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SCOTTISH STATUTORY INSTRUMENTS

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**2006 No. 173**

**The Renewables Obligation (Scotland) Order 2006**

**PART 7**

**Additional Payments**

**Mutualisation: definitions and interpretation**

**27.—(1)** In this Part—

- (a) “compliant United Kingdom supplier” means a United Kingdom supplier which, at the end of the late payment period has discharged or is treated as if it had discharged in full every renewables obligation imposed on that supplier in accordance with section 32(1) of the Act or article 52 of the Northern Ireland Energy Order, in respect of the obligation period to which that late payment period relates, or any period contemporaneous with that obligation period;
- (b) “mutualisation fund” means the aggregate at any given time of the amounts (excluding any amounts repaid under article 26(5)) received by the Authority under articles 24 and 26 in respect of a shortfall period (together with any interest received thereon by the Authority);
- (c) “mutualisation payment” means a payment required under article 24(4);
- (d) “mutualisation period” means the second obligation period following a shortfall period;
- (e) “non compliant United Kingdom supplier” means a United Kingdom supplier which, at the end of the late payment period, has not discharged or is not treated as if it had discharged in full every renewables obligation imposed on that supplier in accordance with 32(1) of the Act or article 52 of the Northern Ireland Energy Order, in respect of the obligation period to which that late payment period relates, or any period contemporaneous with that obligation period;
- (f) “outstanding amount” means the recalculated supplier payment less the total of any instalment payments already made by the relevant supplier in accordance with article 24(7);
- (g) “payment total” means the total of—
  - (i) the buy out fund in relation to the obligation period in question, immediately before it was paid out in accordance with article 22, and
  - (ii) the late payment fund in relation to the obligation period in question (less any sums paid to the Authority as referred to in article 23(6)(a)(ii)) immediately before it is paid out in accordance with article 23;
- (h) “recalculated supplier payment” has the meaning given by article 26(3)(b)(ii);
- (i) “relevant shortfall” means, in relation to any obligation period set out in the first column of Schedule 4, a shortfall which is equal to or greater than the corresponding amount set out in the second column of that Schedule;
- (j) “relevant supplier” means any designated electricity supplier with a renewables obligation for the shortfall period, which at the end of the late payment period in relation to the

shortfall period, had discharged or is treated as if it had discharged the whole or part of, its renewables obligation;

- (k) “shortfall” means the difference between—
  - (i) the payment total, and
  - (ii) what the payment total would have been if all the designated electricity suppliers who, at the end of the late payment period in relation to an obligation period had not discharged or were not treated as if they had discharged their renewables obligation in full under article 23(2), had made a payment referred to in article 23(6)(a)(i);
- (l) “shortfall period” means an obligation period in respect of which a relevant shortfall occurs; and
- (m) “specified amount” means subject to paragraph (2) and articles 24(5) and (6) and 26(3) the whole of the relevant shortfall, except to the extent that it exceeds £20,000,000.

(2) If, in the case of the calendar year 2006 or any subsequent calendar year, the annual retail prices index for that year (“the later year”) is higher or lower than that for the previous year, the figure of £20,000,000 used in the definition of specified amount shall, in relation to the obligation period beginning on the 1st April immediately following the later year, 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.

(3) Where the figure of £20,000,000 is modified under paragraph (2) the resulting figure shall be rounded to the nearest pound (with any exact amount of 50p being rounded upwards).