

Microgeneration and the Renewables Obligation

What is the Renewables Obligation?

If you or your company produce renewable electricity through a microgeneration installation (**50kW or less**) then you may be entitled to claim for **support under the Renewables Obligation (RO)**.

The **RO** is a Government initiative to encourage more renewable electricity generation and is an electronic certificate based scheme. One certificate, known as a Renewable Obligation Certificate (ROC), is issued for each megawatt hour (MWh) of renewable electricity generated. Electricity suppliers need these certificates to meet their obligation under the scheme – which is to demonstrate that they have supplied a proportion of their electricity from renewable energy sources. Suppliers obtain their certificates from different sources, for example traders, or direct from generators. Some suppliers are also generators themselves.

How can I start receiving ROCs?

To get started you will need to be accredited as eligible to claim ROCs. Ofgem administer the RO and you will need to apply to them for accreditation using a standard form. Once your installation is accredited, ROCs can be issued on the amount of renewable electricity generated by your system (minus the electricity needed to run it).

ROCs can be issued on a monthly or yearly basis, depending on what best suits your needs. The threshold for claiming 1 ROC is 0.5MWh. Anything below this will not qualify for a ROC. This means that if you generate less than 0.5MWh each month you will be better off claiming ROCs on an annual basis where you can claim for an entire year's generation in one go.

What sort of meter will I need?

In order for the installation to be eligible for ROCs the output meter, which records the electricity generated, needs to be on the **Ofgem** list of approved meters. If you are unsure about what meter you require, your installer should be able to advise. Without an approved meter you will not be able to claim ROCs.

If you would like a copy of the most recent list of Ofgem approved meters, you can contact the Ofgem Renewables Team using the contact details below.

What do I do with my ROCs once I've received them?

Once a ROC is issued to you it is your property to sell onto anyone who wishes to buy it from you. It is most likely though that you would sell your ROCs direct to electricity supply companies who will use them to meet their renewables obligation. Alternatively, if you are using an agent Ofgem will issue the ROCs direct to the agent and the agent will handle the selling of these ROCs without you needing to do anything.

The RO is primarily aimed at **large scale generation** and although microgenerators can participate in the RO some may feel that the paperwork involved is disproportionate to the return from selling small numbers of ROCs. For example, a 1kW wind turbine may only generate enough electricity to claim 1 or 2 ROCs a year. The price of a ROC is set by the market and could be as much as £40 or as little as £15.

However, from 1 April 2007 the Government have changed the RO to make it easier for microgenerators to participate by allowing them to appoint an agent to act on their behalf. Agents can also amalgamate the output of several microgenerators which could make it more worthwhile for microgenerators to get involved even where they generate very small amounts of electricity. Details of these new arrangements are outlined in the section below.

Can I use an Agent?



Small Scale Wind Turbine

In April 2007 the Government changed the RO rules so that you can appoint an agent to act on your behalf in all aspects of your participation under the RO. In order to appoint an agent you will need to complete the agent appointment form available from Ofgem. Once this is completed Ofgem will deal directly with your agent in all processes relating to your accreditation and ROC claims. If you have already been accredited by Ofgem you can still appoint an agent to act on your behalf for the purposes of claiming and being issued with ROCs as long as you complete the Ofgem agent appointment form.



Agents can also amalgamate the output of several installations into one ROC claim. This will mean that if you do not normally generate enough to claim a whole ROC on your own, an agent will be able to combine your output with that of other microgenerators in order to claim ROCs. A list of agents who have registered with Ofgem to claim ROCs on behalf of small generators will be published on the Ofgem website at www.ofgem.gov.uk. However, Ofgem are unable to recommend agents or to provide advice on contractual arrangements between microgenerators and agents.

Is there anything else I should know about?

In addition to the changes outlined above, from 1 April 2007 the requirement for the “**sell and buy back**” contract will also be removed. Previously, generators using their own renewable electricity could only claim ROCs if they had a sell and buyback contract with an electricity supplier. The removal of this requirement will allow you to use your own renewable electricity and still collect ROCs without needing to have such a contract. Instead of a contract, you will simply be asked to sign an annual declaration, stating that you have consumed some or all of your renewable electricity yourself.

Where can I get further information on the Renewables Obligation?

Operation of the RO, guidance and forms:

<http://www.ofgem.gov.uk/sustainability/environment/renewablobl/pages/renewablobl.aspx> .

✉ renewable@ofgem.gov.uk;

✉ Renewables & CHP Administrator, The Office of Gas and Electricity Markets, 9 Millbank

London SW1P 3GE

Government Policy:

<http://www.dti.gov.uk/energy/sources/renewables/policy/obligation/page15630.html> .

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General Microgeneration Issues:

<http://www.dti.gov.uk/energy/sources/sustainable/microgeneration/index.html>

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