
STATUTORY INSTRUMENTS

2006 No. 1004

The Renewables Obligation Order 2006

PART 7

Additional Payments

Mutualisation: Recalculations

26.—(1) Where a relevant shortfall has occurred, if a designated electricity supplier makes a payment to other United Kingdom suppliers in relation to its failure to discharge its renewables obligation in full in relation to the shortfall period (excluding any payments made by the first supplier in respect of mutualisation payments made by the other designated electricity suppliers)—

- (a) the designated electricity supplier who made such payment shall notify the Authority, immediately after making the payment, of the United Kingdom suppliers to which the payments were made, how much each supplier received and to which obligation period the payment relates; and
- (b) any designated electricity supplier who received such payment shall notify the Authority, immediately after receiving the payment, of the amount it received.

(2) If the Authority receives a notification from a United Kingdom supplier in relation to a payment made by a designated electricity supplier in respect of the designated electricity supplier's failure to discharge its renewables obligation in full for the shortfall period and, due to any recalculations required under paragraph (3), it is not reasonably practicable for it to pay out the mutualisation fund by the date required by article 25(1), the Authority shall pay out the mutualisation fund as soon as reasonably practicable after that date.

(3) Where, before the 1st August in the obligation period immediately following the mutualisation period, the Authority receives a notification from a United Kingdom supplier in relation to a payment made by a designated electricity supplier in respect of the designated electricity supplier's failure to discharge its renewables obligation in full for the shortfall period, the Authority shall, as soon as reasonably practicable—

- (a) recalculate the amount to be recovered under article 24(3) by reducing the specified amount by the total amount received by the United Kingdom suppliers;
- (b) issue a revised notification to each relevant supplier detailing—
 - (i) the recalculated amount to be recovered from all relevant suppliers in accordance with article 24(3); and
 - (ii) the recalculated amount of the total payment the relevant supplier is required to make under article 24(4) (“recalculated supplier payment”) and a breakdown of any instalment payments required after the date of the notification in respect of the recalculated supplier payment in accordance with paragraph (4) (“future instalment payments”).

(4) Where the instalment payments already made by a relevant supplier are less than the recalculated supplier payment required from a relevant supplier, that supplier shall make future instalment payments on the dates mentioned in article 24(7) which have not yet passed, each

instalment payment being equal to the outstanding amount divided by the number of future instalment payments.

(5) Where, following a recalculation under paragraph (3), a relevant supplier has paid more than the recalculated supplier payment, the Authority shall, where it has received instalment payments under article 24(7) but has not yet paid out the mutualisation fund, repay to each relevant supplier from the mutualisation fund, the difference (together with any interest received thereon by the Authority) between the amount that the supplier has paid and the recalculated supplier payment.

(6) Where the Authority is required to repay sums to each relevant supplier in accordance with paragraph (5) and the mutualisation fund is insufficient to enable the Authority to repay each relevant supplier in full, the Authority shall reduce the sum to be paid to each supplier by a proportion equal to the proportion which that deficit bears to the amount that would have sufficed for that purpose; and the supplier shall not be entitled to any further payments from the Authority in this regard.

(7) Where, following a recalculation under paragraph (3), a relevant supplier has paid more than the recalculated supplier payment but there is no mutualisation fund to pay out, the supplier shall not be entitled to any repayment from the Authority.

(8) Where a designated electricity supplier receives a payment from an electricity supplier supplying electricity in Scotland in relation to the electricity supplier's failure to discharge in full any renewables obligation imposed on it in accordance with section 32(1) of the Act, the designated electricity supplier shall notify the Authority, immediately after receiving the payment, of the amount it received.