

**Executive Note**  
**The Electricity from Non-Fossil Fuel Sources (Scotland) Saving Arrangements Order**  
**2005 (S.S.I 2005/ 549)**

1. The above instrument was made in exercise of the powers conferred by section 67 of the Utilities Act 2000 and all other powers enabling them in that behalf, hereby make the following Order.

**Policy Objectives**

2. The legislation will allow Scottish Renewables Obligation (SRO) output to be auctioned by an independent and neutral third party. Currently, SRO output in Scotland is contracted to the two Scottish supply successor companies, Scottish Power and Scottish and Southern Energy (known as the Supply Successor Companies).

3. The legislation obliges the SSC's to nominate a person to make arrangements, which were previously administered by them, to secure a certain amount of generating capacity from non-fossil fuel generating stations. The legislation ensures that the nominated person must be approved by the Scottish Ministers who also have the power to withdraw approval and changes of identity under the legislation.

4. The nominated person is also required to offer for sale the electricity made available to him and to act in an impartial manner to all companies traded with. The nominated person must ensure to receive the best price attainable for the electricity.

5. Through these changes the Scottish Executive seeks to:

- a) Replicate the system which currently exists in relation to Non Fossil Fuel Orders (NFFO) in England and Wales;
- b) Allow for a full auction of SRO electricity and all associated benefits.

**Consultation**

6. The following bodies have been consulted during the preparation of the instrument.

Association of Electricity Producers  
E.on UK  
Ofgem  
EDF Energy  
Environmental Services Association  
Scottish and Southern Energy  
Scottish Power  
Renewable Power Association  
Scottish Renewables Forum  
Non-Fossil Fuel Purchasing Agency  
Herbert Smith

## **Financial Effects**

7. The instrument has minimal financial effects on the Scottish Executive, local government or on business. A regulatory impact assessment is available from:

Enterprise, Transport and Lifelong Learning Department  
Renewables and Consents Policy  
Energy Division  
Meridian Court  
5 Cadogan Street  
Glasgow  
G2 6AT

Scottish Executive [Enterprise Transport and Lifelong Learning Department]  
November 2005