



# Department of Energy & Climate Change

## **EXPLANATORY NOTE ON CONSULTATION ON THE DRAFT RENEWABLES OBLIGATION ORDER 2015**

**The Government seeks views by midnight Tuesday 14 April 2015 on the draft Renewables Obligation Order 2015 (draft Order) through an informal consultation. We intend to lay the draft Order in Parliament in Spring 2015 with a view, subject to parliamentary approval, to bringing the draft Order into force on 1 September 2015, save as set out below. Please note that the draft Order may be subject to further drafting changes.**

### **Overview of the draft Order**

This Order imposes an obligation (“the renewables obligation”) on all electricity suppliers, licensed under the Electricity Act 1989 (“the Act”) which supply electricity in England and Wales, to produce a certain number of renewables obligation certificates in respect of each megawatt hour of electricity that each supplies to customers in England and Wales during a specified period known as an obligation period. It also “bands” the different technologies that are used to generate electricity from renewable sources, meaning that the number of certificates that will be issued in respect of that electricity depends on the way in which that electricity has been generated. The renewables obligation is administered by the Gas and Electricity Markets Authority (“the Authority”) who issue renewable obligation certificates to renewable electricity generators on their renewable output. These certificates are sold to electricity suppliers with or without the associated renewable electricity.

Alternatively, instead of producing the required number of certificates in respect of all or part of their renewables obligation, a supplier is permitted to make a payment to the Authority.

The draft Order consolidates the Renewables Obligation Order 2009 (“the 2009 Order”), as amended by the Renewables Obligation (Amendment) Order 2010 (S.I. 2010/1107), the Renewables Obligation (Amendment) Order 2011 (S.I. 2011/984), The Waste (England and Wales) Regulations (S.I. 2011/988), the Renewables Obligation (Amendment) Order 2013 (S.I. 2013/768) and the Renewables Obligation (Amendment) Order 2014 (S.I. 2014/893).

The individual Orders mentioned above are [available on legislation.gov.uk](http://www.legislation.gov.uk)

The instrument also provides for the introduction of mandatory sustainability provisions from 1 October 2015, for stations of 1MW and above, using solid and gaseous biomass feedstocks, and wishing to claim support under the RO. Many of these criteria had previously been incorporated into the 2009 Order on a reporting basis. They include:

- the introduction of land criteria for woody biomass, which requires feedstocks to have been obtained from a sustainable source, as set out in the [UK Timber Standard for Heat and Electricity](#)
- the establishment of a GHG target trajectory and GHG averaging methodology ;
- a requirement for generators of 1MW and above to produce independent audit reports.

Further details of these changes are set out in the August 2013 “[Government Response to the consultation on proposals to enhance the sustainability criteria for the use of biomass feedstocks under the RO](#)” and the August 2014 “[Government Response to the consultation on adjustments to sustainability and reporting provisions for biomass](#)”

The draft Order also implements the remaining [RO transition policy decisions](#), such as those relating to interaction between the RO and the Capacity Market and the circumstances in which a station or unit subject to an Investment Contract which is terminated regains its eligibility for ROCs. On the latter it updates those circumstances to reflect the fact that the biomass Sustainability Criteria Change Control Procedure in the generic CfD and Investment Contracts now contain an acknowledgement that sustainability provisions may need to be amended to ensure generators continue to generate low carbon electricity. While there is a procedure to be followed to implement such changes, in order to protect CfD holders from a

sudden and unexpected tightening of criteria, there is no termination right accorded to generators in reaction to such changes. This change is implemented through an amendment to the definition of “permitted termination event”.

A derivation table, cross referencing the new draft articles to those in the 2009 Order as appropriate is being published alongside the draft Order.

### **How to respond**

Comments should be sent electronically or by post to:

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The deadline for responses is midnight Tuesday 14 April