

The Scottish Executive - 2005 – 06 Review of the Renewables Obligation (Scotland) Order

Preliminary Consultation

Introduction

1. Scotland has a tremendous potential renewable resource. It is the policy of the Scottish Executive to promote the development of a wide range of renewable sources of energy, both as part of our commitment to tackle climate change and to support sustainable economic development. The main legislative means by which this policy is being pursued is through the Renewables Obligation (Scotland), or ROS.

2. The ROS has been in force in Scotland since April 2002. It operates by obliging licensed electricity suppliers to provide increasing amounts of the electricity which they supply to customers in Scotland from eligible renewable sources. Since its introduction, the Executive has granted consent to 0.9 GW of renewable capacity. There are applications totalling 4.2 GW awaiting determination, with a further 3.1 GW at the formal pre-application stage.

3. The ROS helps to form the basis of a UK market in renewable electricity. As such, it has always been deliberately drafted to mirror equivalent Obligations covering England and Wales, and (from April 2005) Northern Ireland. This approach has led to the operation of a successful GB market in renewable electricity trading, which will shortly extend to the whole of the UK.

4. The Scottish Executive remains committed to supporting renewables development via the ROS, and to maintaining the strong, cross-border market for renewables electricity that the Obligations have created to date. To this end, we continue to work closely with colleagues in the Department of Trade and Industry, the Department of Enterprise, Trade and Investment in Northern Ireland, Ofgem and other stakeholders to ensure that the Obligations continue to function effectively.

5. The present review of the Obligations arises from our shared desire to ensure that, subsequent to their first three years in operation, they are performing as intended and to examine areas where improvements or amendments might be made. The Scottish Executive consulted on its terms of reference for this Review late last year; a summary of responses and final outcome are attached at Annex A.

6. The DTI has now published a preliminary consultation paper setting out and inviting views upon a range of issues in respect of their Renewables Obligation. The Scottish Executive has been fully involved in working up this paper, and the issues raised within apply equally to the ROS. This consultation document can be found on the [DTI website](#) – it should be read and responded to in conjunction with this short paper, whose intention is to highlight two separate issues which have been raised in, and apply specifically to, Scotland, and upon which we are inviting views.

7. Following this consultation, the Executive will set out its proposed position in a statutory consultation document, which will be published later in 2005. The prospective timetable is for any changes requiring secondary legislation to be laid before the Scottish Parliament in early 2006 with a view to those changes taking effect from 1 April 2006. If proposed changes require amendments to existing primary legislation, implementation would need to be on a slower timescale and will require identifying a suitable slot in the legislative timetable.

8. We would welcome views from our stakeholders on all of the issues raised, by **Thursday 23 June 2005**. These should be sent, along with any questions about policy issues raised in the document, by email, letter or fax, to:

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9. We would be grateful if you could clearly indicate in your response which questions or parts of the consultation paper you are responding to as this will aid our analysis of the responses received.

10. This consultation, and all other Scottish Executive consultation exercises, can be viewed online on the consultation web pages of the Scottish Executive website at <http://www.scotland.gov.uk/consultations>. You can telephone Freephone 0800 77 1234 to find out where your nearest public internet access point is.

Handling your response

11. We need to know how you wish your response to be handled and, in particular, whether you are happy for your response to be made public. Please complete and return the **Respondent Information Form** (enclosed with this consultation paper at Annex C) as this will ensure that we treat your response appropriately. If you ask for your response not to be published we will regard it as confidential, and we will treat it accordingly.

12. All respondents should be aware that the Scottish Executive are subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

Next steps in the process

13. Where respondents have given permission for their response to be made public (see Annex C), these will be made available to the public in the Scottish Executive Library and on the [Scottish Executive consultation](#) web pages. We will check all responses where agreement to publish has been given for any potentially defamatory material before logging them in the library or placing them on the website. You can make arrangements to view responses by contacting the SE Library on 0131 244 4565. Responses can be copied and sent to you, but a charge may be made for this service.

What happens next ?

14. Following the closing date, all responses will be analysed and considered along with any other available evidence to help us reach a decision on the issues identified within this paper. We aim to issue a report on this consultation process during July, in advance of a Statutory Consultation on any subsequent amendments to the ROS which we envisage taking place from August to November.

Comments and complaints

15. If you have any comments about how this consultation exercise has been conducted, please direct them to us using the contact details at paragraph 8.

USING ROCS TO SUPPORT TECHNOLOGY DEVELOPMENT

Background

16. Unlike its predecessor, the Scottish Renewables Obligation (SRO), the ROS was designed along with its GB counterpart to be technology neutral, leaving development firmly in the hands of the market. This has meant that less expensive technologies have flourished, with the majority of ROCs thus far accruing to landfill or sewage gas, hydro and onshore wind power. Going forward, the trend for new developments in Scotland is heavily biased towards onshore wind, and to a lesser extent, hydro.

17. The ROS can therefore be said to have been successful in its primary aim, which is to spur new renewables development at least cost. A counter to the argument that the ROS is not supporting the development of a diverse spread of technologies is that to have “banded” the ROS by technology in a way similar to the SRO would have led to higher electricity bills; it is a key tenet of the UK Obligations that they do not impose unacceptably high costs upon consumers.

18. The majority view of stakeholders at the time of its inception was also against drafting the ROS in this way. Several respondents suggested that to impose technology “quotas” on suppliers seeking to meet their Obligation would be unwelcome, as it would have a negative effect on the operation of the GB (soon to be UK) market in ROCs.

External Support

19. At the same time, there is clear evidence which suggests that a funding gap exists for emerging and more expensive technologies (such as wave, tidal, biomass, solar and offshore wind), and which makes clear that these are highly unlikely to develop sufficiently to benefit from the ROS without additional support. The Executive accepts the need to specifically target such technologies. Our Forum for Renewable Energy Development in Scotland (FREDS) has already produced reports recommending ways in which development in Scotland’s [marine](#) and [biomass](#) energy sectors might be accelerated.

20. This funding gap has also been acknowledged and counterbalanced by the introduction of a number of alternative means of support for renewables technologies outwith the GB Obligations. In the recent past, these have included capital grant schemes for offshore wind, biomass and solar photovoltaics (PV), amounting to £180 million.

21. More recently, the Department of Trade and Industry has announced a £50 million support scheme for wave and tidal development. The proposed scheme will offer a significant additional premium for output from such schemes across the UK, which would be over and above the benefit arising from any associated ROCs awarded under the ROS.

22. Support is also available in Scotland through our Scottish Community and Householder Renewables Initiative (SCHRI), worth in excess of £10 million up to 2008; the SCHRI is supporting a wide range of technologies, from solar heating and PV, biomass and hydro through to wind and geothermal energy. The Executive also has a small programme budget to support emerging technologies. For example, we contributed over £2 million to enable the construction of the European Marine Energy Centre on Orkney (with a further £1 million announced last month to support construction of a tidal testing facility), and also awarded £3 million in funding towards the development of a deep water offshore wind demonstrator in the Moray Firth.

Rationale for Change

23. In its [report](#) last year on the Scottish Executive's policy on renewables, the Scottish Parliament's Enterprise and Culture Committee, while fully supportive of the Executive's renewable electricity targets, expressed concern that current policies (including the ROS) would be likely to lead to those targets being met almost entirely from onshore wind generation. The report stated that:

"The Renewables Obligation (Scotland) scheme has been successful, but in a single direction - that of promoting onshore wind power...Whilst this may be welcome in terms of meeting targets, it has raised concerns over the merits of wind power and has not stimulated other renewables generating technologies to a significant degree. By focussing power companies' attention on wind, it may even have hindered the commercialisation of other renewable technologies."

24. The Committee went on to explicitly recommend that the ROS be urgently revised and refined in a way which channelled more investment into emerging technologies and therefore supported greater diversity. A number of respondents to our consultation on the terms of reference for this review agreed that these issues should be considered as part of any reassessment of the ROS.

25. Scottish Ministers are committed to supporting the development of as wide a range of renewables as possible. The advantages in doing so are quite clear, both in terms of maintaining and strengthening security of supply, and in the potential to secure economic benefits for Scotland through supporting the development of new industries and supply chains.

26. It appears legislatively feasible for the ROS to be used to deliver additional and targeted support, for example by awarding multiple ROCs for output to specified technologies. This could be refined or controlled still further, perhaps by limiting any such award to a fixed time period or amount of installed capacity. Of course, there are other issues that need to be considered – for example, the effect this change to the support arrangements might have on investor confidence in the Obligation more generally, and the extent to which multiple ROCs might dilute the Obligation's effectiveness.

27. We invite responses to the following points:

- **Do you believe that the ROS should be amended to provide increased support for emerging technologies?**
- **How do you view the balance between the possible benefits of any such amendment and the current consistency between the GB Obligations?**
- **If so, what form(s) might this amendment take?**
- **Are there specific technologies which ought to be prioritised for support?**
- **What are the risks involved in using the ROS in this way (e.g. in terms of investors' perception)?**
- **Are the existing external support mechanisms alone sufficient?**
- **What other methods might be used to deliver the necessary support?**

ENERGY CROPS AND BIOMASS

Background

28. The ROS is currently drafted to promote the increased use of biomass in generating electricity. Power from dedicated biomass plants is eligible for ROCs, but there are also provisions within the legislation which allow for the co-firing of biomass material in fossil fuel plants, with ROCs awarded to the proportion of the output attributable to the biomass element of the fuel mix.

29. Co-firing is eligible until 2016, after which only dedicated biomass plant will be eligible. However, from 2009 onwards, an increasing proportion of the biomass material used in any co-firing plant must come from energy crops. This measure was adopted in order to create an incentive for the planting and growing of dedicated energy crops (short rotation coppice (SRC), willow, miscanthus, etc) and to allow for the establishment of long-term contracts between growers and power producers.

Rationale for Change

30. However, the potential for and interest in energy crop growth in Scotland remains limited. This has been attributed to factors ranging from the differences in the prevailing climate to the nature of the grant support system currently in place. This lack of potential was confirmed in the [Report](#) by the Forum for Renewable Energy Development in Scotland (FREDS) Biomass Energy Group, which was published on 31 January 2005.

31. Currently, the GB Renewables Obligations define energy crops as "a plant crop planted after 31st December 1989 and grown primarily for the purpose of being used as a fuel". This definition rules out the use of most wood fuel for the purpose of co-firing, which FREDS believes could act as a stimulus to the development of a viable biomass industry in Scotland. FREDS has recommended that:

The Scottish Executive should consult on amending the definition of energy crops in the Renewables Obligation (Scotland) Order....to include material derived from any sustainably managed woodland, i.e., a woodland certified to the UK Woodland Assurance Standard.

32. There are a number of issues to consider. There is the potentially positive effect that this change could have on the development of a strong forestry biomass supply chain in Scotland. However, if such a change were adopted (and limited to Scotland), it would lead to a divergence in the UK Obligations, and distort the market in that ROCs produced by co-firing plant accredited under the ROS which took advantage of the changed definition could not be redeemed against either of the other UK Obligations. There is also the impact that such a change might have on the confidence and growth of the energy crops sector elsewhere in the UK.

33. We commissioned IPA Consultants to carry out an analysis of the impact that a change such as this would have. The study, currently underway, examines the development of the energy crops sector under the status quo, and also assesses:

- The impact of any change to the definition on ROC prices and production;
- The impact on the development of other renewable technologies and their location;
- The impact on the development of the energy crops sector.

The study examines these impacts against two scenarios – change to the definition within the ROS only, and a change to the definition across all three Obligations. The preliminary stage of the study has looked at the likely development of the energy crops without any changes to the current definition – a summary of the conclusions produced by IPA is attached at Annex A. Preliminary findings emerging from the second stage of the study indicate that altering the definition, whilst limiting the market for energy crops, would still leave significant demand for SRC and giant grasses. The final report will be ready by the end of April; this will be sent to all consultees and will also be published on our website.

34. We invite responses to the following points:

- **Do you believe that the definition of energy crops should be widened in the manner proposed?**
- **If not, why not? Are there any other forms an amendment might make?**
- **How do you view the balance between the possible benefits of any amendment and the current consistency between the GB Obligations?**
- **What would be the risks of amending the ROS in this way?**
- **What other ways are there of promoting forestry biomass without affecting energy crop growth?**

ENERGY FROM MIXED WASTES

35. Scotland has ambitious targets to move away from landfilling the majority of its waste. At the same time, it remains the Executive's position that materials suitable for recycling and composting should, where practicable, be extracted before waste undergoes thermal treatment.

36. Under the [National Waste Plan](#), we have set the following targets:

- 25% of municipal solid waste to be recycled/composted by 2006;
- 30% of municipal solid waste to be recycled/composted by 2008;
- 55% of municipal solid waste to be recycled/composted by 2020.

To enable these targets to be reached, the Scottish Executive is providing significant resources to local authorities to improve recycling and composting services, through the ring-fenced Strategic Waste Fund.

37. We also need to meet domestic and EU targets to divert biodegradable municipal waste from landfill. To this end, we are establishing strategic groups of authorities, to consider their longer term needs for waste management infrastructure. We are also providing resources to authorities for longer-term infrastructure through the Strategic Waste Fund.

38. The Scottish Executive's policy on energy from waste is set out in the National Waste Plan. This plan envisages that 7% of municipal solid waste will be treated through energy from waste plants by 2010 and 14% by 2020. The Plan also made it clear that energy from waste plants will be subject to strict environmental regulatory requirements, such as the Waste Incineration Directive. It also indicated that materials suitable for recycling and composting should be extracted so that wastes which can be recycled and composted would not be subject to thermal treatment. The Scottish Environment Protection Agency has subsequently issued these [Guidelines for Thermal Treatment of Municipal Waste](#).

39. Currently, eligibility under the GB Obligations is limited to electricity produced from the biomass fraction of mixed wastes using the advanced conversion technologies of pyrolysis, gasification or anaerobic digestion. Chapter 3 of the DTI consultation paper outlines and discusses various options for extending this eligibility, following a study carried out by ILEX. **In the context of our policy on waste as set out above, the Scottish Executive would be particularly grateful for comments from consultees on the issues and different options discussed within this chapter.**

i) The first stage of the study by IPA in association with SAC has been to investigate the different costs and grant structures associated with energy crops, and to construct a base case analysis showing the potential demand for energy crops out to 2016. It also examines the financial viability of supplying demand, given the existing co-firing plant capacity and potential development of dedicated biomass plant.

ii) The analysis has highlighted a number of issues:

- there is a significant volume of potential demand. Demand comes from two sources, co-firing by coal plant, and the development of small scale dedicated biomass plant;
- the economics of co-firing coal plant with energy crops are robust to a range of assumptions on the delivered price of energy crops. There is a significant forecast demand at a delivered fuel price up to £25/MWh. The demand is driven by the requirement under the RO for co-firing to utilise a minimum percentage of energy crops within the fuel mix;
- the economics of firing small dedicated biomass plant with energy crops are more fragile, due to the high capital costs of establishment of generating plant capacity and energy crops. It is therefore likely that grants may have an important role in stimulating these markets, especially for grasses;
- there is a growing gap between current supply and potential demand, which is likely to widen as co-firing plant become obliged to utilise energy crops post 2008;
- the demand for energy crops from co-firing plant is unlikely to be met from SRC. This is because SRC has a relatively long establishment period and lifetime, but co-firing is only eligible for ROCs to 2015. It is therefore unlikely that SRC would be developed unless there is a reasonable prospect of an alternative *local* demand source developing post 2015;
- the demand for energy crops from co-firing plant is more likely to be met using crops with lower establishment periods, such as giant grasses. However, grant support for these crops is limited, and there is very little experience of cultivation within the UK, both of which may limit crop development; and
- dedicated biomass plant is likely to be developed in conjunction with energy crops and biowaste schemes. Thus, with sufficient support to ensure financial viability, there is some prospect that energy crops might be developed to supply specific small dedicated biomass plant.

iii) The next stage of the study, building on the initial work and base case, investigates the impact of a possible amendment to the Obligation(s) to include any material derived from managed woodland within the definition of energy crops. Results from initial work shows:

- The economics of using forestry residues (that currently do not have a market) are favourable when compared to energy crops;
- There are significant volumes of forestry residues that could be made available as a fuel for co-firing plant. However, the volumes are limited by an economic catchment area, and the fact that many coal stations will be competing for the residues in the same locality (for example, Drax, Ferrybridge and Eggborough are all within the locality of Yorkshire).
- Initial analysis suggests that a significant proportion of the demand for energy crops from co-firing coal plant could be economically met using forestry residues.
- The redefinition of forestry residues as energy crops would mean that these products would compete against SRC and giant grasses as a fuel for co-firing. Although this could limit the size of the market for SRC and giant grasses, it is likely there would still be significant demand.

iv) The ongoing study will further investigate:

- the potential demand, and an analysis of the economically viable supply of primary and secondary products from managed woodland for both co-firing and dedicated biomass plant;
- issues associated the EU Waste Directive and how this might impact upon the cost of transportation and generation using different woodland bi-products;
- the practical impact of a change in the Obligation(s), in terms of bridging the potential supply gap for eligible biomass;
- the impact of a change in the Obligation(s) on the development of SRC and giant grasses;
- the impact of a change in the ROS, in terms of the impact on ROC prices and the possible impact on the development of other renewable generation capacity; and
- the impact of a change across all Obligations, including the impact on ROC prices and the possible impact on the development of other renewable generation capacity, particularly the potential impact upon the development of dedicated biomass plant

The Scottish Executive received 18 responses to its Consultation Document on the “Terms of Reference for the 2005-2006 Review of the Renewables Obligation (Scotland)”.

Issues Raised**(a) What the Review will not consider:**

The majority of respondents broadly supported the Executive’s proposals on what the review ought to address. Many expressed the view that developers and investors would be reassured by the scope of the review being limited, with positive ramifications for long-term confidence in the sector. There was also a call for a roadmap in relation to any future reviews, to reduce uncertainty.

More than half of respondents indicated their desire for a support mechanism for renewable heat; half of those felt that this should be looked at under the Review of the ROS, with the remainder taking the view that it should be considered separately.

A very small number raised the issue of co-firing, with one call for the current dates and limits for co-firing (which took effect earlier this year) to be amended. While we recognise that there are some concerns over the potential effectiveness of the existing dates and limits applicable to co-fired generation, we take the view that there should be more time allowed for the effectiveness of the current rules to be properly assessed.

(b) On what the Review will consider:**(i) Effectiveness of the ROS to date**

There was overall support for the ROS, and its achievements to date in stimulating renewables development in Scotland and across GB. There were varied views regarding the role of the ROS in supporting technological diversity, or in supporting policy aims removed from renewables development. These are picked up elsewhere in this summary.

(ii) Profile of the ROS

The commitment not to reduce the 25 year lifespan of the ROS was welcomed by 7 respondents (39%). 3 respondents (17%) urged an increase in the levels of the ROS after 2015/16, and two suggested that the possibility of extending the lifespan beyond 2027 should be looked at. One respondent thought the ROS should be extended to 2050. There were no specific suggestions as to what the levels might be. The Executive accepts that these issues should be considered carefully as part of the Review.

(iii) Working arrangements

Where respondents commented on the current working arrangements, there was unanimity that these should be reviewed. The comments received incorporated a number of detailed administrative issues which ought to be included in the Review:

- Creation of a single buy-out fund or recycling mechanism;
- Case for creation of an appeals mechanism in relation to Ofgem's decisions;
- Introduction of shorter obligation periods;
- Increased flexibility in the Obligation timetable;
- Issues affecting smaller companies and generators;
- Issues relating to offsite measurement for co-firing.

We agree that these issues should be covered by the Review, in addition to others raised during the wider UK consultation. There are clearly a number of issues involved, relating both to the legislation and its interpretation and implementation, and these will need to be considered carefully, not least issues of cost and practicality.

(iv) Emissions Trading Scheme and transition to market of renewables technologies over time

Slightly less than half of respondents expressed an opinion on whether ETS should be considered by the Review. Most took the view that to do so would be precipitate and would affect investor confidence. Others recognised that there would be an effect and that this ought to be considered, despite a lack of practical experience against which to judge.

A small number of respondents expressed concern at the potential removal of eligibility from current projects. There were calls for substantial notice periods, combined with protection for existing and planned developments, in order to avoid harming investment in any technologies likely to be affected.

(v) Energy from Mixed Wastes

Around a quarter of correspondents commented in this area, with the majority welcoming an opportunity to review current practise and eligibility criteria for waste. One respondent felt that it would be unwise for the ROS to be used to influence policy delivery away from renewables.

Others felt that the composition of the fuel should be more significant in terms of eligibility than the technology being used to convert that fuel to electricity. Attention was also drawn to an inconsistency at present with the relevant EU Directive. The Review will consider issues relating to the eligibility of mixed wastes.

(vi) Combined Heat and Power (CHP)

Around a quarter of respondents commented on the ROS being used to support CHP, with opinion split fairly evenly between those in favour (as long as wider environmental issues were considered) and those against, who believed that the ROS was not the right type of mechanism to deliver such support. Some respondents commented on the importance of supporting biomass CHP, and expressed doubts that this was the way in which to do it. One respondent took the view that exempting CHP would be a very positive means of supporting efficient heat production and use.

(vii) Other eligibility issues

A very small number felt that, if eligibility were to be extended at all, consideration should be given to including large-scale hydro.

(viii) Longer term renewable technologies

Half of respondents commented on the need to support the development of a wider range of technologies. All felt that emerging technologies such as wave, tidal and biomass, for example, were worthy of additional support in order to benefit the sector and create diversity of supply. A third of these said that any such support should be considered separately from the Review.

However, the majority took the view either that such support might be made available via the ROS, or that the Review ought at least to explore the issues involved in using the ROS to support emerging technologies in this way. This mirrors a recent call by the Scottish Parliament's Enterprise and Culture Committee for a similar debate on the use of market mechanisms to support renewables.

There is currently a great deal of activity and focus, both within the Executive and across the UK, on support for emerging technologies. In Scotland, these matters are being addressed by the Forum for Renewable Energy Development in Scotland (FREDS), whose work will also inform our Review. The Executive remains fully committed to promoting a wide range of renewable technologies; whilst our view at the present time is that the additional support necessary to achieve this diversity can be delivered outwith the ROS, our Review will examine the points raised in response to this consultation and by the Committee.

(viii) Other issues

Some respondents took the opportunity to draw attention to connected areas such as planning. The relevant planning guidelines in Scotland are due to be revised over the coming two years, and work on this process will be conducted separately. As several respondents pointed out, the ROS operates in tandem with the Renewables Obligation in England and Wales to create a strong and fluid GB renewables market.

The need to preserve the strength and operation of this market will also be a key consideration underpinning the Review, and we will be working very closely with colleagues from the Department of Trade and Industry, other devolved administrations and Ofgem as the Review progresses.

c) Technical Issues

Our consultation also elicited requests to consider some technical and procedural issues.

Final Terms of Reference

1. To review, in consultation with all interested parties, and in tandem with a similar review covering England and Wales, the operation of the Renewables Obligation in Scotland (the ROS), and to recommend any changes to ensure its continued effectiveness.
2. In considering any changes to the ROS, confidence in the stability of the renewables framework, the potential impacts on costs to consumers of any changes, and the effectiveness of the ROS in delivering our renewables targets and aspirations, will be critical considerations.
3. Taking account of the importance of confidence in the stability of the renewables support framework, the Review will seek to avoid recommendations that undermine this confidence. The following issues will not form part of the Review:
 - (i) Replacing the ROS with an alternative mechanism for renewables support.
 - (ii) Amending the basic operating principles of the ROS. The Obligation will remain on electricity supply companies. Compliance will continue to be demonstrated by the presentation of Renewables Obligation Certificates (ROCs) or by paying the buy-out price. The buy out fund will continue to be recycled in proportion to the presentation of ROCs.
 - (iii) Any reduction in the buy-out price or removal of its link to the Retail Price Index.
 - (iv) Any change in the announced level of the ROS for each of the years to 2015/16, nor any change from the figure of 15.4% in 2015/16 in the years 2016 – 2027 – except any possible changes necessary to compensate for any agreed changes to the eligibility rules.
 - (v) Any reduction in the duration of the ROS.
 - (vi) Proposals which would remove ROC eligibility from any operating projects currently receiving ROCs.

- (vii) Any changes to the dates and limits in the revised co-firing rules announced in December 2003.
 - (viii) Proposals for supporting renewable heat. These will be considered, albeit separately, and on a similar timescale. We will work closely with UK Government colleagues in this regard, and our consideration will include the proposals in the Royal Commission on Environmental Pollution's report (June 2004) on Biomass as a Renewable Energy Source.
4. The Review will consider:
- (i) The effectiveness of the ROS to date, including the progress in the development of renewable sources of generation and the contribution of the ROS to that development;
 - (ii) Whether further decisions on the level of the ROS post 2015/16 are necessary at this time, and if so, what the level of the ROS should be for the years beyond 2015/16.
 - (iii) All aspects of the working arrangements of the ROS.
 - (iv) The transition to market of renewable technologies over time, either from the impact of carbon pricing, falls in technology costs or other factors. The Review will also consider at what stage the impact of the EU Emissions Trading scheme on carbon pricing is likely to be sufficiently well established in the market to allow the Government to make firm decisions in this area.
 - (v) The case for amending ROC eligibility rules regarding electricity generated from mixed wastes in ways which are consistent with the goals of supporting technological developments in waste management which offer environmental benefits, and which meet the Executive's requirements for increasing recycling and reducing the volume of waste sent to landfill.
 - (vi) The position of CHP in relation to the ROS – including in particular various options for excluding CHP generated electricity from the base on which the obligation on suppliers is calculated.
 - (vii) Other more detailed technical or definitional issues. A list of such issues is attached at Annex B.
5. The Review will undertake thorough and meaningful consultations with all interested parties. It will maintain close and regular contact throughout with the Department of Trade and Industry and the Northern Ireland Executive, to ensure consistency between the separate Renewables Obligation Order for England and Wales and, in future, for Northern Ireland.

6. The Review will take into consideration the comments and conclusions of the recent Enterprise and Culture Committee Report on renewable energy policy in Scotland, as well as those emerging from the National Audit Office (NAO) Report on renewables, expected to publish before the end of 2004.
7. The Review will aim to be completed by December 2005, with a view to introducing changes to the ROS from 1 April 2006. If proposed changes require primary legislation, implementation would need to be on a slower timescale and will require identifying a suitable slot in the legislative timetable.

Other Technical and Definitional Issues to be considered by the Review

8. The following list is not necessarily exhaustive and other detailed technical and definitional issues may be considered by the Review should the need arise.
 - The treatment of stored renewable electricity under the ROS;
 - The treatment of fossil fuel generating stations with dedicated renewable generating sets;
 - Aggregation of the output of smaller generators and the associated administration;
 - The treatment of landfill gas put directly into the gas network;
 - Issues relating to on-site use of electricity and sale and buy-back arrangements;

Respondent Information Form

Annex C

Please complete the details below and return it with your response. This will help ensure we handle your response appropriately. Thank you for your help.

Name:

Postal Address:

1. Are you responding: (please tick one box)
- (a) as an individual go to Q2a/b and then Q4
- (b) **on behalf of** a group/organisation go to Q3 and then Q4

INDIVIDUALS

- 2a. Do you agree to your response being made available to the public (in Scottish Executive library and/or on the Scottish Executive website)?

Yes (go to 2b below)

No, not at all We will treat your response as confidential

- 2b. **Where confidentiality is not requested**, we will make your response available to the public on the following basis (**please tick one** of the following boxes)

Yes, make my response, name and address all available

Yes, make my response available, but not my name or address

Yes, make my response and name available, but not my address

ON BEHALF OF GROUPS OR ORGANISATIONS:

- 3 The name and address of your organisation **will be** made available to the public (in the Scottish Executive library and/or on the Scottish Executive website). Are you also content for your **response** to be made available?

Yes

No We will treat your response as confidential

SHARING RESPONSES/FUTURE ENGAGEMENT

- 4 We will share your response internally with other Scottish Executive policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Executive to contact you again in the future in relation to this consultation response?

Yes

No