



Davina Quigley
Sustainable Energy Branch
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*Promoting choice and
value for all customers*

Your Ref:
Our Ref: NIRO6005
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Date: 20 June 2007

Dear Davina,

Statutory consultation on amending the Renewables Obligation Order (Northern Ireland) 2007

Ofgem welcomes the opportunity to respond to the DETI's statutory consultation to amend the Renewables Obligation Order (Northern Ireland) 2007 (the Order) to enable the NIRO to continue to remain effective when the new trading arrangements are introduced in Northern Ireland later this year as part of the Single Electricity Market process.

Ofgem's principal objective is to protect the interests of consumers, where appropriate by promoting effective competition. In addition, we also administer the Northern Ireland Renewables Obligation, via contract, on behalf of the Northern Ireland Authority for Utility Regulation. We do this in the same way that we administer the Renewables Obligation on behalf of the DTI, and the Renewables Obligation Scotland on behalf of the Scottish Executive.

We understand that what the DETI is proposing is a form of equivalence arrangement whereby as long as a supplier in Northern Ireland supplies a contracted amount of electricity to customers in Northern Ireland, that will be sufficient for the generator (the other party to the contract) to declare that its output is being supplied in Northern Ireland. Whilst the proposals will result in a small increase in workload for us, we recognise the problem that the DETI faces and consider the proposal to be workable.

We have raised with you previously that a side-effect of making this change to the Order is that it puts the relevant primary legislation slightly at odds with the secondary legislation. The primary legislation requires that the electricity on which NIROCs are issued is supplied to customers in Northern Ireland. Whilst we take comfort from the fact that the primary legislation also sets out that NIROCs should be issued in accordance with the criteria set out in the secondary legislation (i.e. the Order) – and the effect of the proposed amendment is to add to the criteria in the Order – we would encourage you to take steps to bring the relevant pieces of legislation into line at the earliest opportunity.

Please contact Richard Clay on the above contact details should you have any questions with regard to this response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Roy Field', with a horizontal line extending from the end of the signature.

Roy Field
Chief Operating Officer