

Renewables Obligation (RO): Guidance on the transition period and closure of the RO

Guidance

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Team: Renewable Electricity

Tel: 020 7901 7310

Email: Renewable@ofgem.gov.uk

Overview

This guidance is for applicants to the Renewables Obligation (RO) and the Renewables Obligation Scotland (ROS) during the transition period, i.e. from the opening of the Contracts for Difference (CFD) scheme on 16 October 2014 and the closure of the RO and ROS schemes to new capacity on 31 March 2017. It is also for operators of generating stations that want to become dual scheme facilities (DSF) or RO-CFD phased projects, i.e. stations with generating capacity in the RO and the CFD scheme.

It explains how the RO will operate during the transition period, the impact on RO applicants, the options for becoming a dual scheme facility or an RO-CFD phased project and the grace periods that are available. This document applies to generating stations in England, Wales and Scotland and is supplementary to the [RO: Guidance for Generators](#). It does not apply to Northern Ireland.

Context

In July 2011 the UK government announced its intention to close the RO to new generating capacity from 31 March 2017. To continue to support low-carbon electricity generation, the government has introduced the Contracts for Difference (CFD) scheme which opened for applications on 16 October 2014. The CFD scheme will be administered by National Grid, in its role as CFD Delivery Body, and the Low Carbon Contracts Company (LCCC). The overlap of the two schemes (from October 2014 – 31 March 2017) is called the 'transition period'.

In July 2013, the government consulted on proposals for how the RO would operate during the transition period. This included introducing a one-off 'choice of scheme' whereby operators of generating stations with technologies eligible for either the RO or CFD would need to choose which scheme to apply to. It included proposals concerning the administration of dual scheme facilities (DSF), technology-specific provisions for biomass plants and offshore wind generating stations and grace periods. In November 2013, the government consulted further on the detailed arrangements for the eligibility criteria and lengths that would apply to the grace periods offered at the point of RO closure to new generating capacity across Great Britain.

On 12 March 2014, the government published its response to these consultations and on 1 April 2014 the RO (Amendment) Order 2014 brought the majority of the changes into effect. The current RO Order 2015 consolidates the original RO Order 2009 and all of its amendments. The RO Closure Order 2014 which came into force in England, Wales and Scotland (not Northern Ireland) on 9 September 2014 allows for the implementation of the grace periods.

Please note that as the NIRO Closure Order, which came into force on 30 September 2015, does not yet address transition to the CFD this document is not applicable to generating stations in Northern Ireland. We will provide guidance for Northern Ireland generating stations once clarity around CFD transition in Northern Ireland is available.

Associated documents

Readers should be aware of the following documents that support this publication:

Ofgem guidance

- [RO: Guidance for Generators](#)
- [RO: The 'enabling financial decisions' grace period guidance](#)

Government policy and legislation

- [DECC's 'Government response to the consultations on RO transition and grace periods'](#)

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- [RO Order 2015](#)
- [RO Closure Order 2014 \(as amended\)](#)

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Executive Summary

A key aspect of Electricity Market Reform (EMR) is the transition from the Renewables Obligation (RO) scheme, the current main support mechanism for large-scale renewable electricity generation, to Contracts for Difference (CFD), the new support mechanism for low-carbon electricity generation. The CFD scheme opened to applications on 16 October 2014 and the RO and Renewables Obligation Scotland (ROS) are scheduled to close to new capacity on 31 March 2017. The period in between the CFD scheme opening and the closure of the RO and ROS to new capacity is called the 'transition period'.

During the transition period operators of eligible generating stations will have a one-off choice as to which scheme they apply for. In specific circumstances generating stations may be able to become dual scheme facilities (DSF), or RO-CFD phased projects, and therefore gain support from both schemes.

In anticipation of the closure of the RO and ROS, the Department of Energy and Climate Change (DECC) introduced grace periods for generating stations located in England, Wales and Scotland via the RO Closure Order. The RO Closure Order came into force on 9 September 2014. Operators that are granted a grace period will have the opportunity to apply for and gain accreditation under the RO after the closure date. The purpose of these grace periods is to address certain challenges that generators might face as a result of the RO closure date.

This guidance document explains the impact of the 'choice of scheme' on applicants to the RO, the arrangements for DSFs and RO-CFD phased projects, and how to apply for specific grace periods. It is underpinned by the RO Order 2015 (which consolidates the RO Order 2009 and all of its amendments), the RO (Scotland) Order 2009 (as amended) and the RO Closure Order 2014.

1. Introduction

Explains how Ofgem administers the RO schemes in England, Wales and Scotland, the background to the transition period and the purpose of this document.

The RO transition period

1.1. On 31 March 2017 the RO and the ROS schemes will close to new capacity. To continue to support low-carbon electricity generation, the government introduced the CFD scheme which opened to applications on 16 October 2014¹. The overlap of the two schemes (from October 2014 – 31 March 2017) is called the 'transition period'.

1.2. National Grid, as CFD Delivery Body, will administer the eligibility and allocation phases of the CFD scheme. The Low Carbon Contracts Company (LCCC) will enter into contracts with eligible generators and administer the operation of the CFD scheme. For details about how the CFD scheme works and how to apply please contact National Grid and the LCCC directly using the details provided in 1.17 - 1.18.

1.3. The RO (Amendment) Order 2014 and RO (Scotland) (Amendment) Order 2014 came into force on 1 April 2014, introducing the transition arrangements to the RO and ROS. This includes Ofgem not being able to grant accreditation to an applicant to the RO that has applied for a CFD or entered into an investment contract². However, they do allow:

- Operators of RO-accredited generating stations to add additional capacity $\geq 5\text{MW}$ under the CFD scheme
- Operators of RO-accredited biomass co-firing stations to convert units, or the generating station as a whole, to the CFD scheme as biomass conversions
- Operators of RO-accredited offshore wind generating stations to add phases, which are not yet registered, under the CFD scheme.

1.4. DETI has consulted on the arrangements for the closure of NIRO and transition to CFD and the Closure Order that introduces these arrangements is now

¹ In advance of the introduction of the CFD scheme, operators of generating stations have been able to apply for investment contracts i.e. an early form of CFD via Financial Investment Decision (FID) Enabling. More information on investment contracts can be found here - <https://www.gov.uk/government/publications/final-investment-decision-fid-enabling-for-renewables-investment-contracts>.

² Article 49 of the RO Order 2015 and Article 21B of the RO (Scotland) Order 2009 (as amended)

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in force. In our role as administrators of the NIRO (on behalf of the NI regulator) we will update this guidance in 2016.

Grace periods

1.5. As part of the arrangements for closing the RO and ROS to new capacity on 31 March 2017 a number of grace periods have been introduced via the RO Closure Order. This Order includes the arrangements for closing the RO and ROS schemes and came into force on 9 September 2014. Operators that are successful in their grace period application will have the opportunity to apply for accreditation under the RO after the 31 March 2017 closure date.

1.6. The 'enabling financial decisions' grace period for GB stations opened for applications on 9 September 2014 and closed on 9 November 2014. For details of how to apply for the remaining grace periods please refer to chapter 4.

1.7. This document does not provide guidance for solar photovoltaic (PV) generating stations wishing to apply for the grace periods which came into effect on 1 April 2015. For information on these grace periods please refer to the RO: [Guidance on the closure of the RO to large-scale solar PV](#).

1.8. This document also does not provide guidance on the closure of the RO to onshore wind in April 2016 as well as the associated grace periods. We will issue further guidance in due course.

This document

1.9. This document is not intended to provide definitive technical or legal guidance on administering the RO during the transition period, and applicants should seek their own technical and legal advice. It should be read in conjunction with the RO: Guidance for Generators.

1.10. Unless apparent from the context, where "RO" is used, it denotes the Renewables Obligation (RO) scheme and the Renewables Obligation (Scotland) (ROS) scheme. Where "the Orders" is referred to it refers to the RO Orders and the ROS Order. Where the RO Closure Order 2014 applies it is referred to specifically.

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1.11. For details about how the scheme works and how to apply for accreditation, please refer to the latest version of the RO: Guidance for Generators³.

1.12. 'Ofgem', 'us', 'our' and 'we' are used interchangeably when referring to the exercise of the Authority's powers and functions under the Orders.

1.13. The terms "generators", "operators" and "applicants" are used interchangeably throughout the document.

Queries

1.14. Please email any queries about our functions under the Orders or a station that is accredited or pending accreditation under the RO scheme to our dedicated support team on renewable@ofgem.gov.uk. Please state what your query is about in the subject line of the email.

1.15. For telephone enquiries, the administration team can be contacted on 020 7901 7310 during office hours.

1.16. Please note that we can only provide guidance on the legislation currently in place. Any queries regarding future changes to the Orders or wider energy policy should be directed to the DECC, the Scottish Government or DETI as appropriate. Contact details can be found at www.decc.gov.uk, www.scotland.gov.uk and www.detini.gov.uk respectively.

1.17. Queries relating to applying for the CFD scheme should be directed to National Grid at: emr@nationalgrid.com, 01926 655300, or visit their website: www.emrdeliverbody.com.

1.18. Queries relating to the ongoing administration of the CFD scheme should be directed to the LCCC at: info@lowcarboncontracts.co.uk, 020 7211 8999, or visit their website: www.lowcarboncontracts.co.uk.

³ <https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-guidance-generators-1>

2. The 'choice of scheme'

Explains how a generator makes a 'choice of scheme', the implications of doing so and how this will be administered by Ofgem and the CFD Delivery Body.

The one-off 'choice of scheme'

2.1. From 16 October 2014 until the RO closes to new capacity on 31 March 2017 (the transition period), operators of eligible new generating capacity will have a one-off choice of which scheme they receive support under – either the RO or CFD. Operators can only apply for one form of support for the same generating capacity. RO-accredited generating capacity cannot receive support for the same capacity under CFD; neither can that capacity enter into the CFD scheme once support under the RO has ended. There are certain exceptions for biomass stations and offshore wind generating stations, and these are explained in chapter 3.

2.2. The choice of scheme takes place when the operator:

- a. Submits an application for full accreditation under the RO for a new generating station, or
- b. Submits an amended RO accreditation application to register additional capacity $\geq 5\text{MW}$ under the RO at an existing RO generating station, or
- c. Submits an application for a CFD, or
- d. Entered into an investment contract.

2.3. Once this choice has been made, an applicant cannot apply for the other scheme, unless the original application is rejected. If an applicant chooses to withdraw their application they cannot apply for the other scheme as they have already made their choice. Operators of RO-accredited generating stations that want to receive support for additional capacity $< 5\text{MW}$ can only do so under the RO, not CFD, and only until 31 March 2017, unless they are eligible for a grace period.

Preliminary accreditation

2.4. An application for RO preliminary accreditation is not regarded as making a one-off choice for the RO. An operator can apply for and be granted preliminary accreditation under the RO and still apply for a CFD. But once the application for a CFD has been made, an operator will not be able to apply for full accreditation under the RO, unless the CFD application is rejected. Where an operator is successful in their application for a CFD we will organise the withdrawal of their preliminary accreditation application under the RO.

2.5. In applying for preliminary accreditation, applicants are required to declare, via the Renewables & Combined Heat and Power Register ('the Register'), that they

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have not entered into a CFD or an investment contract⁴, unless that investment contract has been terminated or ceased to have effect due to a 'permitted termination event'. This is defined in the Orders⁵ as:

- "(a) a delay in the approval of the investment contract by the European Commission,*
- (b) a refusal by the European Commission to approve the investment contract,*
- (c) a condition attached by the European Commission to its approval of the investment contract, or*
- (d) a judgment of the Court of Justice of the European Union that invalidates an approval of the investment contract by the European Commission*

New generating stations

2.6. Operators of new generating stations will need to meet the specific eligibility criteria for the scheme they wish to apply to. In addition, in applying for the RO they will be required to submit declarations via the Register confirming that they:

- Have not applied for a CFD for the generating station, unless the application has been rejected by the CFD Delivery Body or the Secretary of State
- Have not entered into an investment contract for the generating station, unless the investment contract has been terminated, or otherwise ceased to have effect due to a 'permitted termination event' (as defined in 2.5)⁶.

2.7. Ofgem and the CFD Delivery Body will share information to ensure that an applicant is not attempting to gain subsidy from both schemes for the same generating capacity.

2.8. Operators should note that voluntarily withdrawing an application from the CFD application process after the application is submitted will mean that the RO can no longer be applied for.

2.9. Only if an application is made and it is then rejected for support from either an investment contract, or the RO or CFD schemes, can the operator of the generating station apply for the alternative scheme.

2.10. To be accredited under the RO, generating stations must be commissioned and meet all other relevant eligibility criteria before the closure date. In addition the

⁴ Article 89 of the RO Order 2015, Article 58ZZA of the ROS Order 2009 (as amended).

⁵ Article 2 of the Orders.

⁶ Articles 89 of the RO Order (2015) and 58ZZA of the ROS Order 2009 (as amended) set out the declarations that must be provided.

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operator must have submitted an application for RO accreditation on or before the scheme closes to new capacity on 31 March 2017. In certain circumstances, generating stations may be eligible for a grace period which would allow them to apply for the RO after this date. Please refer to chapter 4 for further details.

RO-accredited generating stations registering additional capacity

2.11. Operators of RO-accredited generating stations wishing to gain support for additional capacity will need to meet the specific eligibility criteria for the scheme they wish to apply to. In addition, in registering additional capacity under the RO operators will be required to submit a declaration via the Register stating that they:

- Have not applied for a CFD, unless that application has been rejected by the CFD Delivery Body or the Secretary of State
- Have not entered into an investment contract for the generating station (or any part of it), unless the investment contract has been terminated or otherwise ceased to have effect due to a 'permitted termination event' (as defined in 2.5)⁷.

2.12. Operators should note that voluntarily withdrawing an application from the CFD application process after the CFD application is submitted will mean that the RO can no longer be applied for.

2.13. Only if the additional capacity is rejected from the RO or CFD schemes, can the operator of the generating station apply for the alternative scheme. Operators should be aware that after successfully adding additional capacity under a CFD, they will not be able to add any further additional capacity under the RO. This is because the operator has already exercised their choice of scheme.

2.14. Operators will need to ensure that any additional capacity that they intend to accredit under the RO has commissioned by the closure date, and that their existing RO accreditation application has been amended and resubmitted to take into account the additional capacity on or before the 31 March 2017 when the RO closes to new capacity. In certain circumstances, additional capacity may be eligible for a grace period, meaning it can be added to an RO-accredited generating station after this date. Please refer to chapter 4 for further details.

2.15. Operators of RO-accredited generating stations that wish to add additional capacity $\geq 5\text{MW}$ may be eligible to do so under the CFD scheme and therefore become a dual scheme facility. Please refer to chapter 3 for further details.

⁷ Articles 89 of the RO Order (2015) and 58ZZA of the ROS Order 2009 (as amended) set out the declarations that must be provided.

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2.16. Operators of RO-accredited offshore wind generating stations that wish to add unregistered phases under the CFD scheme may be able to do so and therefore become an RO-CFD phased project. Please refer to chapter 3 for further details.

Grace period applications and the 'choice of scheme'

2.17. There are a number of grace periods that can be applied for which allow operators to apply under the RO after the scheme closes to new capacity on 31 March 2017, provided that the eligibility requirements are met. These are explained in more detail in chapter 4 of this document.

2.18. An operator that has been granted a grace period has *not* made a 'choice of scheme' and can therefore still apply for the CFD scheme⁸. However, if the application for a CFD is successful the operator will not be eligible to apply for RO accreditation.

Audit programme

2.19. We routinely carry out audit checks on both accredited generating stations and before stations are accredited to make sure that generators are complying with the scheme rules. Auditing can also help identify and protect against errors and fraud. These checks also ensure that a generating station remains an eligible renewable generating station, that we hold the most up-to-date information for a station and that the correct number of ROCs has been issued to the generator in question.

2.20. We will include RO-accredited generating stations that apply for the RO during the transition period in our audit programme. There will also be a focus on DSF and RO-CFD phased projects to ensure that generating capacity is distinct and separate. For further information on becoming a DSF or an RO-CFD phased project see chapter 3.

⁸ This is on the basis that none of the circumstances in 2.2 apply.

3. Biomass conversions, dual scheme facilities (DSF), RO-CFD phased projects and transfers to the CM

Explains the arrangements for biomass conversions, DSF, RO-CFD phased projects, i.e. generating stations with capacity under the RO and CFD, transfers to the Capacity Market (CM) and the extra requirements for operators of these stations.

3.1. There are three circumstances in which a generating station can gain support from both the RO and CFD:

1. Operators of RO-accredited generating stations to add additional capacity $\geq 5\text{MW}$ under the CFD scheme.
2. An RO-accredited biomass co-firing station, for which Renewables Obligation Certificates (ROCs) under the 'conversion' bands have never been claimed, can convert units to biomass under CFD by withdrawing those units from the RO. Stations with units under the RO and with 'biomass conversion' units under CFD would become a DSF, i.e. a station with capacity under the RO and under the CFD scheme. An RO-accredited generating station where additional capacity $\geq 5\text{MW}$ is added under CFD, and would therefore become a DSF⁹.
3. An RO offshore wind generating station where unregistered phases are added under CFD, and would therefore become an RO-CFD phased project.

3.2. The entire RO station can also be converted to biomass under CFD, meaning support under the RO would stop and the station would be supported entirely by the CFD scheme.

3.3. There is one circumstance in which a biomass co-firing station can transfer into the CM:

- ARO-accredited biomass co-firing station can transfer units to CM by withdrawing those units from the RO, and would become a DSF. The entire RO station can also be converted to biomass under CM, meaning support under the RO would stop and the station would be supported entirely by the CM scheme.

⁹ The CFD capacity at a dual scheme facility is referred to as "excluded capacity" (Article 2 of the Orders).

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3.4. Any capacity that forms part of an RO-accredited generating station but is not eligible for ROCs, e.g. because it is supported under CFD or CM is known as 'excluded capacity'.

Arrangements for biomass conversions, DSF and RO-CFD phased projects

Biomass conversions under CFD

3.5. Operators of RO generating stations who wish to convert a unit or the entire station to biomass under CFD will need to send Ofgem a written CFD transfer notice¹⁰ which:

1. Identifies the combustion unit(s), or generating station, to which the notice relates
2. States the conversion date, i.e. the date from which the operator of the generating station intends to start using each combustion unit, or generating station, to generate electricity only from biomass
3. The date on which the CFD or investment contract was entered into for each combustion unit, or for the station as a whole if the entire station is converting.

3.6. The notice should be submitted to Ofgem within 14 days of the application for a CFD being successful i.e. once a CFD has been allocated, and signed by the operator of the generating station. An example of the notice is provided in Appendix 2 which applicants may use and includes the email address that notices should be submitted to. Before the conversion date, the RO-accredited capacity in question may continue to claim the relevant co-firing ROCs.

3.7. On the conversion date, the capacity that the transfer notice relates to will no longer be eligible to receive ROCs and will instead be supported under CFD. Once a CFD transfer notice has been submitted to Ofgem it cannot be withdrawn, except in the following circumstances:

- the CFD transfer notice relates to a combustion unit which has been entered into an investment contract,
- the investment contract has been terminated according to one of the permitted termination events, and

¹⁰ Article 50 of the RO Order (2015) and Article 21B of the ROS Order 2009 (as amended).

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- the operator of the generating station has informed Ofgem in writing that the transfer notice is to be withdrawn before the conversion date.

3.8. To withdraw a transfer notice the operator should ensure that these circumstances are met.

3.9. An operator may change the conversion date stated in the transfer notice by notifying Ofgem before the original conversion date has passed¹¹. In this instance, the operator may continue to receive the relevant co-firing ROCs before the amended conversion date. Conversion dates cannot be changed after 31 March 2027.

3.10. If, after submitting a CFD transfer notice, an operator decides not to pursue biomass conversion, the generating station or unit in question would still no longer be eligible for ROCs from the conversion date that was notified to Ofgem.

Additional requirements for DSFs (including biomass conversions where individual units will transfer from the RO to CFD or the CM)

3.11. Operators will be required by the CFD Delivery Body to state in their CFD application that they are applying as a DSF. This information will be shared by the CFD Delivery Body with Ofgem. We will then ask operators to:

- Confirm what the total installed CFD capacity of the generating station will be.
- For DSFs but not biomass conversions: Confirm when the CFD capacity is expected to be commissioned
- Provide an updated schematic diagram showing the entire capacity of the generating station (both the RO and CFD capacity), including the separate metering arrangements. Operators should highlight on the schematic the RO capacity and the CFD capacity so that they can be easily distinguished. Operators should also indicate what each meter is measuring and the relevant meter details.
- For DSFs where units have been converted to biomass under CFD (or the CM) only: Once the CFD capacity begins generating, update the RO accreditation application to amend the total installed capacity (TIC) of the RO capacity at the generating station.

¹¹ Article 50(5) of the RO Order (2015) and Article 21B(6) of the ROS Order 2009 (as amended).

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- Update the plant description to include the CFD capacity once the CFD capacity begins generating.
- Confirm whether they want to claim Levy Exemption Certificates (LEC)¹² and Renewable Energy Guarantees of Origin (REGO) certificates on both their RO and CFD capacity. (If so, monthly output data submissions for the generating station (both RO and CFD capacity) should be provided once the CFD capacity begins generating. There are specific steps that a station will need to take to do this. Refer to 3.18 – 3.19-2 for further details).

Metering arrangements at DSFs (including biomass conversions where individual units will transfer from the RO to CFD or the CM)

3.12. Metering of the RO capacity and metering of the CFD capacity at a DSF must be separate and distinct. This is to ensure that the correct level of support is issued for the capacity that each scheme supports.

3.13. For the RO capacity at a DSF, this will involve:

- Metering the RO output electricity¹³ separately, or metering the non-RO output electricity separately and deducting it from the electricity metered for the whole generating station. It should be demonstrated to Ofgem that the metered output on which ROCs are to be claimed is only from the RO-accredited capacity. The RO capacity at a generating station should continue to meet its metering obligations under the RO.
- Calculating the RO input electricity¹⁴ pro rata on the basis of the TIC, i.e. the RO *and* CFD capacity. (The RO also provides the option of separate metering of input electricity solely used for non-RO capacity, or separate metering of all the input electricity used for the RO capacity).
- Providing separate fuel and sustainability data for the RO output electricity.

3.14. It is the operator's responsibility to ensure that they are aware of the metering requirements for both schemes when applying as a DSF. If the operator intends to apply as a DSF we recommend that they contact Ofgem directly. For

¹² LECs cannot be claimed on post-31 July 2015 generation.

¹³ This term is defined in Article 2 RO Order (2015) (as "RO output electricity") and Article 2 of the ROS Order 2009 (as amended)(as "total output electricity").

¹⁴ This term is defined in Article 2 RO Order (2015) (as "RO input electricity") and Article 2 of the RO Order 2009 (as amended)(as "Total input electricity")..

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queries specific to the CFD capacity of a generating station, please contact the LCCC¹⁵.

Offshore wind generating stations

RO-CFD phased projects

3.15. RO-accredited offshore wind generating stations that add phases under CFD to become an RO-CFD phased project are subject to CFD phasing rules. Contact the LCCC for further information¹⁶. RO and CFD phases will need to be on entirely separate strings of turbines, with no connection that allows electricity generated by RO-registered strings to be exported on a CFD string or vice versa.

3.16. Operators undergoing phasing that wish to undertake this option should inform Ofgem on or before 31 March 2017. Operators of RO-accredited offshore wind generating stations should be aware that if they apply for a CFD for any unregistered turbines this means they cannot register any further turbines under the RO. This is because the operator has made their 'choice of scheme'.

3.17. For further information on registering offshore wind turbines under the RO please refer to the RO: Guidance for Generators¹⁷.

DSFs wishing to claim LECs and REGOs on their RO and CFD capacity

3.18. Traditionally, operators of generating stations that wish to apply for accreditation under the RO, Climate Change Levy (CCL)¹⁸ and/or REGO schemes submit one accreditation application to Ofgem that covers all the relevant schemes. The information required to calculate the correct certificate issue under each of the schemes is also provided by the generator in their output data submission each

¹⁵ Details are provided in 1.18.

¹⁶ Details are provided in 1.18. Information on the CFD metering policy for phased projects is available at: <https://www.gov.uk/government/publications/electricity-market-reform-contracts-for-difference>

¹⁷ <https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-guidance-generators-2>

¹⁸ Please note that LECs can only be claimed for generation up until 31 July 2015. For more information please see the [Removal of the CCL Exemption FAQ](#)

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month via the Register. For DSFs there is a different approach and operators should contact Ofgem to discuss the process which is explained below.

3.19. To ensure that a DSF that wishes to claim LECs¹⁹ and REGO on its RO and CFD capacity gains the correct level of support from each scheme the following steps will be undertaken:

1. Ofgem will remove the CCL and REGO accreditation from the existing application on the Register so that only the RO accreditation remains. This will be effective from the date that the CFD capacity is scheduled to begin generating.
2. The operator of the DSF will be asked to make a new application for CCL and REGO for the entire capacity (i.e. the RO and CFD capacity) of the generating station before the CFD capacity begins generating. The same generating station name should be used with 'CCL', or 'REGO', or 'CCL REGO' added to the end of the name so that the applications can be distinguished from each other. Ofgem will make this new application effective from the date that the CFD capacity is scheduled to begin generating.

3.20. This means that DSFs will have two applications on the Register. One will cover the RO accreditation and the other will cover the CCL and/or REGO accreditations. This will ensure the correct number of ROCs are issued against the RO capacity, and that LECs and REGO can be claimed for the entire generating capacity (both RO and CFD). Please refer to the CCL²⁰ and REGO²¹ guidance for information on these schemes.

Fuel measurement and sampling (FMS), and sustainability reporting

3.21. There are no changes to the RO concerning the fuel data provisions for the RO capacity at a DSF. However, FMS procedures may need to be revisited and agreed. Fuel use in the RO capacity should be separate and distinct from fuel use in the CFD capacity.

3.22. Fuelled stations accredited under the RO must agree FMS procedures with Ofgem, and report against the RO sustainability criteria. DSFs will continue to do this directly with Ofgem for the RO capacity, as will generating stations supported under CCL/REGO. We have a service agreement with the LCCC to enable us to provide

¹⁹ LECs cannot be claimed on post-31 July 2015 generation.

²⁰ <https://www.ofgem.gov.uk/environmental-programmes/climate-change-levy-exemption/information-generators/applying-accreditation-and-claiming-lecs>

²¹ <https://www.ofgem.gov.uk/environmental-programmes/renewable-energy-guarantees-origin-rego>

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them with support and advice on the FMS and sustainability reporting aspects of the CFD scheme.

Conditions of accreditation

3.23. Under the RO, generating stations are subject to a number of conditions of accreditation. For DSFs, we will attach an additional condition of accreditation that DSFs must tell Ofgem about changes made to the CFD capacity at the generating station, as well as the RO capacity. We will do this when the station becomes a DSF. This is to make sure reporting is accurate.

Arrangements for biomass co-firing stations transferring into the CM

3.24. Operators in England and Wales who wish to transfer a unit or their entire generating station to CM will need to send Ofgem a written CM transfer notice²² which:

1.
 - a. identifies the station to which the notice relates, or
 - b. identifies the Capacity Market Unit (CMU)²³ to which the notice relates, and includes a diagram that shows the RO and CM equipment, and
2. states the date on which the capacity agreement was issued, and
3. states the date of commencement of the delivery year, or first delivery year, for which that capacity agreement was issued (the capacity market participation date).

3.25. A CM transfer notice comes into force on the capacity market participation date, unless the capacity agreement has been terminated before the earliest of either: the participation date or 1 April 2017.

3.26. The notice should be submitted to Ofgem as soon as possible after the CM agreement has been issued.

3.27. Before the capacity market participation date, the RO-accredited capacity in question may continue to claim ROCs. However, from 1 January 2016 if a station has

²² Article 48 of the RO Order 2015.

²³ Defined in the Electricity Capacity Regulations 2014.

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been issued with a capacity agreement, but we have not received the transfer notice then we will not be able to issue ROCs, in accordance with article 48 of the Renewables Obligation Order 2015 for England and Wales. We will only be able to issue these ROCs once we have received the transfer notice. We therefore encourage operators to submit the transfer notice as soon as possible after the capacity agreement is issued. An example of the notice which applicants may use is provided in Appendix 3 and includes the email address that notices should be submitted to.

3.28. On the capacity market participation date, the capacity that the transfer notice relates to will no longer be eligible to receive ROCs and will instead be supported under CM. Once a capacity market transfer notice has been submitted to Ofgem it cannot be withdrawn.

3.29. Stations that have converted a unit to biomass, rather than the entire station, will be subject to the dual scheme facility rules explained in 3.11-3.13.

4. Grace periods

Explains the grace periods that are available for generating stations in specific circumstances, which would allow them to apply for accreditation under the RO after it closes to new capacity on 31 March 2017.

4.1. There are several grace periods available to generating stations in specific circumstances once the RO closes to new capacity on 31 March 2017. If a generating station is eligible for a grace period, the operator of the generating station will have the opportunity to apply to the RO and the ROS after the closure date. The grace periods are:

- a. 'Radar or grid connection delay' grace period: a 12-month grace period to address radar and grid connection delays, where the project was scheduled to commission on or prior to 31 March 2017.
- b. 'Signed investment contracts' grace period: a 12-month grace period for projects which have signed investment contracts, should these contracts fall away or be terminated under certain specific circumstances.
- c. 'Dedicated biomass cap' grace period: 18-month grace period for projects allocated a place within the 400MW dedicated biomass cap.
- d. 'Enabling financial decisions' grace period: a 12 or 18-month (dependent on technology) grace period for projects that can demonstrate evidence of substantial financial decisions and investments made before the Relevant Date²⁴, where the project is scheduled to commission on or prior to 31 March 2017.
- e. 'Scottish offshore wind' grace period: 18 month grace period for generating stations using test and demonstration wind turbines or floating wind turbines.

Grace periods (a), (b) and (c)

4.2. For grace period (a), operators should apply after the delay has occurred, i.e. after 31 March 2017 but on or before 31 March 2018, alongside their application for RO accreditation. In applying for accreditation via the Register, operators will be asked which grace period they want to apply for. They will also be asked to provide specific pieces of evidence to support their application, as listed in Table 1 on page 20.

4.3. For grace periods (b) and (c) operators will need evidence from DECC to confirm they are eligible. In applying for RO accreditation via the Register after the 31 March 2017, but on or before 31 March 2018 for grace period (b) and on or before 30 September 2018 for grace period (c), operators will be asked which grace

²⁴ The Relevant Date is 9 November 2014.

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period they wish to apply for. They will be requested to provide the relevant evidence from DECC in support of their application, as listed in Table 1.

Table 1 – Evidence requirements for grace periods (a), (b) and (c)

Grace period	Evidence
(a) Grid connection or radar delay	<p><u>Grid connection</u></p> <ol style="list-style-type: none"> 1. Evidence of an agreement with a network operator to carry out grid works for the generating station. 2. Documentation written by, or on behalf of, the network operator which estimated or set a date for completion of the grid works which was no later than 31 March 2017. 3. A letter from the network operator confirming that – <ol style="list-style-type: none"> (i) the grid works were completed after the planned grid works date, and (ii) in the network operator’s opinion, the failure to complete the grid works on or before the planned grid works completion date was not due to a breach by a generating station developer of any agreement with the network operator. 4. A declaration by the operator of the generating station that, to the best of their knowledge and belief, the station would have been commissioned on or before 31 March 2017 if the grid works had been completed on or before the planned grid works completion date. <p><u>Radar delay</u></p> <ol style="list-style-type: none"> 1. Evidence of an agreement between a generating station developer and a person who is not a generating station developer for carrying out radar works. 2. A copy of a document written by, or on behalf of, a party to the radar works agreement (other than a generating station developer) which estimated or set a date for completion of the relevant radar works no later than 31 March 2017. 3. A letter from a party to the radar works agreement (other than a generating station developer) confirming, whether or not such confirmation is subject to any conditions or other terms, that— <ol style="list-style-type: none"> (i) the radar works were completed after the planned radar works completion date, and (ii) in that party’s opinion, the failure to complete the radar works on or before the planned radar works

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	<p>completion date was not due to any breach of the radar works agreement by a generating station developer.</p> <p>4. A declaration by the operator of the generating station that, to the best of their knowledge and belief, the station would have been commissioned on or before 31 March 2017 if the radar works had been completed on or before the planned radar works completion date.</p>
(b) Investment contract terminated or falls away (Article 7 of the RO Closure Order)	<p>1. A letter from the Secretary of State confirming that—</p> <ul style="list-style-type: none"> (i) an investment contract was made for the generation of electricity by the generating station, and (i) the investment contract has been terminated or stopped having effect because it has been terminated for a permitted reason.
(c) Projects allocated in the 400MW biomass capacity cap (Article 8 of the RO Closure Order)	<p>1. A copy of a letter from the Secretary of State, where the letter—</p> <ul style="list-style-type: none"> (i) is dated no later than 31 March 2017, and (ii) states that the generating station has been allocated a place under the dedicated biomass cap; and <p>2. If the generating station has not been certified under Combined Heat and Power Quality Assurance (CHPQA)²⁵ at any time before it was commissioned²⁶, a declaration by the operator of the station that, to the best of their knowledge and belief, the station’s place under the dedicated biomass cap has not lapsed or been revoked or withdrawn by the Secretary of State.</p>

4.4. All evidence in support of a grace period application must be received by Ofgem before the decision to accredit the generating station can be made. If we have queries relating to the evidence that has been submitted we will contact the applicant. The grace period will only be awarded where we are satisfied that all statutory requirements have been met.

4.5. In addition to providing the evidence in Table 1 for the relevant grace period the capacity to which the application applies must have been commissioned or, for additional capacity, must have first formed part of the station between 1 April 2017 and 31 March 2018 for grace periods (a) and (b) and between 1 April 2017 and 30 September 2018 for grace period (c). All other RO eligibility criteria must also be met

²⁵ Either Issue 3 or Issue 5.

²⁶ A valid certificate at commissioning will be required when we are reviewing the station’s eligibility.

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in order to gain accreditation. The decision on an applicant's grace period eligibility will be taken at the same time as a decision on the application for accreditation is made. Please refer to the RO: Guidance for Generators for information on how to apply for RO accreditation.

Grace periods (d) and (e)

4.6. A separate guidance document on the 'enabling financial decisions' grace period was published on 15 September 2014²⁷. This grace period is available for operators of generating stations in England, Wales and Scotland using offshore wind, advanced conversion technologies (ACT) and dedicated biomass with CHP that meet the eligibility criteria. The application period for this grace period opened on 9 September 2014 and closes on 9 November 2014.

4.7. For the 'Scottish offshore wind' grace period applicants should apply via the Register by selecting the appropriate technology on or before 30 September 2018. To be eligible the grace period criteria must be met, including that the generating station has an accreditation date on or before 30 September 2018. Further guidance on the eligibility criteria for this grace period is provided in the RO: Guidance for Generators, see pages 16 - 17.

Additional grace periods for solar PV generating stations

4.8. On 2 October 2014 DECC confirmed that the RO would close early to solar PV generating stations >5MW on 1 April 2015 and that a grace period would be introduced for affected stations that had made significant financial commitments on or before 13 May. We will issue further guidance on how to apply for this grace period once DECC has laid the associated legislation.

4.9. In addition, DECC published a consultation on 2 October 2014 proposing the introduction of a further grace period for projects affected by the early closure of the RO to solar PV projects >5MW due to grid connection delays. We will publish further guidance as necessary once DECC has made its decisions.

²⁷ <https://www.ofgem.gov.uk/ofgem-publications/90315/roefdqpguidancedraftfinal150914.pdf>

Appendices

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Appendix 1 - Ofgem's functions

The RO and ROS Orders detail what Ofgem does to administer the RO schemes in England and Wales and in Scotland. A number of these functions are carried out via our IT system - the Renewables and CHP Register (the Register) and include:

- accrediting generating stations as being capable of generating electricity from eligible renewable energy sources
- issuing ROCs and Scottish Renewable Obligation Certificates (SROCs)
- establishing and maintaining a register of ROCs and SROCs
- revoking ROCs and SROCs where necessary
- monitoring compliance with the requirements of the Orders
- annually calculating the buy-out price in line with RPI
- receiving buy-out payments and redistributing the buy-out fund
- receiving late payments and redistributing the late payment fund
- recovering the administration costs of the RO from the buy-out fund
- publishing an annual report on the operation of and compliance with the Orders

We carry out these functions as efficiently and effectively as possible, according to the provisions of the Orders. We cannot act beyond the scope of the powers laid down in the Orders. For example, we do not operate or regulate the ROC market itself. Only the Secretary of State and Scottish Ministers can amend the RO and ROS legislation respectively.

Appendix 2 – CFD transfer notice (example template)

Renewables Obligation: Contracts for Difference (CFD) transfer notice

A CFD transfer notice, as set out under Article 50 of the RO Order 2015, must be submitted to Ofgem in order to convert a unit or the entire generating station to biomass under CFD. Set out below is an example CFD transfer notice that can be printed, completed, signed by an 'appropriate individual'²⁸ on company headed paper and sent to Ofgem.

CFD transfer notice (example)

- a) Name of the combustion unit, or generating station, that is to be converted:

.....

- b) The conversion date, i.e. the date from which the operator of the generating station intends to start using that combustion unit, or generating station, to generate electricity only from biomass:

.....

- c) The date on which the CFD or investment contract was entered into for each combustion unit:

.....

.....

I confirm that I am the operator of the generating station that this notice relates to.

Signed..... **Position/Job title**.....

²⁸ We would expect this to be the super user of the account, the Director, the CEO or the Company Secretary.

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Full name..... **Company**.....

Please note that the term 'CFD transfer notice' has the same meaning as in Article 50 of the RO Order 2015. You should read the relevant legislation and take your own independent advice to ensure that the combustion unit, or generating station, which this notice relates to qualifies before submitting to Ofgem at: renewable@ofgem.gov.uk.

Appendix 3 – CM transfer notice (example template)

Renewables Obligation: Capacity Market (CM) transfer notice

A CM transfer notice, as set out under Article 48 of the RO Order 2015, must be submitted to Ofgem in order to transfer a unit or the entire generating station to CM. Set out below is an example CM transfer notice that can be printed, completed, signed by an 'appropriate individual'²⁹ on company headed paper and sent to Ofgem.

CM transfer notice (example)

a) Name of the combustion unit, or generating station, that is to be converted:

.....

b) The capacity market participation date, i.e. the date from which the operator of the generating station intends to start using that combustion unit, or generating station, to generate electricity only from biomass:

.....

c) The date on which the relevant capacity agreement was entered into for each combustion unit:

.....

.....

I confirm that I am the operator of the generating station that this notice relates to.

Signed..... **Position/Job title**.....

Full name..... **Company**.....

²⁹ We would expect this to be the super user of the account, the Director, the CEO or the Company Secretary.

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Please note that the term 'CM transfer notice' has the same meaning as in Article 48 of the RO Order 2015. You should read the relevant legislation and take your own independent advice to ensure that the combustion unit, or generating station, which this notice relates to qualifies before submitting to Ofgem at: renewable@ofgem.gov.uk.

Appendix 4 - Glossary

A

ACT Advanced conversion technology

C

CCL Climate Change Levy
CFD Contract for Difference
CHP Combined Heat and Power
CHPQA Combined Heat and Power Quality Assurance
CM Capacity Market

D

DECC Department of Energy and Climate Change
DETI Department for Enterprise, Trade & Investment Northern Ireland
DSF Dual scheme facility

E

EMR Electricity Market Reform

F

FMS Fuel measurement and sampling

L

LEC Levy Exemption Certificate
LCCC Low Carbon Contracts Company

N

NIRO Northern Ireland Renewables Obligation

O

Ofgem Office of the Gas and Electricity Markets

P

PV Photovoltaic

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R

REGO	Renewable Energy Guarantees of Origin
RO	Renewables Obligation
ROC	Renewables Obligation Certificate
ROS	Renewables Obligation Scotland

S

SROC	Scottish Renewables Obligation Certificate
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T

TIC	Total Installed Capacity
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