



Department for  
Business, Energy  
& Industrial Strategy

# Call for evidence

## Response form for the call for evidence on changes to mutualisation arrangements under the Renewables Obligation scheme

### Call for evidence details

The call for evidence is available at:

<https://www.gov.uk/government/consultations/renewables-obligation-changes-to-mutualisation-arrangements>

Please return this completed form to: [RO@beis.gov.uk](mailto:RO@beis.gov.uk)

**Please do not send responses by post** as we may not be able to access them during altered working arrangements as a result of the COVID-19 pandemic.

**The closing date for responses to the call for evidence is Tuesday 19 January 2021.**

### About you

What is your name?	Krista Kruja	
What is your email address?	krista.kruja@citizensadvice.org.uk	
What is the name of your organisation?	Citizens Advice	
What type of respondent are you? Please click in the relevant box	Electricity supplier	<input type="checkbox"/>
	Renewable electricity generator	<input type="checkbox"/>
	Trade association	<input type="checkbox"/>
	Local Government	<input type="checkbox"/>
	Charity or social enterprise	<input checked="" type="checkbox"/>
	ROC broker/PPA offtaker	<input type="checkbox"/>
	Financier/investor	<input type="checkbox"/>
	Consultant/adviser	<input type="checkbox"/>
	Academic	<input type="checkbox"/>
	Member of the public	<input type="checkbox"/>
	Other	<input type="checkbox"/>
	Please specify	<input type="text"/>
Are you content for an unattributed summary of your comments to be published? Please click in the relevant box	Yes	<input checked="" type="checkbox"/>
	No, I want my response to be confidential	<input type="checkbox"/>

## Call for evidence questions

(Note that questions 1 to 3 are in the separate, but related, consultation at <https://www.gov.uk/government/consultations/renewables-obligation-changes-to-mutualisation-arrangements>)

4. **What are your views on requiring only the amount in excess of the threshold to be mutualised? Do you think this would be a fairer approach?**

Please explain your reasoning in the box below:

We agree this would be a fairer approach, and would align with the policy intent of the threshold by better balancing risk between suppliers and generators. The existing policy of mutualising all costs among suppliers once the threshold is met has the perverse effect of presenting generators with a risk of either 1% of revenue, if the short fall is slightly less than that, or 0% of revenue if the shortfall slightly surpasses the threshold.

Ensuring that generators always hold the first percentage of revenue risked would ensure fairer outcomes and a reduction in the risk held by consumers.

5. **How and to what extent would requiring only the amount in excess of the threshold to be mutualised impact any existing commercial arrangements that might exist for the supply or sale of ROCs?**

Please explain your thoughts in the box below:

n/a

6. **What are your views on introducing an additional administrative threshold to prevent relatively small amounts from being mutualised (assuming that only the amount in excess of the threshold were to be mutualised)?**

Please explain your thoughts in the box below:

We agree that an administrative threshold should exist in order to prevent mutualisation for relatively small amounts. Given that recuperating mutualised amounts incurs costs of its own, an administrative threshold would ensure that suppliers, and ultimately consumers, only make payments where they would genuinely benefit the RO scheme.

7. **What do you think would be an appropriate level for a new administrative threshold?**

Please explain your reasoning in the box below:

Citizens Advice currently does not hold an evidence base that would enable us to suggest any specific figure for the administrative threshold. It is important that the administrative threshold which is selected effectively contributes to the aim of avoiding the risk of incurring high costs to recover a low amount.

The recovered amount should be significantly higher than the administrative cost of recovery, and ideally a multiple of the administrative cost. For example, if the administrative cost of recovery and mutualised cost above the threshold are equal values, then it half of the cost posed to consumers would not be directly benefiting the RO scheme, resulting in a low benefit relative to the costs that will be incurred by

suppliers, and subsequently consumers. The threshold should be proportionate to the likely cost of recovery so that recovery only takes place when there is genuine benefit to the scheme.

The administrative threshold should be determined based on evidence BEIS holds and obtains about the actual cost of recovery through the mutualisation process.

## May we contact you again?

Thank you for taking the time to let us have your views on this call for evidence. Your views are valuable to us.

Would you like an acknowledgement of receipt of your response? Please click in the relevant box	Yes	<input checked="" type="checkbox"/>
	No	<input type="checkbox"/>
Would you be happy for us to contact you again for future consultations or calls for evidence on the Renewables Obligation? Please click in the relevant box:	Yes	<input checked="" type="checkbox"/>
	No	<input type="checkbox"/>