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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends Articles 52 to 55 of the Energy (Northern Ireland) Order 2003 (S.I 2003 419 (N.I.6) to take account of amendments to sections 32 to 32C of the Electricity Act 1989 (1989 c.29) by the [**Energy Act 2008**].

Article 52 of the Energy (Northern Ireland) Order 2003 (“the Energy Order) enables the Department of Enterprise, Trade and Investment (“the Department”) by order (“a renewables order”) to impose on each electricity supplier who falls within a specified description, an obligation to provide the Northern Ireland Authority for Utility Regulation (“the Authority”) before one or more days specified in the renewables order evidence regarding the supply of certain quantities of electricity generated from renewable sources (“the renewables obligation”). The evidence required is in the form of renewables obligation certificates (“NIROCs”) issued by the Authority to renewable electricity generators in proportion to the amount of electricity generated from eligible renewable sources. Suppliers may also discharge their obligation (in full or in part) by providing evidence in the form of renewables obligation certificates issued by the Gas and Electricity Markets Authority (“the Great Britain Authority”) in Great Britain or by making buy-out payments to the Authority.

Article 2 of this order substitutes the existing Articles 52 to 55 of the Energy Order with new Articles 52 to 55F that will enable the Department by order to provide for the amount of electricity that is certified by each NIROC to vary between different types of renewable sources or technologies and for suppliers to discharge their obligation on the basis of a certain number of renewables obligation certificates rather than a certain quantity of electricity. This is known as a ‘banding’ of the NIRO.

The new Article 52 imposes the renewables obligation on electricity suppliers; the obligation will require the supplier to produce the required number of NIROCs by the specified date.

The new Article 53 provides for a renewables order to specify the number and type of NIROCs required by a supplier to discharge his renewables obligation.

The new Article 54 enables a renewables order to provide for the Authority to issue and revoke NIROCs in respect of renewable electricity that is generated and supplied in Northern Ireland while the new Article 54A makes provision for the renewables order to determine the sources or circumstances in which NIROCs will be issued.

The new Article 54B provides for the banding of a renewables obligation by enabling the amount of electricity to be stated in each certificate to vary according to renewable source from which or the circumstances in which it was generated. The new Article 54C introduces a power to make transitional provisions in relation to existing projects once a renewables order containing banding provisions is introduced.

The new Article 54D and 55 provide respectively for the continued use of certificates issued by the Great Britain authority and the making of buy-out payments as the two alternative means of discharging a supplier’s renewables obligation.

The new Article 55A provides for the redistribution to suppliers of payments made in respect of the buy-out alternative while Article 55B introduces a new power to allow the costs associated with the Authority’s administration of the renewables obligation to be met from payments made in respect of the buy-out alternative.

Article 55E requires the Department to consult specific persons before making a renewables order.