



Renewables Obligation: Guidance for suppliers

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Overview:

This document contains guidance on the Renewables Obligation (RO) for all UK suppliers. It explains what suppliers need to do to comply with the RO from (and including) the 2015-16 obligation period. This is a working document and may be updated from time-to-time. It is not a definitive legal guide to the RO. This document is an updated version of the guidance we published in May 2014.

Context

The Renewables Obligation (RO) is currently the main mechanism for supporting large scale renewable electricity projects in the UK. The scheme came into effect in England, Wales and Scotland in 2002 and in Northern Ireland in 2005. It is governed by three separate RO Orders to reflect the responsibilities of the devolved administrations. Generally there is consistency between the obligations as there is a UK-wide market for Renewables Obligation Certificates (ROCs).

The RO places an obligation on suppliers in the UK to source a proportion of their supply to customers from eligible renewable sources. The obligation is set annually by the UK and devolved governments. It is based on a prediction of the amount of electricity that will be supplied in the UK and the number of ROCs that Ofgem will issue to eligible renewable generators.

The RO schemes are administered by the Gas and Electricity Markets Authority ('the Authority') with its day-to-day functions performed by its office ('Ofgem'). The Department of Energy and Climate Change (DECC) is responsible for scheme policy.

Associated documents

Renewables Obligation Annual Report 2013-14:

<https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-ro-annual-report-2013-14>

Previous versions of the annual report are on the RO homepage:

<https://www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro>

The Renewables and CHP Register:

<https://www.renewablesandchp.ofgem.gov.uk/>

Renewables and CHP Register - User Guide:

<https://www.ofgem.gov.uk/publications-and-updates/renewables-and-chp-register-user-guide-april-2015>

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Executive Summary

This document provides guidance on the Renewables Obligation (RO) for all suppliers in the UK. The pieces of legislation that underpin the RO are known as the RO Orders (ROO). These include the Renewables Obligation Order 2015 (England and Wales), the Renewables Obligation (Scotland) Order 2009 (as amended) and the Renewables Obligation Order (Northern Ireland) 2009 (as amended). The term 'Amendment Orders' describes the amendments made to the RO Orders. There have been several amendments to each Order, the most recent of which were published in April 2014.

This document describes how Ofgem,¹ as scheme administrator, calculates each supplier's obligation and what suppliers must do to comply with their obligations. It also contains a step-by-step guide to the compliance process, how we set our budget for recovering our administration costs, and information on the buy-out price and mutualisation ceiling.

In 2015, DECC consulted on a consolidated version of the ROO which brought together the ROO 2009 with each of its subsequent amendment Orders to create one Order; the ROO 2015, which came into force on 1 December 2015. The Department of Enterprise, Trade and Investment (DETI) Northern Ireland and the Scottish Government did not consolidate, but produced amendment Orders which also came into force on 1 December 2015. We have updated this guidance document, where appropriate, according to these Orders.

This document cannot and does not anticipate every possible scenario. Where a scenario arises which is not addressed in these procedures, we will adopt an approach consistent with the relevant legislation. We will publish any separate guidance in addition to this document on our website.

¹ Ofgem is the office of the Gas and Electricity Markets Authority.

1. Introduction

1.1. The RO has been subject to various amendments over the years. The most significant was in April 2009 when banding was introduced. This saw different levels of support for generators based on their generation technology. Because of this, from the 2009-10 obligation period, the supplier obligation changed from a percentage of electricity supplied to a number of ROCs per MWh of electricity supplied.

1.2. The most recent changes to the RO scheme that affected supplier compliance were introduced by the RO (Amendment) Orders 2013. The two changes affecting the compliance requirements for suppliers were:

- Removing the cap on the number of co-fired ROCs suppliers could present from the 2013-14 obligation period onwards
- Introducing a cap for the presentation of ROCs derived from combustion of bioliquids, starting in 2013-14

1.3. There were further changes to the scheme in the 2014 Amendment Orders and the ROO 2015, but none of these had a direct impact on compliance by suppliers.

1.4. Suppliers can comply with the scheme by presenting sufficient ROCs to cover their obligations. Where suppliers do not have enough ROCs to meet their entire obligation, they must pay an equivalent amount into a buy-out fund to cover the shortfall. We then redistribute the buy-out fund to suppliers who presented ROCs, in proportion to the number of ROCs they presented. We also take our scheme administration costs from the buy-out fund.

Ofgem's responsibilities

1.5. The Renewables Obligation Orders² describe Ofgem's powers and functions for the RO. For compliance, those functions include (but are not limited to):

- Monitoring and administering compliance with the requirements of the Orders
- Calculating, annually, the buy-out price and mutualisation ceiling to reflect changes in the Retail Prices Index (RPI)
- Receiving and redistributing buy-out and late payments

1.6. By virtue of section 121 of the Energy Act 2004, the Authority³ and the Utility Regulator Northern Ireland (UREGNI) can enter into an arrangement for the

² The Renewables Obligation Order 2015 (ROO), Renewables Obligation (Scotland) Order 2009 (as amended) (ROS) and Renewables Obligation Order (Northern Ireland) 2009 (as amended) (NIRO). See Appendix 1 for a full list of recent RO legislation.

Authority to act on behalf of UREGNI in respect of the NIRO. We (Ofgem⁴) do this via an Agency Services Agreement (ASA) with UREGNI. Under this agreement we carry out the functions listed in 1.5 for the NIRO on behalf of UREGNI. However, UREGNI retains the *statutory responsibility* for administering the NIRO.

1.7. This is a guidance document only. At all times, the onus is on the supplier to ensure that it is aware of the requirements of the Orders. This document is not intended to provide comprehensive legal advice on how to interpret RO legislation.

1.8. Unless apparent from the context, where we use 'RO' this means the RO (England and Wales), RO Scotland (ROS) and Northern Ireland RO (NIRO) collectively. Where we use 'ROC', this means ROCs, SROCs and NIROCs. We use 'Ofgem', 'us', 'our' and 'we' interchangeably when referring to our powers and functions under the RO.

1.9. For any enquiries, email us at rocompliance@ofgem.gov.uk.

³ The Gas and Electricity Markets Authority.

⁴ Ofgem administers the Renewables Obligation scheme on behalf of the Authority.

2. Calculating the Renewables Obligation

Chapter Summary

Obligation periods run from 1 April to 31 March every year. Each supplier's obligation is based on its total supply of electricity to customers in England and Wales, Scotland and Northern Ireland during the obligation period. This chapter explains how we calculate each supplier's obligation.

Calculating each supplier's obligation

2.1. A supplier's obligation is based on the amount of electricity it has supplied to customers in England and Wales, Scotland and Northern Ireland during the preceding obligation period. Table 1 shows the obligation level and buy-out price in recent years.

Table 1

Obligation period (1st April - 31st March)	Buy-out price	Obligation for England and 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
2015-2016	£44.33	0.290	0.119

2.2. The obligation levels are set by DECC. It publishes these on its website by 1 October each year⁵ for the following obligation period.

2.3. A supplier's obligation is set using the formula below:

$$\text{Supplier obligation (ROCs)} = \text{total electricity supplied (MWh)} \times \text{obligation level (ROCs/MWh)}$$

For example a supply of 1000 MWh at an obligation level of 0.290 ROCs/MWh gives an obligation of 290 ROCs.

⁵ Eg the 2014-15 calculation <https://www.gov.uk/government/publications/renewables-obligation-level-calculations-2013-to-2014--2>

2.4. We will round a supplier's obligation to the nearest whole ROC, with any half ROC rounded upwards.

2.5. A supplier's supply volume under the RO includes:

- Supply to customers connected directly to a licensed distribution network
- Supply to customers connected to a licence-exempt distribution network
- Supply to customers connected directly to the transmission system.

Our recommended methodology for calculating and reporting supply volumes is in **Appendix 5**.

Supply to customers connected directly to the transmission system

2.6. Exceptions to the relevant Commencement Order⁶ no longer apply on or after 1 April 2010, with regard to supply to transmission-connected customers.

⁶ Article 3(2) of the Energy Act 2004 (Commencement No. 6) Order 2005 (SI 2965)

3. Submission of supply volumes

Chapter Summary

Suppliers must provide supply volumes to us each year for the preceding obligation period. This chapter explains the information required, how to provide it and the deadlines involved.

Information required

3.1. We will contact every supplier each year in April or May to remind them of what they need to provide to comply with their obligations and by when.

3.2. Suppliers should set up an account on the Renewables and CHP Register⁷ (the Register) to submit compliance information. There is guidance on setting up a supplier account in the Register User Guide on our website.⁸ We expect each holder of a supplier account to comply with the guidelines in the user guide.

3.3. Appendix 3 includes a one-page RO compliance process map. This shows the key dates, steps and information required for RO compliance. We recommend that all suppliers refer to this for quick reference.

Providing estimated supply figures to Ofgem by 1 June

3.4. The RO, ROS and NIRO require each supplier to give us estimates of its total supply of electricity during the preceding obligation period on or before 1 June. Each supplier must provide separate information on electricity supplied to customers in England and Wales, Scotland and Northern Ireland.

3.5. In calculating the estimated supply data for the 1 June submission, electricity suppliers should refer to our recommended methodology in Appendix 5.

3.6. For suppliers in Great Britain, Ofgem will obtain reports from Elexon that record each licensee's supply volumes during the preceding obligation period. These figures will correspond to the supplier's estimated supply volume following the methodology described in Appendix 5 (5.2 – 5.13). The licensee concerned will receive an extract of this report from us around mid-May, or as soon as possible after we have received these reports from Elexon. You should use the information to validate your own supply figures and investigate any variances from Elexon's figures.

⁷ <https://www.renewablesandchp.ofgem.gov.uk>

⁸ <https://www.ofgem.gov.uk/publications-and-updates/renewables-and-chp-register-user-guide-april-2015>

3.7. For suppliers in Northern Ireland, Ofgem will obtain reports from Northern Ireland Electricity Transmission & Distribution (NIE). These reports will again represent the supply according to the methodology detailed in Appendix 5 (5.23 – 5.31). We will follow the same process as for GB suppliers, as in 3.6.

3.8. The Elexon and NIE reports we provide to suppliers are purely indicative and are not guaranteed to be 100% accurate. The supplier still retains the statutory responsibility for ensuring the accuracy of the supply volume and its timely submission. Any variances between the figures in the Elexon/NIE reports and the supplier's submission should be clearly explained to us when you submit your estimated supply volumes.

3.9. The supplier should then submit its estimated supply volumes by email to rocompliance@ofgem.gov.uk. The submission should contain volumes supplied for each month of the obligation period.

Providing final supply figures to Ofgem by 1 July

3.10. Suppliers must provide us with final details of the amount of electricity they have supplied during the preceding obligation period on or before 1 July. Suppliers should again follow the methodology outlined in Appendix 5 for calculating their supply volumes for the 1 July submission.

3.11. For suppliers in Great Britain, Ofgem will obtain a second set of reports from Elexon. These will be used for the same purpose described in 3.6. However the figures included on this occasion will correspond to the supplier's final supply volumes. We will send an extract of these reports to licensees around mid-June for validating their supply figures for the 1 July submission.

3.12. For suppliers in Northern Ireland, we will also obtain and send a second set of reports from NIE, similarly to 3.7.

3.13. Every supplier should use its account on the Register to submit its final supply figures. Chapter 7 in the Register User Guide describes how to do this.

Changes to supply figures provided to Ofgem

3.14. Supply data submitted to the Register may be edited by the supplier up to and including 1 July. If you have discovered a problem with the supply figures that will result in you wanting to amend them after 1 July, you should contact us immediately (before 1 July) to discuss this.

Confirmation of supplier's obligation

3.15. We will email each supplier to confirm its obligations under the RO, ROS and NIRO after we have received the final supply figures and (if appropriate) we have resolved any queries about them.

3.16. After we have confirmed all suppliers' individual obligations we will publish the total UK obligation on our website.⁹

Licences granted and revoked during the obligation period

3.17. If a supplier's electricity supply licence was granted after 1 April in the relevant obligation period, supply figures should relate to the period from the date the licence was granted until the end of the obligation period (ie 31 March). For example if the licence was granted on 1 July, the supplier should submit supply figures for the period from 1 July to 31 March. The same principle applies for licences revoked during an obligation period.

Zero supply and licence not used

3.18. If you have not supplied any electricity during the obligation period, you should submit a zero supply declaration using your account on the Register. The steps required to do this are in Chapter 7 of the Register User Guide.

3.19. If you are no longer using your electricity supply licence and you want to revoke it, you should contact:

- In Great Britain - the Ofgem Licensing team at licensing@ofgem.gov.uk or in writing to the Ofgem London address, marked 'FAO Licensing team'
- In Northern Ireland - the UREGNI Licensing team at info@uregni.gov.uk or in writing to UREGNI, Queens House, 14 Queen Street, Belfast BT1 6ED.

⁹ Eg for 2014-15 here: <https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-total-obligation-201415>

4. Compliance with the RO

Chapter Summary

This chapter explains how suppliers can comply with their obligations once we have confirmed them.

Procedure for supplier compliance

4.1. Suppliers can comply with their obligations by presenting ROCs, making a buy-out payment or through a combination of both.

Presenting ROCs - the compliance report

4.2. If suppliers want to present ROCs towards their obligations, they must do this on or before 1 September following the obligation period.¹⁰ Suppliers can present ROCs by submitting a compliance report using the Register.

4.3. Suppliers should submit separate compliance reports for each obligation they have incurred (ie in England and Wales, Scotland and Northern Ireland). However, you may use ROCs we have issued under any of the Orders to meet any of your obligations. For example, you can use ROCs we have issued for generation in Northern Ireland towards an obligation in England and Wales.

4.4. Suppliers can meet up to 25% of a given obligation using ROCs from generation in the previous obligation period.¹¹ We refer to these as *banked ROCs*. For example, a supplier may meet up to 25% of its obligation in 2015-16 by presenting ROCs issued for 2014-15.

4.5. Suppliers can meet up to 4% of an obligation by presenting ROCs issued for electricity generated from bioliquids.¹² We refer to these as the *bioliquid cap* and *bioliquid ROCs*. However, there are a number of exceptions. Bioliquid ROCs from the following sources are exempt from the 4% cap:

- Energy from waste with combined heat and power (CHP)
- Advanced fuels (ie pyrolysis, gasification and anaerobic digestion)
- Microgenerators (below 50 kW)
- Qualifying CHP generating stations¹³ below 1 MWe

¹⁰ Article 7 of the ROO 2015, where 'specified day' is defined in Article 2.

¹¹ Article 14(2) of the ROO 2015.

¹² Article 14(3) of the ROO 2015, 13 of the NIRO 2009 (as amended), and Article 13 of the ROS 2009 (as amended).

¹³ 'Qualifying combined heat and power generating station' is defined in Article 2 of the 2015 Order

- Any generation that took place in GB before 1 April 2013
- Any generation that took place in NI before 1 May 2013

4.6. The Register will clearly identify which ROCs the 4% bioliquid cap applies to and which are exempt. The majority will have a generation type with suffix 'BL'; as shown in Table 2:

Table 2

Generation types	ROC generation type qualifier code ¹⁴
Co-firing of regular bioliquid	CQ
Co-firing of regular bioliquid with CHP	QC
Dedicated biomass – BL	DQ
Dedicated biomass with CHP – BL (excluding CHP generating stations below 1 MWe)	QD
Station conversion – BL	SQ
Station conversion with CHP - BL	QS
Unit conversion – BL	UQ
Unit conversion with CHP - BL	QU

4.7. The steps to submit your compliance report are in Chapter 7 of the Register User Guide. Contact us immediately if you have any problems submitting your compliance report. We also recommend you contact us for confirmation that we have received your compliance report after submission.

4.8. The supply figure you submitted previously will be used by the Register to calculate your obligation in ROCs and displayed onscreen (we will have already confirmed this by email). The limits on banked and bioliquid ROCs, as described in 4.4 and 4.5, will also be calculated and displayed.

4.9. The Register will not allow you to present ROCs exceeding any of these limits and a notification will appear onscreen if you try to do this. You will need to go back and adjust the ROCs you have selected to submit with your compliance report (the overall total selected, number of banked ROCs, or number of qualifying bioliquid ROCs, as applicable).

4.10. The onus is on the supplier to ensure that ROCs are presented correctly. You should ensure that you are familiar with the limits on banked and bioliquid ROCs.

4.11. When suppliers present ROCs to us, they change status from 'Issued' to 'Pending Redeem' on the Register. While they are Pending Redeem they are not

¹⁴ The generation type qualifier code is included in the ROC identifier. Details are in sections 5.15 to 5.19 and Appendix 4 of our generator guidance document, at <https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-guidance-generators-2>

visible on the public Register. During September we will manually check the number and type of ROCs presented in each compliance report and contact the supplier as soon as possible if there are any problems. Once we have completed these checks and redistributed the buy-out fund (see Chapter 6) we will change the status of the presented ROCs to 'Redeemed'.

Bank account details

4.12. If you have presented valid ROCs towards your obligations, you will receive payments from the redistribution of the buy-out fund. We will therefore need your bank account details.

4.13. You should provide your bank details after submitting your compliance report. Again this is described in Chapter 7 of the Register User Guide.

4.14. Every year suppliers should provide proof of their bank account details. This proof should show the company name, sort code and account number, and come from your bank (eg a bank statement, letter, or screenshot from your online account). You should upload this proof document onto the Register on the same screen where you enter your bank account details.

Buy-out payments

4.15. Suppliers must make a buy-out payment for each ROC that they do not present for compliance towards an obligation.¹⁵

4.16. We adjust the buy-out price per ROC in January or February before each obligation period. We adjust it in line with changes in RPI over the previous calendar year, as described in Chapter 9. Table 3 shows the buy-out price for recent obligation periods.

Table 3

Obligation period	Buy-out price (per ROC)
2010-2011	£36.99
2011-2012	£38.69
2012-2013	£40.71
2013-2014	£42.02
2014-2015	£43.30
2015-2016	£44.33

4.17. You should make buy-out payments to us on or before 31 August following the obligation period. This means that the payments should be in our accounts by the end of 31 August. Any payments we receive after this deadline will be a late

¹⁵ Article 67 of the ROO 2015, article 42 of the ROS 2009 Order (as amended) and Article 40 of the NIRO 2009 Order (as amended).

payment and subject to additional interest. If you make an overpayment we will return this without interest.

4.18. You should make buy-out payments by electronic transfer to the dedicated Ofgem bank accounts for the RO, ROS and NIRO. We will give you the details of these bank accounts when we write to confirm your obligations. You must ensure that you pay the correct buy-out amount for each obligation to the correct account, and include a reference so it is clear to us who the payment is from.

4.19. As it is the suppliers' choice how they meet their obligations between presenting ROCs and making buy-out payments, we do not issue invoices for buy-out payments.

Late payments

4.20. Suppliers must make a late payment if they have not fully met their obligations by 1 September. We will write to any supplier who owes a late payment as soon as possible after this date. Again we will include bank account details in this correspondence.

4.21. Late payments must be made during the late payment period, which runs from 1 September to 31 October. Suppliers cannot present ROCs during the late payment period.¹⁶

4.22. Late payments are subject to a daily interest penalty on top of the amount owed. The interest penalty is charged at an annualised rate of 5% plus the Bank of England base rate on the first day of the late payment period:

$$\text{Interest} = \text{Amount owed} \times \text{interest rate} \times \frac{\text{the number of days late}}{365}$$

4.23. You should make any late payments, including the applicable interest, by electronic transfer to the dedicated Ofgem late payment accounts for the RO, ROS, and NIRO respectively.

Non-compliance with the Renewables Obligation

4.24. Any obligation or requirement imposed on a supplier by the Orders is a relevant requirement under section 32 – 32M of the Electricity Act 1989 (the Act). If a licensee breaches this, it may receive an enforcement order or a financial penalty from the Authority. Breaching a requirement of an NI electricity supply licence can attract enforcement action by UREGNI, including imposing an enforcement order or a financial penalty.

¹⁶ Article 68 of the ROO 2015, article 44 of the ROS 2009 Order (as amended) and Article 41 of the NIRO 2009 Order (as amended).

4.25. Generally, the Authority has the discretion to impose a financial penalty where it is satisfied that a licensee has contravened or is contravening any condition of its licence.

4.26. Specifically for the RO and ROS, the Authority has the discretion to impose a financial penalty where it is satisfied that an electricity supplier has contravened or is contravening a relevant requirement, ie one that is set out in either of the Orders. Any decision to impose a penalty will take into account Ofgem's current enforcement powers, referenced on our website.¹⁷

4.27. UREGNI has the discretion to impose a financial penalty where it is satisfied that a supplier has contravened or is contravening any duty or requirement imposed on it by the NIRO.

4.28. Suppliers can breach the Orders in the following ways (although this list is not exhaustive):

- Failing to provide relevant information to us by the dates specified in the Orders, or if requested to do so
- Making an error in calculating total electricity supply
- Failing to present ROCs or pay buy-out before the deadlines
- Failing to make the necessary late payment before the end of the late payment period
- Presenting ROCs incorrectly (including bioliquid and banked ROCs) in excess of the limits stipulated in the Orders, where a late payment has not been made by the supplier to meet its full obligation
- Presenting revoked ROCs
- Presenting a ROC for which the presenting supplier is not the registered holder
- Presenting a ROC which is not on the Register
- Failing to make the payment into the mutualisation fund by the dates specified in the Orders

Revoking ROCs that have already been redeemed

4.29. Where a supplier has redeemed ROCs against its obligation and it later transpires that the ROCs are inaccurate, ie they do not represent eligible renewable electricity, we will not revoke these ROCs.

4.30. We have power to withhold the issue of ROCs in situations where ROCs already used for compliance are later found to be inaccurate, or have been issued on

¹⁷ <https://www.ofgem.gov.uk/publications-and-updates/protecting-customers-ofgem%E2%80%99s-enforcement-powers-0>

the basis of fraudulent or false information.¹⁸ Ofgem can refuse to issue future ROCs to the generating station where the invalid ROCs came from. This is subject to the original ROC not being more than six years old.¹⁹ And, not being issued under a NFFO contract²⁰.

¹⁸ Article 24 of the ROO 2015, Article 41 of the ROS 2009(as amended), and Article 37 of the NIRO 2009 (as amended)

¹⁹ Article 25 of the ROO 2015, Article 41A of the ROS 2009 (as amended), and Article 37A of the NIRO 2009 (as amended).

²⁰ The Non-Fossil Fuel Order

5. Setting Ofgem's administration costs for the RO

Chapter Summary

This chapter describes the process we go through to establish our costs for administering the RO each year.

5.1. Each year Ofgem sets its budget for the following year as part of its corporate planning. This includes setting the budget for the administration of the RO. The corporate plan, which includes our budget, is drafted in November/December.

5.2. All sections of the proposed plan undergo an internal scrutiny session before the draft is approved for consultation. The corporate plan also projects the expected costs for the following four financial years. As part of our scrutiny session, we must justify any significant changes from the previous year's corporate plan for the upcoming year, and we must also justify any major changes from the previous year's budget.

5.3. We publish our draft corporate plan on our website in January. All stakeholders can comment on our proposed activities and expenditure.

5.4. Since 2011-12 we have published separate cost projections for the RO to make these costs more transparent. We publish our budget for the coming year to allow stakeholders to comment. The last such letter²¹ covered the RO administration costs for 2015-16.

5.5. We will inform suppliers by email when we have published this open letter. Stakeholders can give us feedback on the proposed budget plan within a specified period, normally four weeks from the date of publication.

5.6. Ofgem's budget for the year must also be approved by HM Treasury. It is laid in parliament around April or May of each year.

5.7. The budget for the RO is based on a projection of the resources we need to administer the RO in the coming year. We take into account the growth in the size and complexity of the RO, any major changes we need to make to our work processes, and any efficiency improvements we can make. The costs of administering the RO include staff costs (administrative, IT and legal) and overheads. There are also some costs associated with obtaining external advice, including technical advice for informing decisions on accrediting stations and for fraud prevention (including audit costs).

²¹ <https://www.ofgem.gov.uk/publications-and-updates/comment-period-our-2015-16-administration-costs-renewables-obligation-ro>

6. Redistribution of funds and recovery of administration costs

Chapter Summary

We redistribute the buy-out and late payment funds to all suppliers who have presented ROCs towards their obligations. Ofgem recovers its costs for administering the RO from these funds before redistributing them. This chapter describes how this process works.

Recovering administration costs for the RO

6.1. All payments we receive from suppliers before 1 September form the buy-out fund for the obligation period. There are three separate buy-out funds for the RO, ROS and NIRO respectively.

6.2. In September or October each year we will recover our costs for administering the RO and ROS (as described in Chapter 5) from these buy-out funds. We will also recover the costs we incur in administering the NIRO on behalf of UREGNI, as well as its own direct administration costs.

6.3. We will recover these administration costs proportionally from each buy-out fund. For example, if the buy-out funds amounted to £30m for NI, £60m for Scotland and £210m for England and Wales, and the total cost of administering the RO scheme was £2m, we would recover £200,000 from the NI buy-out fund, £400,000 from the Scotland buy-out fund and £1.4m from the England and Wales buy-out fund.

6.4. If there is not enough money in all three buy-out funds combined to cover our costs then we will take the full amount of the buy-out funds and the remaining costs from the late payment funds. If there is still not enough money to cover our costs across all buy-out and late payment funds, then we will speak to DECC, the Scottish government and DETI to seek alternative funding.

Buy-out fund redistribution

6.5. We will redistribute the RO, ROS and NIRO buy-out funds, including any interest accrued, through the single recycling mechanism.²² We will do this after recovering the RO administration costs from the funds, as described above.

²² Article 71 ROO 2015, article 47 ROS 2009 Order (as amended) and article 44 of the NIRO 2009 Order (as amended).

6.6. We will redistribute the buy-out funds to eligible suppliers in proportion to the total number of ROCs that each has presented across the three obligations. For example, a supplier that presented three percent of the total number of ROCs across the three obligations would get back three percent of the total buy-out funds.

6.7. We will round down each redistribution payment from the buy-out funds to the nearest pound. Any money that remains in the buy-out funds will be carried over for redistribution in the following obligation period.

6.8. We will redistribute the buy-out funds as soon as possible after the 1 September deadline and certainly by 1 November, which is the legislative deadline. We must complete extensive and rigorous checks on the redistribution payments – including independent assurance – so we do not usually make the payments before 30 September.

6.9. We will make the payments by electronic transfer to the bank account specified by each supplier.

Late payment fund redistribution

6.10. Any payments received after 31 August form the late payment fund for the obligation period. Again there are separate late payment funds for the RO, ROS and NIRO.

6.11. We will redistribute the late payment funds, including any interest accrued, in the same way as the buy-out fund. This is with the exception of the withdrawal of our administration costs.

6.12. We will redistribute the late payments as soon as possible after the 31 October payment deadline for suppliers and certainly by 1 January, our legislative deadline.

6.13. We will not redistribute the late payment funds if they total less than £50,000. Instead, these funds will roll over into the following year and we will redistribute them as part of the buy-out funds in the following obligation period.²³

²³ Article 70 of the ROO 2015, article 46 of the ROS 2009 Order (as amended) and article 43 of the NIRO 2009 Order (as amended).

7. Mutualisation

Chapter Summary

Mutualisation is the process by which all suppliers with an obligation under the RO and/or ROS must make additional payments to make up a relevant shortfall in the buy-out fund. This chapter explains how this process is triggered and, if so, how it will work in practice.

Mutualisation and relevant shortfall

7.1. If a supplier is unable to meet its obligation under the RO or ROS, such as if it is entering administration or has become insolvent during the obligation period, there may be a shortfall in the buy-out fund. This means that the buy-out fund will be smaller than it would have been if all suppliers had met their obligations. Where this shortfall is of a certain size, a 'relevant shortfall', it will trigger the mutualisation process. Mutualisation does not apply to the NIRO buy-out fund, although Northern Ireland suppliers will receive a share of the mutualisation funds if it does occur.

7.2. Table 4 shows the 'relevant shortfall' level for each obligation period for the RO and ROS. This is taken from Article 72 of the ROO 2015 and Schedule 3 of the ROS and NIRO.

Table 4

England and Wales - Obligation period	Relevant shortfall amount
1 April 2015 to 31 March 2016	£15,400,000
Each subsequent period of 12 months ending with the period of twelve months ending on 31 March 2037	£15,400,000
Scotland - Obligation period	Relevant shortfall amount
1 April 2015 to 31 March 2016	£1,540,000
Each subsequent period of 12 months ending with the period of twelve months ending on 31 March 2037	£1,540,000

7.3. When mutualisation is triggered, all suppliers who have an obligation under the RO or ROS will be required to make additional payments to make up the shortfall.²⁴

7.4. If mutualisation is triggered, we will notify each supplier with an obligation under the RO or ROS of the size of the shortfall and the amount of additional payment that it must make. We will do this as soon as possible after the end of the

²⁴ Article 74 of the ROO 2015 and 49 of the ROS Order

late payment period, or earlier if we have access to the information and it has been verified.

7.5. Any shortfall in the RO will be met by suppliers with an obligation under the RO. Any shortfall in the ROS will be met by suppliers with an obligation under the ROS. In other words, a shortfall in the RO will not be met by suppliers who only have an obligation under the ROS, and vice-versa.

Calculation of mutualisation payments

7.6. Each supplier that has met all, or part, of its obligation in the shortfall period, has to pay a proportion of the total relevant shortfall to be recovered. We will calculate this proportion by assessing that supplier's obligation as a proportion of the total obligation for the shortfall period, taking into account the fact that the failed supplier cannot make any payment. We will recover the whole shortfall up to the level of the mutualisation ceiling we published for each obligation period (at the same time we update the buy-put price). Table 5 shows this ceiling amount for recent obligation periods:

Table 5

Obligation period (1st April - 31st March)	Mutualisation ceiling England and Wales	Mutualisation ceiling Scotland
2010-2011	£222,805,333.33	£22,280,533.33
2011-2012	£233,072,945.77	£23,307,294.57
2012-2013	£245,212,161.70	£24,521,216.16
2013-2014	£253,099,819.57	£25,309,981.95
2014-2015	£260,819,364.07	£26,081,936.40
2015-2016	£267,035,558.91	£26,703,555.88

7.7. Suppliers will have to make mutualisation payments in four equal instalments, as shown in Table 6. They will make the first payment in September following the compliance period where the relevant shortfall occurred, and every three months thereafter.

Table 6

Payment deadline	Proportion	Redistribution deadline
Before 1 September	25%	Before 1 November
Before 1 December	25%	Before 1 February
Before 1 March	25%	Before 1 May
Before 1 June	25%	Before 1 August

7.8. As with buy-out and late payments, we will contact suppliers to let them know how much they will need to pay and to which bank account. Where a supplier who has failed to meet its obligation under the RO or ROS in full then makes payment towards its obligation, we will recalculate the relevant shortfall and notify

suppliers of the change. We will publish on our website details of the amount of shortfall and the amount to be recovered from all suppliers.

Mutualisation fund redistribution

7.9. Payments from suppliers during the mutualisation process go into the mutualisation fund for the obligation period when the shortfall occurred.

7.10. We will redistribute the mutualisation funds to all UK suppliers who complied with their obligations in full for the obligation period when the shortfall occurred.

7.11. We will redistribute the mutualisation funds, including any interest accrued, in the same way as the buy-out and late payment funds (ie in the same proportions).

7.12. We will redistribute the mutualisation funds within two months of each payment instalment deadline for suppliers, as in Table 6. We will make these to the same accounts the suppliers have specified for receiving their share of the buy-out and late payment funds.

7.13. Suppliers who did not meet their obligation in full are not entitled to payments from the mutualisation fund.

8. Contingency arrangements

Chapter Summary

This chapter explains what we will do if suppliers have difficulty or are unable to submit their compliance report using the Register.

Contingency if you are unable to submit a compliance report

8.1. Suppliers that experience difficulty submitting a compliance report via the Register during the period 1 July to 1 September should contact us in the first instance. We will try to resolve the problem where we can.

8.2. If we are unable to resolve it, we will ask suppliers to submit their compliance report(s) in a spreadsheet on or before 1 September. This should show which ROCs the supplier wants to present for compliance.

8.3. Each spreadsheet submission should be accompanied by a signed copy of the declaration attached in Appendix 4. We will confirm receipt of your submission.

8.4. Suppliers should calculate any buy-out that is due (for each of their separate obligations) if they are not submitting enough ROCs to meet their obligation(s) in full. This should be entered into the declaration in Appendix 4.

8.5. We recommend using the fields in the Register certificate report in the spreadsheet copy of the compliance report. As a minimum it should include the following information:

- Generator name
- Accreditation ID
- ROC start number
- ROC end number
- Number of ROCs
- Output period

Contingency if you are unable to view ROCs in your account

8.6. Suppliers who are unable to view the ROCs in their account should contact us so we can make the information available by other means (most likely a

spreadsheet). Suppliers will need to use the information we send to build a report to be submitted in line with the process described in 8.1 to 8.5. We will confirm receipt by email.

Amending the ROC status

8.7. If we receive spreadsheet compliance reports, we will amend the status of the ROCs submitted from 'Issued' to 'Pending Redeem' in the Register. These ROCs will not be visible in the public Register until after we have redistributed the buy-out fund and we change their status to 'Redeemed'.

Confirming compliance

8.8. As usual, we will write to each supplier confirming compliance with its obligation(s) as soon as possible after 1 September.

9. Adjustment of the buy-out price and mutualisation ceiling

Chapter Summary

We adjust the buy-out price and mutualisation ceiling before each obligation period to reflect any changes in the Retail Prices Index (RPI).

Adjustment of buy-out price

9.1. The buy-out price was £30 per ROC for the first obligation period (2002-03). In each subsequent obligation period, we have amended the buy-out price in line with changes in RPI.²⁵ We do this by taking the previous buy-out price and inflating (or deflating) it by the average percentage change in RPI during the previous calendar year. We round the buy-out price to the nearest penny, with anything greater than or equal to half of a penny rounded upwards.

Adjustment of mutualisation ceiling

9.2. As with the buy-out price, we are also required²⁶ to adjust the mutualisation ceiling each year in line with changes in RPI. We do this on the same basis as we adjust the buy-out price as described above, and publish it on our website at the same time.

Retail Prices Index

9.3. We calculate the revised buy-out price and mutualisation ceiling once the Office of National Statistics²⁷ publishes the previous year's RPI figures. We then publish the new values on our website shortly afterwards, usually in February.²⁸

²⁵ Article 67 of the ROO 2015, article 43 of the ROS 2009 Order (as amended) and Article 40 of the NIRO 2009 Order (as amended).

²⁶ Article 73 of the ROO 2015 and article 48 of the ROS 2009 Order (as amended).

²⁷ <http://www.ons.gov.uk/>

²⁸ Example for 2015-16 here: <https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-ro-buy-out-price-%C2%A344.33-and-mutualisation-ceilings-2015-16>

Appendices

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Appendix 1 – RO legislation

England and Wales

The Renewables Obligation Order 2015 for England and Wales
<http://legislation.data.gov.uk/uksi/2015/1947/made/data.pdf>

Scotland

The Renewables Obligation (Scotland) Order 2009
<http://www.legislation.gov.uk/ssi/2009/140/contents/made>

The Renewables Obligation (Scotland) Amendment Order 2010
<http://www.legislation.gov.uk/ssi/2010/147/contents/made>

The Renewables Obligation (Scotland) Amendment Order 2011
<http://www.legislation.gov.uk/ssi/2011/225/contents/made>

The Renewables Obligation (Scotland) Amendment Order 2013
<http://www.legislation.gov.uk/ssi/2013/116/contents/made>

The Renewables Obligation (Scotland) Amendment Order 2014
<http://www.legislation.gov.uk/ssi/2014/94/contents/made>

[The Renewables Obligation \(Scotland\) Amendment Order 2015](#)

Northern Ireland

The Renewables Obligation Order (Northern Ireland) 2009
<http://www.legislation.gov.uk/nisr/2009/154/contents/made>

The Renewables Obligation (Amendment) Order (Northern Ireland) 2010
<http://www.legislation.gov.uk/nisr/2010/134/contents/made>

The Renewables Obligation (Amendment) Order (Northern Ireland) 2011
<http://www.legislation.gov.uk/nisr/2011/169/contents/made>

The Renewables Obligation (Amendment) Order (Northern Ireland) 2013
<http://www.legislation.gov.uk/nisr/2013/116/contents/made>

The Renewables Obligation (Amendment No. 2) Order (Northern Ireland) 2013
<http://www.legislation.gov.uk/nisr/2013/174/contents/made>

[The Renewables Obligation \(Amendment\) Order \(Northern Ireland\) 2014](#)
<http://www.legislation.gov.uk/nisr/2014/146/contents/made>

The Renewables Obligation (Amendment) Order (Northern Ireland) 2015
<http://www.legislation.gov.uk/nisr/2015/287/contents/made>

Appendix 2 – Summary of key dates and legislation articles

The following is a summary of the key dates and articles for an obligation period from the RO Orders.

Table A1: Supply volumes, presenting ROCs and making buy-out payments

Action required	Dates	Relevant Article RO	Relevant Article ROS	Relevant Article NIRO
Suppliers required to provide Ofgem with estimated figures (in MWh) for their total supply of electricity to customers in each of England and Wales, Scotland and Northern Ireland during the relevant obligation period.	On or before 1 June	79(2)	53(5)	45(5)
Suppliers required to report final figures to Ofgem for the amount of electricity supplied (in MWh).	On or before 1 July	79(2)	53(5)	45(5)
Ofgem will confirm, in writing, each supplier's obligations.	As soon as possible after 1 July	n/a	n/a	n/a
Ofgem will publish the total UK obligation for the obligation period	As soon as possible after confirming each supplier's obligation			
Suppliers to present ROCs towards their obligations	On or before 1 September ²⁹	7(2)	5(2)	5(2)
Suppliers to make buy-out payments towards their obligations (if they have not submitted the full amount of ROCs)	Money must be <i>in our accounts</i> on or before 31 August	67	43	40
Ofgem will confirm compliance with each supplier has met is obligation	As soon as practicable after 1 September	n/a	n/a	n/a
Ofgem will notify any supplier which has not fully	As soon as practicable after	68(1)	44(1)	41(1)

²⁹ Suppliers can present ROCs up to midnight 1 September. They must make buy-out payments before 1 September, ie by midnight 31 August.

discharged its obligation.	1 September			
Ofgem will redistribute the buy-out funds to suppliers who presented ROCs	By 1 November	71	47	44
Ofgem will publish the amount of the buy-out funds recycled and the proportions to each supplier.	As soon as possible after recycle of the buy-out fund			

Table A2: Late payments

Action required	Dates	Relevant Article RO	Relevant Article ROS	Relevant Article (NIRO)
Suppliers to make late payments (including interest) to Ofgem if they have not met their obligations by 1 September	1 September to 31 October	68(6)	44(6)	41(6)
Ofgem will redistribute the late payment funds to suppliers who presented ROCs	By 1 January	71	47	44
Ofgem will publish the amount of the late payment funds recycled and the proportions to each supplier.	As soon as possible after recycle of the late payment fund			

Table A3: Mutualisation

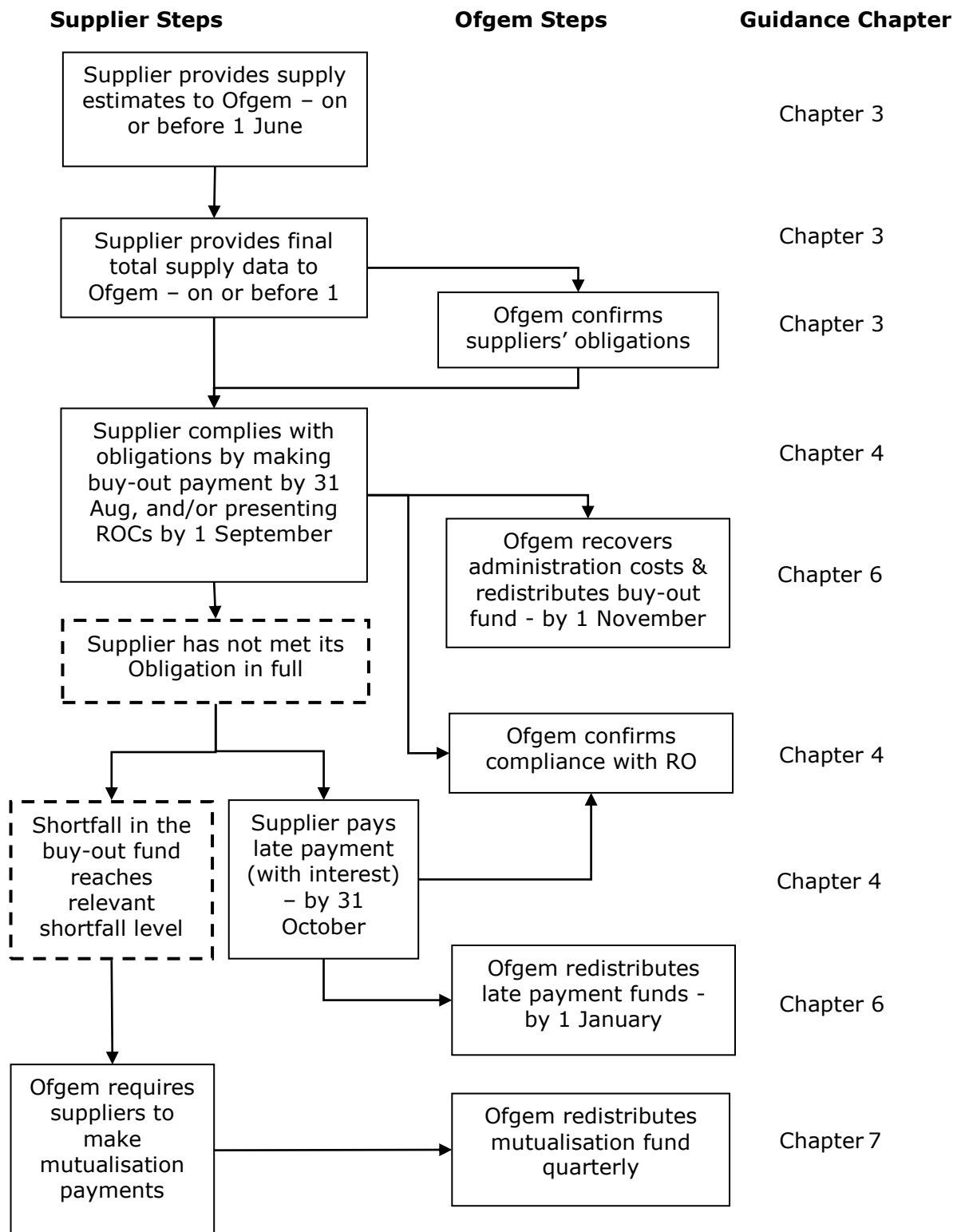
Action required	Dates	Relevant Article RO	Relevant Article ROS
Ofgem will notify relevant suppliers of any shortfall in the buy-out fund and the amount to be paid by each supplier into the mutualisation fund.	As soon as practicable after 31 October	74(1)	49(1)
Suppliers required to make first 25% instalment into mutualisation fund in respect of any shortfall in the buy-out fund.	Before 1 September	74(5)	49(5)
Ofgem will redistribute the first instalment of the mutualisation fund to relevant suppliers.	By 1 November	77(2)	52(2)
Suppliers required to make second 25% instalment into mutualisation fund in respect of any shortfall in the	Before 1 December	74(5)	49(5)

Action required	Dates	Relevant Article RO	Relevant Article ROS
buy-out fund.			
Ofgem will redistribute the second instalment of the mutualisation fund to relevant suppliers.	By 1 February	77(2)	52(2)
Suppliers required to make third 25% instalment into mutualisation fund in respect of any shortfall in the buy-out fund.	Before 1 March	74(5)	49(5)
Ofgem will redistribute the third instalment of the mutualisation fund to relevant suppliers.	By 1 May	77(2)	52(2)
Suppliers required to make fourth 25% instalment into mutualisation fund in respect of any shortfall in the buy-out fund.	Before 1 June	74(5)	49(5)
Ofgem will redistribute the fourth instalment of the mutualisation fund to relevant suppliers.	By 1 August	77(2)	52(2)

Table A 4: Annual report

Action required	Dates	Relevant Article RO	Relevant Article ROS	Relevant Article (NIRO)
Ofgem will publish the Renewables Obligation Annual Report.	By 1 April	86(1)(f)	57(1)(f)	49(1)(e)

Appendix 3 – RO compliance process map



Appendix 4 – Contingency declaration

Supplier compliance declaration

Compliance period 1st April 20[] - 31st March 20[]

Company details

Company name	
Licence name	
Renewables & CHP Register Registered Holder ID and Holder name	

Declaration

1. a) I declare that I wish to present [] ROCs listed in the attached supplier compliance template to Ofgem against our Renewables Obligation. This includes [] Qualifying BL ROCs and [] banked ROCs³⁰.

1. b) I declare that I wish to present [] ROCs listed in the attached supplier compliance template to Ofgem against our Renewables Obligation Scotland. This includes [] Qualifying BL ROCs and [] banked ROCs.

1. c) I declare that I wish to present [] ROCs listed in the attached supplier compliance template to Ofgem against our Northern Ireland Renewables Obligation. This includes [] Qualifying BL ROCs and [] banked ROCs.

2. I confirm that Ofgem will change the status of the ROCs listed against any of the 3 obligations from 'issued' to 'redeemed' in the Renewables & CHP Register, and that they will not be available to present against any future obligation.

3. a) I confirm that we have made a buy-out payment of £ [] into the England and Wales bank account against our Renewables Obligation.

3. b) I confirm that we have made a buy-out payment of £ [] into the Scotland bank account against our Renewables Obligation Scotland.

3. c) I confirm that we have made a buy-out payment of £ [] into the Northern Ireland bank account against our Northern Ireland Renewables Obligation.

Signature

³⁰ Banked ROCs are ROCs issued in the previous obligation period.



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Signature (Compliance contact or designated authority):	
Name of signatory:	
Position within the company:	
Date:	

Note

Use of this declaration should be restricted to periods when the Renewables & CHP Register and the online Compliance Report are unavailable. You will be informed by Ofgem when the Register is unavailable and when this declaration and manual Compliance Report should be used.

This declaration should be completed by the compliance contact or a designated authority within the company (ie Director or Company Secretary).

This declaration should be returned along with your compliance report. Ofgem will not be able to confirm compliance without this declaration being completed.

Appendix 5 – Recommended methodology for calculating electricity supply data

5.1 Suppliers are required to calculate their supply data for the volumes which relate to their Renewables Obligation for each compliance period. Article 79(2) of the Renewables Obligation Order 2015 requires that an initial submission be provided by 1 June and a final submission by 1 July of each year. This appendix summarises the requirements for calculating the supply data to be reported for the Renewables Obligation each year. It contains guidance on the recommended approach including which data flows should be used and the timing of when each calculation should occur to enable consistency of the supply data used across all obligated suppliers³¹.

Great Britain

5.2. Suppliers are required to report an initial view of supply figures to Ofgem and DECC by 1 June and a final view of supply figures by 1 July for each compliance period. Supply in this context is as defined in section 4(4) of the Electricity Act 1989 (as amended):

“supply’, in relation to electricity, means its supply to premises in cases where—
(a) it is conveyed to the premises wholly or partly by means of a distribution system, or
(b) (without being so conveyed) it is supplied to the premises from a substation to which it has been conveyed by means of a transmission system,

but does not include its supply to premises occupied by a licence holder for the purpose of carrying on activities which he is authorised by his licence to carry on”

Related definitions are as follows:

A 'distribution system' is:

“..a system which consists (wholly or mainly) of low voltage lines and electrical plant and is used for conveying electricity to any premises or any other distribution system.”³²

A “low voltage line” must be interpreted in accordance with the definition of “high voltage line”: and so is an electric line which has a nominal voltage of less than 132kV (Scotland) or 132kV or less (England and Wales)³³

³¹ This final version of the methodology for calculating electricity supply data has been altered from the original that was released for consultation in March 2011 to encompass comments made as part of the response to consultation.

³² Section 4(4) of the Electricity Act 1989

³³ Section 64(1) of the Electricity Act 1989

A “licence” is defined as a licence that is granted under section 6³⁴, a “licence holder” must be construed accordingly. Licences that may be granted under section 6 are licences authorising persons to:

- a. generate electricity for the purpose of giving a supply to any premises or to enable a supply to be so given;
- b. participate in the transmission of electricity for [the purpose of giving a supply to any premises or to enable a supply to be so given];
- c. distribute electricity for [the purpose of giving a supply to any premises or to enable a supply to be so given];
- d. supply electricity to premises;
- e. participate in the operation of an electricity interconnector.

5.3. Suppliers are obligated to report supply data based on the above definition. The examples and guidance in this appendix are intended to cover the vast majority of supply arrangements. However, there may be more complicated or legacy supply arrangements that are not captured by the approach and data flows recommended. Suppliers should ensure their approach for reporting supply data complies with the requirements of the Order, and should inform Ofgem as required if reporting through a means other than the approach and data flows recommended.

5.4. Supply volumes reported should therefore include, among other things:

- Supply volumes to demand sites connected to the distribution network
- Supply volumes to demand sites connected to the transmission network
- Import to sites with on-site generation where this import does not relate to their activity as a licensed generator (for example import to an industrial site with on-site generation that relates to the industrial activities should be included in reported supply volumes).

For the avoidance of doubt supply volumes should therefore not include:

- Losses in transmission of electricity across transmission / distribution systems;
- Electricity imported by a licensed generator in relation to their operations as a generator;
- Any adjustment for exports (i.e. exports should not be netted off against imports).

5.5. Supply volumes reported should not include volumes arising from self-generation / embedded generation – i.e. supply from production of electricity as part of manufacturing or other commercial activities by companies whose main business is not electricity generation. This includes where this activity is performed by an energy services company. However additional supply to such sites should be included as noted in paragraph 5.3 above.

5.6. In order to maintain a consistent basis of measurement amongst suppliers, Elexon settlement data is considered the standard for settlements data across the industry which provides a consistent basis on which all suppliers can report. We recommend that all submissions should be based on Elexon data as detailed in this Appendix.

³⁴ Section 6 of the Electricity Act 1989 (as amended)

- 5.7. Most suppliers collate their energy supply volumes on a monthly basis and a similar approach has been adopted for Renewables Obligation reporting, with the same settlement run type being used for complete months.
- 5.8. For all distribution connected non-half hourly customers, the Elexon dataflow D0030 Non Half Hourly DUoS Report (summation of Daily Profiled SPM Total Annualised Advance and Daily Profiled SPM Total EAC in Group TOT) should be used for reporting supply data. Alternatively, D0296 Supplier BM Unit Report (summation of Daily Aggregated BM Unit Energy in Group TL1 for Consumption Component Classes 17-19 in Group CCC, i.e. Active Import for Measurement Quantity id AI for Data Aggregation Type N) could be used. These flows contain the volumes which have been delivered to customers and therefore no adjustments to line losses need to be made in respect to reporting supply for the Renewables Obligation.
- 5.9. For all distribution connected half hourly customers, the Elexon dataflow D0296 Supplier BM Unit Report (summation of Daily Aggregated BM Unit Energy in Group TL1 for Consumption Component Classes 1, 2, 9, 10, 23, 28 in Group CCC, i.e. Active Import for Measurement Quantity id AI for Data Aggregation Type H) should be used for reporting supply data. Alternatively, other dataflows containing equivalent information (for example, D0040 and D0298 Aggregated Half Hour Data File³⁵ or D0036/D0275 Validated Half Hourly Advances, although these latter two contain data at MPAN level rather than summarised to Consumption Component Class) could be used. These flows contain the volumes which have been delivered to customers and therefore no line loss factors need to be applied in respect of this supply data.
- 5.10. For all embedded directly connected supply, the Elexon dataflow CDCA-i012 (also known as C0121) "Report Raw Meter Data" should be used for reporting supply data. Only embedded connected import should be included (i.e. all Main Active Import channels should be used) for BM Unit IDs prefixed with 'E' for those embedded units meeting the definition of supply in paragraph 5.2 above.
- 5.11. For all transmission connected customers, the Elexon dataflow SAA-i014 (also known as S0141) "Settlement Reports" should be used for reporting supply data. Only transmission connected import should be included (i.e. BM Unit Metered Volume (QM) for negative (off taking) for BM Unit IDs prefixed with 'T' and selected BM Unit IDs prefixed with 'M'³⁶).
- 5.12. The first view of supply data is due to Ofgem on 1 June and an updated final view is due 1 July and this is the view on which the final obligation will be settled. The timetable set out below should be used for extracting data on a month-by-month basis for reporting under the Renewables Obligation, along with the associated settlement runs which should be used.
- 5.13. For the initial reporting by 1 June, suppliers should use extracts from Elexon for complete months containing the following settlement runs:

³⁵ If using D0040 and D0298 dataflows then all D0040 and D0298 dataflows received should be used.

³⁶ M_ACTLLU_C, M_CAS-BEU01, M_CAS-CLU01, M_CAS-CON01, M_CAS-GAR01, M_CAS-KIL01, M_CAS-MOR01, M_GRTO, M_SLOY-1, M_SLOY-4, M_TEMP.

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April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
R3	R3	R3	R3	R3	R3	R2	R2	R2	R1	R1	SF

5.14. For the final reporting by 1 July, suppliers should use extracts from Elexon for complete months containing the following settlement runs:

April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
R3	R3	R3	R3	R3	R3	R3	R2	R2	R2	R1	R1

5.15. It is expected that the timetable for the extraction of data will allow sufficient time for any internal review and sign off procedures to be completed by suppliers prior to submission. Greater time has been allowed for checking of the initial reporting as it is anticipated that the bulk of checking will be performed at that stage, with only movements in excess of trivial amounts requiring to be checked for final reporting.

5.16. It is expected that with the use of the above Elexon data flows, it will not be necessary to make adjustments to volumes for any line losses. It is expected that any other adjustments to data will be limited and should be reported under the following guidance.

5.17. Under the terms of the RO, supply data for any customers located in the Isle of Man must be removed from supply figures reported to Ofgem. For those suppliers who have customers in the Isle of Man this is an acceptable adjustment to be made to supply figures. Such adjustments should be clearly documented as an exclusion from the supply totals.

5.18. It is recognised that there may be other adjustments or additions which suppliers feel are necessary to make to the supply volumes computed from Elexon data flows above in order to include all reportable supply volumes. These may relate to specific customer sites and EACs³⁷ which it is aware have been settled by Elexon using incorrect or unrealistic values. For suppliers with smart metered customers, it may be the case that the actual consumption indicated by data received from smart meters indicates consumption either higher or lower than Elexon data suggests and any adjustment made in respect of this data should include supporting calculations. It may also be the case that certain complex arrangements cause in-scope supply not to be captured by the recommended dataflows (e.g. import to a site which is normally supplied by on-site generation which flows through a supplier's production account). Any adjustments which are made should be transparent and substantiated in the reporting, with a clear reconciliation between supply volumes thus calculated and supply volumes reported on relevant settlement reports.

5.19. Suppliers which have customers on sale and buy back contracts must include supply under these contracts in the reporting figures provided to Ofgem in respect of the Renewables Obligation. For those suppliers who have a White Label provider³⁸, the supply made under the White Label agreement must be included

³⁷ Estimated annual consumption

³⁸ A "White Label" supply provider is an existing company (usually with an established brand name) that markets electricity through and on behalf of a licensed supplier

in the supply figures reported for the supplier. Suppliers with a single on-site customer may continue to report supply volumes in an appropriate alternative manner agreed with Ofgem.

- 5.20. Suppliers should provide an overall reconciliation of supply volumes reported as at 1 July to those previously reported as at 1 June, with an explanation of any significant movements. It is recognised that there are likely to be movements in respect of consumption reported for the months of October, January and March where data from later settlement runs should have been used for the supply volumes reported as at 1 July.
- 5.21. Suppliers should provide a reconciliation of supply volumes reported as at 1 June to those previously reported each month to DECC, with an explanation of any significant movements.
- 5.22. Any deviations from the requirements set out above should be confirmed with Ofgem prior to submission of supply volumes. Suppliers should be aware that if they opt to calculate their volumes on an alternative basis, Ofgem may recalculate their volumes on the basis set out above and they will be required to account for any material differences. An exemption to this being for suppliers with a single on-site customer that have agreed in advance an alternative method of calculation with Ofgem.

Northern Ireland

- 5.23. Suppliers are required to report an initial view of supply figures to Ofgem and DETI by 1 June and a final view of supply figures by 1 July in each compliance period. Supply in this context is as defined in the Electricity (Northern Ireland) Order 1992:

“supply’, in relation to electricity, means supply through electric lines otherwise than to premises occupied by a licence holder for the purpose of carrying on the activities which he is authorised by his licence to carry on”

Related definitions are as follows:

An “electric line”, in relation to electricity, is defined as:

“...any line which is used for carrying electricity for any purpose and includes—
(a) any support for any such line, that is to say, any structure, pole or other thing in, on, by or from which any such line is or may be supported, carried or suspended;
(b) any apparatus connected to any such line for the purpose of carrying electricity;
and
(c) any wire, cable, tube, pipe or other similar thing (including its casing or coating) which surrounds or supports, or is surrounded or supported by, or is installed in close proximity to, or is supported, carried or suspended in association with, any such line.”³⁹

³⁹ Article 3 of the Electricity (Northern Ireland) Order 1992

A “licence” is a licence granted under article 10⁴⁰; and, a “licence holder” is the holder of such a licence.

Licences that may be granted under article 10⁴¹ are licences authorising persons to:

- a. generate electricity for the purpose of giving a supply to any premises or to enable a supply to be so given;
- b. participate in the transmission of electricity for [the purpose of giving a supply to any premises or to enable a supply to be so given];
- c. distribute electricity for [the purpose of giving a supply to any premises or to enable a supply to be so given];
- d. supply electricity to premises;
- e. act as SEM operator.

5.24. Suppliers are obligated to report supply data based on the above definition. The examples and guidance in this appendix are intended to cover the vast majority of supply arrangements, however there may be specific complex or legacy supply arrangements that may not be captured by the approach and data flows recommended. Suppliers should ensure their approach for reporting supply data complies with the requirements of the Order and should inform Ofgem as required if reporting through a means other than the approach and data flows recommended.

5.25. Supply volumes reported should therefore include, among other things:

- Supply volumes to demand sites connected to the distribution network
- Supply volumes to demand sites connected to the transmission network
- Supply volumes via the distribution / transmission network to sites with non-participating generation. This should include gross import to the site (i.e. any export should not be netted off) but should not include volumes supplied from the non-participating generation.

For the avoidance of doubt supply volumes should therefore not include:

- Losses in transmission of electricity across transmission / distribution systems;
- Electricity imported by a generator in relation to their operations as a generator;
- Any adjustment for exports (i.e. exports should not be netted off imports);
- Import of electricity via an interconnector that is to be traded in the Single Electricity Market (SEM) pool.

5.26. In order to maintain a consistent basis of measurement amongst suppliers, Northern Ireland Electricity Transmission & Distribution (NIE T&D) provided import data is considered the standard source for data across the industry which provides a consistent basis on which all suppliers can report. We recommend that all submissions should be based on NIE T&D data as detailed in this Appendix.

⁴⁰ Article 10 of the Electricity (Northern Ireland) Order 1992

⁴¹ Article 10 of the Electricity (Northern Ireland) Order 1992

- 5.27. Most suppliers collate their energy supply volumes on a monthly basis and a similar approach has been adopted for Renewables Obligation reporting, with the same settlement run type being used for complete months.
- 5.28. For all non-interval customers, the NIE T&D message 591 Aggregated Non-Interval Import Data should be used for reporting supply data. The field 'Aggregated Consumption' should be used – i.e. volumes should be reported prior to loss adjustment. These flows contain the volumes which have been delivered to customers and therefore no adjustments to line losses need to be made in respect of reporting supply for the Renewables Obligation.
- 5.29. For all interval metered customers, the NIE T&D message 595 Aggregated Interval Import Data should be used for reporting supply data. The field 'Aggregated Consumption' should be used – i.e. volumes should be reported prior to loss adjustment. These flows contain the volumes which have been delivered to customers and therefore no line loss factors need to be applied in respect of this supply data.
- 5.30. The first view of supply data is due to Ofgem for 1 June and an updated final view is due for 1 July and this is the view on which the final obligation will be settled. The timetable set out below should be used for extracting data on a month-by-month basis for reporting under the Renewables Obligation, along with the associated settlement runs which should be utilised.
- 5.31. For the initial reporting by 1 June, suppliers should use the following settlement runs from NIE T&D, unless there have been subsequent ad-hoc runs for particular dates within the period which should be used instead (NB: ad-hoc runs have a settlement run indicator of 50):

	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Settlement run ⁴²	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	D+4	D+4	D+4
Settlement run Indicator ⁴³	30	30	30	30	30	30	30	30	30	20	20	20

- 5.32. For the final reporting by 1 July, suppliers should use the following settlement runs from NIE T&D, unless there have been subsequent ad-hoc runs for particular dates within the period which should be used instead (NB: ad-hoc runs have a settlement run indicator of 50):

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Settlement run ⁴⁴	M+13	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	M+4	D+4
Settlement run	40	30	30	30	30	30	30	30	30	30	30	20

⁴² SEM naming convention

⁴³ Per 591 / 595 message

⁴⁴ SEM naming convention



Indicator ⁴⁵											
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- 5.33. It is expected that the timetable for the extraction of data will allow sufficient time for any internal review and sign off procedures to be completed prior to submission.
- 5.34. It is expected that with the use of the above NIE T&D data flows, it will not be necessary to make adjustments to volumes for any line losses. It is expected that any other adjustments to data will be limited and should be reported under the following guidance.
- 5.35. It is recognised that there may be other adjustments which suppliers feel are necessary to make to the supply volumes computed from NIE T&D Supplier Aggregated Import Data Reports as set out above. These may relate to specific customer sites and meter advances or Estimated Usage Factors (EUFs) which the supplier is aware have been settled in the SEM using incorrect or unrealistic values, particularly for D+4 data. For suppliers with smart metered customers, it may be the case that the actual consumption indicated by data received from smart meters indicates consumption either higher or lower than NIE T&D data suggests and any adjustment made in respect of this data should include supporting calculations. Any other adjustments which are made to data should be transparent and substantiated in the reporting, with a clear reconciliation between supply volumes thus calculated and supply volumes reported on relevant NIE T&D settlement reports.
- 5.36. Suppliers which have customers on sale and buy back contracts must include supply under these contracts in the reporting figures provided to Ofgem in respect of the Renewables Obligation. For those suppliers who have a White Label provider, the supply made under the White Label agreement must be included in the supply figures reported for the supplier. Suppliers with a single on-site customer may continue to report supply volumes in an appropriate alternative manner agreed with Ofgem.
- 5.37. Suppliers should provide an overall reconciliation of supply volumes reported as at 1 July to those previously reported as at 1 June, with an explanation of any significant movements. It is recognised that there are likely to be movements in respect of consumption reported for the months of April, January and February where data from later settlement runs should have been used for the supply volumes reported as at 1 July.
- 5.38. Any deviations from the requirements set out above should be confirmed with Ofgem prior to submission of supply volumes. Suppliers should be aware that if they opt to calculate their volumes on an alternative basis, Ofgem may recalculate their volumes on the basis set out above and they will be required to account for any material differences. An exemption to this being for suppliers with a single on-site customer that have agreed in advance an alternative method of calculation with Ofgem.

⁴⁵ Per 591 / 595 message

Appendix 6 – Glossary

A

Act Electricity Act 1989
Authority Gas and Electricity Markets Authority

D

DETI Department of Enterprise, Trade and Investment
DECC Department of Energy and Climate Change

G

GB Great Britain

K

kW Kilowatt
kWh Kilowatt hour

M

MW Megawatt
MWh Megawatt hour

N

NI Northern Ireland
NIE T&D Northern Ireland Electricity Transmission and Distribution
NIRO Northern Ireland Renewables Obligation
NIROC Northern Ireland Renewables Obligation Certificates
NFFO Non Fossil Fuel Obligation

O

Ofgem Office of Gas and Electricity Markets

R

RO Renewables Obligation
ROC Renewables Obligation Certificate
ROS Renewables Obligation (Scotland)
RPI Retail Prices Index

S

SROC Scottish Renewables Obligation Certificate

U

UK United Kingdom
UREGNI Utility Regulator Northern Ireland