

Renewables Obligation (RO)

www.ofgem.gov.uk/ro

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Dear Stakeholder,

CONSULTATION ON OFGEM E-SERVE'S DRAFT GUIDANCE ON THE GREENHOUSE GAS (GHG) ANNUAL AVERAGING MECHANISM

We are writing to inform you that our draft guidance on the GHG annual averaging mechanism has been published today for a three week consultation period. The draft guidance is provided in annex 1.

We are inviting stakeholders to provide feedback on the draft guidance. The closing date for responding to the consultation is 11 November 2015.

The draft guidance explains our proposed administration of the GHG annual averaging mechanism, based on DECC's consolidation of the Renewables Obligation Orders (ROO), which introduces changes to biomass sustainability and reporting criteria. These changes will take effect once the ROO 2015 comes into force, expected to be 1 December 2015.

The Scottish Government and the Department for Enterprise, Trade and Investment Northern Ireland (DETI) will be producing amendment Orders which are also expected to come into force on 1 December 2015.

We intend to publish the final version of this within our 'RO: Sustainability Criteria' guidance document. There are a number of other more minor updates required in this and other RO guidance documents in light of the ROO 2015. These will be published as final versions in December 2015.

This guidance has been drafted as if the RO Order 2015 is already in force. If any changes are made to the legislation before it comes into force, we will amend the guidance as appropriate.

How to respond

The purpose of this consultation is to gain your feedback on the guidance set out on the GHG annual averaging mechanism. In responding to this consultation please answer the following questions:

- Question 1: Are there any aspects of this guidance that could be made clearer or improved? If so, please provide specific comments including section references.

- Question 2: Are there any omissions in this guidance? If so, please provide comments.

Responses should be sent to either:

REDevelopment@ofgem.gov.uk , or

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Please be aware that this is not a consultation on the policy underpinning the RO, but on the clarity of this guidance document. Queries relating to the policy should be directed to DECC. Contact details can be found at: www.decc.gsi.gov.uk.

If you want your response to be kept confidential, please clearly mark the document/s as confidential and include your reasons for requesting this. (However, this may be subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004).

Next steps

Once we have considered the responses to this consultation, we will publish this in the RO: Sustainability Criteria Guidance document shortly after the ROO 2015 has come into force.

Until the ROO 2015 comes into force, stakeholders should refer to the current legislation and guidance.

If you have any comments or concerns relating to how this consultation has been conducted please refer to annex 2 for details.

Yours sincerely,

Renewable Electricity Development Team

Annex 1

Draft guidance

Renewables Obligation: GHG annual averaging mechanism

Greenhouse gas (GHG) annual averaging mechanism

1.1 The GHG annual averaging mechanism allows stations to meet the GHG criteria based on an annual average rather than an individual consignment basis for solid biomass and biogas. This means that the GHG criteria is met if the GHG emissions from its use are less than or equal to the relevant ceiling and that in an obligation year, the average GHG emissions are less than or equal to the relevant target.

1.2 Before 1 April 2020 this applies to the biomass used to generate electricity by a post-2013 dedicated biomass station only. On or after the 1 April 2020 this GHG annual averaging mechanism is open to all stations using relevant biomass.

1.3 The relevant target and the relevant ceiling thresholds change depending on the year they apply to. The targets and ceiling values, along with the definition of these terms, are in table 1.

Table 1: GHG targets and ceiling values for solid and gas biomass

	Relevant Target	Relevant Ceiling
Definition	is the threshold for which the average GHG emissions of all the relevant biomass used in an obligation year should meet	is the maximum threshold for which relevant biomass can be issued ROCs
Post-2013 dedicated biomass stations before 1 April 2020	66.7 gCO _{2eq} /MJ electricity	79.2 gCO _{2eq} /MJ electricity
All solid biomass and biogas stations from 1 April 2020 to 31 March 2025	55.6 gCO _{2eq} /MJ electricity	75 gCO _{2eq} /MJ electricity
All solid biomass and biogas stations from 1 April 2025	50 gCO _{2eq} /MJ electricity	72.2 gCO _{2eq} /MJ electricity

1.4 Renewable Obligation Certificates (ROCs) are issued on a monthly basis, and will be issued to electricity generated from those consignments that meet or are below the relevant GHG target that month. If any consignment of relevant biomass exceeds the relevant GHG ceiling value, no ROCs will be issued on the electricity generated from that consignment of biomass. For any consignment that is above the relevant target, but below the relevant ceiling value, the ROCs will be 'held' until the end of the obligation period pending the calculation of the annual GHG average.

1.5 At the end of the obligation period, the annual average GHG emissions from all of the consignments of solid and gaseous biomass will be calculated. If the annual average GHG emissions meet or is below the target then the 'held' ROCs will be issued. If the annual average GHG emissions of all the consignments of biomass used is above the target, then the 'held' ROCs will not be issued, as those consignments of biomass would not meet the GHG criteria. This does not impact those individual consignments where ROCs have already been issued in a given month as these have independently met the GHG criteria.

1.6 The annual average GHG emissions figure will be calculated by Ofgem following the deadline for the final data submission for the obligation period (31 May) based on the GHG emission figures provided monthly by the operator in their ROC claims on the Register. It is therefore important for the operator to ensure that data is reported accurately and on time.

1.7 Once calculated, we will share this with the operator and request that they provide a signed confirmation that they agree with the calculation and that there are no further emissions that need to be accounted for in this calculation.

1.8 Upon receipt of this confirmation, where the annual average GHG emissions calculated meet or is below the threshold then the 'held' ROCs will be issued. Any delay in receiving the confirmation from the operator or where it is confirmed that the calculation does not include all biomass will likely result in a delay to the issue of the 'held' ROCs.

1.9 The annual average GHG emissions will be calculated based on a weighted average of the GHG emission figures reported. Please see below for an example of this calculation for a post-2013 dedicated biomass station for the 2016/17 period:

A	B	C	D	E	F	G	H
Month	Fuel	Quantity (T)	GCV (GJ/T)	Heat contribution value	Heat contribution %	GHG emission figures (gCO _{2eq} /MJ electricity)	Weighted contribution
April	Woodchip	1324.72	15.3	20268.216	0.0508	60.5	3.0749686
May	Woodchip	3282.71	12.78	41953.0338	0.1052	77.3	8.1322863
June	Woodchip	1342.08	14.55	19527.264	0.0490	50.12	2.4542695
July	Woodchip	5643	20.2	113988.6	0.2858	45.89	13.117446
August	Woodchip	2382.16	10.965	26120.3844	0.0655	79	5.174596
September	Woodchip	4463	11.0612	49366.1356	0.1238	60.55	7.4957151
October	Woodchip	644	11.0612	7123.4128	0.0179	34.6	0.6180648
November	Woodchip	1876	12.4	23262.4	0.0583	66.2	3.8617335
December	Woodchip	3211	13.2	42385.2	0.1063	66	7.0150047
January	Woodchip	3457	11.45	39582.65	0.0993	81	8.0400672
February	Woodchip	700	13.3	9310	0.0233	59.4	1.3867747
March	Woodchip	601	9.8	5889.8	0.0148	66.5	0.982182
			Total	398777.097		GHG Annual Average	61.35311

This was calculated by:

A	B	C	D	E	F	G	H
Month	Fuel	Quantity (T)	GCV (GJ/T)	Heat contribution value	Heat contribution %	GHG emission figure (gCO _{2eq} /MJ electricity)	weighted contribution
Month	fuel name	value	value	= C1 * D1	E1/(Sum of E1:E12)	value	= G1 * F1
Month	fuel name	value	value	= C2 * D2	E2/(Sum of E1:E12)	value	= G2 * F2
...
Month	fuel name	value	value	= C12 * D12	E12/(Sum of E1:E12)	value	= G12 * F12
			Total	= sum of E1 :E12		Total	= Sum of H1:H12

1.10 In the example above the annual average GHG emission is below the relevant target (66.7 gCO_{2eq}/MJ electricity), and therefore the ROCs that were 'held' for the months of May and August would be issued, as they were above the relevant target but below the relevant ceiling. The ROCs from January would not be issued as this was above the relevant ceiling.

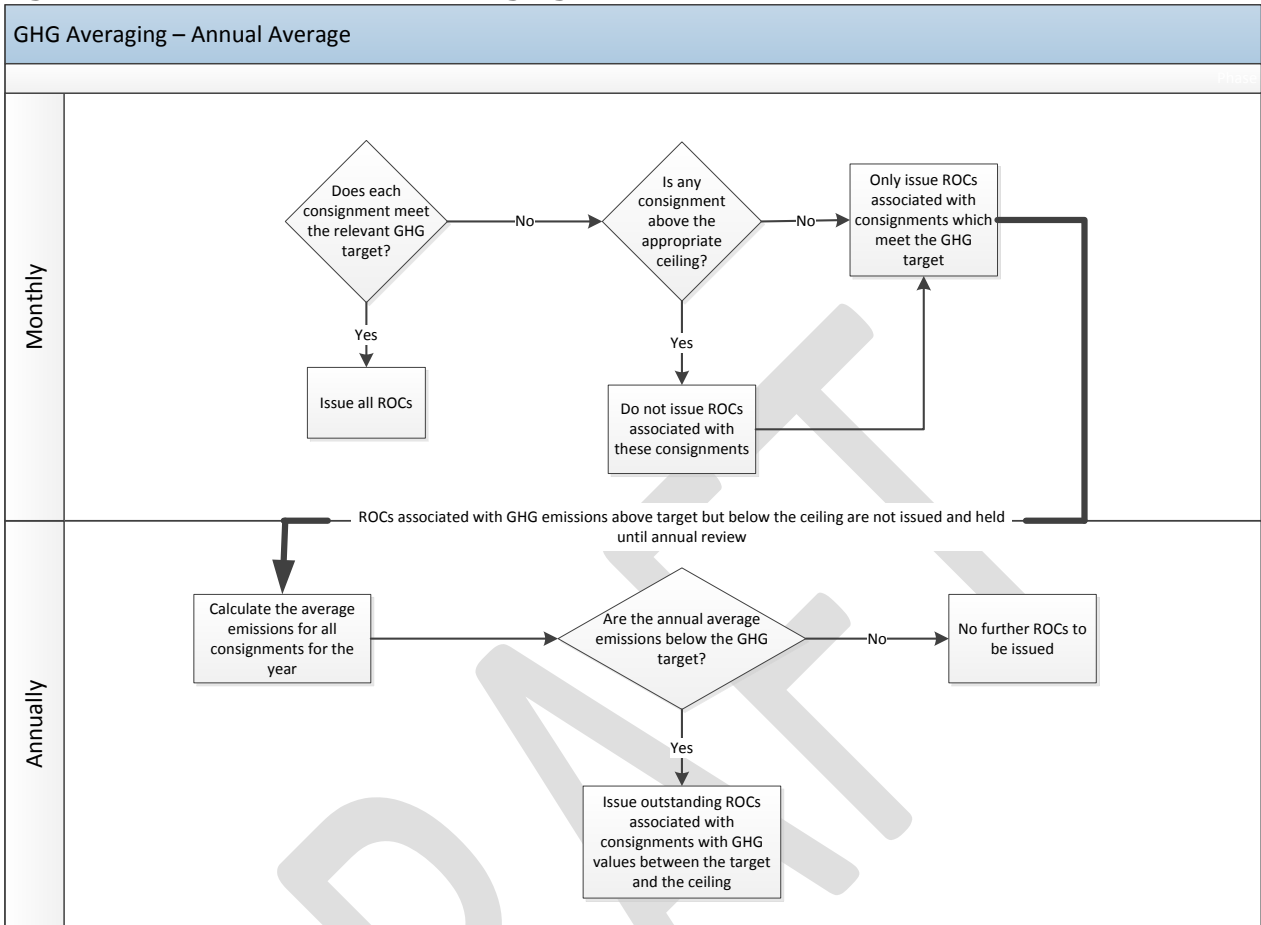
1.11 The annual average GHG emission calculation will include all the biomass used by the station which results in generation of electricity, even where ROCs are not issued. This includes biomass that has exceeded the ceiling value.

1.12 In the circumstance where the GHG emission figure for a consignment is not known, the default value of 91g/CO₂ eq/MJ of electricity will be used¹.

1.13 Figure 1 provides an overview of this process.

¹ This is in line with the fossil fuel comparator for electricity production given in the RED.

Figure 1 – overview of GHG averaging mechanism



Annex 2 – Consultation process

We are keen to consider any comments or complaints about how this consultation has been conducted and to gain your views on the following:

Question 1: Do you have any comments about the process adopted for this consultation?

Question 2: Please add any further comments.

Please send your comments to:

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