Overview

This guidance is for applicants to the Renewables Obligation (RO) and the Renewables Obligation Scotland (ROS) during the transition period, i.e., from the opening of the Contracts for Difference (CFD) scheme on 16 October 2014 and the closure of the RO and ROS schemes to new capacity on 31 March 2017. It is also for operators of generating stations that want to become dual scheme facilities (DSF) or RO-CFD phased projects, i.e., stations with generating capacity in the RO and the CFD scheme.

It explains how the RO will operate during the transition period, the impact on RO applicants, the options for becoming a dual scheme facility or an RO-CFD phased project and the grace periods that are available. This document applies to generating stations in England, Wales and Scotland and is supplementary to the RO: Guidance for Generators.
Renewables Obligation (RO): Guidance on the transition period and closure of the RO

Context

In July 2011 the UK government announced its intention to close the RO to new generating capacity from 31 March 2017. To continue to support low-carbon electricity generation, the government has introduced the Contracts for Difference (CFD) scheme which opened for applications on 16 October 2014. The CFD scheme will be administered by National Grid, in its role as CFD Delivery Body, and the Low Carbon Contracts Company (LCCC). The overlap of the two schemes (from October 2014 – 31 March 2017) is called the ‘transition period’.

In July 2013, the government consulted on proposals for how the RO would operate during the transition period. This included introducing a one-off ‘choice of scheme’ whereby operators of generating stations with technologies eligible for either the RO or CFD would need to choose which scheme to apply to. It included proposals concerning the administration of dual scheme facilities (DSF), technology-specific provisions for biomass plants and offshore wind generating stations and grace periods. In November 2013, the government consulted further on the detailed arrangements for the eligibility criteria and lengths that would apply to the grace periods offered at the point of RO closure to new generating capacity across Great Britain.

On 12 March 2014, the government published its response to these consultations and on 1 April 2014 the RO (Amendment) Order 2014 brought the majority of the changes into effect. The RO Closure Order 2014 which came into force on 9 September 2014 allows for the implementation of the grace periods.

Associated documents

Readers should be aware of the following documents that support this publication:

**Ofgem guidance**

- RO: Guidance for Generators
- RO: The ‘enabling financial decisions’ grace period guidance

**Government policy and legislation**

- DECC’s ‘Government response to the consultations on RO transition and grace periods’
- RO Amendment Orders 2014
- RO Closure Order 2014
# Executive Summary

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Executive Summary

A key aspect of Electricity Market Reform (EMR) is the transition from the Renewables Obligation (RO) scheme, the current main support mechanism for large-scale renewable electricity generation, to Contracts for Difference (CFD), the new support mechanism for low-carbon electricity generation. The CFD scheme opened to applications on 16 October 2014 and the RO and Renewables Obligation Scotland (ROS) are scheduled to close to new capacity on 31 March 2017. The period in between the CFD scheme opening and the closure of the RO and ROS to new capacity is called the 'transition period'.

During the transition period operators of eligible generating stations will have a one-off choice as to which scheme they apply for. In specific circumstances generating stations may be able to become dual scheme facilities (DSF), or RO-CFD phased projects, and therefore gain support from both schemes.

In anticipation of the closure of the RO and ROS, the Department of Energy and Climate Change (DECC) introduced grace periods for generating stations located in England, Wales and Scotland via the RO Closure Order. The RO Closure Order came into force on 9 September 2014. Operators that are granted a grace period will have the opportunity to apply for and gain accreditation under the RO after the closure date. The purpose of these grace periods is to address certain challenges that generators might face as a result of the RO closure date.

This guidance document explains the impact of the ‘choice of scheme’ on applicants to the RO, the arrangements for DSFs and RO-CFD phased projects, and how to apply for specific grace periods. It is underpinned by the RO Amendment Order 2014, the RO (Scotland) Amendment Order 2014 and the RO Closure Order 2014.

The Department for Enterprise, Trade & Investment Northern Ireland (DETI) intends to consult on the arrangements for the closure of Northern Ireland Renewables Obligation (NIRO) and transition to CFD by the end of 2014. Ofgem will update its guidance to account for these arrangements as appropriate.
Renewables Obligation (RO): Guidance on the transition period and closure of the RO

1. Introduction

Explains how Ofgem administers the RO schemes in England, Wales and Scotland, the background to the transition period and the purpose of this document.

The RO transition period

1.1. On 31 March 2017 the RO and the ROS schemes will close to new capacity. To continue to support low-carbon electricity generation, the government introduced the CFD scheme which opened to applications on 16 October 2014\(^1\). The overlap of the two schemes (from October 2014 – 31 March 2017) is called the ‘transition period’.

1.2. National Grid, as CFD Delivery Body, will administer the eligibility and allocation phases of the CFD scheme. The Low Carbon Contracts Company (LCCC) will enter into contracts with eligible generators and administer the operation of the CFD scheme. For details about how the CFD scheme works and how to apply please contact National Grid and the LCCC directly using the details provided in 1.18 - 1.19.

1.3. The RO (Amendment) Order 2014 and RO (Scotland) (Amendment) Order 2014 came into force on 1 April 2014, introducing the transition arrangements to the RO and ROS. The amendments prevent Ofgem from granting accreditation to an applicant to the RO that has applied for a CFD or entered into an investment contract\(^2\). However, they allow:

- Operators of RO-accredited generating stations to add additional capacity \(\geq 5\text{MW}\) under the CFD scheme
- Operators of RO-accredited biomass co-firing stations to convert units, or the generating station as a whole, to the CFD scheme as biomass conversions
- Operators of RO-accredited offshore wind generating stations to add phases, which are not yet registered, under the CFD scheme.

1.4. In April 2014 we provided an overview of these changes in our updated RO: Guidance for Generators. It should be read in conjunction with this document which explains the transition period arrangements in more detail.

\(^{1}\) In advance of the introduction of the CFD scheme, operators of generating stations have been able to apply for investment contracts ie an early form of CFD via Financial Investment Decision (FID) Enabling. More information on investment contracts can be found here - https://www.gov.uk/government/publications/final-investment-decision-fid-enabling-for-renewables-investment-contracts.

\(^{2}\) Article 21A of the Orders.
Renewables Obligation (RO): Guidance on the transition period and closure of the RO

1.5. DECC has confirmed that further aspects of the policy for the transition period will be included in the RO Orders when they are consolidated. This is expected in April 2015. This consolidation will draw together each of the amendment Orders into one RO Order. The Scottish Government will also be consolidating the Orders to create one ROS Order. Most notably for the transition period, the consolidated Orders are expected to include interactions between the RO and ROS with the Capacity Market\(^3\). This guidance will be updated to reflect any changes for those applying, or already accredited, to the RO and ROS.

1.6. DETI intends to consult on the arrangements for the closure of NIRO and transition to CFD by the end of 2014. In our role as administrators of the NIRO (on behalf of the NI regulator) we will update this guidance once DETI’s policy has been finalised and the legislation is in force.

**Grace periods**

1.7. As part of the arrangements for closing the RO and ROS to new capacity on 31 March 2017 a number of grace periods have been introduced via the RO Closure Order. This Order includes the arrangements for closing the RO and ROS schemes and came into force on 9 September 2014. Operators that are successful in their grace period application will have the opportunity to apply for accreditation under the RO after the 31 March 2017 closure date.

1.8. The ‘enabling financial decisions’ grace period opened for applications on 9 September 2014. The window for submitting a grace period application closes on 9 November 2014. Guidance on how to apply for this grace period is available on our website\(^4\). For details of how to apply for the remaining grace periods please refer to chapter 4.

1.9. This document does not provide guidance for solar photovoltaic (PV) generating stations wishing to apply for the grace period which comes into effect on 1 April 2015, as confirmed in the government response published on 2 October 2014\(^5\). It also does not provide guidance on the grid delay grace period for solar PV projects that DECC published a consultation on 2 October 2014\(^6\). We will issue further guidance, as appropriate, once the relevant legislation has been laid.

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\(^3\) The Capacity Market is part of the EMR programme and is being introduced to ensure sufficient reliable capacity is in place to meet demand.


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This document

1.10. This document is not intended to provide definitive technical or legal guidance on administering the RO during the transition period, and applicants should seek their own technical and legal advice.

1.11. Unless apparent from the context, where "RO" is used, it denotes the Renewables Obligation (RO) scheme and the Renewables Obligation (Scotland) (ROS) scheme. Where “the Orders” is referred to it refers to the RO Orders and the ROS Order. Where the RO Closure Order 2014 applies it is referred to specifically.

1.12. For details about how the scheme works and how to apply for accreditation, please refer to the latest version of the RO: Guidance for Generators7.

1.13. 'Ofgem', 'us', 'our' and 'we' are used interchangeably when referring to the exercise of the Authority's powers and functions under the Orders.

1.14. The terms "generators", "operators" and "applicants" are used interchangeably throughout the document.

Queries

1.15. Please email any queries about our functions under the Orders or a station that is accredited or pending accreditation under the RO scheme to our dedicated support team on renewable@ofgem.gov.uk. Please state what your query is about in the subject line of the email.

1.16. For telephone enquiries, the administration team can be contacted on 020 7901 7310 during office hours.

1.17. Please note that we can only provide guidance on the legislation currently in place. Any queries regarding future changes to the Orders or wider energy policy should be directed to the DECC, the Scottish Government or DETI as appropriate. Contact details can be found at www.decc.gov.uk, www.scotland.gov.uk and www.detini.gov.uk respectively.

1.18. Queries relating to applying for the CFD scheme should be directed to National Grid at: emr@nationalgrid.com, 01926 655300, or visit their website: www.emrdeliverbody.com.

1.19. Queries relating to the ongoing administration of the CFD scheme should be directed to the LCCC at: info@lowcarboncontracts.co.uk, 020 7211 8999, or visit their website: www.lowcarboncontracts.co.uk.
2. The ‘choice of scheme’

Explains how a generator makes a ‘choice of scheme’, the implications of doing so and how this will be administered by Ofgem and the CFD Delivery Body.

The one-off ‘choice of scheme’

2.1. From 16 October 2014 until the RO closes to new capacity on 31 March 2017 (the transition period), operators of eligible new generating capacity will have a one-off choice of which scheme they receive support under – either the RO or CFD. Operators can only apply for one form of support for the same generating capacity. RO-accredited generating capacity cannot receive support for the same capacity under CFD; neither can that capacity enter into the CFD scheme once support under the RO has ended. There are certain exceptions for biomass stations and offshore wind generating stations, and these are explained in chapter 3.

2.2. The choice of scheme takes place when the operator:

   a. Submits an application for full accreditation under the RO for a new generating station, or
   b. Submits an amended RO accreditation application to register additional capacity ≥5MW under the RO at an existing RO generating station, or
   c. Submits an application for a CFD, or
   d. Entered into an investment contract.

2.3. Once this choice has been made, an applicant cannot apply for the other scheme, unless the original application is rejected. If an applicant chooses to withdraw their application they cannot apply for the other scheme as they have already made their choice. Operators of RO-accredited generating stations that want to add additional capacity <5MW can only do so under the RO, not CFD, and only until 31 March 2017.

Preliminary accreditation

2.4. An application for RO preliminary accreditation is not regarded as making a one-off choice for the RO. An applicant can apply for and be granted preliminary accreditation under the RO and still apply for a CFD. But once the application for a CFD has been made, an operator will not be able to apply for full accreditation under the RO, unless the CFD application is rejected. Where an operator is successful in their application for a CFD we will organise the withdrawal of their preliminary accreditation application under the RO.

2.5. In applying for preliminary accreditation, applicants are required to declare, via the Renewables & Combined Heat and Power (CHP) Register (‘the Register’), that
they have not entered into a CFD or an investment contract, unless that investment contract has been terminated or ceased to have effect due to a ‘permitted termination event’. This is defined in the Orders as:

"(a) a delay in the approval of the investment contract by the European Commission,
(b) a refusal by the European Commission to approve the investment contract,
(c) a condition attached by the European Commission to its approval of the investment contract, or
(d) an amendment to the investment contract that is made, or proposed, by the Secretary of State in the light of any standard terms issued under section 11 of the Energy Act 2013."

New generating stations

2.6. Operators of new generating stations will need to meet the specific eligibility criteria for the scheme they wish to apply to. In addition, in applying for the RO they will be required to submit declarations via the Register confirming that they:

- Have not applied for a CFD for the generating station, unless the application has been rejected by the CFD Delivery Body or the Secretary of State
- Have not entered into an investment contract for the generating station, unless the investment contract has been terminated, or otherwise ceased to have effect due to a ‘permitted termination event’ (as defined in 2.5)

2.7. Ofgem and the CFD Delivery Body will share information to ensure that an applicant is not attempting to gain subsidy from both schemes for the same generating capacity.

2.8. Operators should note that voluntarily withdrawing an application from the CFD application process after the application is submitted will mean that the RO can no longer be applied for.

2.9. Only if an application is made and it is then rejected for support from either an investment contract, or the RO or CFD schemes, can the operator of the generating station apply for the alternative scheme.

2.10. To be accredited under the RO, generating stations must be commissioned and meet all other relevant eligibility criteria before the closure date. In addition the

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8 Article 58(2) of the Orders.
9 Article 58(4) of the Orders.
10 Article 58ZZB sets out the declarations that must be provided.
operator must have submitted an application for RO accreditation on or before the scheme closes to new capacity on 31 March 2017. In certain circumstances, generating stations may be eligible for a grace period which would allow them to apply for the RO after this date. Please refer to chapter 4 for further details.

**RO-accredited generating stations registering additional capacity**

2.11. Operators of RO-accredited generating stations wishing to gain support for additional capacity will need to meet the specific eligibility criteria for the scheme they wish to apply to. In addition, in registering additional capacity under the RO operators will be required to submit a declaration via the Register stating that they:

- Have not applied for a CFD, unless that application has been rejected by the CFD Delivery Body or the Secretary of State
- Have not entered into an investment contract for the generating station (or any part of it), unless the investment contract has been terminated or otherwise ceased to have effect due to a ‘permitted termination event’ (as defined in 2.5)\(^{11}\).

2.12. Operators should note that voluntarily withdrawing an application from the CFD application process after the CFD application is submitted will mean that the RO can no longer be applied for.

2.13. Only if the additional capacity is rejected from the RO or CFD schemes, can the operator of the generating station apply for the alternative scheme. Operators should be aware that after successfully adding additional capacity under a CFD, they will not be able to add any further additional capacity under the RO. This is because the operator has already exercised their choice of scheme.

2.14. Operators will need to ensure that any additional capacity that they intend to accredit under the RO has commissioned by the closure date, and that their existing RO accreditation application has been amended and resubmitted to take into account the additional capacity on or before the 31 March 2017 when the RO closes to new capacity. In certain circumstances, additional capacity may be eligible for a grace period, meaning it can be added to an RO-accredited generating station after this date. Please refer to chapter 4 for further details.

2.15. Operators of RO-accredited generating stations that wish to add additional capacity \(\geq 5\)MW may be eligible to do so under the CFD scheme and therefore become a dual scheme facility. Please refer to chapter 3 for further details.

\(^{11}\) Article 58ZZB sets out the declarations that must be provided.
2.16. Operators of RO-accredited offshore wind generating stations that wish to add unregistered phases under the CFD scheme may be able to do so and therefore become an RO-CFD phased project. Please refer to chapter 3 for further details.

**Grace period applications and the 'choice of scheme’**

2.17. There are a number of grace periods that can be applied for which allow operators to apply under the RO after the scheme closes to new capacity on 31 March 2017, provided that the eligibility requirements are met. These are explained in more detail in chapter 4 of this document.

2.18. An operator that has been granted a grace period has *not* made a 'choice of scheme' and can therefore still apply for the CFD scheme. However, if the application for a CFD is successful the operator will not be eligible to apply for RO accreditation.

**Audit programme**

2.19. We carry out a programme of audits of accredited generating stations, including generating stations that have been granted preliminary accreditation, on an ongoing basis. Their purpose is to guard against fraud and error. We will include RO-accredited generating stations that apply for the RO during the transition period in our audit programme. There will also be a focus on DSF and RO-CFD phased projects to ensure that generating capacity is distinct and separate. For further information on becoming a DSF or an RO-CFD phased project see chapter 3.

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12 This is on the basis that none of the circumstances in 2.2 apply.
3. Biomass conversions, dual scheme facilities (DSF) and RO-CFD phased projects

Explains the arrangements for biomass conversions, DSF and RO-CFD phased projects, i.e., generating stations with capacity under the RO and CFD, and the extra requirements for operators of these stations.

**Arrangements for biomass conversions, DSF and RO-CFD phased projects**

3.1. There are three circumstances in which a generating station can gain support from both the RO and CFD:

1. An RO-accredited biomass co-firing station, for which Renewable Obligation Certificates (ROCs) under the ‘dedicated biomass’ or ‘conversion’ bands have never been claimed, can convert units to biomass under CFD by withdrawing those units from the RO. Stations with units under the RO and with ‘biomass conversion’ units under CFD would become a DSF, i.e., a station with capacity under the RO and under the CFD scheme. The entire RO station can also be converted to biomass under CFD, meaning support under the RO would stop and the station would be supported entirely by the CFD scheme.

2. An RO-accredited generating station where additional capacity ≥5MW is added under CFD, and would therefore become a dual scheme facility.

3. An RO offshore wind generating station where unregistered phases are added under CFD, and would therefore become an RO-CFD phased project.

**Biomass conversions**

3.2. Operators who wish to convert a unit or the entire generating station to biomass under CFD will need to send Ofgem a written CFD transfer notice which:

1. Identifies the combustion unit, or generating station, to which the notice relates

13 Ie, units that were previously co-firing and have been converted to biomass.
14 The CFD capacity at a dual scheme facility is referred to as “excluded capacity” (Article 2 of the Orders).
15 Article 21B of the Orders.
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2. States the conversion date, ie the date from which the operator of the generating station intends to start using that combustion unit, or generating station, to generate electricity only from biomass

3. The date on which the CFD or investment contract was entered into for each combustion unit, or for the station as a whole if the entire station is converting.

3.3. The notice should be submitted to Ofgem within 14 days of the application for a CFD being successful ie once a CFD has been allocated, and signed by the operator of the generating station. An example of the notice is provided in Appendix 2 which applicants may use and includes the email address that notices should be submitted to. Before the conversion date, the RO-accredited capacity in question may continue to claim the relevant co-firing ROCs.

3.4. On the conversion date, the capacity that the transfer notice relates to will no longer be eligible to receive ROCs and will instead be supported under CFD. Once a CFD transfer notice has been submitted to Ofgem it cannot be withdrawn. However, an operator may change the conversion date stated in the transfer notice by notifying Ofgem before the original conversion date has passed. In this instance, the operator may continue to receive the relevant co-firing ROCs before the amended conversion date. Conversion dates cannot be changed after 31 March 2027.

3.5. If, after submitting a CFD transfer notice, an operator decides not to pursue biomass conversion, the generating station or unit in question would still no longer be eligible for ROCs from the conversion date that was notified to Ofgem.

Additional requirements for DSFs (including biomass conversions where individual units will transfer from the RO to CFD)

3.6. Operators will be required by the CFD Delivery Body to state in their CFD application that they are applying as a DSF. This information will be shared by the CFD Delivery Body with Ofgem. We will then ask operators to:

- Confirm what the total installed CFD capacity of the generating station will be.
- Confirm when the CFD capacity is expected to be commissioned.
- Provide an updated schematic diagram showing the entire capacity of the generating station (both the RO and CFD capacity), including the separate metering arrangements. Operators should highlight on the schematic the RO capacity and the CFD capacity so that they can be easily distinguished.

16 Article 21B(7) of the Orders.
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- For DSFs where units have been converted to biomass under CFD only: Once the CFD capacity begins generating, update the RO accreditation application to amend the total installed capacity (TIC) of the RO capacity at the generating station.

- Update the plant description to include the CFD capacity once the CFD capacity begins generating.

- Confirm whether they want to claim Levy Exemption Certificates (LEC) and Renewable Energy Guarantees of Origin (REGO) certificates on both their RO and CFD capacity. (If so, monthly output data submissions for the generating station (both RO and CFD capacity) should be provided once the CFD capacity begins generating. There are specific steps that a station will need to take to do this. Refer to 3.13 - 2 for further details).

**Metering arrangements at DSFs (including biomass conversions where individual units will transfer from the RO to CFD)**

3.7. Metering of the RO capacity and metering of the CFD capacity at a DSF must be separate and distinct. This is to ensure that the correct level of support is issued for the capacity that each scheme supports.

3.8. For the RO capacity at a DSF, this will involve:

- Metering the RO output electricity\(^{17}\) separately, or metering the non-RO output electricity separately and deducting it from the electricity metered for the whole generating station. It should be demonstrated to Ofgem that the metered output on which ROCs are to be claimed is only from the RO-accredited capacity. The RO capacity at a generating station should continue to meet its metering obligations under the RO.

- Calculating the RO input electricity\(^{18}\) pro rata on the basis of the TIC, ie the RO and CFD capacity. (The RO also provides the option of separate metering of input electricity solely used for non-RO capacity, or separate metering of all the input electricity used for the RO capacity).

- Providing separate fuel and sustainability data for the RO output electricity.

3.9. It is the operator’s responsibility to ensure that they are aware of the metering requirements for both schemes when applying as a DSF. If the operator intends to apply as a DSF we recommend that you contact Ofgem directly. For

\(^{17}\) This term is defined in Article 2 of the Orders.

\(^{18}\) This term is defined in Article 2 of the Orders.
queries specific to the CFD capacity of a generating station, please contact the LCCC\textsuperscript{19}. Operators should note the different requirements with regard to measuring input electricity between the RO and CFD schemes, and that output from the CFD scheme will be adjusted for losses.

**Offshore wind generating stations**

*RO-CFD phased projects*

3.10. RO-accredited offshore wind generating stations that add phases under CFD to become an RO-CFD phased project are subject to CFD phasing rules. Contact the LCCC for further information\textsuperscript{20}. RO and CFD phases will need to be on entirely separate strings of turbines, with no connection that allows electricity generated by RO-registered strings to be exported on a CFD string or vice versa.

3.11. Operators undergoing phasing that wish to undertake this option should inform Ofgem on or before 31 March 2017. Operators of RO-accredited offshore wind generating stations should be aware that if they apply for a CFD for any unregistered turbines this means they cannot register any further turbines under the RO. This is because the operator has made their ‘choice of scheme’.

*RO-accredited offshore wind generating stations registering turbines under the RO after 31 March 2017*

3.12. RO-accredited offshore wind generating stations that register turbines under the RO after 31 March 2017 should be aware that support will not extend beyond 31 March 2037. This means that any turbines registered after 31 March 2017 will receive less than the 20 years of support under the RO. For further information on the grace periods available refer to chapter 4 of this document. For further information on registering offshore wind turbines under the RO please refer to pages 41-43 of the RO: Guidance for Generators\textsuperscript{21}.

**DSFs wishing to claim LECs and REGOs on their RO and CFD capacity**

3.13. Operators of generating stations that wish to apply for accreditation under the RO, Climate Change Levy (CCL) and/or REGO schemes submit one accreditation application to Ofgem that covers all the relevant schemes. The information required to calculate the correct certificate issue under each of the schemes is also provided

\textsuperscript{19} Details are provided in 1.18.
\textsuperscript{20} Details are provided in 1.18. Information on the CFD metering policy for phased projects is available at: [https://www.gov.uk/government/publications/electricity-market-reform-contracts-for-difference](https://www.gov.uk/government/publications/electricity-market-reform-contracts-for-difference)
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by the generator in their output data submission each month via the Register. For DSFs there is a different approach and operators should contact Ofgem to discuss the process which is explained below.

3.14. To ensure that a DSF that wishes to claim LECs and REGO on its RO and CFD capacity gains the correct level of support from each scheme the following steps will be undertaken:

1. Ofgem will remove the CCL and REGO accreditation from the existing application on the Register so that only the RO accreditation remains. This will be effective from the date that the CFD capacity is scheduled to begin generating.

2. The operator of the DSF will be asked to make a new application for CCL and REGO for the entire capacity (ie the RO and CFD capacity) of the generating station before the CFD capacity begins generating. The same generating station name should be used with 'CCL', or 'REGO', or 'CCL REGO' added to the end of the name so that the applications can be distinguished from each other. Ofgem will make this new application effective from the date that the CFD capacity is scheduled to begin generating.

3.15. This means that DSFs will have two applications on the Register. One will cover the RO accreditation and the other will cover the CCL and/or REGO accreditations. This will ensure the correct number of ROCs are issued against the RO capacity, and that LECs and REGO can be claimed for the entire generating capacity (both RO and CFD). Please refer to the CCL and REGO guidance for information on these schemes.

Fuel measurement and sampling (FMS), and sustainability reporting

3.16. There are no changes to the RO concerning the fuel data provisions for the RO capacity at a DSF. However, FMS procedures may need to be revisited and agreed. Fuel use in the RO capacity should be separate and distinct from fuel use in the CFD capacity. For more information on CFD fuel data please contact the LCCC.

3.17. Fuelled stations accredited under the RO must agree FMS procedures with Ofgem, and report against the RO sustainability criteria. DSFs will continue to do this directly with Ofgem for the RO capacity, as will generating stations supported under

23 https://www.ofgem.gov.uk/environmental-programmes/renewable-energy-guarantees-origin-rego
24 Contact details are provided in 1.18.
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CCL/REGO. We are in discussions with the LCCC and DECC on what assistance we can provide with regard to administering FMS and sustainability reporting for DSFs and CFD-only stations. We will keep stakeholders informed of our progress.

**Conditions of accreditation**

3.18. Under the RO, generating stations are subject to a number of conditions of accreditation. For DSFs, we will attach an additional condition of accreditation that DSFs must tell Ofgem about changes made to the CFD capacity at the generating station, as well as the RO capacity. This is to make sure reporting is accurate.
4. Grace periods

Explains the grace periods that are available for generating stations in specific circumstances, which would allow them to apply for accreditation under the RO after it closes to new capacity on 31 March 2017.

4.1. There are several grace periods available to generating stations in specific circumstances. If a generating station is eligible for a grace period, the operator of the generating station will have the opportunity to apply to the RO and the ROS after the closure date. The grace periods are:

a. ‘Radar or grid connection delay’ grace period: a 12-month grace period to address radar and grid connection delays, where the project was scheduled to commission on or prior to 31 March 2017.
b. ‘Signed investment contracts’ grace period: a 12-month grace period for projects which have signed investment contracts, should these contracts fall away or be terminated under certain specific circumstances.
c. ‘Dedicated biomass cap’ grace period: 18-month grace period for projects allocated a place within the 400MW dedicated biomass cap.
d. ‘Enabling financial decisions’ grace period: a 12 or 18-month (dependent on technology) grace period for projects that can demonstrate evidence of substantial financial decisions and investments made before the Relevant Date\(^\text{25}\), where the project is scheduled to commission on or prior to 31 March 2017.
e. ‘Scottish offshore wind’ grace period: 18 month grace period for generating stations using test and demonstration wind turbines or floating wind turbines.

Grace periods (a), (b) and (c)

4.2. For grace period (a), operators should apply after the delay has occurred, ie after 31 March 2017 but on or before 31 March 2018, alongside their application for RO accreditation. In applying for accreditation via the Register, operators will be asked which grace period they want to apply for. They will also be asked to provide specific pieces of evidence to support their application, as listed in Table 1 on page 20.

4.3. For grace periods (b) and (c) operators will need evidence from DECC to confirm they are eligible. In applying for RO accreditation via the Register after the 31 March 2017, but on or before 31 March 2018 for grace period (b) and on or before 30 September 2018 for grace period (c), operators will be asked which grace

\(^{25}\) The Relevant Date is 9 November 2014.
period they wish to apply for. They will be requested to provide the relevant evidence from DECC in support of their application, as listed in Table 1.

**Table 1 – Evidence requirements for grace periods (a), (b) and (c)**

<table>
<thead>
<tr>
<th>Grace period</th>
<th>Evidence</th>
</tr>
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| (a) Grid connection or radar delay | **Grid connection**  
1. Evidence of an agreement with a network operator to carry out grid works for the generating station.  
2. Documentation written by, or on behalf of, the network operator which estimated or set a date for completion of the grid works which was no later than 31 March 2017.  
3. A letter from the network operator confirming that—  
   (i) the grid works were completed after the planned grid works date, and  
   (ii) in the network operator’s opinion, the failure to complete the grid works on or before the planned grid works completion date was not due to a breach by a generating station developer of any agreement with the network operator.  
4. A declaration by the operator of the generating station that, to the best of their knowledge and belief, the station would have been commissioned on or before 31 March 2017 if the grid works had been completed on or before the planned grid works completion date.  

**Radar delay**  
1. Evidence of an agreement between a generating station developer and a person who is not a generating station developer for carrying out radar works.  
2. A copy of a document written by, or on behalf of, a party to the radar works agreement (other than a generating station developer) which estimated or set a date for completion of the relevant radar works no later than 31 March 2017.  
3. A letter from a party to the radar works agreement (other than a generating station developer) confirming, whether or not such confirmation is subject to any conditions or other terms, that—  
   (i) the radar works were completed after the planned radar works completion date, and  
   (ii) in that party’s opinion, the failure to complete the radar works on or before the planned radar works completion date;
4. A declaration by the operator of the generating station that, to the best of their knowledge and belief, the station would have been commissioned on or before 31 March 2017 if the radar works had been completed on or before the planned radar works completion date.

(b) Investment contract terminated or falls away (Article 7 of the RO Closure Order)

1. A letter from the Secretary of State confirming that—
   (i) an investment contract was made for the generation of electricity by the generating station, and
   (ii) the investment contract has been terminated or stopped having effect because it has been terminated for a permitted reason.

(c) Projects allocated in the 400MW biomass capacity cap (Article 8 of the RO Closure Order)

1. A copy of a letter from the Secretary of State, where the letter—
   (i) is dated no later than 31 March 2017, and
   (ii) states that the generating station has been allocated a place under the dedicated biomass cap; and
2. If the generating station has not been certified under Combined Heat and Power Quality Assurance (CHPQA)\(^{26}\) at any time before it was commissioned\(^{27}\), a declaration by the operator of the station that, to the best of their knowledge and belief, the station’s place under the dedicated biomass cap has not lapsed or been revoked or withdrawn by the Secretary of State.

4.4. All evidence in support of a grace period application must be received by Ofgem before the decision to accredit the generating station can be made. If we have queries relating to the evidence that has been submitted we will contact the applicant. The grace period will only be awarded where we are satisfied that all statutory requirements have been met.

4.5. In addition to providing the evidence in Table 1 for the relevant grace period the capacity to which the application applies must have been commissioned or, for additional capacity, must have first formed part of the station between 1 April 2017 and 31 March 2018 for grace periods (a) and (b) and between 1 April 2017 and 30 September 2018 for grace period (c). All other RO eligibility criteria must also be met.

\(^{26}\) Either Issue 3 or Issue 5.
\(^{27}\) A valid certificate at commissioning will be required when we are reviewing the station’s eligibility.
Renewables Obligation (RO): Guidance on the transition period and closure of the RO

in order to gain accreditation. The decision on an applicant’s grace period eligibility will be taken at the same time as a decision on the application for accreditation is made. Please refer to the RO: Guidance for Generators for information on how to apply for RO accreditation.

**Grace periods (d) and (e)**

4.6. A separate guidance document on the ‘enabling financial decisions’ grace period was published on 15 September 2014. This grace period is available for operators of generating stations in England, Wales and Scotland using offshore wind, advanced conversion technologies (ACT) and dedicated biomass with CHP that meet the eligibility criteria. The application period for this grace period opened on 9 September 2014 and closes on 9 November 2014.

4.7. For the ‘Scottish offshore wind’ grace period applicants should apply via the Register by selecting the appropriate technology on or before 30 September 2018. To be eligible the grace period criteria must be met, including that the generating station has an accreditation date on or before 30 September 2018 and all turbines have been registered with Ofgem on or before this date. Further guidance on the eligibility criteria for this grace period is provided in the RO: Guidance for Generators, see pages 21-22.

**Additional grace periods for solar PV generating stations**

4.8. On 2 October 2014 DECC confirmed that the RO would close early to solar PV generating stations >5MW on 1 April 2015 and that a grace period would be introduced for affected stations that had made significant financial commitments on or before 13 May. We will issue further guidance on how to apply for this grace period once DECC has laid the associated legislation.

4.9. In addition, DECC published a consultation on 2 October 2014 proposing the introduction of a further grace period for projects affected by the early closure of the RO to solar PV projects >5MW due to grid connection delays. We will publish further guidance as necessary once DECC has made its decisions.

 Appendices

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Appendix 1 - Ofgem's functions

The RO and ROS Orders detail what Ofgem does to administer the RO schemes in England and Wales and in Scotland. A number of these functions are carried out via our IT system - the Renewables and CHP Register (the Register) and include:

- accrediting generating stations as being capable of generating electricity from eligible renewable energy sources
- issuing ROCs and Scottish Renewable 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
- annually calculating the buy-out price in line with RPI
- receiving buy-out payments and redistributing the buy-out fund
- receiving late payments and redistributing the late payment fund
- recovering the administration costs of the RO from the buy-out fund
- publishing an annual report on the operation of and compliance with the Orders

We carry out these functions as efficiently and effectively as possible, according to the provisions of the Orders. We cannot act beyond the scope of the powers laid down in the Orders. For example, we do not operate or regulate the ROC market itself. Only the Secretary of State and Scottish Ministers can amend the RO and ROS legislation respectively.
Appendix 2 – CFD transfer notice
(example template)

Renewables Obligation: Contracts for Difference (CFD) transfer notice

A CFD transfer notice, as set out under Article 21B of the RO Amendment Order 2014, must be submitted to Ofgem in order to convert a unit or the entire generating station to biomass under CFD. Set out below is an example CFD transfer notice that can be printed, completed, signed by an ‘appropriate individual’ and sent to Ofgem.

CFD transfer notice (example)

a) Name of the combustion unit, or generating station, that is to be converted:

b) The conversion date, ie the date from which the operator of the generating station intends to start using that combustion unit, or generating station, to generate electricity only from biomass:

c) The date on which the CFD or investment contract was entered into for each combustion unit:

I confirm that I am the operator of the generating station that this notice relates to.

Signed……………………………………………………… Job title………………………………………………………

Full name………………………………………… Company…………………………………………………………

Please note that the term ‘CFD transfer notice’ has the same meaning as in Article 21B of the RO Amendment Order 2014. You should read the relevant legislation and take your own independent advice to ensure that the combustion unit, or generating station, which this notice relates to qualifies before submitting to Ofgem at: renewables@ofgem.gov.uk.
Appendix 3 - Glossary

| A | Advanced conversion technology |
|---|---------------------------------
| C | Climate Change Levy |
| CFD | Contract for Difference |
| CHP | Combined Heat and Power |
| CHPQA | Combined Heat and Power Quality Assurance |
| D | Department of Energy and Climate Change |
| DETI | Department for Enterprise, Trade & Investment Northern Ireland |
| DSF | Dual scheme facility |
| F | Fuel measurement and sampling |
| L | Levy Exemption Certificate |
| LCCC | Low Carbon Contracts Company |
| N | Northern Ireland Renewables Obligation |
| O | Office of the Gas and Electricity Markets |
| P | Photovoltaic |
**Renewables Obligation (RO): Guidance on the transition period and closure of the RO**

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