

Renewables Obligation (RO)

www.ofgem.gov.uk/ro

September 2020

Renewables Obligation: Additional Guidance on excluded capacity and Audits

Overview

This document contains updates to the ['Guidance for generators that receive or would like to receive support under the Renewables Obligation \(RO\) Scheme'](#) document. It provides information on the audit process and how to add capacity following the closure of the scheme to new generating capacity eligible for ROCs.

In particular, it contains procedural changes on adding excluded/unsupported following additional functionality being added to the Renewables & CHP Register. It also contains further information on the audit process and requirements.

This document should be read in conjunction with the Guidance for Generators which sets out the information we require from generators to issue Renewables Obligation Certificates (ROCs) and explains how and when we issue ROCs. It is not intended to be a definitive legal guide to the RO.

Associated Documents

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

These documents are available at www.ofgem.gov.uk/ro.

- Renewables and CHP Register User Guide ('the User Guide')
- Renewables Obligation: Guidance for generators that receive or would like to receive support under the Renewables Obligation (RO) Scheme'

For closure guidance go to www.ofgem.gov.uk/ro-closure:

- Renewables Obligation: Closure of the scheme in England, Scotland and Wales
- Northern Ireland Renewables Obligation: Closure of the scheme

Contents

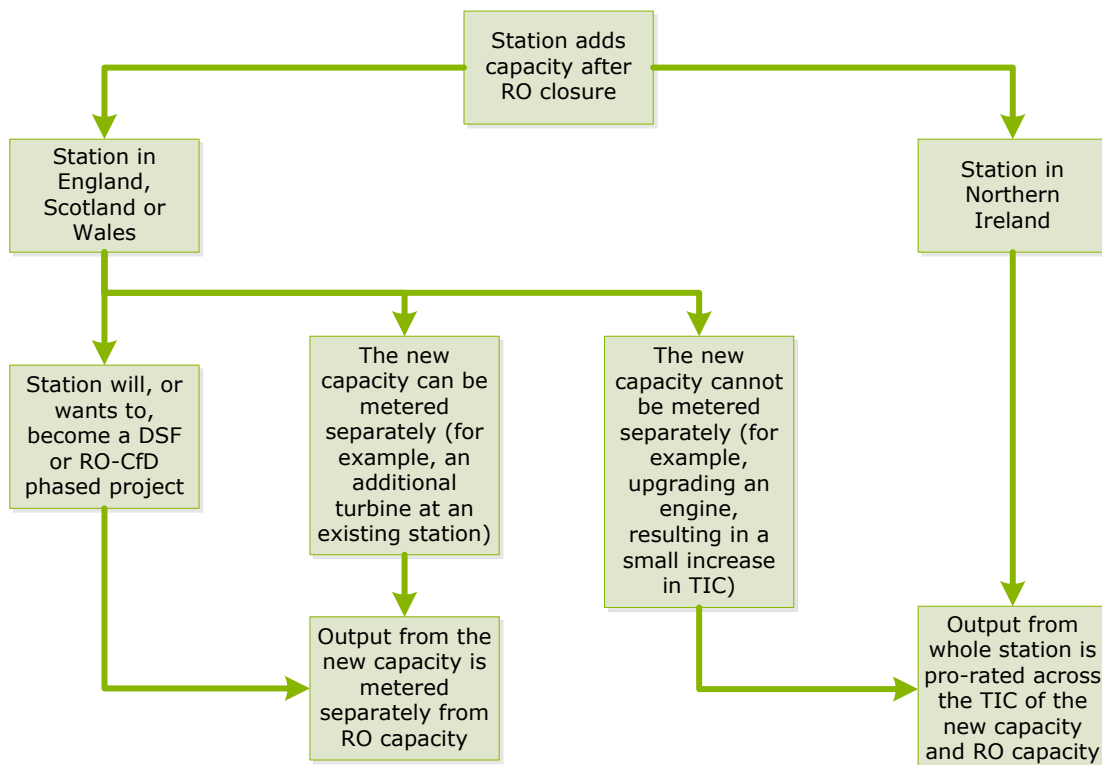
Overview	0
Associated Documents	2
1. Adding capacity after the closure of the scheme	3
Dual Scheme Facilities (DSF).....	8
Additional requirements for Dual Scheme Facilities (DSF) (including biomass conversions where individual units transfer from the RO to CfD or the CM)	8
DSFs wishing to claim REGOs on their RO <i>and</i> CfD capacity.....	9
2. Audits	11
Change of operator	12

1. Adding capacity after the closure of the scheme

This section corresponds with 3.67 – 3.89 of the [Guidance for Generators](#). It has been updated to provide further guidance around adding capacity after the closure of the scheme.

- 1.1 After the closure of the RO to new generating capacity, there are a number of scenarios in which generators may choose to add new capacity which is not eligible for ROCs. These scenarios, and the processes to administer this new capacity, are different for England, Scotland and Wales, and Northern Ireland. A summary can be found in Figure 1, with further information below.

Figure 1: Summary of scenarios for adding capacity to an RO station after the closure of the scheme



- 1.2 We recommend that a generator intending to increase their total installed capacity (TIC) after the closure of the scheme should contact us beforehand, so that we can help time the changes to the application to minimise the delay in impact on their ROC issue. For more information, see 'amended applications' on page **Error! Bookmark not defined.** of the [Guidance for Generators](#).

England, Scotland and Wales

1.3 In England, Scotland and Wales new capacity is 'excluded capacity'¹.

1.4 Generators in these countries may face the following example scenarios.

- *Adding excluded capacity for which you have, or would like to apply for, a Contract for Difference (CfD), including dual scheme facilities (DSF) and RO-CfD phased projects*
- *Adding excluded capacity for which you will not seek support under any other existing scheme and can be separately metered: The output from the excluded capacity² must be separately metered, for further details see 'separately metered output' below,*
- *Adding excluded capacity, such that the TIC of the generating station will increase, but separate metering is not possible: We will pro-rate output for the whole generating station across the TIC of the RO capacity and the excluded capacity, for further details see 'pro-rated output' below. Note that this is only permitted where separate metering is not possible, for example, when an engine or turbine is replaced and the new equipment has a greater TIC.*

Separately metered output (England, Scotland and Wales only)

1.5 Once the new capacity is commissioned, in line with your agreed Information Declaration, you must amend your application on the Register within two weeks. This will include updating the TIC (QA301), declared net capacity (DNC) (QA401) and the capacity breakdown table (QC237). In addition, you must submit a revised single line diagram (SLD) (QI100) to declare the excluded capacity and metering arrangements.

1.6 The legislation requires that output electricity from excluded capacity in England, Scotland and Wales is metered separately from the output from RO capacity. This can be achieved either by:

- *Metering the RO capacity with 'meter A', and the excluded capacity with 'meter B'. The generator submits the RO capacity output from 'meter A' and the excluded capacity output from 'meter B'.*

¹ As defined in article 45 of the ROO and article 2 of the ROS

² RO capacity is defined in article 2 of the ROO and ROS

- *Metering the output of the whole generating station with 'meter X', and the excluded capacity with 'meter Y'. The generator deducts the 'meter Y' output from the 'meter X' output to determine the RO output, and submits the result of the calculation as RO output. They then submit the 'meter Y' output as the excluded capacity output.*

- 1.7 The generator should continue to follow the standard processes outlined in chapter 4 'Submitting output data and supporting evidence' of the Guidance for Generators, including taking photos of meters and taking all readings at the same time every month.
- 1.8 However, if the generator is unable to access the meter measuring the excluded capacity or the meter is broken, they should report 0 against the excluded capacity output. This would mean that REGOs in respect of generation from the excluded/unsupported capacity will not be issued, therefore if the operator of the generating station would like to claim these REGOs an estimate would need to be agreed with Ofgem. To do this, please contact Ofgem at Renewable.outputdata@ofgem.gov.uk
- 1.9 In some circumstance, it won't be possible to separately meter the excluded capacity output, eg where an engine is replaced with a 200 kW engine is replaced with a larger one with of 300 kW. In such instances, output will be pro-rated across the station.
- 1.10 Generators should separately meter their input electricity where this is possible. Pro-rating should only be used where it is not possible to separately meter input electricity³. At this time, the Register only allows for the submission of pro-rated input electricity data. Therefore, if you separately meter the input electricity, please contact Ofgem at Renewable@ofgem.gov.uk.

Northern Ireland

- 1.11 Unlike the ROO and the ROS, NI legislation does not define 'NIRO capacity' or 'excluded capacity'. For clarity and consistency, we will refer to all capacity that is eligible for NIROCs as 'NIRO capacity', and all capacity that is not eligible for NIROCs as 'unsupported capacity'.
- 1.12 If generators in Northern Ireland choose to add unsupported capacity, we are required to pro-rate output of the whole generating station across the TIC of the NIRO capacity and the unsupported capacity. Pro-rating is used where the capacities are metered

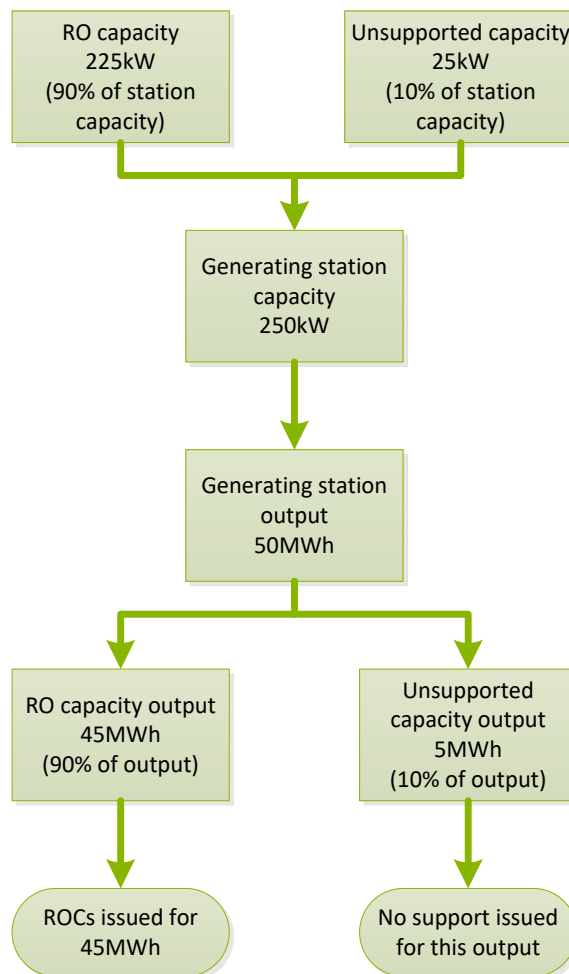
³ See article 26 of the ROO and article 23A of the ROS

separately and where metering is shared. For further details, see 'pro-rated output' below.

Pro-rated output (all regions)

1.13 The number of ROCs issued will be calculated by pro-rating input and output electricity across the TIC of the RO/NIRO capacity and the excluded/unsupported capacity. See Figure 2 for an example.

Figure 2: Example of pro-rating output for a station formed of RO and unsupported capacity



1.14 Once the new capacity is commissioned, you must amend your application on the Register to update the description of the station (QE100 or QD10) and the SLD (QI100) to declare the excluded/unsupported capacity and any changes to the metering arrangements. You must also update the TIC, DNC and capacity table in the application to reflect the addition of the excluded capacity as listed in 1.5.

- 1.15 When submitting your monthly output data, you should submit a figure for the total output of the station and the Register will pro-rate across the RO and unsupported capacities.

Note on TIC and DNC

- 1.16 Adding excluded/unsupported capacity increases the TIC and DNC of the generating station, but not the RO/NIRO capacity. In some places the legislation references specific TICs and/or DNCs for certain technologies and ROC bands, which you should familiarise yourself with before making changes to your station. We have outlined some scenarios here, but it remains the generator's responsibility to seek independent legal and technical advice.

'Large hydro'

- 1.17 A 'large hydro generating station' means a hydro generating station which has, or has had, at any time since 1 April 2002, a DNC of greater than 20MW.⁴

'Large hydro' in England and Wales

- 1.18 Any generating station meeting this definition is not eligible for ROCs. Should a hydro generating station, first commissioned on or before 1 April 2002, add excluded capacity that takes their DNC over 20MW, ROCs would no longer be issued for any generation by the station.

'Large hydro' in Scotland

- 1.19 If a hydro generating station, first commissioned on or before 1 April 2002, added excluded capacity prior to 20 November 2018 that took their DNC over 20MW, ROCs would no longer be issued for any generation by the station.
- 1.20 If a hydro generating station in Scotland adds excluded capacity which forms part of the station after 20 November 2018 that takes their DNC over 20MW, the station will still be eligible for SROCs on the RO accredited capacity,⁵ following standard excluded capacity procedures outlined in the [Guidance for Generators](#).

Solid or gaseous biomass (all regions)

⁴ Article 54 of the ROO, article 2 of the ROS

⁵ Article 2 of the ROS

- 1.21 ROCs cannot be issued on any electricity generated by a generating station from solid or gaseous biomass⁶ unless the generating station has a TIC of <1MW or the biomass meets the greenhouse gas criteria and the land criteria.⁷
- 1.22 Where an RO generating station using solid biomass and/or biogas fuels adds excluded/unsupported capacity such that the TIC \geq 1MW, it will be required to report against the Land and Greenhouse Gas criteria for each consignment of biomass used, in order to receive ROCs on any generation.
- 1.23 For fuelled generating stations, there are further provisions under the Renewables Obligation Orders where eligibility for ROCs is linked to the station's capacity, not only the RO capacity, and could be affected by the combination of fuels used at the generating station. We would therefore recommend that participants always seek their own technical and legal advice before adding excluded/unsupported capacity.

ROC banding

- 1.24 In most cases where the capacity of a station is relevant, it is the DNC of the whole generating station that is used to calculate ROC banding, not just the RO capacity. In Northern Ireland, this is always the case.
- 1.25 Generators should be aware that adding excluded/unsupported capacity may impact the ROC rate they receive on their RO generation. For more please refer to the ROC banding tables in Appendix 3 of the [Guidance for Generators](#).

Dual Scheme Facilities (DSF)

This section corresponds with A4.14 in Appendix 4 of the [Guidance for Generators](#). It has been updated to reflect added functionality on the R&CHP Register

Additional requirements for Dual Scheme Facilities (DSF) (including biomass conversions where individual units transfer from the RO to CfD or the CM)

- 1.14 Operators will be required by the Contract for Difference (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:

⁶ Biomass other than animal excreta, bioliquid, landfill gas, sewage gas or waste

⁷ Article 63 of the ROO, article 22ZA of the ROS, article 21ZA of the NIRO

- Confirm what the total installed CfD capacity of the generating station will be.
- Update their schematic diagram on the Register, 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.
- Update the plant description on the Register to include the CfD capacity once the CfD capacity begins generating.
- Update the TIC, DNC and the capacity table to include the CfD capacity once the CfD capacity begins generating. The CfD capacity should be defined as excluded capacity.
- Confirm whether they want to claim 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 **Error! Reference source not found.** for further details.
- For DSFs but not biomass conversions: Confirm when the CfD capacity is expected to be commissioned
- 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.

DSFs wishing to claim REGOs on their RO *and* CfD capacity

This section has been updated to reflect the new process in claiming REGOs on RO and CfD capacity on the R&CHP Register. This corresponds with A4.21 – A4.23 in Appendix 4 of the [Guidance for Generators](#)

- 1.15 Operators of generating stations that wish to apply for accreditation under the RO and REGO schemes submit one accreditation application to Ofgem that covers both 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 month via the Register.

- 1.16 To ensure that a DSF that wishes to claim REGOs on its RO and CfD capacity gains the correct level of support from each scheme the following steps will be undertaken:
1. The DSF will register the CfD capacity as excluded/unsupported capacity on the Register, under the existing RO accreditation.
 2. The separately metered output from each capacity (RO/CfD) will need to be submitted monthly, alongside relevant fuel information.
 3. Ofgem will then use this information to issue the correct number of ROCs and REGOs for that DSF.

2. Audits

This chapter provides further information on the audit process and its requirements. It replaces 3.100 onwards in chapter 3 of the [Guidance for Generators](#)

2.1. The operator of a station is expected to supply documents to evidence the installation's eligibility on the scheme. Paragraph 2.6 details the documents that are typically reviewed during the audit process, though this list is not exhaustive, and operator's should exercise judgment in ensuring they have sufficient evidence to demonstrate eligibility.

Why do we audit stations?

2.2. We routinely carry out audit checks on both accredited generating stations and stations applying for accreditation to make sure that generators are complying with the scheme rules. Auditing can help identify and protect against errors and fraud. These checks also ensure that a station remains eligible, that we hold all of the most up-to-date information for a station and that the operator is receiving the correct number of ROCs.

2.3. We undertake a targeted audit programme, selecting stations for audit based on a number of reasons including commissioning date or data submission concerns, large ROC claims and where we are not confident in the metering arrangements..

2.4. From 2020, we will also be undertaking a statistical audit programme on the RO, to run alongside the targeted programme. Accredited stations will be selected for audit at random. The purpose of this programme is to increase our understanding of the level and types of non-compliance across the wider scheme population.

What is reviewed during audit?

2.5. Audits are carried out by an external contractor on Ofgem's behalf. They involve a site visit to the generating station and a review of associated documentation and evidence. This includes all of the completed procedures and testing documents in relation to that station as constitute the usual industry standards and practices for commissioning, as well as all documents to support the station's eligibility to receive support under the RO scheme. The auditors make contact with the operator to arrange the site visit, which should take place within three weeks of receipt of the audit notification letter.

2.6. The auditors' review include, but are not limited to; commissioning evidence, site configuration, capacity, metering arrangements, and the data that has been submitted for monthly ROC and REGO claims (see Chapter 4 of the Guidance for Generators for information on submitting data). Operators of stations should keep all of the appropriate records, such as test documents and meter records from the time of the station

commissioning onwards so that the operator can provide a full audit trail at the time of audit.

- 2.7. Operators should provide the auditors with all information requested during the audit process within the timescales provided. Any information that remains outstanding will be listed in the audit report and could affect the assurance rating of the audit.

What happens following an audit?

- 2.8. Following an audit site visit, the auditor will write up a report detailing what was assessed during the audit, along with any findings to be addressed and outstanding information to be provided. This process of completing the audit report usually takes around two months, but can take longer due to complexities or changes needed to the report.
- 2.9. Once the audit report is completed, Ofgem will aim to write to the generator concerned within 2-3 weeks, outlining any findings and including a copy of the auditor's report. The generator is expected to address these findings and respond back to us providing all of the relevant evidence to resolve the issues that have been highlighted.
- 2.10. Any inaccuracies identified in the accreditation application, output submission or other records we hold, will be reviewed to ensure that the generating station is compliant with the scheme's rules. Once Ofgem is satisfied with the changes, we will require the accreditation or data submissions to be updated with the relevant amendments.
- 2.11. Where the audit raises concerns of a stations eligibility, or the accuracy and reliability of the information provided to us, we may suspend ROC issue until the audit findings have been addressed. We also have the power to withdraw accreditation in certain circumstances, including where there is a lack of cooperation with the audit, and revoke or permanently withhold ROCs as appropriate.
- 2.12. Delays in resolving audit findings can occur when RO operators do not provide comprehensive responses and the where relevant, third party supporting evidence. To avoid any delays operators should aim to provide a full response with all third party supporting evidence by the response deadline set out within the audit findings letter.

Change of operator

- 2.13. When taking over ownership of a station, it is the new operator's responsibility to obtain all appropriate records from the previous operator. If we audit a station, the new operator is expected to supply documentation from the date the station, and for some evidence prior to, commissioned, to evidence the installations eligibility on the scheme.

2.14. In order to change the operator of a generating station, please email us at renewable@ofgem.gov.uk to request this change. The team will then send you a transfer request form. Once received, complete and send the form along with the relevant supporting documentation to the Enquiries Team inbox. The current operator can also upload the form via the Superuser account on the Renewables and CHP Register.