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Appendix A

A banded Renewable Energy Target Scheme: the United Kingdom's Renewables Obligation

The Renewables Obligation is the United Kingdom's chief mechanism for incentivising renewable electricity generation and an important part of the Government's emissions reduction programme. It is very similar to Australia's Renewable Energy Scheme.

Following a review in 2007 the UK Government determined that "banding" the Renewables Obligation to provide differentiated levels of financial support for different technologies would more efficiently and effectively provide support for new low emission technologies¹.

The UK Government's objectives in banding the Renewables Obligation are to:

- Provide more support to technologies which are currently further from commercial deployment and hence bring on additional deployable technologies by providing appropriate levels of support and certainty for future investments within acceptable costs to consumers;
- Protect the position of existing renewable energy projects and investors, and projects under construction or which come into operation prior to the introduction of the new regime; and
- Allow adjustments to the Renewables Obligation to avoid over-subsidy of technologies as costs and revenues evolve.

The UK Government adopted an approach to banding the Renewables Obligation where more than one Renewables Obligation Credit (ROC) per MWh (multiple ROCs) could be awarded to some technologies, and less than one Renewables Obligation Credit (ROC) per MWh (fractional ROCs) was awarded to others (the 'multiple ROC' approach)². It concluded a multiple ROC approach has a number of clear advantages:

- It leaves it up to the market to decide what generation mix is appropriate. This should promote better decision-making that takes into account all aspects of project development/ operation;
- It reduces the overall complexity of banding; and
- It simplifies the protection of existing projects.

¹ Department for Business Enterprise and Regulatory Reform (2008) Reform of the Renewable Obligation. Statutory Consultation on the Renewables Obligation Order 2009, page 4.

<http://www.berr.gov.uk/consultations/page34162.html>

² Department for Business Enterprise and Regulatory Reform (2008) Reform of the Renewable Obligation. Statutory Consultation on the Renewables Obligation Order 2009, page 4.

<http://www.berr.gov.uk/consultations/page34162.html>



Summary of Bands

The table below summarises the ROC value of each technology type. An extended version, including the definitions for each type, is available on the BERR website here: www.tinyurl.com/64cuq9.

#	Generation type	ROCs/MWh	MWh/ROC
1	Hydro-electric	1	1
2	Onshore Wind	1	1
3	Offshore Wind	1.5	2/3
4	Wave	2	1/2
5	Tidal Stream	2	1/2
6	Tidal Impoundment – Tidal Barrage	2	1/2
7	Tidal Impoundment - Tidal Lagoon	2	1/2
8	Solar Photovoltaic	2	1/2
9	Geothermal	2	1/2
10	Geopressure	1	1
11	Landfill Gas	0.25	4
12	Sewage Gas	0.5	2
13	Energy from Waste with CHP	1	1
14	Pre-banded gasification	1	1
15	Pre-banded pyrolysis	1	1
16	Standard gasification	1	1
17	Standard pyrolysis	1	1
18	Advanced gasification	2	1/2
19	Advanced pyrolysis	2	1/2
20	Anaerobic Digestion	2	1/2
21	Co-firing of Biomass	0.5	2
22	Co-firing of Energy Crops	1	1
23	Co-firing of Biomass with CHP	1	1
24	Co-firing of Energy Crop with CHP	1.5	2/3
25	Dedicated Biomass	1.5	2/3
26	Dedicated Energy Crops	2	1/2
27	Dedicated Biomass with CHP	2	1/2
28	Dedicated Energy Crops with CHP	2	1/2

³Reform of the Renewables Obligation – Government Response to the Statutory Consultation on the Renewables Obligation Order 2009 (Department of Energy and Climate Change, December 2008), p.11 [<http://www.berr.gov.uk/files/file49342.pdf> accessed 5 February 2009]