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STATUTORY INSTRUMENTS

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**2002 No. 914**

**ELECTRICITY, ENGLAND AND WALES**

**The Renewables Obligation Order 2002**

*Made* - - - - 31st March 2002

*Coming into force* - - 1st April 2002

Whereas a draft of this instrument was laid before Parliament in accordance with section 32(9) of the Electricity Act 1989(1) and approved by resolution of each House of Parliament;

Now, therefore, the Secretary of State, in exercise of the powers conferred on her by sections 32 to 32C of the Electricity Act 1989(2) and having consulted the Gas and Electricity Markets Authority, the Gas and Electricity Consumer Council, electricity suppliers to whom this Order applies, generators of electricity from renewable sources and such other persons as she considers appropriate, hereby makes the following Order:—

**Citation, commencement and extent**

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

(2) This Order extends to England and Wales 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

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(1) 1989 c. 29. Section 62 of the Utilities Act 2000 (c. 27) substituted a new section 32 of the Electricity Act 1989 for the section 32 which was originally enacted.

(2) Sections 32A to 32C of the Electricity Act 1989 were inserted by sections 63 to 65 respectively of the Utilities Act 2000.

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 him within the meaning of section 839 of the Income and Corporation Taxes Act 1988<sup>(3)</sup>;

“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 England and Wales;

“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;

“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 a transmission and distribution network in Great Britain and a transmission and distribution network in another country or in 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<sup>(4)</sup>;

“Non-Fossil Fuel Order” means any of the following orders: the Electricity (Non-Fossil Fuel Sources) (England and Wales) Order 1994<sup>(5)</sup>; the Electricity (Non-Fossil Fuel Sources) (Scotland) Order 1994<sup>(6)</sup>; the Electricity (Non-Fossil Fuel Sources) (England and Wales)

(3) 1988 c. 1. Section 839 was amended by the Finance Act 1995 (c. 4), section 74 and Schedule 17, paragraph 20.

(4) S.I.2000/2727, as amended by S.I. 2001/3268.

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

(6) S.I. 1994/3275 (S.190).

Order 1997(7); the Electricity (Non-Fossil Fuel Sources) (Scotland) Order 1997(8); the Electricity (Non-Fossil Fuel Sources) (England and Wales) Order 1998(9); and the Electricity (Non-Fossil Fuel Sources) (Scotland) Order 1999(10);

“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;

“particulars”, in relation to a ROC, has the meaning given to it in paragraph 2 of Schedule 2;

“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 (and includes 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;

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

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

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

“ROC 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(11)) 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(12) as that subsection will have effect once it has been amended by paragraph 88 of Schedule 22 to the Environment Act 1995(13), 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(14).

(2) For the purposes of the definition of “hydro generating station”, 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

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(7) S.I. 1997/248.

(8) S.I. 1997/799 (S.76).

(9) S.I. 1998/2353.

(10) S.I. 1999/439 (S.24).

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

(12) 1990 c. 43.

(13) 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.

(14) 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.

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) Any reference in this Order to the provision of information “in writing” shall include the provision of such information by electronic mail, facsimile or similar means which are capable of producing a document containing the text of any communication.

(4) Unless the context otherwise requires any reference in this Order to a numbered article or Schedule is a reference to the article in or the Schedule to this Order bearing that number and any reference in an article or a Schedule to a numbered paragraph is a reference to the paragraph of that article or Schedule bearing that number.

### **The renewables obligation**

3.—(1) The renewables obligation is that, subject to paragraphs (3) and (4) 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.

(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) shall 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 relating to that period the Authority receives from the designated electricity supplier which holds the certificate a notification in writing identifying the certificate to be produced for that purpose and, in the case of a ROC, the ROC 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 in England and Wales at any time during that period regardless of whether it supplies electricity in England and Wales for the whole of that period.

### **ROCs**

4.—(1) The Authority shall establish and maintain a register of ROCs (“the Register”) which shall be conclusive as to whether or not a ROC 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 ROC 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) an accurate record of the particulars of each ROC as issued by the Authority (amended to reflect any change of registered holder which may occur) and which remains eligible to be produced as evidence pursuant to article 3; and
  - (b) in addition to the record of the particulars of each ROC, a list of the names of all persons who are either the registered holder of a ROC or, although not at that time the registered holder of a ROC, have notified the Authority that they wish an entry to be made and maintained in respect of them as prospective registered holders of ROCs.
- (5) Only the registered holder of a ROC may use it as the evidence or as part of the evidence required from him under article 3(1) and a ROC 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 ROC 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), ROCs (other than replacement ROCs) shall be issued by the Authority to the operator of a generating station by which the relevant 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”), ROCs (other than replacement ROCs) 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 the relevant output which the nominated person notifies the Authority each has purchased (subject to the total amount of ROCs available to be so issued); or
  - (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 its entitlement.
- (9) The Authority shall when issuing ROCs (other than replacement ROCs which shall be issued in accordance with article 5(3)(b) and (4))—
- (a) allocate a number (“the ROC sequence number”) to each ROC issued;
  - (b) allocate ROC sequence numbers sequentially in ascending numerical order to all the ROCs 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 ROCs 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 in article 5(3) are—
- (a) the Authority has previously confirmed in writing to the operator of the generating station to which the ROC relates that the generating station is accredited as being a generating station capable of generating electricity 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 ROC 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) he 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 has resulted in it not having been supplied by an electricity supplier to customers in Great Britain; and
    - (ii) he has not consumed the electricity himself 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 (referred to in paragraph (10)(d) as “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 a 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 in Northern Ireland, the operator of the generating station has provided the Authority with evidence of the matters listed in either paragraph (10)(e)(i) or (ii) and the Authority is satisfied with such evidence—
    - (i) that at the time the electricity was generated the generating station was connected directly to a transmission and distribution network in Great Britain and electricity generated by that generating station could not have been conveyed to Great Britain via an interconnector; or
    - (ii) that at the time the electricity was generated the generating station was connected directly to a transmission and distribution network in Northern Ireland, that it was

- not connected directly to any other transmission and distribution network and of those matters listed in paragraph (10)(d)(i) to (v);
- (f) ROCs in respect of the relevant electricity generated by the generating station in the particular month have not already been issued; and
  - (g) the Authority has not refused to issue a ROC on any of the grounds set out in paragraph (11).
- (11) The Authority may refuse to issue a ROC 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 ROC;
  - (b) considers that the declaration in paragraph (10)(c) is not accurate in relation to the electricity in respect of which the Authority is considering issuing the ROC;
  - (c) has reason to believe that the electricity in respect of which the Authority is considering issuing the ROC was consumed in circumstances which 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 month, complied with any condition to which accreditation of the relevant generating station is subject.
- (12) Where it issues ROCs 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 or estimated by 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 calculations 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 ROCs appropriate to the amount of electricity determined pursuant to sub-paragraph (c) to the operator of the generating station or to the electricity supplier in accordance with paragraphs (7) and (8) and in determining the number of ROCs which it is appropriate to issue proceed on the basis that one ROC represents one megawatt hour of electricity.
- (13) The Authority shall issue ROCs pursuant to this article in relation to a generating station in respect of each month of each obligation period in which electricity has been generated by the generating station from eligible renewable sources (whether or not for the whole of that month) and ROCs in respect of a particular month (“the relevant month”) shall be issued no earlier than the end of the second month following the end of the relevant month.

## **Revocation of ROCs**

### **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 ROC 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 ROCs issued in respect of that generating station in that month;

- (b) shall, in accordance with the procedure laid down in paragraph (2), revoke any ROC where it is otherwise satisfied that the ROC is inaccurate;
- (c) may, in accordance with the procedure laid down in paragraph (2), revoke any ROC where—
  - (i) the Authority is no longer satisfied that the ROC 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 ROC; or
  - (iii) the Authority has been unable, due to a failure or refusal by any person (whether inside or outside England and Wales) to provide the Authority with any information reasonably requested by it, to check the accuracy of either the ROC or any information which the Authority relied upon prior to the issue of the ROC; and
- (d) shall, in reaching a decision as to the inaccuracy of a ROC for the purposes of paragraph (1)(b) and in exercising its powers to revoke a ROC pursuant to paragraph (1)(c), disregard any changes to the amounts for “gross output” and “input electricity” (as those two expressions are defined in article 9(4)) which were used by it (as provided in article 4(12)(a)) to determine the amount of electricity to be regarded as having been generated from eligible renewable sources by a particular generating station in a particular month.

(2) Where the Authority revokes ROCs in accordance with paragraph (1)(b) or (c), it shall revoke the appropriate number of ROCs from those issued in respect of the generating station in respect of a particular month in descending numerical order of ROC sequence number, deleting those ROCs previously allocated the highest ROC sequence numbers and remaining on the Register from the Register in advance of those with lower ROC sequence numbers and in determining the number of ROCs which it is appropriate to revoke it shall proceed on the basis that one ROC represents one megawatt hour of electricity (with any exact half megawatt hour being rounded upwards).

(3) Where the Authority has revoked a ROC—

- (a) it shall as soon as practicable give notice of such revocation in writing to the registered holder of the ROC at the time of revocation;
- (b) other than when a ROC 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 ROC 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 ROC shall be treated as if issued under article 4.

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

- (a) allocate to the replacement ROC the lowest ROC sequence number of any ROC 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 ROC which has not itself been revoked;
- (b) issue each replacement ROC to the person to whom the ROC issued in respect of that generating station and that month and bearing the same ROC sequence number was previously issued; and
- (c) proceed on the basis that one ROC 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 England and Wales during the obligation period (as determined pursuant to paragraph (3)), such amount being rounded to the nearest whole megawatt hour (with 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 England and Wales 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 England and Wales 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 immediately 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 England and Wales during an obligation period for incorporation in the statistics referred to in paragraph (3) by no later than the 20th June immediately 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 England and Wales 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 the calendar year 2002 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 buy-out price relating to the obligation period beginning on the 1st April immediately 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 (with 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(15); 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 applied 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 by the generating station in that month is biomass; or
- (b) all the waste which is not biomass which is used in that month by 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 during 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(16)) 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;

(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 generating station in that month by a proportion which is equal to the proportion which the net output of that generating station in that month bears to the gross output of that generating 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 generating 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 generating station in that month the input electricity of that generating 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**

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.

**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 renewable 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 ROC has been or may be issued, or any person who buys or sells such electricity or ROCs (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 immediately 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 which, 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 ROCs in accordance with articles 4 and 5;
- (d) keeping and maintaining a list of ROCs 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 ROCs issued by the Authority in accordance with articles 4 and 5, the number of ROCs and other certificates accepted by it as evidence under article 3(1) and the number of ROCs issued but not yet deleted in respect of the obligation period;
  - (iv) the number of ROCs 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 ROCs, 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).

31st March 2002

*Brian Wilson,*  
Minister of State for Industry and Energy,  
Department of Trade and Industry

## SCHEDULE 1

Articles 2(1) and 6(2)

## AMOUNT OF THE RENEWABLES OBLIGATION

<i>Obligation period</i>	<i>Percentage of total supplies</i>
1st April 2002 to 31st March 2003	3.0
1st April 2003 to 31st March 2004	4.3
1st April 2004 to 31st March 2005	4.9
1st April 2005 to 31st March 2006	5.5
1st April 2006 to 31st March 2007	6.7
1st April 2007 to 31st March 2008	7.9
1st April 2008 to 31st March 2009	9.1
1st April 2009 to 31st March 2010	9.7
1st April 2010 to 31st March 2011	10.4
Each subsequent period of twelve months ending with the period of twelve months ending on 31st March 2027	10.4

## SCHEDULE 2

Article 4

## THE REGISTER

1. The Authority shall maintain the Register (which may be in electronic form) at any of its premises.

2. Particulars of a ROC comprise—

- (a) the name of the person to whom the Authority issues the ROC or, where the Authority has amended the Register in dealing with a request for substitution in accordance with paragraph 6, the name of the substitute (“the registered holder”); and
- (b) an identifier unique to the ROC (“the ROC identifier”) determined by the Authority and containing the following information (or reference to that information in coded format)—
  - (i) the month and year during which the electricity was generated;
  - (ii) the location of the generating station;
  - (iii) a description of the generating station including reference to the eligible renewable source or sources used to generate electricity by that generating station;
  - (iv) the date of issue of the ROC; and
  - (v) the ROC sequence number determined by the Authority in accordance with article 4(9) or 5(4).

3. A person may only be the registered holder of a ROC or have an entry made and maintained in respect of them under article 4(4)(b) if they provide to the Authority in writing—

- (a) evidence of their identity; and

- (b) details of persons authorised to act on their behalf in respect of the production of ROCs as the evidence or part of the evidence required under article 3(1) and in respect of requests for amendments to be made to the Register as provided for in this Schedule.
4. The Authority may from time to time draw up procedural guidelines for itself and others to assist it in maintaining the Register and carrying out its functions in respect thereof.
5. The Authority shall delete from the Register any ROC which—
- (a) has been revoked in accordance with article 5;
  - (b) has in accordance with article 3(5) been produced as evidence or as part of the evidence required under article 3(1);
  - (c) is no longer eligible to be produced as evidence or as part of the evidence required under article 3(1); or
  - (d) the registered holder requests should be deleted,
- and where it is so deleted, the ROC cannot thereafter be produced as the evidence or part of the evidence required under article 3(1).
6. Where the registered holder of a ROC and a person whom he wishes to be the substitute (as defined in this paragraph) require in respect of a particular ROC that the Register be amended, by substituting for the name of the registered holder the name of a second person (“the substitute”), (who shall be a person whose name is included on the list maintained pursuant to article 4(4)(b))—
- (a) the registered holder and the person whom he wishes to be the substitute shall each submit to the Authority in writing requests which are identical in all material respects and which include the ROC identifier of the ROC to which the request relates; and
  - (b) the Authority shall, in any September, on the tenth banking day and in all other instances on the fifth banking day after the banking day on which it is first in receipt at the commencement of its working hours of requests which comply with paragraph 6(a) amend the particulars of the ROC recorded in the Register to show the substitute as the registered holder.
7. Where the Authority receives in writing a request for substitution it shall inform both the registered holder of the ROC and the substitute named therein that the request has been received and, in the event that the requests from the registered holder of the ROC and the person whom he wishes to be the substitute are not identical in all material respects or do not include the ROC identifier of the ROC, shall draw this to their attention.
8. Where a ROC is issued in accordance with article 4 or a replacement ROC is issued in accordance with article 5 or a substitute is recorded as the registered holder pursuant to paragraph 6, the Authority shall notify the registered holder (in the case of a ROC or a replacement ROC being issued) and the former and new registered holder (in the case of a substitution) in writing within 5 banking days of the issue or substitution having taken place.
9. The substitute shall not be the registered holder of the ROC until such time as the particulars of the ROC recorded in the Register identify him as such.
10. The Register may be amended by a decision of the Authority—
- (a) where the Authority is satisfied that an entry in the Register has been obtained by fraud;
  - (b) where a decision of a Court of competent jurisdiction or the operation of law requires the amendment of the Register;
  - (c) in any other case where by reason of any error or omission on the part of the Authority it is necessary to amend the Register.



**11.** The contents of the Register (including the entries referred to in article 4(4)(b)) shall be available for inspection by the public on request at reasonable notice during the Authority's working hours and at the request of any person the Authority shall provide a written statement of any entry on the Register including any entry referred to in article 4(4)(b).

**12.** Where any person considers that an entry maintained in respect of him under article 4(4)(b) should be amended or deleted, he may apply to the Authority in writing requesting that the entry be amended or deleted.

**13.** The Authority shall in any procedural guidelines which it produces provide details of its usual working hours.

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order is made under section 32 of the Electricity Act 1989 and imposes an obligation ("the renewables obligation") on all electricity suppliers, which are licensed under that Act and which supply electricity in England and Wales, to supply to customers in Great Britain specified amounts of electricity generated by using renewable sources. As alternatives, in respect of all or part of an electricity supplier's renewables obligation, an electricity supplier is permitted to provide evidence that other licensed electricity suppliers have supplied electricity generated using renewable sources instead of it or to make a payment to the Gas and Electricity Markets Authority ("the Authority"). Renewable sources include sources of energy such as wind, water, solar and biomass.

Article 3 imposes the renewables obligation on electricity suppliers. The renewables obligation requires the electricity supplier to produce evidence of the supply of electricity generated from renewable sources to the Authority. The evidence required is certificates issued by the Authority. Those certificates issued under this Order are referred to as "ROCs".

Article 4 and Schedule 2 provide for the issue of ROCs by the Authority and the maintenance by it of a register of ROCs.

Article 5 provides for the revocation of ROCs in specified circumstances.

Article 6 and Schedule 1 provide for how the amount of an electricity supplier's renewables obligation is to be determined.

Article 7 provides that, instead of producing certificates to the Authority, an electricity supplier may discharge (in whole or in part) its renewables obligation by making a payment to the Authority.

Articles 8, 9 and 10 determine what types of electricity generated from renewable sources are eligible to satisfy an electricity supplier's renewables obligation.

Article 11 provides for the Authority to obtain information to enable it to carry out its functions under the Order.

Article 12 provides how payments made to the Authority by electricity suppliers under article 7 are to be divided amongst those electricity suppliers subject to the renewables obligation.

Article 13 makes provision relating to the functions of the Authority under the Order.

**Status:** *This is the original version (as it was originally made).*

A regulatory impact assessment is available and can be obtained from the Energy Policy Directorate, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET. Copies have been placed in the libraries of both Houses of Parliament.

This Order includes provisions giving effect to article 3.1 of the European Directive on the promotion of electricity produced from renewable energy sources in the internal market (Directive [2001/77/EC](#)) [O.J. No. L283/33 27.10.2001]. A transposition note setting out how the main elements of this Directive will be transposed into United Kingdom law is available from the Energy Policy Directorate at the Department of Trade and Industry at the above address. Copies have been placed in the libraries of both Houses of Parliament.