
SCOTTISH STATUTORY INSTRUMENTS

2002 No. 163

The Renewables Obligation (Scotland) Order 2002

Citation, commencement and extent

1.—(1) This Order may be cited as the Renewables Obligation (Scotland) Order 2002 and shall come into force on 1st April 2002.

(2) This Order extends to Scotland only.

Interpretation

2.—(1) In this Order—

“the Act” means the Electricity Act 1989;

“advanced conversion technologies” means gasification, pyrolysis or anaerobic digestion, or any combination thereof;

“anaerobic digestion” means the bacterial fermentation of organic material in the absence of free oxygen;

“banking day” means a day on which banks are generally open in the City of London excluding Saturdays or Sundays;

“biomass” means fuel used in a generating station of which at least 98 per cent. of the energy content (measured over a period of one month) is derived from plant or animal matter or substances derived directly or indirectly therefrom (whether or not such matter or substances are waste) and includes agricultural, forestry or wood wastes or residues, sewage and energy crops (provided that such plant or animal matter is not or is not derived directly or indirectly from fossil fuel);

“commissioned” means the completion of a process of such procedures and tests as from time to time constitute usual industry standards and practices for commissioning a generating station in order to demonstrate that the generating station is capable of commercial operation;

“connected person”, in relation to an operator of a generating station, means a person connected to the operator within the meaning of section 839 of the Income and Corporation Taxes Act 1988(1);

“declared net capacity” means, in relation to a hydro generating station, the highest generation of electricity (calculated by adding together the highest generation of electricity at the main terminals of each alternator and dynamo) which, on the assumption that the source of power is available uninterruptedly, can be maintained indefinitely without causing damage to the plant less so much of that electricity as is consumed by the plant;

“designated electricity supplier” means any electricity supplier supplying electricity in Scotland;

“eligible renewable sources” has the meaning given to it in article 8;

“energy crops” means a plant crop planted after 31st December 1989 and grown primarily for the purpose of being used as fuel;

(1) 1988 c. 1. Section 839 was amended by the Finance Act 1995 (c. 4), section 74 and Schedule 17, paragraph 20.

“gasification” means the substoichiometric oxidation or steam reformation of a substance to produce a gaseous mixture containing two or all of the following: oxides of carbon, methane and hydrogen;

“hydro generating station” means a generating station which is wholly or mainly driven by water (other than a generating station driven by tidal flows, waves, ocean currents or geothermal sources) and the “generating station” extends to all turbines supplied by the same civil works, except that any turbine driven by a compensation flow supplied by those civil works where there is a statutory obligation to maintain such compensation flow in a natural water course shall be regarded as a separate hydro generating station;

“interconnector” means the electric lines, electrical plant and meters operated solely for the transfer of electricity between the transmission and distribution network in Great Britain and the transmission and distribution network in another country or Northern Ireland;

“large hydro generating station” means a hydro generating station which has, or has had at any time since 1st April 2002, a declared net capacity of more than 20 megawatts;

“micro hydro generating station” means a hydro generating station with a declared net capacity of 1.25 megawatts or less provided that the generating station has always been in private ownership and has never generated electricity under an arrangement which has ever been a qualifying arrangement as defined in section 33 of the Act (as that section was originally enacted);

“minimal fossil use generating station” has the meaning given to it in article 8(13);

“nominated person” has the same meaning in this Order as is given to it in the Electricity from Non-Fossil Fuel Sources Saving Arrangements Order 2000(2);

“Non-Fossil Fuel Orders” means any of the following orders: the Electricity (Non-Fossil Fuel Sources) (England and Wales) Order 1994(3); the Electricity (Non-Fossil Fuel Sources) (Scotland) Order 1994(4); the Electricity (Non-Fossil Fuel Sources) (England and Wales) Order 1997(5); the Electricity (Non-Fossil Fuel Sources) (Scotland) Order 1997(6); the Electricity (Non-Fossil Fuel Sources) (England and Wales) Order 1998(7); and the Electricity (Non-Fossil Fuel Sources) (Scotland) Order 1999(8);

“obligation period” means any of the periods referred to in the first column of Schedule 1;

“on land” in relation to the location of a generating station means wholly or partly on land above mean high water level;

“plant” with reference to crops or plant matter, includes shrubs and trees;

“pyrolysis” means the thermal degradation of a substance in the absence of any oxidising agent (other than that which forms part of the substance itself) to produce char and one or both of gas and liquid;

“qualifying arrangement” means (except in the definition of “micro hydro generating station”) an arrangement which was originally made pursuant to a Non-Fossil Fuel Order (including any replacement of such an arrangement where that replacement was made pursuant to an order made under section 67 of the Utilities Act 2000);

“Register” has the meaning given to it in article 4(1);

“registered holder” has the meaning given to it in paragraph 2 of Schedule 2;

(2) S.I.2000/2727.

(3) S.I. 1994/3259 as amended by S.I. 1995/68.

(4) S.I. 1994/3275.

(5) S.I. 1997/248.

(6) S.I. 1997/799.

(7) S.I. 1998/2353.

(8) S.I. 1999/439.

“renewables obligation” has the meaning given to it in article 3;

“replacement SROC” means a SROC issued in accordance with article 5(3)(b) and (4);

“SROC” means a certificate issued by the Authority under section 32B of the Act and pursuant to this Order and, save where otherwise provided, includes a replacement SROC;

“SROC sequence number” has the meaning given to it in article 4(9);

“specified day”, in relation to an obligation period, means the 1st October immediately following it;

“transmission and distribution network” means any transmission system or any distribution system or both (as the terms are used in the definitions of “transmit” and “distribute” respectively in section 4(4) of the Act(9)) in Great Britain or any equivalent systems in another country or in Northern Ireland;

“waste” has the meaning given to it in section 75(2) of the Environmental Protection Act 1990(10) as that subsection will have effect once it has been amended by paragraph 88 of Schedule 22 to the Environment Act 1995(11), but does not include gas derived from landfill sites or gas produced from the treatment of sewage; and

the expression “the United Kingdom” includes the territorial sea of the United Kingdom and waters in any area designated under section 1(7) of the Continental Shelf Act 1964(12).

(2) The civil works which are to be regarded as supplying a particular turbine (“the relevant turbine”) are all the man-made weirs, man-made structures and man-made works for holding water which are located on the inlet side of the relevant turbine, but excluding any such weirs, structures or works which supply another turbine before water is supplied to the weirs, structures and works which supply the relevant turbine.

(3) Unless the context otherwise requires any reference in this Order to the provision of information “in writing” shall include the transmission of such information by either electronic mail or facsimile.

The renewables obligation

3.—(1) The renewables obligation is that, subject to paragraph (3) and article 7, each designated electricity supplier shall before each specified day produce to the Authority evidence showing—

- (a) that it has supplied to customers in Great Britain during the obligation period to which the specified day relates such amount of electricity generated from eligible renewable sources as is determined under article 6; or
- (b) that another electricity supplier has done so (or that two or more others have done so); or
- (c) that, between them, they have done so.

(2) The evidence referred to in paragraph (1) is certificates issued by the Authority under section 32B of the Act, provided that such certificates relate to electricity generated from eligible renewable sources.

(3) A designated electricity supplier may discharge up to 25 per cent. of its renewables obligation in respect of an obligation period by producing to the Authority certificates which would comply with the requirements of this article except that the electricity to which they relate was supplied in the immediately preceding obligation period.

(9) Section 4(4) was amended by section 28 of the Utilities Act 2000.

(10) 1990 c. 43.

(11) 1995 c. 25. At the time of the making of this Order paragraph 88 of Schedule 22 to the Environment Act 1995 has not yet been brought into force, but is to be treated as if it had been in this article.

(12) 1964 c. 29. Section 1(7) of the Continental Shelf Act 1964 was amended by the Oil and Gas (Enterprise) Act 1982 (c. 23), section 37 and Schedule 3, paragraph 1.

(4) In respect of any obligation period, no more than 25 per cent. of a designated electricity supplier's renewables obligation may be satisfied by the production of certificates issued in respect of generating stations which, during the month to which a certificate relates, have been fuelled partly by fossil fuel (as defined in article 8) and partly by biomass (and by no other fuel) and are not minimal fossil use generating stations.

(5) A certificate referred to in paragraph (2) is to be regarded as produced to the Authority as the evidence or part of the evidence required under paragraph (1) in respect of an obligation period where before the specified day the Authority receives from the designated electricity supplier which holds the certificate a notification in writing identifying the certificate to be used and, in the case of a SROC, the SROC identifier (as defined in paragraph 2 of Schedule 2).

(6) Without prejudice to paragraph (5), the Authority may draw up procedural guidelines for the production of certificates as the evidence or part of the evidence required under paragraph (1).

(7) An electricity supplier has a renewables obligation in respect of an obligation period if it supplies electricity to customers in Scotland at any time during that period regardless of whether it supplies electricity to such customers for the whole of that period or not.

SROCs

4.—(1) The Authority shall establish and maintain a register of SROCs ("the Register") which shall be conclusive as to whether or not a SROC subsists and as to the person who is for the time being its registered holder.

(2) Schedule 2 shall have effect with respect to the Register.

(3) A SROC comprises a Register entry of its particulars and shall be regarded as being issued at the point when those particulars are entered in the Register by the Authority.

(4) In accordance with the provisions of Schedule 2, the Authority shall ensure that the Register contains, by way of entries made in it—

- (a) accurate details of each SROC as issued by the Authority (and amended from time to time) and which remains eligible to be produced as evidence of satisfaction of the obligation in article 3; and
- (b) the names of persons who are either the registered holder of a SROC or, although not at that time the registered holder of a SROC, have notified the Authority that they wish an entry to be made and maintained in respect of them.

(5) Only the registered holder of a SROC may use it as the evidence or as part of the evidence required from its registered holder under article 3(1) and a SROC may not be used by its registered holder or by any other person as the evidence or as part of the evidence required under article 3(1) from any person other than the registered holder.

(6) The Authority shall not issue a SROC in respect of any electricity generated by a particular generating station in a particular month if it has previously issued a certificate under section 32B of the Act in respect of any such electricity other than under this Order and whether or not any such certificate previously issued has been revoked.

(7) Except as provided in paragraph (8), SROCs (other than replacement SROCs) shall be issued by the Authority to the operator of a generating station by which the electricity was generated in a particular month where the Authority is satisfied that each of the relevant criteria in paragraph (10) is met.

(8) Where electricity is required to be generated by a generating station from eligible renewable sources under a qualifying arrangement or in compliance with such an arrangement to be made available to the nominated person ("the relevant output"), SROCs (other than replacement SROCs) appropriate to the amount of the relevant output generated in a particular month shall be issued by the Authority where it is satisfied that each of the relevant criteria in paragraph (10) is met—

- (a) where the nominated person is entitled to the relevant output under or in compliance with a qualifying arrangement only to electricity suppliers notified to the Authority by the nominated person as being purchasers of the relevant output and to each in such quantities as are appropriate to the amount of relevant output which the nominated person notifies the Authority each has purchased (subject to the total amount of SROCs available to be so issued); and
 - (b) where one or more electricity suppliers are entitled to the relevant output under a qualifying arrangement only to those electricity suppliers, each in proportion to their entitlement.
- (9) The Authority shall when issuing SROCs (other than replacement SROCs which shall be issued in accordance with article 5(3)(b) and (4))–
- (a) allocate a number (“the SROC sequence number”) to each SROC issued;
 - (b) allocate SROC sequence numbers sequentially in ascending numerical order to all the SROCs issued in respect of electricity generated from eligible renewable sources by a particular generating station in a particular month;
 - (c) in the case of a generating station which in a particular month generates electricity from eligible renewable sources under or in compliance with a qualifying arrangement, issue SROCs in respect of that month firstly to the electricity suppliers to whom paragraph (8) (a) or (b) applies in that month on the basis of information provided to it by the nominated person and thereafter, in the event that the generating station generates any electricity from eligible renewable sources in that month other than under a qualifying arrangement or which in that month is not required in compliance with such an arrangement to be made available to the nominated person, to the operator of that generating station.
- (10) The criteria referred to in paragraphs (7) and (8) and article 5(3) are:
- (a) the Authority has previously confirmed in writing to the operator of the generating station to which the SROC relates that the generating station is accredited as being a generating station capable of generating from eligible renewable sources and the Authority has not since withdrawn that accreditation;
 - (b) the Authority has been provided in writing with all the information listed in paragraph 2(b) (i) to (iii) of Schedule 2 together with any other information which it reasonably requires in order to assess whether the SROC should be issued and it is satisfied that such information is accurate and reliable;
 - (c) the operator of the generating station has provided the Authority, with a declaration applicable to the relevant electricity that:
 - (i) the operator has not made the electricity available to any person in circumstances such that the operator knows or has reason to believe that the consumption of the electricity will result in it not having been supplied by an electricity supplier to customers in Great Britain; and
 - (ii) the operator has not consumed the electricity in such circumstances that its consumption has resulted in the electricity not having been supplied by an electricity supplier to customers in Great Britain;
 - (d) where electricity has been generated on land in Northern Ireland, the operator of the generating station has provided the Authority with evidence of the following matters and the Authority is satisfied with such evidence:–
 - (i) the quantity, date and period of time (“the relevant period”) during the particular month when the electricity from eligible renewable sources was generated by the generating station;

- (ii) that such electricity was delivered by means of the transmission and distribution network in Northern Ireland from the generating station to an interconnector between Great Britain and Northern Ireland during each relevant period;
 - (iii) that such electricity flowed across such interconnector to Great Britain during each relevant period;
 - (iv) that no electricity flowed or was claimed by a user of the interconnector or the interconnector operator to have flowed across such interconnector in the opposite direction during each relevant period; and
 - (v) that such interconnector was capable of conveying such quantity of electricity (together with any other electricity which was contracted to be conveyed) during each relevant period;
- (e) where the electricity was not generated on land in Great Britain or Northern Ireland, the operator of the generating station has provided the Authority with evidence of the matters listed in either sub-paragraph (e)(i) or (ii) and the Authority is satisfied with such evidence—
- (i) that the generating station is connected directly to the transmission and distribution network in Great Britain and electricity from that station cannot have been conveyed to Great Britain via an interconnector; or
 - (ii) that the generating station is connected directly to the transmission and distribution network in Northern Ireland, that it is not connected directly to any other transmission and distribution network and of those matters listed in sub-paragraph (d)(i) to (v);
- (f) SROCs in respect of the relevant megawatt hours of electricity generated by the generating station in a particular month have not already been issued; and
- (g) the Authority has not refused to issue a SROC on any of the grounds set out in paragraph (11).
- (11) The Authority may refuse to issue a SROC in any case where the Authority—
- (a) is not satisfied as to the reliability or accuracy of the information being presented to it in relation to the issue of the SROC;
 - (b) considers that the declaration in paragraph (10)(c) is not accurate in relation to any electricity in respect of which the Authority is considering issuing the SROC;
 - (c) has reason to believe that the electricity in respect of which the Authority is considering issuing a SROC has been consumed in circumstances which have resulted in the electricity not having been supplied by an electricity supplier to customers in Great Britain; or
 - (d) is not satisfied that the operator of the generating station has, during the relevant obligation period, complied with any condition to which accreditation of its generating station is subject.
- (12) Where it issues SROCs pursuant to this article the Authority shall—
- (a) determine the amount of electricity which is to be regarded as having been generated from eligible renewable sources by a generating station in a particular month (“the relevant month”) and, in determining that amount, it shall use, in the case of the amounts for “gross output” and “input electricity” (as those two expressions are defined in article 9(4)) the most accurate figures for those amounts which are known to the Authority at the end of the second month following the end of the relevant month and it shall disregard any changes to those figures after the end of the said second month and article 9 shall have effect subject to this sub-paragraph;

- (b) deduct from the amount determined in accordance with sub-paragraph (a) any electricity in respect of which in the relevant month any of the criteria in paragraph (10) were not satisfied;
- (c) determine the amount of electricity which results from the calculation in sub-paragraphs (a) and (b) and round the amount so determined to the nearest megawatt hour (with any exact half megawatt hour being rounded upwards); and
- (d) issue SROCs appropriate to the amount of electricity determined pursuant to sub-paragraph (c) to the generating station or the electricity supplier in accordance with paragraphs (7) and (8) and in determining the number of SROCs which it is appropriate to issue proceed on the basis that one SROC represents one megawatt hour of electricity (with any exact half megawatt hour being rounded upwards).

Revocation of SROCs

5.—(1) The Authority—

- (a) shall, where in respect of any electricity generated by a generating station in a particular month it is satisfied that the declaration provided to it by the operator of that generating station pursuant to article 4(10)(c) is false or that a SROC was issued on the basis of any fraudulent behaviour, statement or undertaking on the part of the operator of that generating station or any connected person, revoke all SROCs issued in respect of that generating station in that month;
- (b) shall, in accordance with the procedure laid down in paragraph (2), revoke any SROC where it is otherwise satisfied that the SROC is inaccurate; and
- (c) may revoke any SROC where—
 - (i) the Authority is no longer satisfied that the SROC should have been issued;
 - (ii) the Authority has reasonable doubts as to the accuracy or reliability of the information upon which the Authority relied prior to the issue of the SROC; or
 - (iii) the Authority has been unable, due to a failure or refusal by any person (whether inside or outside Scotland) to provide the Authority with any information reasonably requested by it, to check the accuracy of either the SROC or any information which the Authority relied upon prior to the issue of the SROC,

and such revocation shall be in accordance with the procedure laid down in paragraph (2).

(2) Where the Authority revokes SROCs in accordance with paragraph (1), it shall revoke the appropriate number of SROCs from those issued in respect of the generating station in respect of a particular month in descending numerical order, deleting those SROCs allocated the highest SROC sequence numbers and not yet deleted from the Register in advance of those with lower SROC sequence numbers and in determining the number of SROCs which it is appropriate to revoke it shall proceed on the basis that one SROC represents one megawatt hour of electricity (with any exact half megawatt being rounded upwards).

(3) Where the Authority has revoked a SROC—

- (a) it shall as soon as practicable give notice of such revocation in writing to the registered holder of the SROC at the time of revocation;
- (b) other than when a SROC has been revoked in accordance with paragraph (1)(a), the Authority may, in circumstances where it considers it appropriate to do so, issue a replacement SROC in accordance with the procedures laid down in paragraph (4) provided that it is satisfied that each of the relevant criteria in article 4(10) is met and such SROC shall be treated as if issued under article 4.

(4) Where pursuant to paragraph (3)(b) the Authority issues a replacement SROC it shall—

- (a) allocate to the replacement SROC the lowest SROC sequence number of any SROC previously issued in respect of the same generating station and same month that has been revoked which has not already been allocated to a replacement SROC which has not itself been revoked;
- (b) issue each replacement SROC to the person to whom the SROC issued in respect of that generating station and that month and bearing the same SROC sequence number has previously been issued; and
- (c) proceed on the basis that one SROC represents one megawatt hour of electricity (with any exact half megawatt hour being rounded upwards).

The amount of the renewables obligation

6.—(1) The amount of electricity referred to in article 3(1)(a), in respect of an obligation period, is such amount of electricity as equals the relevant percentage of all the electricity supplied by the designated electricity supplier to customers in Scotland during the obligation period (as determined pursuant to paragraph (3)), such amount being rounded to the nearest whole megawatt hour (any exact half megawatt hour being rounded upwards).

(2) In paragraph (1) “the relevant percentage” means, in respect of an obligation period, the percentage set out in the second column of Schedule 1 against the reference to that obligation period in the first column of Schedule 1.

(3) For the purposes of paragraph (1) the amount of the electricity supplied by the designated electricity supplier to customers in Scotland during an obligation period is to be determined by taking the aggregate of the estimated figures for its total sales of electricity to customers in Scotland for each of the twelve periods of approximately one month falling wholly or mainly within the obligation period as reflected in the statistics contained in Table 5.5 of “Energy Trends” as that table appears on the Department of Trade and Industry’s website on the 1st August following the end of the obligation period.

(4) Where Table 5.5 of “Energy Trends” is not available in respect of any period the reference in paragraph (3) to Table 5.5 shall be taken to be to such table as is published by the Department of Trade and Industry in substitution for Table 5.5.

(5) Each designated electricity supplier shall furnish to the Department of Trade and Industry the estimated figures relating to its total sales of electricity to customers in Scotland during an obligation period for incorporation in the statistics referred to in paragraph (3) by no later than the 20th June following the end of the obligation period and this obligation shall be independent of any obligation to furnish those figures which arises otherwise than under this Order.

(6) Each designated electricity supplier shall before 7th August in each year inform the Authority of the amount in megawatt hours of its renewables obligation in respect of the last obligation period which ended before the 7th August in question and the amount of all electricity supplied by that designated electricity supplier to customers in Scotland during that obligation period (as determined pursuant to paragraph (3)).

Alternative way of discharging renewables obligation: payments

7.—(1) Instead of producing certificates pursuant to article 3, a designated electricity supplier may discharge (in whole or in part) its renewables obligation in relation to a particular obligation period by making a payment to the Authority before the specified day relating to that obligation period.

(2) Subject to paragraphs (3) to (5), the payment to be made under paragraph (1) is thirty pounds for each megawatt hour of electricity generated from eligible renewable sources for which

the designated electricity supplier does not produce certificates pursuant to article 3 (“the buy-out price”).

(3) If, in the case of any calendar year beginning with 2002, the annual retail prices index for that year (“the later year”) is higher or lower than that for the previous year, the buy-out price relating to the obligation period beginning on the 1st April following the later year shall be increased (if the index is higher) or decreased (if the index is lower) by the annual percentage inflation rate of the retail prices index for the later year.

(4) When the buy-out price is calculated under paragraph (3) the result shall be rounded to the nearest penny (any exact half of a penny being rounded upwards).

(5) In this article “the retail prices index” means—

- (a) the general index of retail prices (for all items) published by the Office of National Statistics; or
- (b) where the index is not published for a year, any substituted index or figures published by that Office.

Eligible renewable sources

8.—(1) Subject to article 9, electricity shall be considered to have been generated from eligible renewable sources to the extent that it has been generated from renewable sources and provided that it has not been generated by an excluded generating station as specified in paragraphs (2) to (11).

(2) The following shall be excluded generating stations:

- (a) large hydro generating stations except those first commissioned after the date this Order comes into force;
- (b) subject to paragraph (5), generating stations (other than micro hydro generating stations) which were first commissioned before 1st January 1990 and where the main components have not been renewed since 31st December 1989 as described in paragraph (12);
- (c) generating stations located outside the United Kingdom;
- (d) generating stations generating electricity under the arrangements or additional arrangements referred to in article 35(1) of the Electricity (Northern Ireland) Order 1992(13); and
- (e) generating stations at a location at which a qualifying arrangement which has terminated provided, immediately prior to the termination, for the building of a generating station if the qualifying arrangement was terminated due to the operator of the generating station to which that arrangement applies having committed an unremedied breach of the arrangement unless the last period referred to in the tables contained in Schedule 1 to the Non-Fossil Fuel Order which relates to the qualifying arrangement has expired.

(3) A generating station shall be an excluded generating station in any month during which it is fuelled wholly or partly by waste unless:

- (a) the only waste used as fuel in the generating station in that month is biomass; or
- (b) all the waste which is not biomass which is used in that month in the generating station to generate electricity has first been manufactured into fuel which is in either a gaseous or liquid form (or both) by means of plant and equipment using advanced conversion technologies only.

(4) A generating station shall be an excluded generating station in any month during which it is fuelled partly by fossil fuel and partly by any other fuel (or fuels) other than biomass unless during that month it is a minimal fossil use generating station.

(5) A generating station shall not be an excluded generating station by virtue of paragraph (2)(b) in any month during which it is fuelled partly by fossil fuel and partly by biomass (and by no other fuel) unless during that month it is a minimal fossil use generating station.

(6) After 31st March 2006 a generating station which in any month is fuelled partly by fossil fuel and partly by biomass (and by no other fuel) shall be an excluded generating station during that month if, in that month, less than 75 per cent. of the energy content of the biomass derives from energy crops unless during that month it is a minimal fossil use generating station.

(7) After 31st March 2011 a generating station shall be an excluded generating station in any month during which it is fuelled partly by fossil fuel and partly by biomass (and by no other fuel) unless during that month it is a minimal fossil use generating station.

(8) A generating station shall be an excluded generating station in any month during which it is fuelled wholly or partly by peat.

(9) A generating station shall be an excluded generating station in any month during which it is fuelled wholly or partly by any substance derived directly or indirectly from any of the substances referred to in paragraph (13)(a)(i) unless that substance is a substance falling within paragraph (13)(a)(ii) or it is waste or a component of biomass.

(10) A generating station shall be an excluded generating station in any month during which it is fuelled wholly or partly by waste where all the waste which is not biomass is or is derived directly or indirectly from one or more of the substances referred to in paragraph 13(a)(i).

(11) A generating station at a location at which an extant qualifying arrangement provides for the building of a generating station shall be an excluded generating station in any month in which no electricity generated by the generating station is sold pursuant to the qualifying arrangement.

(12) The main components of a generating station shall only be regarded as having been renewed since 31st December 1989 where—

(a) in the case of a hydro generating station the following parts have been installed in the generating station after 31st December 1989 and were not used for the purpose of electricity generation prior to that date:

(i) either all the turbine runners or all the turbine blades or the propeller; and

(ii) either all the inlet guide vanes or all the inlet guide nozzles; or

(b) in the case of any other generating station all the boilers and turbines (driven by any means including wind, water, steam or gas) have been installed in the generating station after 31st December 1989 and were not used for the purpose of electricity generation prior to that date.

(13) In this article:

(a) “fossil fuel” means:

(i) coal, lignite, natural gas (as defined in the Energy Act 1976(14)) and crude liquid petroleum; and

(ii) anything which is derived directly or indirectly from any of the substances referred to in sub-paragraph (a)(i) which is created for the purpose of being used as a fuel, other than anything, which is, or is derived directly or indirectly from, any of the substances referred to in sub-paragraph (a)(i), which is waste or a component of biomass;

(b) “minimal fossil use generating station” means, in relation to any month, a generating station which in that month uses fossil fuel only for one or more of the following purposes:

(i) the ignition of gases of low or variable calorific value;

(14) 1976 c. 76.

(ii) the heating of the combustion system to its normal operating temperature or the maintenance of that temperature; or

(iii) emission control,

and where in that month the energy content of the fossil fuel used for the above purposes does not exceed 10 per cent. of the energy content of the renewable sources used (and for this purpose the term “renewable sources” includes any waste or component of biomass that is fossil fuel or is derived directly or indirectly from fossil fuel); and

(c) “waste” is to be regarded as including anything derived directly or indirectly from waste (as that term is defined in article 2(1)).

Calculation of amount of electricity generated from eligible renewable sources

9.—(1) Subject to paragraph (2), the amount of electricity generated by a generating station which is to be regarded as having been generated from eligible renewable sources in any month is to be calculated by multiplying the renewable output of that station in that month by a proportion which is equal to the proportion which the net output of that station in that month bears to the gross output of that station in that month and for the purposes of this calculation:

(a) “the renewable output” is such amount as is obtained by deducting from the gross output of that station in that month the amount of electricity which has been generated from fossil fuel in that month; and

(b) “the net output” is such amount as is obtained by deducting from the gross output of that station in that month the input electricity of that station in that month.

(2) In the case of a generating station fuelled wholly or partly by biomass, 2 per cent. of the electricity generated from biomass in any month shall be treated as having been generated from fossil fuel unless the operator of the generating station satisfies the Authority that during that month a lesser percentage of the energy content of the biomass derives from fossil fuel, in which case that lesser percentage shall be treated as having been generated from fossil fuel.

(3) In calculating “the renewable output” in the case of a generating station fuelled partly by fossil fuel and partly by another fuel or fuels the amount of electricity which has been generated from fossil fuel is to be determined according to the respective energy contents of the fuels used.

(4) In this article:

(a) “fossil fuel” has the meaning given to it by section 32 of the Act except that the expression also includes any substance which is derived directly or indirectly from fossil fuel (whether or not such substance is waste or a component of biomass);

(b) “gross output” means, in relation to any month, the total amount of electricity generated by a generating station in that month; and

(c) “input electricity” means, in relation to any month, all the electricity used by a generating station in that month (whether generated by that generating station or not) for a purpose directly relating to the operation of that generating station, including fuel handling, fuel preparation and pumping water.

Calculation of amount of electricity supplied to customers in Great Britain

10. Where electricity generated from eligible renewable sources has been sold by the operator of the generating station to an electricity supplier and is then purchased from the electricity supplier and consumed by the operator of the generating station, such electricity shall be regarded as having been supplied to a customer in Great Britain.

Provision of information to the Authority

11.—(1) The Authority may require a designated electricity supplier to provide it with such information in such form and within such time as it may reasonably require which is, in the Authority’s opinion, relevant to the question whether the supplier is discharging, or has discharged, its renewables obligation in relation to any obligation period.

(2) The Authority may request any person who generates, supplies, distributes or transmits electricity in relation to which a SROC has been or may be issued, or any person who buys or sells such electricity or SROCs (otherwise than as a consumer) to provide the Authority with such information in such form and within such time as it may reasonably request in order to carry out any of its functions under this Order.

Allocation of payments made under article 7

12.—(1) The aggregate of the amounts received by the Authority under article 7 in respect of an obligation period (“the relevant obligation period”) (together with any interest thereon received by the Authority) is referred to in this article as “the buy-out fund”.

(2) The Authority shall pay out the buy-out fund, by the 1st December following the relevant obligation period in accordance with the system of allocation specified in paragraph (3).

(3) The buy-out fund relating to a relevant obligation period shall be divided amongst each of those designated electricity suppliers who, in respect of that period, has complied (in whole or in part) with its renewables obligation by producing to the Authority certificates pursuant to article 3 so that each such supplier receives that proportion of the buy-out fund which is equal to the proportion which the electricity covered by the certificates it has produced to the Authority pursuant to article 3 in respect of the relevant obligation period bears to the total of the electricity covered by all the certificates produced to the Authority pursuant to article 3 in respect of that period.

Functions of the Authority

13. The Authority shall have the functions assigned to it elsewhere in this Order, including any general or specific role, duty or decision making function in addition to the following specific functions—

- (a) the accreditation of generating stations (to be notified to the operator of a generating station which is being accredited in writing from such date and subject to such conditions as the Authority considers appropriate) and the withdrawal of such accreditation or the alteration of any conditions attached to it (such withdrawal or alteration to be notified to the operator of the affected generating station in writing);
- (b) keeping and maintaining a list of accredited generating stations and the conditions for their accreditation and making such list available to the public;
- (c) issuing and revoking SROCs in accordance with articles 4 and 5;
- (d) keeping and maintaining a list of SROCs which have been revoked and making such list available to the public;
- (e) calculating and publishing before the start of each obligation period (with the exception of the first obligation period) the amount of the payment per megawatt hour of electricity referred to in article 7 resulting from the adjustments made to reflect changes in the retail prices index;
- (f) by 1st March each year publishing an annual report in relation to the obligation period ending on the previous 31st March, such report to include details (or, in the case of sub-paragraph (v), a summary) of—

- (i) the compliance of each designated electricity supplier with its renewables obligation, including the extent to which that obligation has been met by the production of certificates pursuant to article 3 or payments made under article 7;
 - (ii) the sums received by each designated electricity supplier under article 12;
 - (iii) the number of SROCs issued by the Authority in accordance with articles 4 and 5, the number of SROCs and other certificates accepted by it as evidence under section 32(3) of the Act and the number of SROCs issued but not yet deleted in respect of the obligation period;
 - (iv) the number of SROCs issued by the Authority in accordance with articles 4 and 5 broken down into different descriptions of generating stations (as referred to in paragraph 2 of Schedule 2);
 - (v) the outcome of any enquiries or investigations conducted by the Authority pursuant to paragraph (g); and
 - (vi) any other matters which the Authority considers relevant to the implementation of this Order;
- (g) monitoring implementation of the renewables obligation and compliance by designated electricity suppliers and operators of generating stations with this Order (including compliance by operators of generating stations with any conditions attached to their accreditation) and such monitoring may include conducting enquiries or investigations into the quantities of electricity generated from eligible renewable sources by accredited generating stations, the quantities of such electricity supplied to customers in Great Britain, the transfer and holding of SROCs, the effect of such matters on the making and allocation of payments under articles 7 and 12 and the effect of the renewables obligation on designated electricity suppliers and the operators of generating stations; and
- (h) publishing at its discretion reports of enquiries or investigations conducted by the Authority pursuant to paragraph (g).

St Andrews House,
Edinburgh
26th March 2002

ROSS FINNIE
A member of the Scottish Executive