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**Response form for the consultation on addressing supplier payment default under the Renewables Obligation**

**Consultation details**

The consultation document is available at: <https://www.gov.uk/government/consultations/renewables-obligation-ro-addressing-electricity-supplier-payment-default-under-the-ro-scheme>

Please return this completed form to: [RO@beis.gov.uk](mailto:RO@beis.gov.uk)

Current levels of home-working mean that we are unable to provide a postal address at this time.

**The closing date for responses to the consultation is 9 November 2021.**

**About you**

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| --- | --- | --- | --- |
| What is your name? |  | | |
| What is your email address? |  | | |
| What is the name of your organisation? |  | | |
| What type of respondent are you?  Please click in the relevant box | Electricity supplier | |  |
| Renewable electricity generator | |  |
| Trade association | |  |
| Local Government | |  |
| Charity or social enterprise | |  |
| ROC broker/PPA offtaker | |  |
| Financier/investor | |  |
| Consultant/adviser | |  |
| Academic | |  |
| Member of the public | |  |
| Other | |  |
| Please specify |  | |
| Are you content for an unattributed summary of your comments to be published?  Please click in the relevant box | Yes | |  |
| No, I want my response to be confidential | |  |

**Consultation questions**

Questions 1 to 11 relate to the section "****Option 1 – BEIS led solutions implemented through legislative change****" in the consultation document

1. How, and to what extent, would a requirement for more frequent (and therefore earlier) settlement impact any commercial arrangements you have in place for the supply/receipt of ROCs?

Please click in the relevant box:

|  |  |
| --- | --- |
| Positive impact |  |
| No difference |  |
| Adverse impact |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts, including the extent of any impact, in the box below:

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1. Do you foresee any difficulties in how suppliers might comply with the quarterly deadlines as set out in the Option 1a - 1c proposals and if so, can you suggest how these might be mitigated (e.g. through scheme design or by change in supplier practice)?

|  |  |
| --- | --- |
| Yes, foresee difficulties |  |
| No, do not foresee difficulties |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts in the box below. If applicable, please explain how any difficulties might be mitigated:

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1. How, and to what extent, might more frequent/earlier settlement impact the operating costs of your business?

Please click in the relevant box:

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| --- | --- |
| Positive impact |  |
| No difference |  |
| Adverse impact |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts, including the extent of any impact, in the box below:

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1. How, and to what extent, might more frequent/earlier settlement impact competition in the supply sector?

Please click in the relevant box:

|  |  |
| --- | --- |
| Positive impact |  |
| No difference |  |
| Adverse impact |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts, including the extent of any impact, in the box below:

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1. How, and to what extent, would the abolition of late payments impact your business?

Please click in the relevant box:

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| --- | --- |
| Positive impact |  |
| No difference |  |
| Adverse impact |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts, including the extent of any impact, in the box below:

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1. This consultation only considers quarterly settlement - should consideration be given to monthly settlement to further reduce sums at risk?

Please click in the relevant box:

|  |  |
| --- | --- |
| Yes |  |
| No |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts in the box below:

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1. Are there any alternative settlement models that should be considered as a way of addressing supplier payment default? Please provide details.

Please click in the relevant box:

|  |  |
| --- | --- |
| Yes, there are alternative models |  |
| No, there are not |  |
| Unsure/Don’t know |  |
| No comment |  |

If applicable, please provide details of the alternative settlement models in the box below:

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1. Under the Option 1c proposal, suppliers would be given the option of settling their Q1 – Q3 quarterly obligations with a standby letter of credit (LoC), conditional on them substituting it with ROCs or buy-out payments ahead of the Q4 settlement deadline.

Is a LoC the most appropriate alternative to exchangeable buy-out payments, or should other measures be considered? Does a LoC offer any benefits over exchangeable buy-out payments?

Please click in the relevant boxes:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Is a LoC the most appropriate alternative?** | |  | **Does a LoC offer any benefits over exchangeable buy-out payments?** | |
| Yes, it is |  |  | Yes, it does |  |
| No, it is not |  |  | No, it does not |  |
| Unsure/Don’t know |  |  | Unsure/Don’t know |  |
| No comment |  |  | No comment |  |

Please explain your thoughts in the box below:

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1. Do you agree with our assessment that a contract for the supply of ROCs does not offer sufficient assurance that a supplier’s accrued obligation will be met in the event it exits the market?

Please click in the relevant box:

|  |  |
| --- | --- |
| Agree |  |
| Disagree |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts in the box below:

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1. Do you agree with our assessment that the introduction of sub-100% compliance at the quarterly deadlines to accommodate shortages in the availability of ROCs would be an inappropriate course of action?

Please click in the relevant box:

|  |  |
| --- | --- |
| Agree |  |
| Disagree |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts in the box below:

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1. If one of the Option 1 proposals were to be introduced, how much notice should be given to participants ahead of its introduction?

Please explain your thoughts in the box below:

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Questions 12 to 19 relate to the section "****Option 2 – Ofgem led solutions implemented through the electricity supply licence****" in the consultation document

1. Should supplier payment default under the RO be addressed via the legislation, the electricity supply licence, or neither? Please explain your answer.

Please click in the relevant box:

|  |  |
| --- | --- |
| Via legislation |  |
| Via the electricity supply licence |  |
| Via neither |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts in the box below:

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1. How, and to what extent, might a new requirement for suppliers to protect sums at risk of mutualisation impact competition in the supply sector?

Please click in the relevant box:

|  |  |
| --- | --- |
| Positive impact |  |
| No difference |  |
| Adverse impact |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts, including the extent of any impact, in the box below:

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1. Do you have a preference for a forward-looking or backward-looking approach to protecting sums at risk of mutualisation? Please explain your answer.

Please click in the relevant box:

|  |  |
| --- | --- |
| Forward-looking approach |  |
| Backward-looking approach |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts in the box below:

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1. How, and to what extent, might a new requirement for suppliers to protect sums at risk of mutualisation impact the way in which your company complies with the RO?

Please click in the relevant box:

|  |  |
| --- | --- |
| Positive impact |  |
| No difference |  |
| Adverse impact |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts, including the extent of any impact, in the box below:

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1. Are there any other methods of demonstrating compliance with a requirement to protect sums at risk of mutualisation that should be included within the ‘menu’ of protections?

Please click in the relevant box:

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| --- | --- |
| Yes, there are other methods |  |
| No, there are no other methods |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts in the box below. If applicable, please provide details of other methods of demonstrating compliance:

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1. How, and to what extent, might a new requirement to protect sums at risk of mutualisation impact your company’s operating costs?

For this question, assume that the requirement would be for an amount equivalent to 100% of a supplier’s obligation to be protected, on a quarterly basis, one month after the quarter in question and remain in place until the RO settlement deadline has elapsed.

Please click in the relevant box:

|  |  |
| --- | --- |
| Positive impact |  |
| No difference |  |
| Adverse impact |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts, including the extent of any impact, in the box below:

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1. Can you foresee any additional issues or challenges with the Option 2 proposal, in particular the menu of options, that need to be considered?

Please click in the relevant box:

|  |  |
| --- | --- |
| Yes, foresee additional issues |  |
| No, do not foresee additional issues |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts in the box below:

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1. If one of the Option 2 proposals were to be introduced, how much notice should be given to participants ahead of introduction?

Please explain your thoughts in the box below:

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Questions 20 to 21 relate to the section "****Option 3**** ****– Continue with existing policy****" in the consultation document

1. Do you agree or disagree that supplier payment default under the RO is a matter that warrants action beyond the recent steps that have been taken to increase the mutualisation threshold, and Ofgem’s supply licence reforms? Please explain your reasoning.

Please click in the relevant box:

|  |  |
| --- | --- |
| Agree |  |
| Disagree |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts in the box below:

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1. What would be the costs and benefits associated with further action aimed at addressing supplier payment default under the RO?

Please explain your thoughts in the box below:

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Questions 22 to 24 relate to the section "Impacts" in the consultation document

1. How, and to what extent, might the Option 1 and 2 proposals, if implemented, increase RO compliance administration costs for your business?

Please click in the relevant box:

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| --- | --- |
| Positive impact |  |
| No difference |  |
| Adverse impact |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts, including the extent of any impact, in the box below:

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1. How might quarterly settlement impact the income of generators who receive ROCs on an annual basis? Please explain your reasoning and explain when and how annual ROCs are traded.

Please click in the relevant box:

|  |  |
| --- | --- |
| Positive impact |  |
| No difference |  |
| Adverse impact |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts, including an explanation of when and how annual ROCs are traded, in the box below:

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1. The territorial extent of this consultation is England and Wales (i.e. it relates to matters contained within the RO only). What impacts do you foresee on participants in the interlinked Scotland and Northern Ireland schemes (i.e. the ROS and NIRO) if any of the Option 1 or Option 2 proposals were to be implemented through the RO only?

Please click in the relevant boxes:

**Impact on Scotland scheme**: **Northern Ireland scheme:**

|  |  |  |  |
| --- | --- | --- | --- |
| Positive impact |  | Positive impact |  |
| No difference |  | No difference |  |
| Adverse impact |  | Adverse impact |  |
| Unsure/Don’t know |  | Unsure/Don’t know |  |
| No comment |  | No comment |  |

Please explain your thoughts in the box below:

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Question 25 relates to the section "Fixed Price Certificates" in the consultation document

1. What are your initial views on the introduction of the fixed price certificate based scheme that was envisaged in 2011 in terms of addressing supplier payment default?

Please click in the relevant box:

|  |  |
| --- | --- |
| Positive impact |  |
| No difference |  |
| Adverse impact |  |
| Unsure/Don’t know |  |
| No comment |  |

Please explain your thoughts in the box below:

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**May we contact you again?**

Thank you for taking the time to let us have your views on this consultation. Your views are valuable to us.

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| Would you like an acknowledgement of receipt of your response?  Please click in the relevant box | Yes |  |
| No |  |
| Would you be happy for us to contact you again for future consultations or calls for evidence on the Renewables Obligation?  Please click in the relevant box: | Yes |  |
| No |  |