

## Renewables Obligation - first year facts and figures

**Ofgem has responsibility for implementing the Government's Renewables Obligation\*, which came into effect in April 2002.**

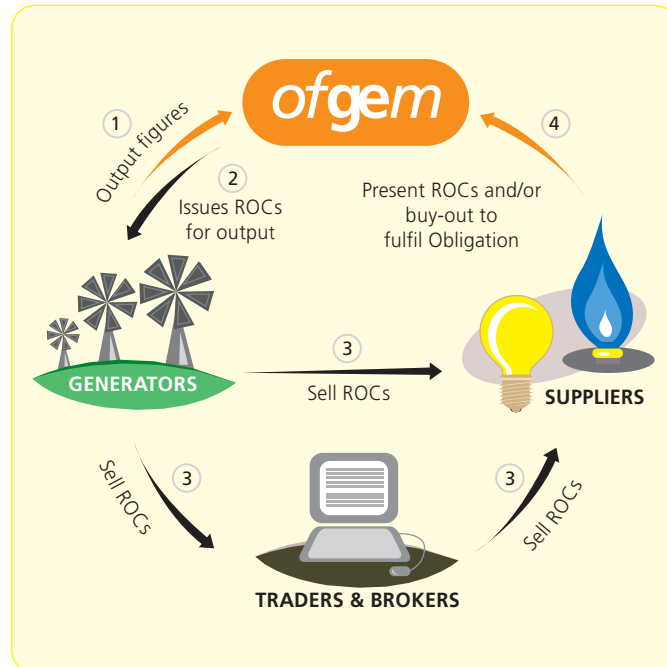
**The Obligation sets a target for electricity suppliers to source at least part of their electricity from renewable generation. The target started at three per cent in 2002-2003 and reaches 10.4 per cent in 2010-2011. The target for 2003-2004 is 4.3 per cent.**

### How does the scheme work?

Renewable generators can apply to Ofgem for accreditation to prove that their generation comes from eligible renewable sources.

These generators are issued with Renewables Obligation Certificates (ROCs) for their qualifying output. Each ROC represents one megawatt hour of renewable electricity generated. ROCs can be sold by the renewables generator either with, or separately from, the electricity generated.

In the first year of the scheme, April 2002 to March 2003, suppliers met their Renewables Obligation, which equated to three per cent of the electricity supplied to customers in Great Britain, by either producing ROCs or using a buy-out clause, which allowed them to pay £30 per MWh for any shortfall (rising to £30.51 for 2003-2004 obligation period). A combination of ROCs and buy-out could also be used to meet the Obligation.



\*Renewables Obligation (RO) and Renewables Obligation Scotland (ROS)

## Facts and figures from the first year of the Renewables Obligation

### Accredited generating stations

505 generating stations were accredited by Ofgem under the Renewables Obligation in the first year of the scheme.

Figures 1 and 2 compare the number and capacity, by percentage, of the accredited stations by country. The charts show that the Scottish stations' total capacity is higher in comparison to the total number of Scottish stations than for English stations.

Fig 1: a comparison of the **number** of accredited generating stations by location

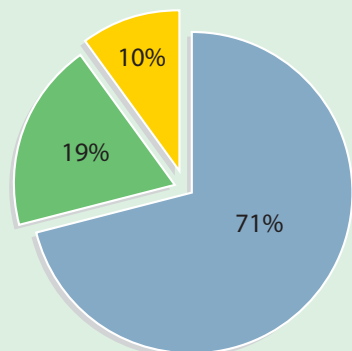
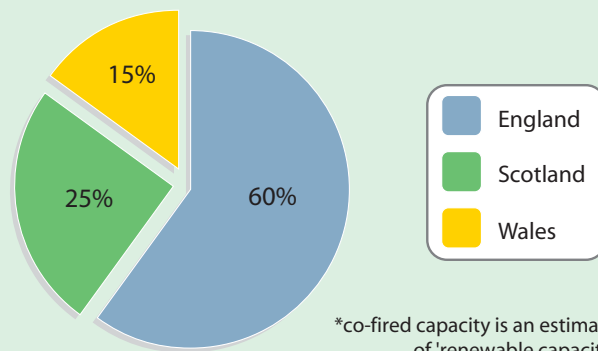


Fig 2: a comparison of the **capacity** of accredited generating stations by location\*

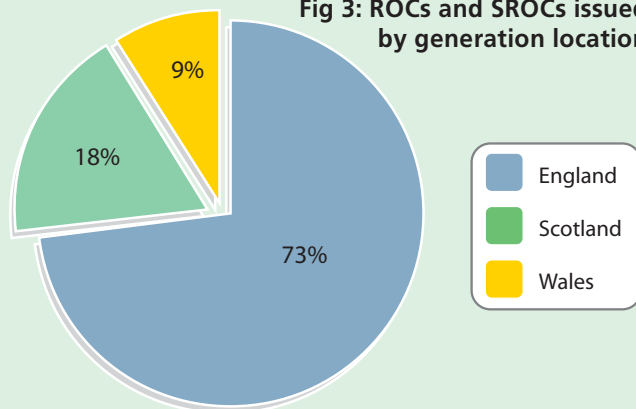


### ROCs issued by location

A total of **5,562,669** Renewables Obligation Certificates and Scottish Renewables Obligation Certificates were issued in the first year.

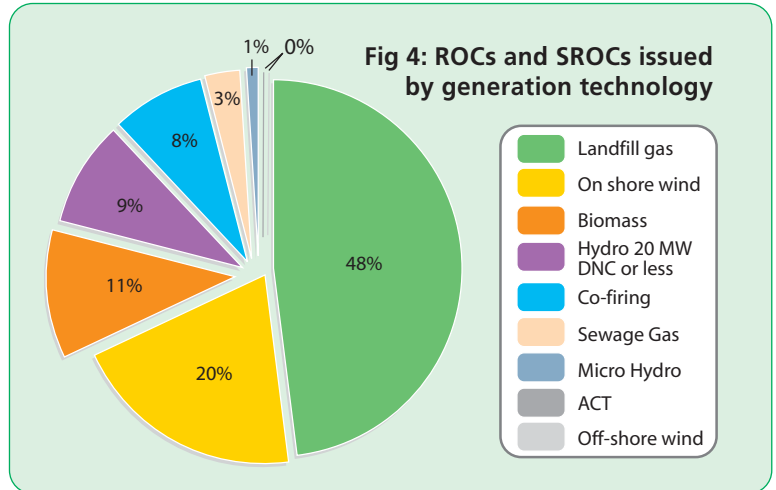
Figure 3 shows that renewable generating stations located in England received the majority of ROCs compared to Scotland and Wales.

Fig 3: ROCs and SROCs issued by generation location



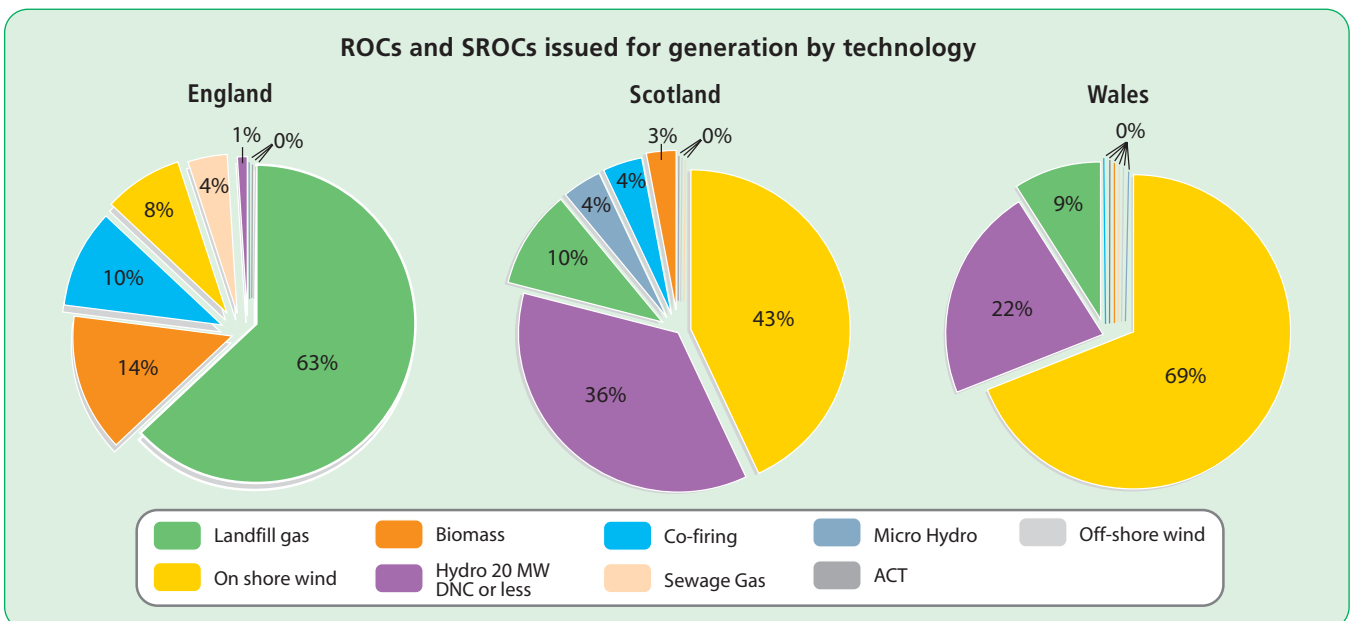
### ROCs issued by technology

Figure 4 shows that **landfill gas** generation attracted almost 50 per cent of the ROCs issued in the first period, with **on-shore wind** generation being the next largest technology.



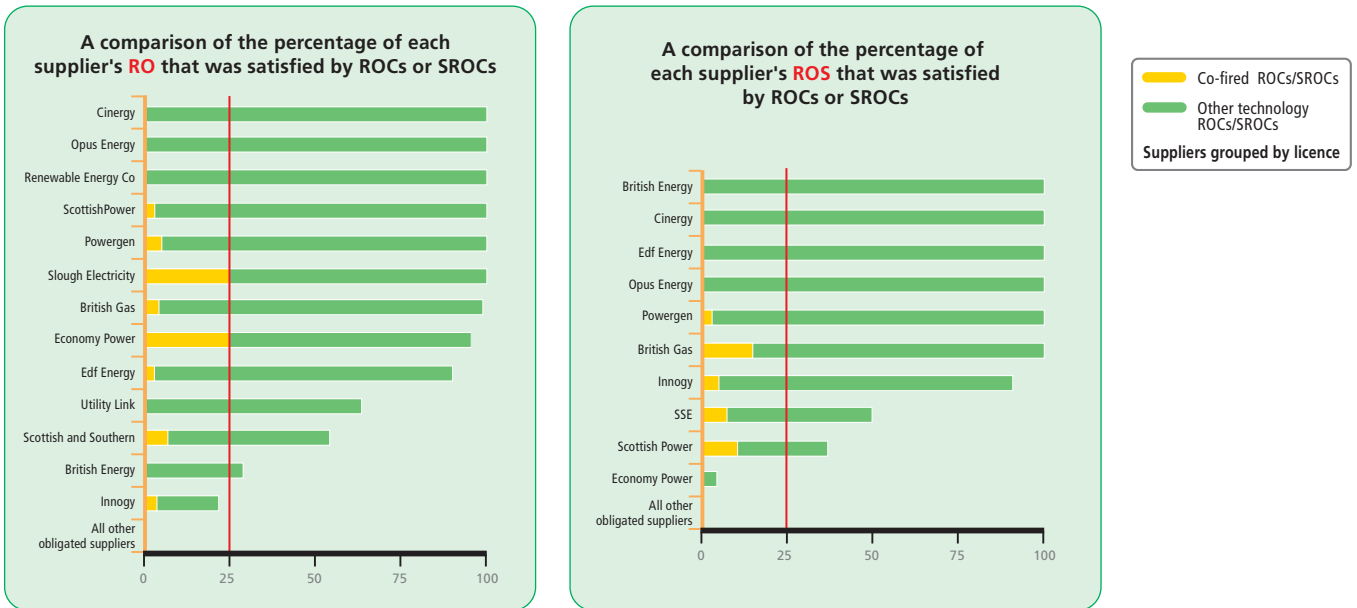
### ROCs issued by technology by location

Landfill gas generation dominates in England while on-shore wind generation is the largest originator of ROCs in both Scotland and Wales. Hydro generating stations represent the second largest technology contributing ROCs in Scotland.



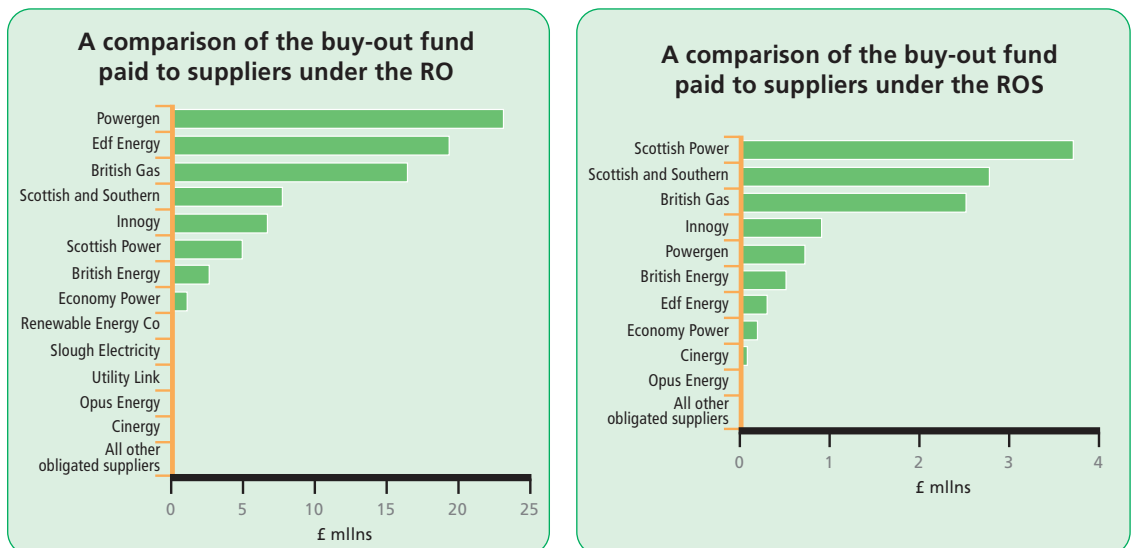
## Compliance

Out of 38 supply companies in England and Wales who had an obligation, 12 met their obligation wholly through the production of ROCs, and nine suppliers paid 100 per cent buy-out (£30 per MWh). In Scotland, 28 suppliers had an obligation, of which 16 met their obligation wholly through producing ROCs, with four suppliers paying 100 per cent buy-out.



## Buy-out redistribution

23 suppliers received buy-out redistribution totalling **£79,251,930** under the Renewables Obligation with 19 suppliers receiving buy-out redistribution totalling **£11,267,124** under the Renewables Obligation Scotland.



A copy of 'The Renewables Obligation Ofgem's first annual report' is available from the Ofgem website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk)

**To find out more about Ofgem's role in administering the Renewables Obligation contact:**

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