-14			X	Plant not yet commissioned
May-14			X	Plant not yet commissioned
Jun-14	X			
Jul-14		X		Only solid biomass used for electricity generation this month
Aug-14		X		Only solid biomass used for electricity generation this month
Sep-14			X	Station offline for maintenance
Oct-14	X			
Nov-14	X			
Dec-14	X			
Jan-15	X			
Feb-15	X			
Mar-15	X			

Part B: Monthly Biomass Data

No.	Period	Biomass fuel Name	Fuel Reference	Volume		Fuel Classification	Meet Land Criteria?			GHG Emissions[33]		Voluntary Scheme
				Measure	Units		Yes	No	Exempt	Default	Actual	
1	Jun-14	Used Cooking Oil	B-UC-1	200	litres	Waste			X		95%	N/A
2	Oct-14	Rape Seed Oil	B-RS-1	400	litres	Product	X			57%		Voluntary Scheme 'A'
3												
4												

[33] The 'actual' column is to be used where either the actual value method or mixed value method has been used for calculating GHG emissions. Where the default percentage method has been used, the value should be entered in the 'default' column.

Appendix 4 – Glossary

C	
CHP	Combined Heat and Power
D	
DECC	Department of Energy and Climate Change
DNC	Declared Net Capacity
E	
EC	European Commission
EU	European Union
F	
FMS	Fuel Measurement and Sampling
G	
GHG	Greenhouse gas
I	
IAASB	International Auditing and Assurance Standards Board
ISA	International Standard on Auditing
ISAE	International Standard on Assurance Engagement
N	
NDA	Non-disclosure agreement
NIAUR	Northern Ireland Authority for Regulation
NIROC	Northern Ireland Renewables Obligation Certificate
NUTs	Nomenclature of Territorial Units for Statistics
O	
Ofgem	Office of Gas and Electricity Markets
R	
RED	Renewable Energy Directive
RO	Renewables Obligation
ROC	Renewables Obligation Certificate
RTFO	Renewable Transport Fuels Obligation
S	
SFM	Sustainability Forest Management
SROC	Scottish Renewables Obligation Certificate