

Ofgem's perspective on the Renewables sector

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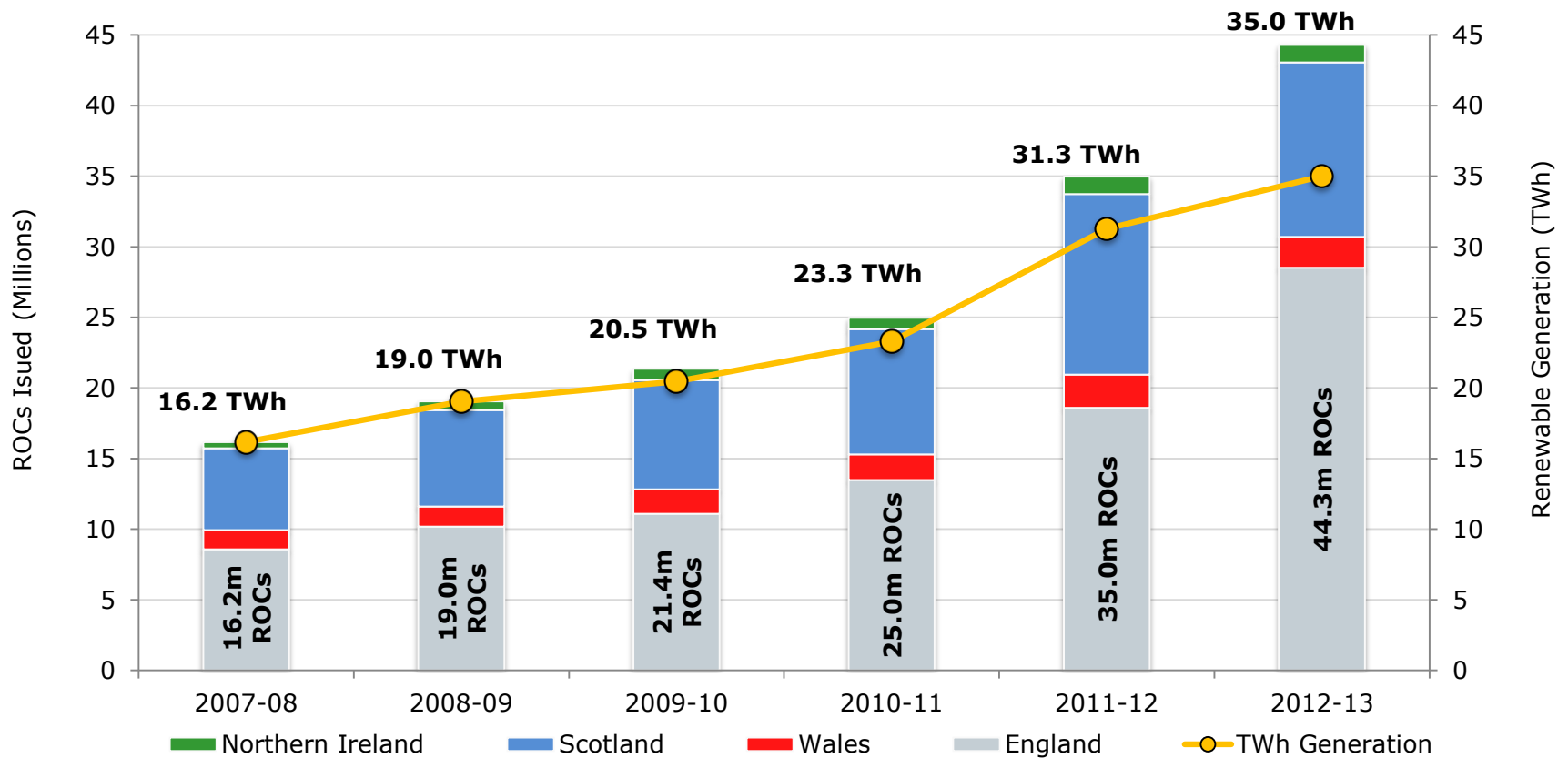
Overview

- Key drivers of change in renewable sector
- Trends in the RO scheme
- The costs of the RO
- Trends in the FIT scheme
- Concluding thoughts

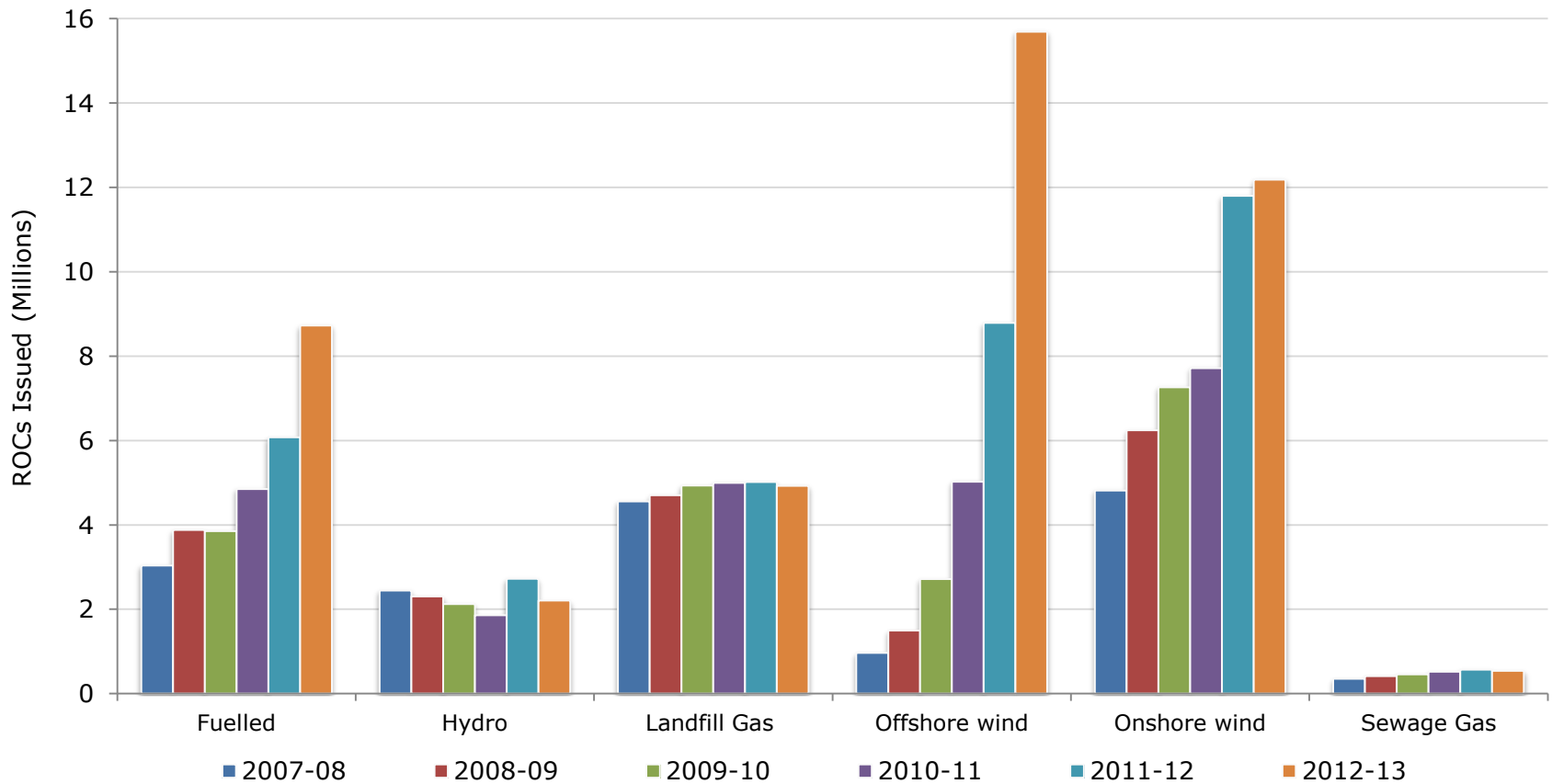
Forthcoming changes

- The RO will close in 2017
- The introduction of the CFD mechanism
- The influence of the carbon floor price
- Potential for future changes in European legislation

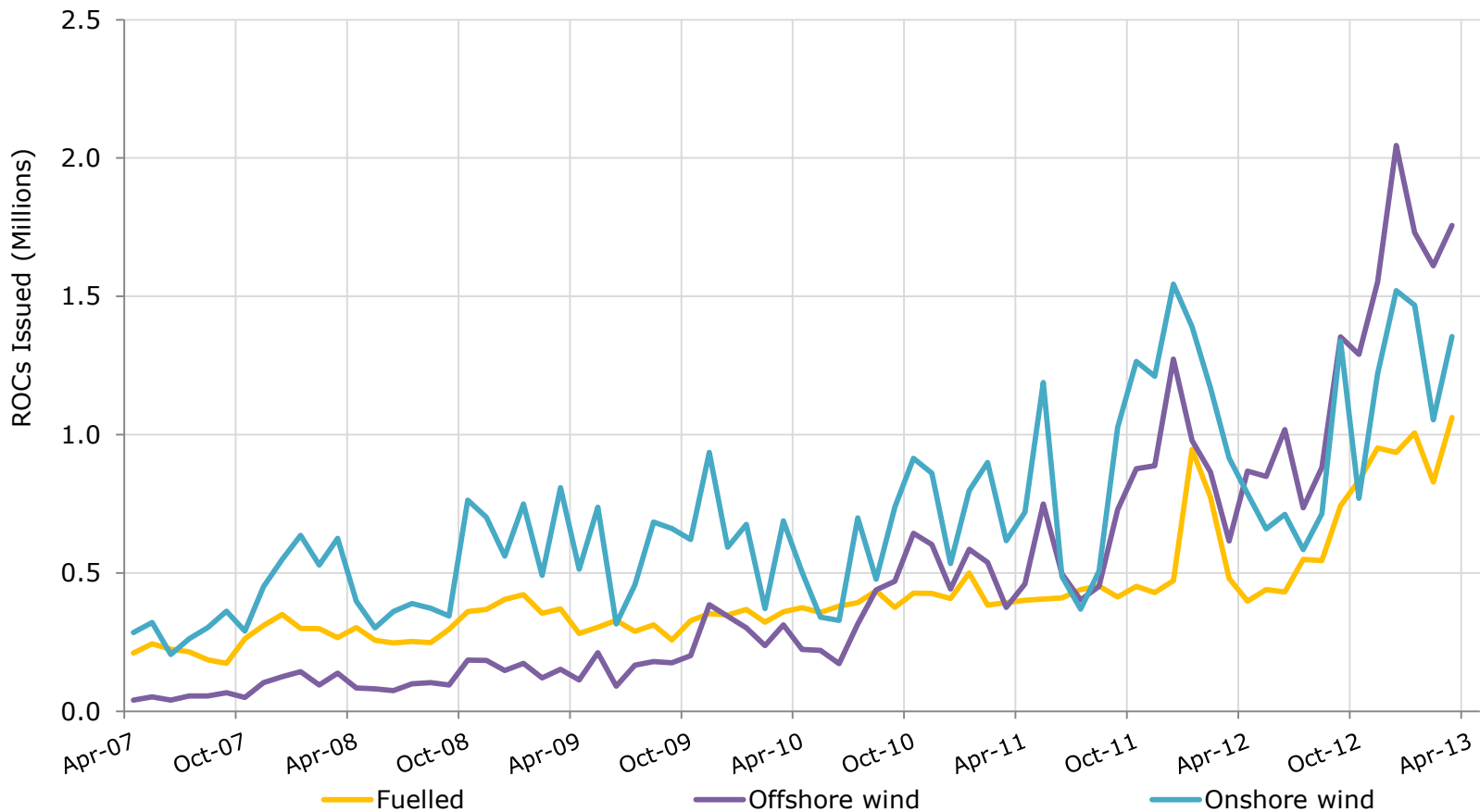
Total ROCs issued and corresponding generation since 2007-08



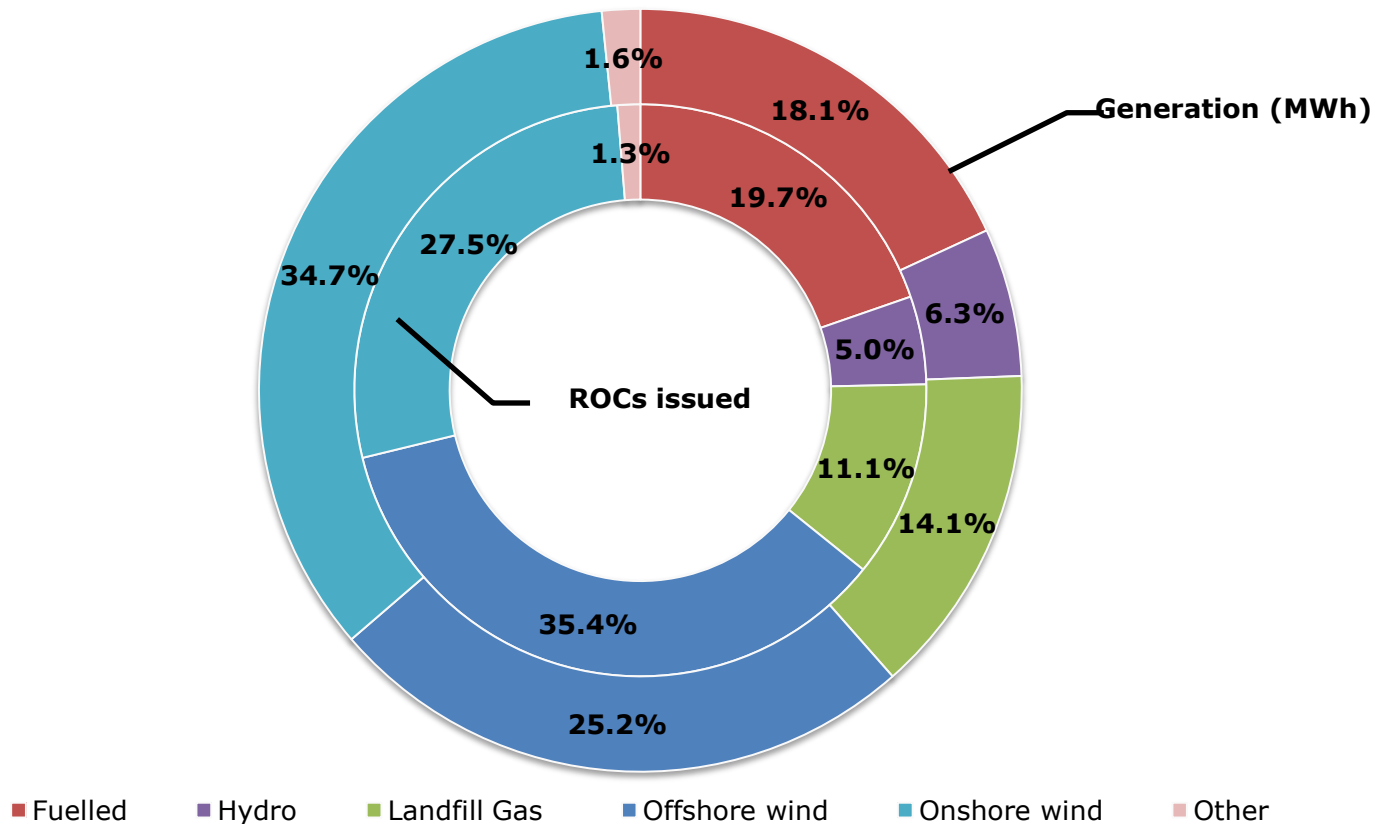
Annual issue of ROCs by generation technology since 2007-08



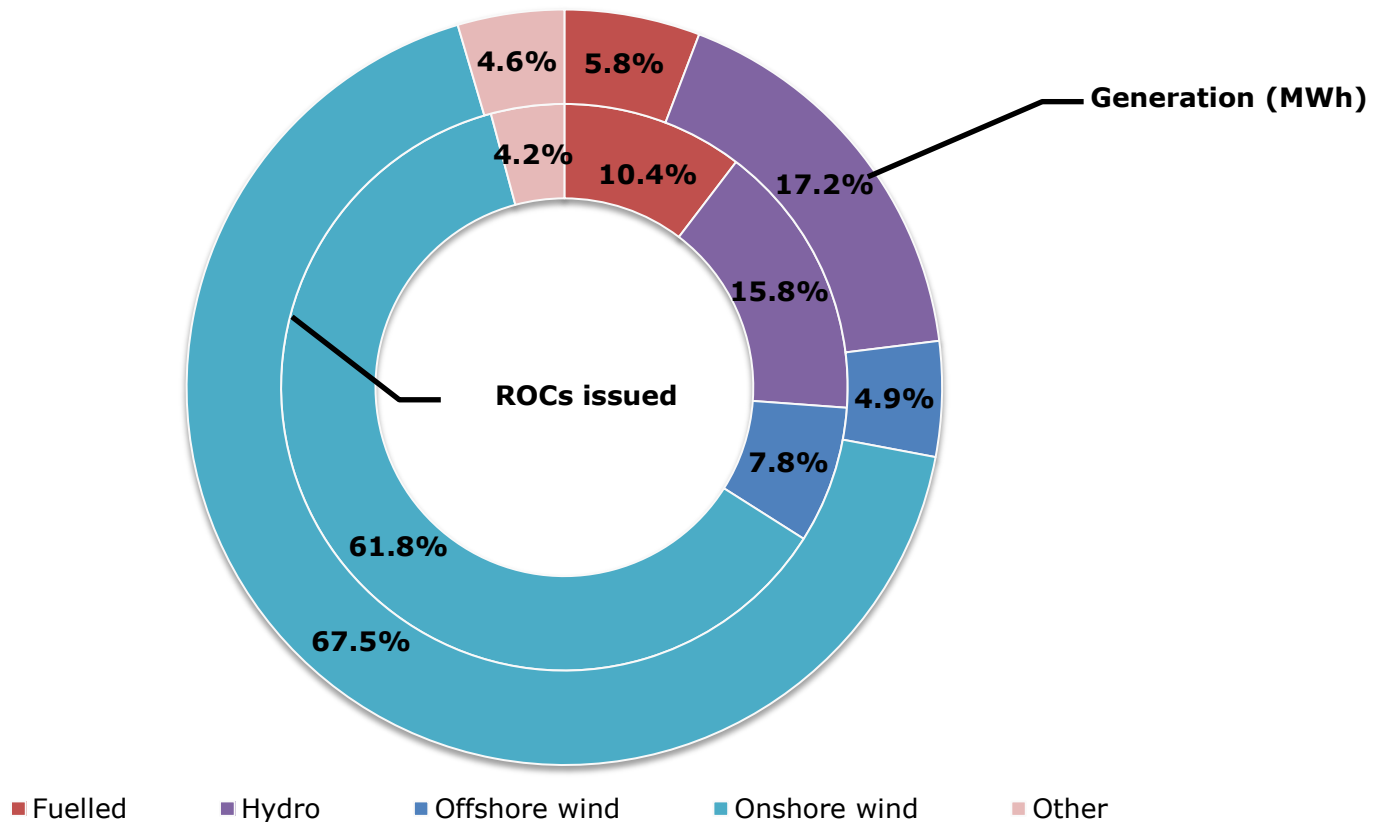
Monthly issue of ROCs since 2007-08 by generation technology



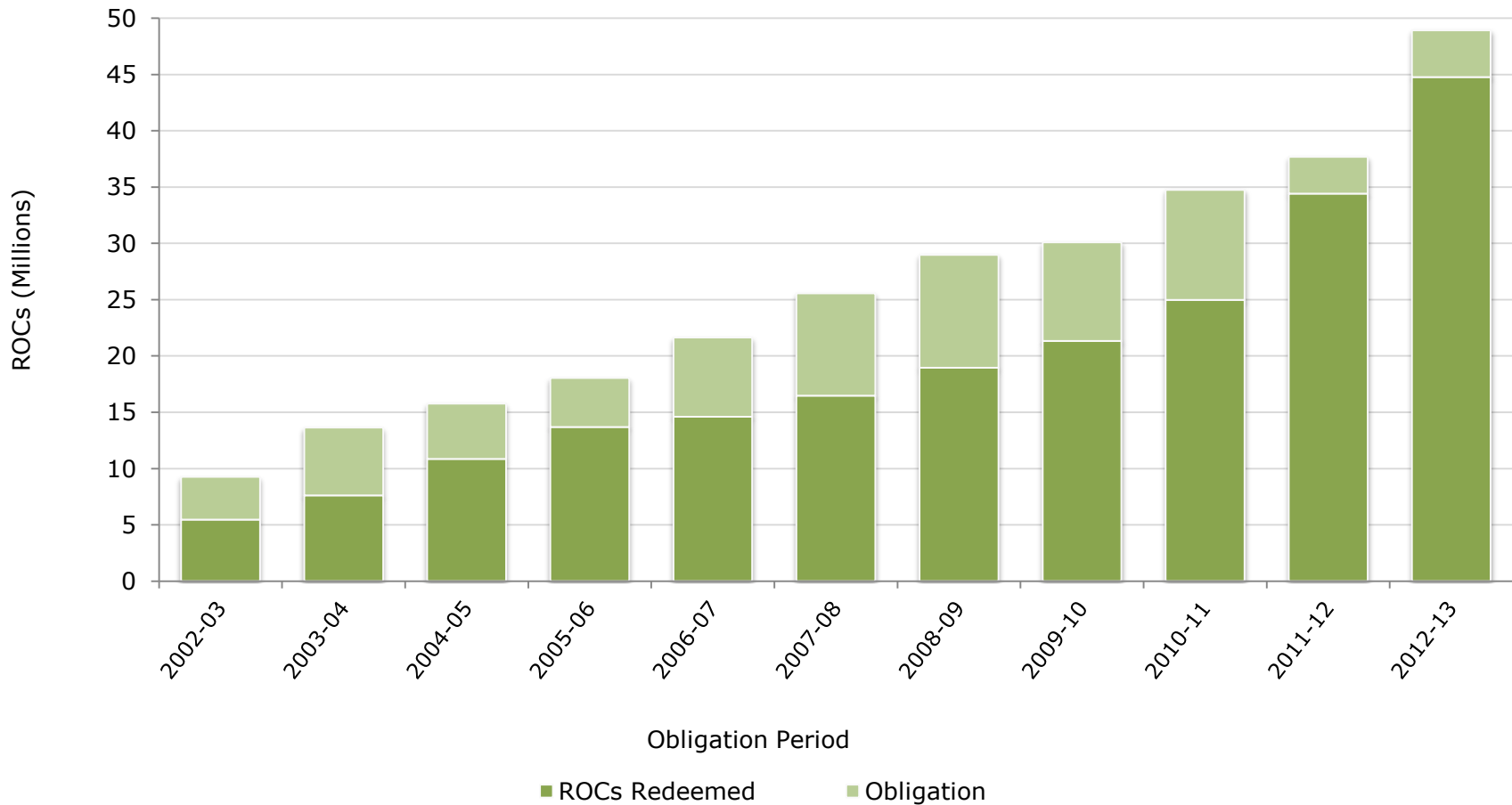
ROCs issued and generation by technology type in 2012-13 (UK-wide)



ROCs issued and generation by technology type in 2012-13 (Scotland)



Trend in total UK ROC obligation and ROCs redeemed since 2002-03

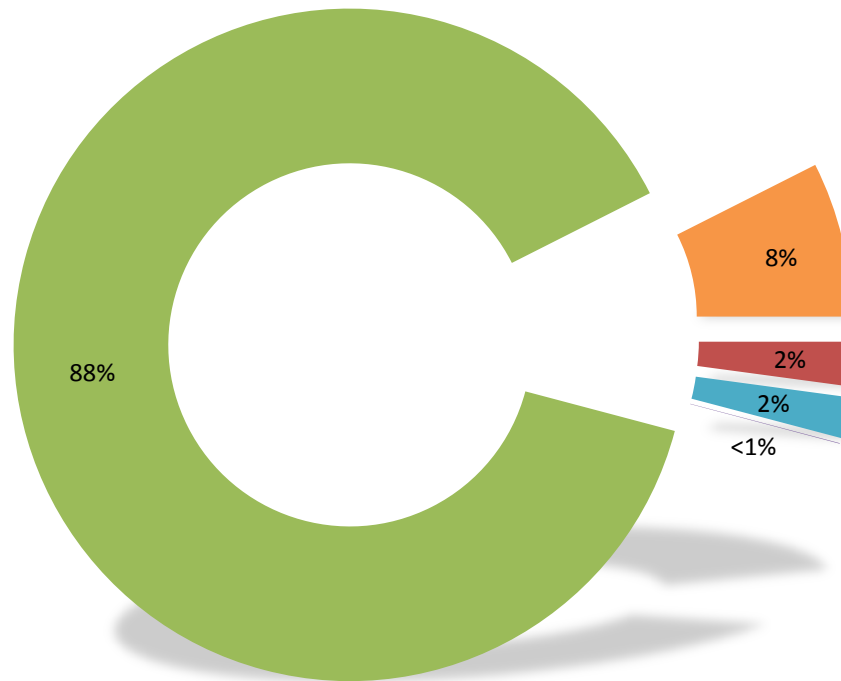


ROC recycle value since 2008-09

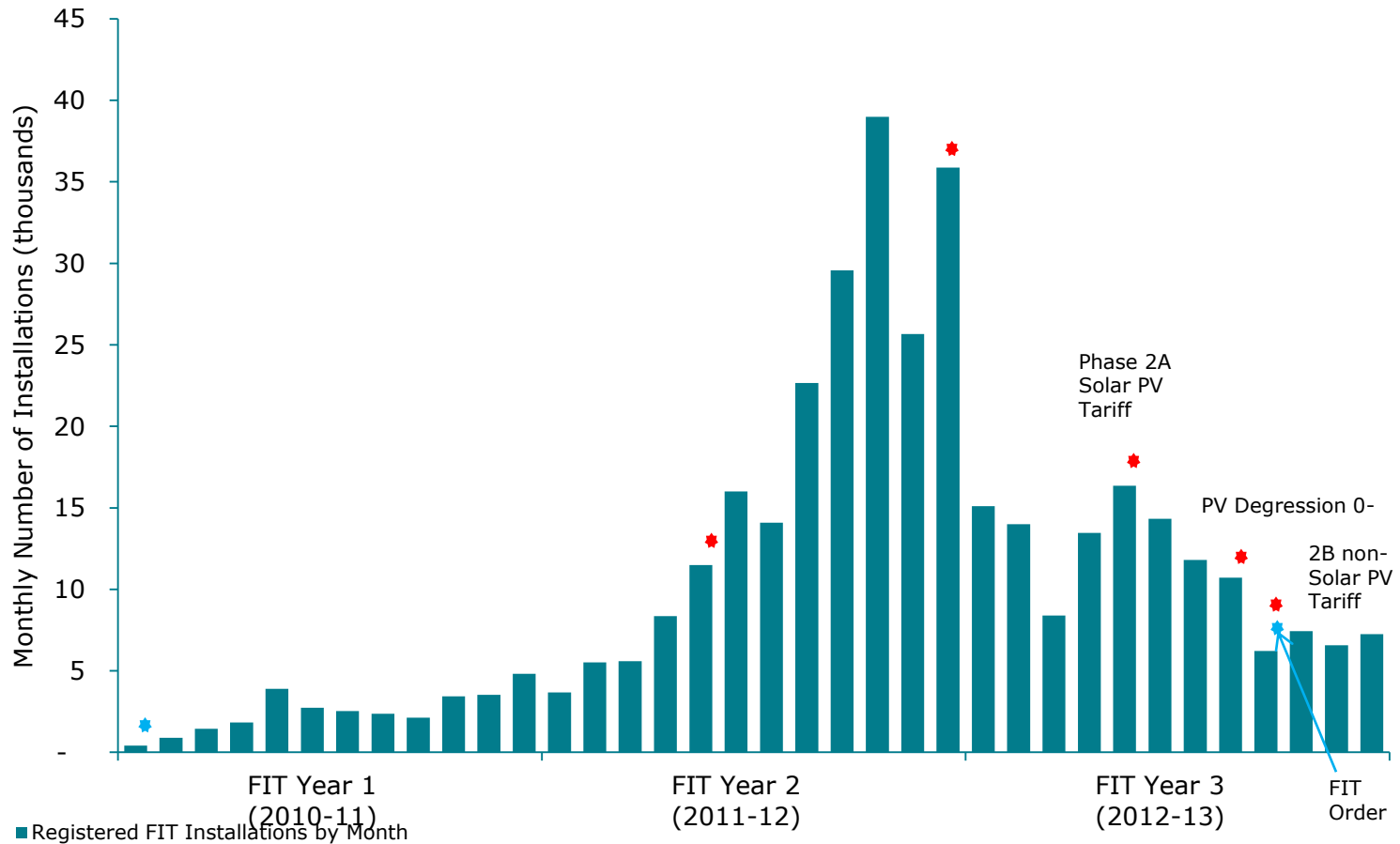
Total of buy-out and late payments redistributed	£352,651,576	£323,668,318	£358,308,373	£123,116,772	£164,420,029
Total ROCs presented	18,948,878	21,337,205	24,969,364	34,404,733	44,773,499
Recycle value per ROC presented	£18.61	£15.17	£14.35	£3.58	£3.67
Worth of a ROC to a supplier	£54.37	£52.36	£51.34	£42.27	£44.38
Average ROCs issued/MWh	1.00	1.04	1.07	1.12	1.27
Support per MWh supplied	£54.37	£54.45	£54.93	£47.34	£56.36

FIT capacity

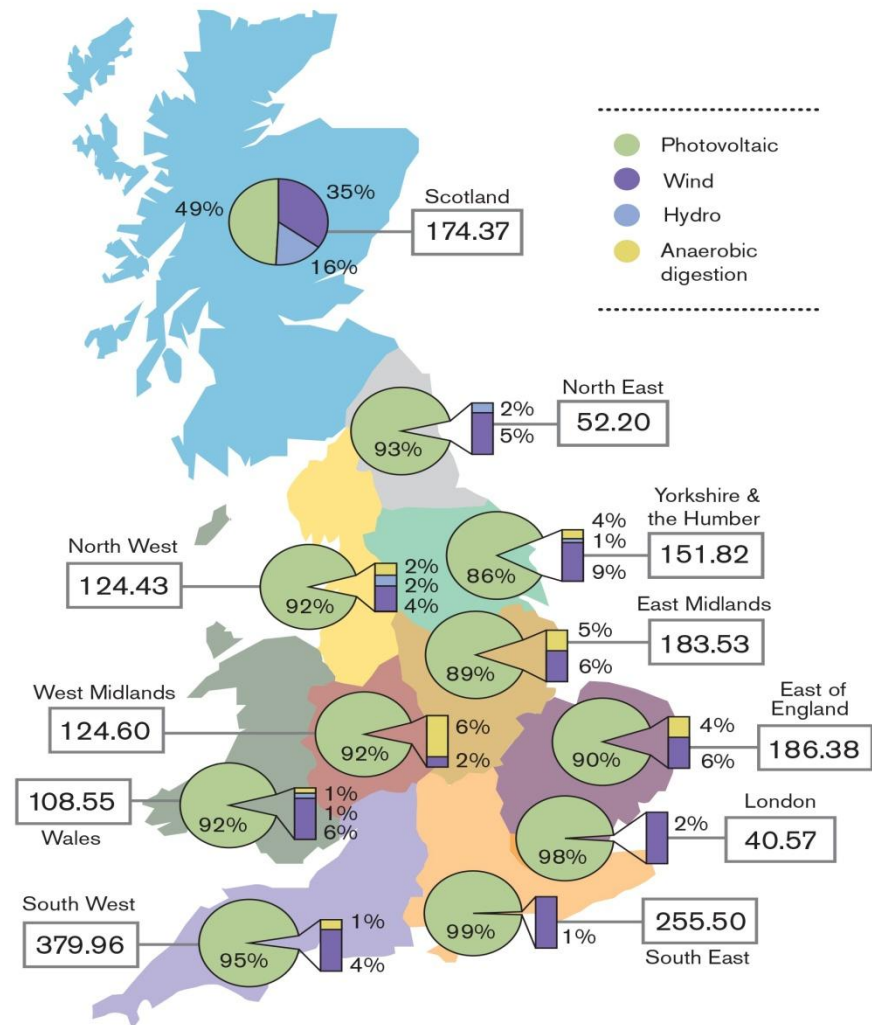
- Anaerobic digestion
- Hydro
- Micro CHP
- Photovoltaic
- Wind



Number of installations accredited against changes in legislation and degression



FIT Capacity by region, MW



Concluding thoughts

- The scale of renewable generation has increased considerably over the past ten years
- This has had cost implications for the sector and for consumers
- There is a strong regional variation in the development in capacity
- Further changes are planned for the renewables sector, which will have implications for the take up of the different technologies

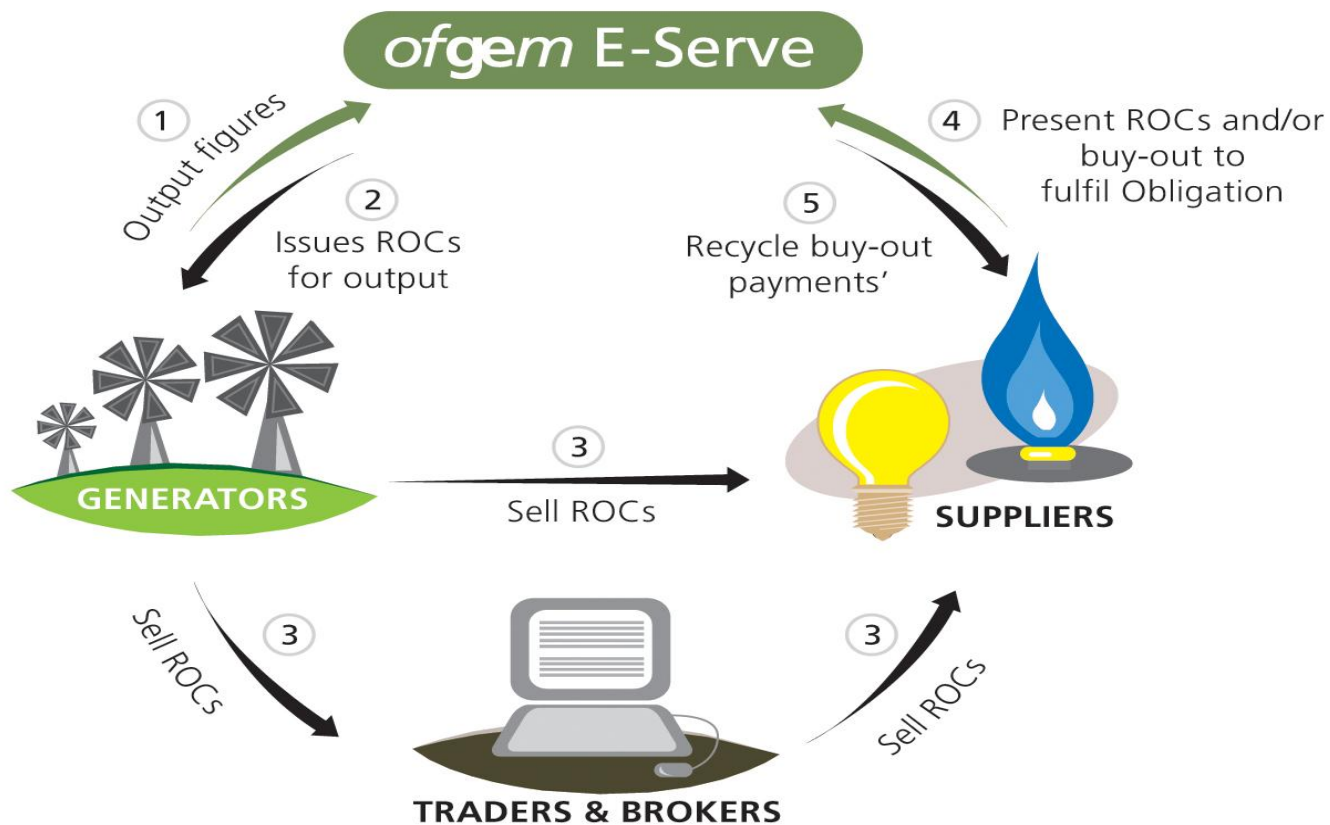
Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.

Annexes

How the RO works



Ofgem E-Serve's role in the FIT scheme

- Accreditation of eligible installations (including migration of RO generators)
- Operation of the Central FIT Register
- Compliance functions
- Periodic & Annual Levelisation
- Information and guidance
- Reporting

