



Department for  
Business, Energy  
& Industrial Strategy

# Feed-in Tariffs & Contracts for Difference schemes and Guarantees of Origin Consultation

Summary of responses received and  
Government response

July 2022



© Crown copyright 2022

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-Government-licence/version/3](https://nationalarchives.gov.uk/doc/open-Government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at: [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)

---

# Contents

Introduction	4
Background	4
Summary of stakeholder responses to the consultation questions	5
Overview of responses	7
CfD and FIT green import exemptions options	7
CfD and FIT green import exemptions timings	8
EU Guarantees of Origin	10
Government response to stakeholder feedback	12
CFD and FIT green import exemptions	12
Guarantees of Origin	12
Next steps	13

# Introduction

## Background

This consultation sought views on the review of the Feed in Tariff (FIT) and Contracts for Difference (CfD) schemes' cost exemptions for green imported electricity and timings on the removal of UK recognition of EU Guarantees of Origin (GoOs).

Payments to electricity generators supported by the Contracts for Difference scheme are funded through a compulsory levy on electricity suppliers in Great Britain, known as the 'Supplier Obligation'. The costs of the Feed-in Tariffs scheme are also levied on GB suppliers. In each case, individual suppliers contribute to the costs of these schemes in proportion to their share of the GB electricity sales market.

Electricity suppliers can seek exemption from these costs in respect of renewable electricity generated in an EU member state and supplied to customers in GB. These exemptions are referred to in this document as the 'green import exemptions' or GIEs. Eligible imported electricity is not included in a supplier's market share of supply for the purpose of calculating their obligations to pay CfD and FIT scheme costs. This means that suppliers supplying electricity in GB which has been generated via renewable sources in an EU member state can reduce their liability to pay towards the costs of these domestic support schemes, with those costs being absorbed by other suppliers. The amounts of imported renewable electricity that can qualify under these exemptions is capped in accordance with criteria set out in regulations.

The green import exemptions were introduced as a condition of the State aid approvals granted by the European Commission to the CfD and FIT schemes. Now that the UK has left the EU, and to ensure that the UK continues to develop an equal opportunity to all potential trading partners, Government believed it is appropriate to undertake a review of these exemptions.

The Government also invited views on the timing implications of the intended removal of UK recognition of EU GoOs. Given the green import exemptions for both FIT and CfD schemes rely on the recognition of EU GoOs, it is vital that we continue to recognise EU GoOs until the proposed removal of the green import exemptions has been made. As such, in the consultation, we proposed a coming into force date of ceasing the recognition of EU GoOs in line with those proposed for the FIT and CfD amendments.

Further background can be found in the [original consultation document](#).

## Summary of stakeholder responses to the consultation questions

The consultation was published on GOV.UK on 29 March and closed on 10 May. We received a total of 28 individual responses from a cross-section of the energy industry, representative bodies, brokers and other concerned parties. Although respondents were asked to consider specific options and give their preferences, making assessment relatively straightforward, they were also asked to provide information to support their views. All responses, including the supporting information, were taken into consideration in the Government response. While not every individual point raised has been captured in this response publication, all the views that were shared with us have been taken into consideration.

**Table 1 – Consultation responses by organisation type**

Organisation type	Number of responses
Energy Suppliers	10
Energy Generators	6
GoO Certificate Traders/Brokers	6
Representative Bodies	4
Government Bodies	1
Other (Organisations within the energy sector)	1

This response document sets out a summary of the responses we received to the consultation questions and outlines Government's position on each issue. Given the nature of the questions, where stakeholders are provided options and asked to provide preferences alongside supporting information, our summary of the responses for each question outlines the statistical outcome of each option, with a summarised representation of the supporting evidence.

For the review of the CfD and FIT schemes' green import exemptions, three options were given – to retain, extend or repeal the exemptions. In response to this question, a clear preference was evident, with Government's preferred option, to repeal these exemptions, favoured by a large majority (chosen by 22 of the 25 respondents of that specific question). An overview of the three options and a summary of supporting views from respondents is included below.

Respondents were then asked to give a preference of two proposed dates for the implementation of their choice of the three options. There was again a clear preference, with

## Feed-in Tariffs & Contracts for Difference schemes and Guarantees of Origin Consultation: Summary of responses received and Government response

---

the implementation date of 1 April 2023 chosen by the majority of those who responded (chosen by 16 of the 25 respondents of that specific question) as opposed to 1 October 2022.

The third question sought views on timings related to Government's intention to remove the UK recognition of Guarantees of Origin produced in the EU. Again, two options were given, with the majority opting for an implementation date of 1 April 2023 (chosen by 15 of the 21 respondents of that specific question) as opposed to 1 October 2022.

# Overview of responses

## CfD and FIT green import exemptions options

**The Government welcomes views on the possible and likely impacts, to generators, suppliers and consumers, of the proposed options for any changes to the green import exemptions for the CfD and FIT schemes. Please provide information which supports your views.**

In the above, we requested those responding to consider three options in review of the green import exemptions. These are provided below with a summary of the responses given:

### **Option 1 - Retain the current exemptions and continue to provide exemptions for EU green imported electricity.**

This option was considered the 'do-nothing approach', where the green import exemptions would be retained in their current form.

Option 1 was not given as the single preferred option by any of the 28 respondents but was cited by one respondent as a possible alternative choice to Government's preferred approach of option 3. In support of this the respondent cited the benefits of remaining part of the European energy market and taking an outward-facing approach to renewable energy purchasing and decarbonisation.

This can be taken as a general, although not absolute, acceptance that the current offering of the green import exemptions should be reviewed and alternatives be explored.

### **Option 2 – extend the exemptions to all international trading partners**

To ensure a fairer trading arrangement we proposed a possible extension to the green import exemptions to all international trading partners. In reality, the number of countries capable of supplying electricity to the UK, e.g., through interconnectors, and benefitting from the exemptions, is currently relatively low.

Option 2 was given as the preferred or possible option by 3 of the 25 responses received.

The supporting arguments for choosing option 2, as opposed to Government's preferred choice of option 3, are based around the continued participation of UK in the European renewable energy markets and extending that to all possible trading partners. In general, the arguments cited the need to remain an active partner in the trade of renewable energy if full advantage is to be taken of our interconnection with external energy markets. Given that the question was based around the ability for UK suppliers to utilise CfD and FIT scheme costs exemptions by importing renewable energy, there is little basis for arguments such as these to be considered relevant given that the removal of the availability of the green import exemptions does not preclude UK suppliers from importing renewable electricity but, rather, provides

financial incentives to those suppliers who import renewable electricity from EU trading partners. The benefits to decarbonisation by continued investment in Europe was also cited as a reason for the implementation of option 2.

### **Option 3 – repeal the exemptions**

Repealing the exemptions (option 3) was given as Government's preferred approach. This was viewed by Government as the most straightforward option and would ensure a fair opportunity for all potential trading partners. It would simplify the operation of the Supplier Obligation and the FIT levelisation process and restore a level playing between all GB suppliers, in that each supplier's contribution to CfD and FIT costs would match more closely their market share of GB electricity sales, thereby removing market distortions and red tape.

Option 3 was given as the preferred choice by the overwhelming majority of respondents, with 22 of the 25 respondents giving it as their preference.

The most common supporting evidence given alongside those in support of option 3 cited the lack of equal distribution of scheme costs between suppliers in the GB energy market due to the use of the green import exemption by only some suppliers. Overwhelmingly the respondents chose option 3 to help ensure a more even scheme cost liability between suppliers operating in GB.

Secondarily, reasons given were along similar lines and included option 3 resulting in the removal of competitive advantage to those suppliers who are able to secure imported capacity against those whose operation makes it more difficult. A greater level of transparency for GB consumers and a simplification of supplier costings were also given as secondary reasons for the overall removal of the green import exemptions for the CfD and FIT schemes.

Lastly, some respondents equated the green import exemptions as an incentive for GB suppliers to purchase EU renewable electricity, with a consequence of reduced revenue going to UK generators and therefore a reduced investment in the UK sector, which can be seen as in opposition to Government's decarbonisation goals.

## **CfD and FIT green import exemptions timings**

**The Government welcomes views and preferences on the proposed timings for the coming into force of any changes. Please provide information which supports your views.**

In the above, and following the request for views on the three options regarding the CfD and FIT schemes' green import exemptions, we asked for respondent's preferences between two timings for the coming into force of the changes. The proposed timings and a summary of responses is provided below.



## **1 October 2022**

In determining this proposed coming into force date we considered 1 October 2022 the soonest best date which would comfortably allow industry and administrator partners to prepare for the changes. This date is day 1 of the 2nd quarter of the annual generation reporting period and should allow process changes to be developed and implemented.

To this question we received 24 responses. Of the 24 respondents, 8 gave 1 October 2022 as their preferred option.

In support of their preference, the respondents gave a general position which recognised the possible lack of balance created by the availability of the green import exemptions, where some suppliers may take advantage of the exemption, therefore avoiding a proportion of the CfD and FIT scheme costs and some may not. A common argument for implementing preferred changes on 1 October 2022, given in the consultation as the soonest reasonable date, is the need to address the disparity as soon as possible to avoid any further disproportional scheme cost payments.

This argument was carefully considered and holds merit, given that the overwhelming majority of those who responded would like to see the availability of the green import exemptions removed. However, while Government is keen to address this disparity as soon as possible, we need to balance this against the need for smooth transition for those impacted by the changes.

## **1 April 2023**

In determining this proposed coming into force date we considered 1 April 2023 to be a suitable choice as it would allow the reporting period 2022/23 to come to an end before any changes came into effect. It would also supply a greater period for industry and administrator partners to prepare their process changes to reflect the new rules.

To this question we received 24 responses. Of the 24 respondents, 16 gave 1 April 2023 as their preferred option.

In support of their preference, the respondents gave a general position which recognised the additional complications of making changes such as option 3, removing the availability of the green import exemptions, part way through the reporting period, which runs from 1 April to 31 March.

Respondents raised points regarding the possible investments made by suppliers and others within the industry who would be impacted by the green import exemption's which could be lost or affected by making such a change part way through the compliance year. They also raised the current pressure which suppliers are already facing and the need to work sensitively, considering what measures industry would have to take to comply with the changes and allowing time for the implementation of these measures. If costs are incurred as a result of establishing changes part way through the year, there is the possibility of these being passed

on to consumers. By allowing industry to first see out the 2022/23 reporting year, these possible costs can be avoided

It was mentioned that, although possible, making such changes part way through a reporting year would also be overly complex for what would amount to comparatively minimal benefit. Where projections, investments and forward contracts are committed to, efforts would have to be made and much thought would have to be given to how implementation of the changes could be best put into practice.

The 1 April 2023 implementation date is supported by Ofgem, the UK energy regulator. Ofgem provided their official response to the consultation, which is [published here](#), giving no preference to the options in review of the green import exemptions but providing Government with a view on the resulting administrative burden.

As the administrator of the FIT scheme, Ofgem is well placed to give a view on the implications of the timings. Ofgem's unique insight was key in ensuring we came to the most suitable conclusion where timings of any changes are concerned. It is their opinion that changes of such complexity, including guidance updates, making the necessary internal adjustments to oversee and implement such changes as well as ensuring a general understanding within industry, would require a period greater than the 1 October 2022 date would allow.

## EU Guarantees of Origin

**The Government welcomes views on the proposed timings for ceasing recognition of EU GoOs, to minimise negative impact on UK generators, suppliers and consumers. Please provide information which supports your views.**

In the above we asked for respondent's preferences between two timings for the coming into force of ceasing recognition of EU GoOs. The proposed timings and a summary of responses is provided below.

### **1 October 2022**

In considering the 1 October 2022 date, we sought to allow a period of time for industry and administrator partners to prepare for the upcoming changes. It coincides with day 1 of quarter 2 of the generation reporting period, in determining this date we aimed to ease the accounting burden of those impacted.

To this question we received 21 responses. Of the 21 respondents, 6 gave 1 October 2022 as their preferred option.

As above, those who gave 1 October 2022 as their preferred implementation date generally did so as they were not in favour of the current position, where EU GoOs are recognised in GB but UK produced Renewable Energy Guarantees of Origin (REGOs (the UK term for 'GoOs')) are not recognised by EU, and would rather bring to an end the trade disparity which currently exists.

There is support for the 1 October 2022 date especially from suppliers who do not purchase EU GoOs and use only UK REGOs to supply customers with a green energy package. The view taken in general is that an earlier implementation would address any issue sooner.

### **1 April 2023**

As with the green import exemptions, in determining this proposed coming into force date we considered 1 April 2023 to be a suitable choice as it would allow the reporting period 2022/23 to come to an end before any changes came into effect. It would also supply a greater period for industry and administrator partners to prepare their process changes to reflect the lack of available EU GoOs.

To this question we received 21 responses. Of the 21 respondents, 15 gave 1 April 2023 as their preferred option.

As with the changes to the green import exemptions, in support of their preferences, the respondents recognised the complexity and possible administrative costs involved in ceasing EU GoO recognition and the making the adjustments relating to such a change. Respondents gave a general position which identified the need to see through the reporting period of 1 April to 31 March to avoid added complications and the possible costs which come with them, including costs to suppliers which may be passed on to consumers. By allowing industry to first see out the 2022/23 reporting year, these possible costs can be avoided.

As with those who chose 1 April 2023 as suitable for the green import exemption changes, those who prefer 1 April 2023 for EU GoO changes raise issues such as possible investments made by suppliers which could be lost or impacted by making such a change part way through the compliance year. They also raised the current pressure which suppliers are already facing and the need to work sensitively, considering what measures industry would have to take to comply with the changes and allowing time for the implementation of these measures.

It was again mentioned that, although such changes are possible, making them part way through a reporting year would also be overly complex for what would amount to comparatively minimal benefit. Where projections, investments and forward contracts are committed to, efforts would have to be made and much thought would have to be given to how implementation of the changes could be best put into practice. Choosing an earlier date would allow limited time for industry to come to terms with what is needed of them.

As above, the 1 April 2023 implementation date is also supported by Ofgem, the UK energy regulator. As the issuing body and administrator for UK's guarantees of origin, Ofgem is well placed to give a view on the implications of the timings. Again, Ofgem's position as the issuer of REGO certificates and energy regulator was key in ensuring we came to the most suitable conclusion where timings of any changes are concerned. It is their opinion that changes of such complexity, including guidance, ensuring a general understanding within industry and making the necessary internal adjustments to oversee and implement such changes, would require a period greater than the 1 October 2022 date would allow.

# Government response to stakeholder feedback

## CFD and FIT green import exemptions

After consideration, and having taken into account the 28 responses received in response to the consultation, we have decided to implement:

### **Option 3 – repeal the exemptions.**

This was Government's preferred approach and was supported by 22 of the 25 who responded to the question, citing the lack of equal scheme cost distribution between suppliers as a major reason.

In the implementation of the proposed approach, we have considered the implication of timing and the part it plays in the successful delivery of the changes.

After consideration, and having taken into account the 28 responses received in response to the consultation, we have decided the most suitable date for implementing the above is:

### **1 April 2023**

This was supported by 16 of the 24 who responded to the question. The most common reason given from respondents was to allow an appropriate period of time for changes to be made to internal process and guidance.

## Guarantees of Origin

Given the green import exemptions for both FIT and CfD schemes rely on the recognition of EU GoOs, it is vital that we continue to recognise EU GoOs until the removal of the green import exemptions has been made.

As such, after consideration, and having taken into account the 28 responses received in response to the consultation, we have decided the most suitable date for implementing the above is:

### **1 April 2023**

This was supported by 15 of the 21 who responded to the question. Again, the most common reason for this choice was to allow sufficient time for industry and others impacted to make the necessary internal changes.

## Next steps

Following this publication, we will seek to amend The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014, The Electricity Supplier Obligations (Amendment & Excluded Electricity) Regulations 2015 and The Feed-in Tariffs Order 2012 in order to remove the availability of the green import exemptions for the CfD and FIT schemes. We will seek for these changes will come into force on 1 April 2023.

We will also seek to amend Electricity (Guarantees of Origin of Electricity Produced from Renewable Energy Sources) Regulations 2003 so that GoOs produced in the EU will not be recognised for the purposes of Fuel Mix Disclosure. We will seek for this change to come into force on 1 April 2023.

Ofgem will review current guidance and publish new guidance in line with these results.

Government will continue to work with industry partners to understand its needs and refine the details of its energy policy. This will include the best use of REGOs and how we can work together to drive the UK renewable electricity sector forward to realise Government decarbonisation ambitions and the security of our energy supply.

This consultation is available from: [www.gov.uk/government/consultations/feed-in-tariffs-and-contracts-for-difference-proposals-relating-to-guarantees-of-origin](http://www.gov.uk/government/consultations/feed-in-tariffs-and-contracts-for-difference-proposals-relating-to-guarantees-of-origin)

If you need a version of this document in a more accessible format, please email [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk). Please tell us what format you need. It will help us if you say what assistive technology you use.