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DRAFT STATUTORY INSTRUMENTS

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**2006 No.**

**The Renewables Obligation Order 2006**

**PART 7**

**Additional Payments**

**Late payments**

**23.**—(1) As soon as reasonably practicable after the specified day in relation to an obligation period (“the obligation period in question”), the Authority shall notify any designated electricity supplier that has not discharged its renewables obligation in full by the specified day (“defaulting supplier”) that it has not fully discharged its renewables obligation, and to what extent.

(2) If a defaulting supplier makes a late payment to the Authority before the end of the late payment period relating to the obligation period in question it shall be treated as having discharged its renewables obligation in full for that obligation period.

(3) If a defaulting supplier pays part of a late payment to the Authority before the end of the late payment period relating to the obligation period in question it shall be treated as having discharged the same proportion of the amount of its renewables obligation which was not discharged by the specified day as the proportion which the partial payment bears to the total late payment required in order for the supplier to be treated under paragraph (2) as having discharged its renewables obligation in full for the obligation period in question.

(4) The Authority shall pay out the late payment fund by the 1st January immediately following the late payment period, in accordance with the system of allocation specified in article 22(3) to (7), as if—

- (a) the references in paragraphs (3) and (7) of that article to “the buy-out fund” were references to that late payment fund; and
- (b) the references in paragraphs (3) to (7) of that article to a “relevant obligation period” were references to the obligation period in question.

(5) The Authority shall not, during the late payment period, impose a penalty under section 27A(1)(1) of the Act on any defaulting supplier in respect of that supplier’s failure to discharge its renewables obligation in full before the specified day.

(6) In this article—

- (a) “late payment” means the total of—
  - (i) the amount, or additional amount, that the defaulting supplier would have paid under article 11 to discharge its renewables obligation in full immediately before the specified day, taking into account any payments already made by the defaulting supplier under that article and any qualifying certificates produced by the supplier to the Authority; and

- (ii) interest on the amount specified in paragraph (i) charged at the specified rate and calculated on a daily basis, from the specified day to the date on which payment is received by the Authority;
- (b) “the late payment fund” means the aggregate of the amounts received by the Authority under paragraphs (2) and (3) in respect of the obligation period in question (together with any interest received thereon by the Authority); and
- (c) “specified rate” means 5 percentage points above the base rate of the Bank of England as at the first day of the late payment period in relation to any obligation period.