



Understanding the Renewables Obligation (RO)



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 RO was introduced by the Government following its strong commitment to increase renewable energy usage, in order to help reduce greenhouse gas emissions, thereby contributing to national and international emission reduction targets.

What about Scotland?

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

How does it work?

Suppliers can comply with the obligation in three main ways:

- ▶ Through supplying power from eligible, renewable generating stations to consumers in Great Britain.
- ▶ Redeeming Renewables Obligation Certificates (ROCs) which they receive, and/or
- ▶ Buying ROCs independently of the power.
- ▶ Paying a buy out price to Ofgem rather than supplying renewable electricity.

ROCs are issued to accredited generators, and can be sold separately from the electricity to which they relate. This allows for open trading of certificates, allowing those who have surpassed their obligated requirements to sell to suppliers that have been unable to purchase enough renewably generated electricity.

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.

Do I need a renewable obligation certificate?

No, the RO is an obligation for energy suppliers and not consumers.

Where can I find further information?

Ofgem:

www.ofgem.gov.uk

Renewable@ofgem.gov.uk

DECC:

www.decc.gov.uk

grace.brown@decc.gsi.gov.uk



ENGIE
No1 Leeds, 26 Whitehall Road, Leeds, LS12 1BE
Tel: 0113 306 2000

engie.co.uk/solutions

