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THE RENEWABLES OBLIGATION (RO) BUY-OUT PRICE AND MUTUALISATION CEILING 2014-15

This document records the buy-out price and mutualisation ceilings for the Renewables Obligation for the 2014-15 obligation period. The buy-out price and the mutualisation ceiling are updated annually to reflect changes in the Retail Prices Index¹.

The buy-out price is the amount which suppliers must pay for each Renewables Obligation Certificate (ROC) they do not present towards compliance with their obligation. The buy-out price for 2014-15 is **£43.30** per ROC.

Mutualisation is a provision that is triggered if there is a 'relevant shortfall' in the buy-out fund as a result of any suppliers not being able to meet their obligation (for example due to insolvency). All suppliers that have met their obligation are required to make additional payments to make up the shortfall to the level of the mutualisation ceiling. The mutualisation ceiling for 2014-15 will be **£260,819,364.07** in England and Wales and **£26,081,936.40** in Scotland. Mutualisation does not apply in Northern Ireland.

Buy-out prices and obligation levels for recent years are shown in **Table 1** below.

Table 1

Obligation period (1 April - 31 March)	Buy-out price	Obligation for England & Wales and Scotland (ROCs/MWh)	Obligation for Northern Ireland (ROCs/MWh)
2009-2010	£37.19	0.097	0.035
2010-2011	£36.99	0.111	0.0427
2011-2012	£38.69	0.124	0.055
2012-2013	£40.71	0.158	0.081
2013-2014	£42.02	0.206	0.097
2014-2015	£43.30	0.244	0.107

¹ RPI from the Office of National Statistics (<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/december-2013/stb---consumer-price-indices---december-2013.html>)<http://www.ons.gov.uk/>

Notes

1. Further details of the relevant shortfall and the amounts for each obligation period can be found in Article 48 (3) and Schedule 3 of the 2009 Renewables Obligation Orders².
2. For England & Wales the relevant shortfall level is set by the Department of Energy and Climate Change. The level for Scotland is set by the Scottish Executive.
3. Suppliers in Northern Ireland are not required to make payments in the event of mutualisation being triggered. They will, however, receive a portion of the redistribution of the mutualisation fund.
4. The mutualisation provisions in the RO have not been triggered to date.

² The Renewables Obligation Order 2009 and The Renewables Obligation (Scotland) Order 2009