

Ofgem response to comments on our draft guidance “Renewables Obligation: Guidance for Suppliers”

On 11 September 2017, Ofgem published a draft of the ‘Renewables Obligation: Guidance for Suppliers’ for an eight week comment period. The document was updated to reflect the changes to the Renewables Obligation (RO) scheme arising from the Renewables Obligation (Amendment) (Energy Intensive Industries) Order 2017, including:

- how each supplier’s obligation level is set,
- what data suppliers must submit to Ofgem to enable their obligation level to be determined, and
- how suppliers’ data submissions are verified.

The comment period closed on 6 November 2017. We have reviewed all responses and, where appropriate, updated the guidance document. The final version of the document was published on 28 March 2018.

The comment period

We would like to thank all stakeholders who responded during the comment period. We have used your responses to make changes to the draft guidance. We have also made any amendments arising from the final legislation as made, as well as any housekeeping and formatting changes. Table 1 lists the changes we’ve made and explains why we made them. We received a number of queries which we felt did not require changes to the guidance but which we have responded to in Table 2.

Table 1 - Changes to the draft guidance

Section of the final guidance document	What has changed?
Throughout document	Updated text to reflect that the guidance is final, not draft.
Throughout document	Minor typing errors corrected. This does not affect the content or meaning of the document.
Throughout document	Omitted ‘Draft’ from all references of the Renewables Obligation (Amendment) (Energy Intensive Industries) Order 2017, to make clear that this legislation has now come into force.
Throughout document	Updated to reflect that Scottish Ministers and DfE, as well as the Secretary of State for Business, Energy and Industrial Strategy, set the Renewables Obligation level.
Throughout document	Changed all references to Utility Regulator Northern Ireland or UREGNI to Northern Ireland Authority for Utility Regulation or NIAUR.
Throughout document	Slightly refined the definition of the obligation the RO places on suppliers. This does not affect the content or meaning of the document.
Executive Summary	Amended to state that the legislation for England and Wales, and Scotland, came into force in December 2017.
Paragraph 1.7	Referenced the Electricity Supplier Obligations (Amendment and

28 03 2018

	Excluded Electricity) Regulations 2015 as the legislation that defines "EII excluded electricity".
Paragraph 1.7	Amended to make clear that the 2018-19 obligation level has now been revised, while the 2017-18 obligation level will not be amended.
Footnote 2	Inserted the link to the revised 2018-19 obligation level.
Footnote 6	Amended to give the link to the 2018-19 obligation calculation.
Table 1	Added a line to reflect the publication of the 2018-19 buy-out price and Obligations.
Paragraph 2.2	Deleted the section on the revised obligation for 2017-18, as there will no longer be a double obligation.
Paragraph 2.3	Amended the exemption implementation date from 1 January 2018 to 1 April 2018.
Footnote 7	Amended to include the relevant articles of the ROO 2015 and ROS 2009.
Footnote 8	Updated the link to BEIS' guidance for EIIs.
Paragraph 2.7	Provided further clarity on how the level of the exemption is calculated.
Footnote 9	Amended to include the relevant articles of the ROO 2015 and ROS 2009.
Paragraphs 2.9-2.10	Amended to clarify that the amount of electricity supplied to EIIs volumes are for information only.
Footnote 10	Clarified that there the exemption will not be introduced in Northern Ireland at this stage.
Paragraphs 2.12	Amended from December 2017 to March 2018.
Footnote 15	Amended to insert the link to the 2016-17 obligation.
Table 3	Added a line to reflect the publication of the 2018-19 buy-out price.
Paragraphs 4.24-4.25	Provided information on the Ofgem Supplier Performance Report.
Footnote 23	Inserted a link to the Supplier Performance Report.
Paragraph 6.10	Added a paragraph to clarify the circumstances where we will withhold buy-out payments.
Table 5	Added a line to reflect the publication of the 2018-19 mutualisation ceilings.
Appendix 1	Included all RO closure legislation.
Appendix 5, paragraphs 5.12-5.14	Provided further detail and clarity on the dataflow to be used for SMRS registered meters, and how suppliers should communicate with EMRS.
Footnote 44	Added a link to Exelon's FAQ on HHDA metering, for further information on the EII dataflows.
Appendix 5, paragraphs 5.16-5.17	Added reference to EMRS, to clarify that the run-types are the same for EMRS data as they are for Exelon data.
Appendix 5, 5.19	Added reference to EMRS.
Appendix 6	Added abbreviated terms CMRS, HHDA, NIAUR and SMRS to the Glossary.

Table 2 - Our response to queries and suggestions from the consultation

28 03 2018

1. How does the update to the Consumption Component Classes relate to the RO legislative changes?

The update to the Consumption Component Classes does not relate to RO legislative changes, but Elexon have updated them since the document was last published. Therefore, these changes have been reflected in the guidance.

2. The guidance makes no mention of the fact that, in the event of CP16 having a double obligation, suppliers will be required to provide separate volume submissions for each sub-period. This will require changes to be made to the Renewables and CHP Register. It would be helpful for this to be made explicit in the guidance.

The exemption will be implemented from 1 April 2018, the start of the 2018-19 RO compliance period. This means that there will be no "double obligation" for either the 2017-18 or 2018-19 obligation periods.

3. The guidance does not take note of the fact that EII certificates issued after the start of the relevant compliance period will not apply for the whole period. Furthermore the guidance does not specify what would happen in the event that customers do not provide the EII certificates to their suppliers, or provide them after 1 June/July. Please can you confirm that, in the event that an EII failed to provide their certificates, suppliers will not be in breach of their requirement to provide the "total relevant electricity supplied", as defined in the Renewables Obligation (Amendment) (Energy Intensive Industries) Order 2017?

In such circumstances, the supplier would not be in breach of their requirement to provide the 'total relevant electricity supplied'. It is the responsibility of the Energy Intensive Industry to notify its supplier that it possesses a certificate. BEIS issue EII certificates, so any issues regarding certificates should be addressed to them.

4. Will EMRS data be suitable for the purposes of cross-checking the RO submissions, as one set of data (CfD/EMRS) would be in the form of net demand volumes, while the other set of data (RO) would be in the form of actual metered volumes? A valid way of verifying the submissions is important, due to a higher potential for errors introduced by the exemption.

The CfD scheme does require supply volumes to be reported using net demand data to determine obligation levels, while RO Obligations are set using supply volumes which are reported for the actual metered volumes. However, EII excluded electricity is defined in the Electricity Supplier Obligations (Amendment & Excluded Electricity) Regulations 2015 (as amended), and the Renewables Obligation (Amendment) (Energy Intensive Industries) Order 2017 refers to this definition. Therefore, the EII excluded electricity is the same under both schemes, and EMRS data will be used to validate EII excluded electricity volumes under both schemes. We have updated the guidance document so that it is drafted to reflect the legislation as it is written.

BEIS are responsible for the RO scheme policy and questions regarding the policy intent are best directed to them.