



Renewables Obligation

What is the Renewables Obligation?

Introduced in April 2002, the Renewables Obligation (RO) requires all licensed electricity suppliers in England and Wales to supply a specified and growing proportion of their electricity sales from a choice of eligible renewable sources. The Government introduced the RO following its strong commitment to increase renewable energy usage to help reduce greenhouse gas emissions, thereby contributing to national and international emission reduction targets.

The Renewables Obligation Scotland (ROS) is an equivalent directive in Scotland.

How does it work?

OFGEM issues accredited renewable generators with Renewable Obligation Certificates (ROCs) for the volume they generate. The certificates can be traded on the open market, with or without their associated power, providing renewable generators with an additional revenue stream.

Suppliers can comply with their obligation in two ways:

- Buying and then redeeming Renewables Obligation Certificates (ROCs), and/or
- Paying a buy out price to OFGEM.

What are the eligible renewable sources?

Eligible renewable sources include landfill gas, sewage gas, hydro (20MW or less), onshore wind, offshore wind, biomass (agricultural and forestry residues), energy crops, wave power and photovoltaics. The energy must be generated in the UK to qualify for ROCs. The scheme is now closed to new entrants, though existing generators will continue to be paid for the duration of their contract (usually 20 years).

Do I need a renewable obligation certificate?

No, the RO is an obligation for energy suppliers and not consumers. Suppliers include the cost of the RO scheme in supply contracts.

Where can I find further information?

Ofgem:

<https://www.ofgem.gov.uk/environmental-and-social-schemes/renewables-obligation-ro>

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