



Consultation

Changes to Renewable Electricity Guarantees of Origin

Statutory Consultation on Changes to Renewable Electricity
Guarantees of Origin (REGOs)



Department of
**Enterprise, Trade
and Investment**
www.detini.gov.uk

Department of Enterprise,
Trade and Investment

Changes to Renewable Electricity Guarantees of Origin (REGOs)

**Statutory Consultation on Changes to Renewable Electricity Guarantees of
Origin (REGOs)**

July 2010

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Issue

- 1.1 A number of changes are required to the arrangements governing Renewable Electricity Guarantees of Origin (REGOs) by 5 December 2010. These changes are required under Article 15 of the Renewable Energy Directive (RED). A copy of Article 15 is attached at **Annex A** to this consultation document. The changes include:
- changes to the definitions of “energy from renewable sources” and “biomass”;
 - a change to the unit of measurement of a REGO from kilowatt hour to megawatt hour;
 - an expiry date for a REGO of 12 months from first production of the electricity for which it is issued;
 - a requirement for REGOs to be cancelled once used;
 - various changes to information to be included in the REGO.
- 1.2 **Please note that this consultation closes on Wednesday 8 September 2010.** Any views on the proposed implementation of these changes should be submitted to DETI by that date. Because of the tight timeframe involved in ensuring that this aspect of the Directive is transposed in legislation by the required date, no

extension to the consultation period can be given.

How to respond

- 1.3 Responses to this consultation should reach DETI on or before **8 September 2010** and should be sent, preferably by e-mail to:

REGO2010@detini.gov.uk

or by post to:

**Olivia Martin
Sustainable Energy Branch
Department of Enterprise, Trade and Investment
Netherleigh
Massey Avenue
BELFAST
BT4 2JP**

All responses should include the name and postal address of the responder.

Confidentiality & Data Protection

- 1.4 Your response may be made public by DETI and placed on the DETI website as part of the consultation process. If you do not want all or part of your response or name made public, please state this clearly in the response by marking your response as ‘CONFIDENTIAL’. Any confidentiality disclaimer that may be generated by your organisation’s IT system or included as a general statement in your fax cover sheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.
- 1.5 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA)). If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and

which deals, amongst other things, with obligations of confidence.

- 1.6 In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

Copies of the Consultation

- 1.7 This Consultation document is being produced primarily in electronic form and may be accessed on the DETI Energy website: www.energy.detini.gov.uk or may be obtained from the address above or by telephoning 028 9052 9240.
- 1.8 If you require access to this Statutory Consultation document in a different format – eg Braille, disk, audio cassette – or in a minority ethnic language please contact the Department on 028 9052 9240 and appropriate arrangements will be made as soon as possible.

BACKGROUND AND CURRENT POSITION

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Introduction

- 2.1 Renewable Electricity Guarantees of Origin (REGOs) are transferable certificates which demonstrate that electricity has been produced from a renewable source of energy within the European Union.
- 2.2 The legislation which provides for REGOs in Northern Ireland is the Electricity (Guarantees of Origin of Electricity Produced from Renewable Energy Sources) Northern Ireland Regulations 2003 (S.I. 2003 No. 470), which mirror treatment of REGOs in GB under The Electricity (Guarantees of Origin of Electricity Produced from Renewable Energy Sources) Regulations 2003 (S.I. 2003/2562).
- 2.3 Under The Origin of Renewable Electricity (Power of Gas and Electricity Markets Authority to act for Northern Ireland Authority for Utility Regulation) Regulations 2008, Ofgem administers the REGO scheme in GB and on behalf of the Northern Ireland Authority for Utility Regulation (NIAUR) in Northern Ireland.
- 2.4 There is a single accreditation process for generators to undergo in order to be able to claim any combination of REGOs and Renewables Obligation Certificates (ROCs). REGOs are issued by Ofgem on a monthly or annual basis when requested by an electricity producer (or by the relevant NFFO/SRO¹ purchaser). Once issued, all REGOs remain in Ofgem's Renewables and CHP Register and can be transferred between parties until used.
- 2.5 One REGO is issued per kWh of renewable electricity generated. REGOs are rounded up or down to the nearest whole kWh. REGOs have a unique reference number representing the generating station, technology and country of origin. The REGO also states the period over which the electricity was generated. A REGO can be transferred, usually between the producer (or NFFO/SRO purchaser) and the final electricity supplier or user. REGOs have no shelf life and do not have a value in the way that ROCs or LECs do.
- 2.6 The main purpose of REGOs in GB is as evidence for Fuel Mix Disclosure (FMD) purposes. FMD requires that GB licensed electricity suppliers who supply electricity to customers report the different energy sources used to generate the electricity supplied to their customers. REGOs are used as the main evidence of renewable electricity generation for these purposes.
- 2.7 In Northern Ireland, there is currently no Standard Licence Condition on FMD, however all licensed electricity suppliers have signed up to an agreement to provide FMD figures on the basis of the interim arrangements agreed by the Single Electricity Market (SEM) Committee's interim decision² i.e. on the pool mix. Therefore, within the SEM, REGOs are not currently used for FMD.
- 2.8 However, it has been agreed by the SEM Committee that REGOs will be used for FMD purposes in the future as required by Article 3(9) of the IME3 Directive. In order to move to the use of REGOs for FMD within SEM,

¹ NFFO – Non-Fossil Fuel Obligation and SRO – Scottish Renewable Obligation purchaser e.g. a purchaser of electricity under a NFFO/SRO arrangement

² SEM-09-081 (Interim Arrangements Final Paper)

arrangements will need to be in place for the issue of REGOs in the Republic of Ireland. The SEM Committee has agreed that the disclosure year on the island of Ireland will be a calendar year.

PROPOSED CHANGES

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Introduction

3.1 The Directive changes the information requirements and reporting structure for REGOs from 5 December 2010. Changes that we expect to make to the 2003 Regulations include:

- (a) Changes to definitions, so that “energy from renewable sources” includes aerothermal, hydrothermal and ocean (rather than tidal) energy, and “biomass” includes matter from fisheries and aquaculture.
- (b) The measurement unit of REGOs will change from kWh to MWh. REGOs are currently rounded up or down to the nearest kWh. We propose that the same approach to rounding should be taken in relation to issuing REGOs when the measurement unit changes to MWh i.e. continue with current rounding arrangements but rounding up or down to the nearest MWh. Given the increase in size of unit this creates potentially much more significant discrepancy between actual generation and the 1 MWh value of the REGO. However, ROCs are rounded in the same way. The rounding approach also has the advantage of being straight forward to administer and enables REGOs to be used in the correct period.

- (c) The Directive requires the introduction of a time limit on the life of a REGO of 12 months and DETI will amend regulations so that a REGO will expire after 12 months. It is planned that REGOs will be used in the future for Fuel Mix Disclosure (FMD). Fuel Mix Disclosure compliance may take longer than 12 months because while FMD is done by financial year in GB, on the island of Ireland it is done by calendar year with the previous year’s data available around June. We therefore intend to allow for expired REGOs from January to March of the previous year to be allowed to be presented as evidence for Fuel Mix Disclosure before Ofgem cancels the REGO.
- (d) The Directive sets out new requirements concerning the information recorded on the REGO. Specifically the following information must now be recorded:
 - When and how the energy was produced;
 - Whether it is electrical energy or relates to heating and cooling;
 - The identity, location, fuel type and capacity of the installation;
 - Whether and to what extent the installation has benefitted from investment support;
 - Whether the unit of energy has benefited from any other national support scheme and, if so, of what type;
 - The date the installation became operational;
 - The date and country of issue and a unique identification number.

- 3.2 We intend to transpose these information requirements by changing the list of information that is required from someone requesting a REGO but the list of information that must be included in the REGO will remain as it is now. This information will be held on the Renewables and CHP register held by Ofgem. In particular, someone requesting a REGO will have to provide details of support that has benefitted the station or electricity generated, including through the NIRO, or any other scheme.
- 3.3 Finally the RED requires an amendment to the wording of the regulations in relation to the circumstances in which a Member State may refuse to recognise a REGO from another Member State. Currently Ofgem may refuse to issue a REGO where it is necessary for the prevention of fraud or that the REGO was mistakenly issued. The circumstances in which Ofgem can refuse to recognise a REGO from another Member State will be amended to be where there is well founded doubts as to the accuracy, reliability or veracity of the guarantee of origin.

Questions

- Q1. Do you have any comments on the changes to the arrangements governing REGO regulations set out in this consultation?**
- Q2. What implications might there be for future operation of FMD on an all-island basis?**

Article 15 of the Renewable Energy Directive (2009/28/EC)

Guarantees of origin of electricity, heating and cooling produced from renewable energy sources

1. For the purposes of proving to final customers the share or quantity of energy from renewable sources in an energy supplier's energy mix in accordance with Article 3(6) of Directive 2003/54/EC, Member States shall ensure that the origin of electricity produced from renewable energy sources can be guaranteed as such within the meaning of this Directive, in accordance with objective, transparent and non-discriminatory criteria.
2. To that end, Member States shall ensure that a guarantee of origin is issued in response to a request from a producer of electricity from renewable energy sources. Member States may arrange for guarantees of origin to be issued in response to a request from producers of heating and cooling from renewable energy sources. Such an arrangement may be made subject to a minimum capacity limit. A guarantee of origin shall be of the standard size of 1 MWh. No more than one guarantee of origin shall be issued in respect of each unit of energy produced.

Member States shall ensure that the same unit of energy from renewable sources is taken into account only once.

Member States may provide that no support be granted to a producer when that producer receives a guarantee of origin for the same production of energy from renewable sources.

The guarantee of origin shall have no function in terms of a Member State's compliance with Article 3 [mandatory national overall targets etc]. Transfers of guarantees of origin, separately or together with the physical transfer of energy, shall have no effect on the decision of Member States to use statistical transfers, joint projects or joint support schemes for target compliance or on the calculation of the gross final consumption of energy from renewable sources in accordance with Article 5 [calculation of share of energy from renewable sources].

3. Any use of a guarantee of origin shall take place within 12 months of production of the corresponding energy unit. A guarantee of origin shall be cancelled once it has been used.
4. Member States or designated competent bodies shall supervise the issuance, transfer and cancellation of guarantees of origin. The designated competent bodies shall have non-overlapping geographical responsibilities, and be independent of production, trade and supply activities.
5. Member States or the designated competent bodies shall put in place appropriate mechanisms to ensure that guarantees of origin shall be issued, transferred and cancelled electronically and are accurate, reliable and fraud-resistant.
6. A guarantee of origin shall specify at least:
 - (a) the energy source from which the energy was produced and the start and end dates of production;
 - (b) whether it relates to:

- (i) electricity; or
 - (ii) heating or cooling;
 - (c) the identity, location, type and capacity of the installation where the energy was produced;
 - (d) whether and to what extent the installation has benefited from investment support, whether and to what extent the unit of energy has benefited in any other way from a national support scheme, and the type of support scheme;
 - (e) the date on which the installation became operational; and
 - (f) the date and country of issue and a unique identification number.
7. Where an electricity supplier is required to prove the share or quantity of energy from renewable sources in its energy mix for the purposes of Article 3(6) of Directive 2003/54/EC, it may do so by using its guarantees of origin.
8. The amount of energy from renewable sources corresponding to guarantees of origin transferred by an electricity supplier to a third party shall be deducted from the share of energy from renewable sources in its energy mix for the purposes of Article 3(6) of Directive 2003/54/EC.
9. Member States shall recognise guarantees of origin issued by other Member States in accordance with this Directive exclusively as proof of the elements referred to in paragraph 1 and paragraph 6(a) to (f). A Member State may refuse to recognise a guarantee of origin only when it has well-founded doubts about its accuracy, reliability or veracity. The Member State shall notify the Commission of such a refusal and its justification.
10. If the Commission finds that a refusal to recognise a guarantee of origin is unfounded, the Commission may adopt a decision requiring the Member State in question to recognise it.
11. A Member State may introduce, in conformity with Community law, objective, transparent and non-discriminatory criteria for the use of guarantees of origin in complying with the obligations laid down in Article 3(6) of Directive 2003/54/EC.
12. Where energy suppliers market energy from renewable sources to consumers with a reference to environmental or other benefits of energy from renewable sources, Member States may require those energy suppliers to make available, in summary form, information on the amount or share of energy from renewable sources that comes from installations or increased capacity that became operational after 25 June 2009.



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Your views on this
document are welcome.

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