These notes refer to the Energy Act 2013 (c.32)
which received Royal Assent on 18 December 2013

ENERGY ACT 2013

EXPLANATORY NOTES

SUMMARY AND BACKGROUND

Part 2: Electricity Market Reform

Chapter 7: The renewables obligation: transitional arrangements

31. The Renewables Obligation (RO) is the main financial mechanism by which Government incentivises deployment of large scale renewable electricity projects in the United Kingdom. It came into effect in 2002 in England and Wales and in Scotland and in 2005 in Northern Ireland. Banding – whereby different technologies receive different levels of support – was introduced in April 2009. In April 2010, the end date of the RO in Great Britain was extended from 2027 to 2037.

32. Chapter 2 of Part 2 contains powers for a contract for difference scheme (CFD) which would be made available to new renewable generation. Once the CFD becomes available, the EMR White Paper proposed a transition phase where new renewable generating stations would be able to choose between the RO or a CFD.

33. The EMR White Paper proposed that the transition phase would end on 31st March 2017, after which the RO would be closed to new generating capacity. The RO would continue to operate for the generating capacity which accredited under it before it closed to new generating capacity.

34. In order to reduce the risk of volatility in the value of a renewables obligation certificate in the final years of the RO, the EMR White Paper proposed that from 2027 the obligation on electricity suppliers to submit renewables obligation certificates should be replaced by an obligation on a body, such as the Authority, to purchase the certificates at a fixed price. The EMR Technical Update proposed that the cost of purchasing the certificates should be funded by a levy on electricity suppliers. This Chapter provides powers for the Secretary of State to implement these proposals.