Draft Order laid before Parliament under section 32L(2) of the Electricity Act 1989 (c. 29), for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2026 No.

ELECTRICITY, ENGLAND AND WALES

The Renewables Obligation (Amendment) Order 2026

Made - - - -	***
Coming into force in accordance with regulation 1(1)	***

The Secretary of State makes this Order in exercise of the powers conferred by sections 32, 32G and 32K of the Electricity Act 1989(**a**).

The Secretary of State consulted the Gas and Electricity Markets Authority, Citizens Advice, Consumer Scotland, the electricity suppliers to whom this Order applies, such generators of electricity from renewable sources as the Secretary of State considered appropriate and such other persons that the Secretary of State considered appropriate in accordance with section 32L(1) of the Electricity Act 1989.

In accordance with section 32L(2) of the Electricity Act 1989, a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

Citation, Commencement and Extent

1.—(1) This Order may be cited as the Renewables Obligation (Amendment) Order 2026 and comes into force on the day after the day on which it is made.

(2) This Order extends to England and Wales.

Amendments to the Renewables Obligation Order 2015

2.—(1) The Renewables Obligation Order 2015(**b**) is amended as follows.

(2) In article 66(1) (interpretation of Part 8), at the appropriate place, insert—

> ""consumer prices index" means—
>
> (a) the consumer prices index (for all items) calculated and published by the Office for National Statistics, or

(**a**) 1989 c. 29. Sections 32 to 32M were substituted by section 37 of the Energy Act 2008 (c. 32). Section 32L(1) has been amended by S.I. 2014/631. There are other amendments to sections 32 to 32M which are not relevant.

(**b**) S.I. 2015/1947, to which there are amendments not relevant to this Order.

(b) where the index is not published for a month, any substituted index or figures published by the Office for National Statistics;".

(3) In article 67(4) (adjustment of the buy-out price for inflation)—

(a) omit the "and" after sub-paragraph (a);

(b) in sub-paragraph (b), for "for each obligation period thereafter", substitute "for each subsequent obligation period up to and including the obligation period starting on 1st April 2025";

(c) after sub-paragraph (b), insert—

", and

(c) for each obligation period thereafter, the buy-out price for the previous obligation period increased or, as the case may be, decreased by the percentage increase or decrease in the consumer prices index over the 12 month period ending with the 31st December in the previous obligation period (the resulting figure being rounded to the nearest penny, with any half of a penny being rounded upwards).".

(4) In article 73(5) (adjustment of the mutualisation cap for inflation)—

(a) omit the "and" after sub-paragraph (a);

(b) in sub-paragraph (b), for "for each obligation period thereafter", substitute "for each subsequent obligation period up to and including the obligation period starting on 1st April 2025";

(c) after sub-paragraph (b), insert—

"; and

(c) for each obligation period thereafter, the mutualisation cap for the previous obligation period increased or, as the case may be, decreased by the percentage increase or decrease in the consumer prices index over the 12 month period ending with the 31st December in the previous obligation period (the resulting figure being rounded to the nearest penny, with any half of a penny being rounded upwards).".

Name
Minister of State for Energy
Department for Energy Security and Net Zero

Date

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Renewables Obligation Order 2015 (S.I. 2015/1947) (the "2015 Order").

The 2015 Order imposes on all electricity suppliers licensed under the Electricity Act 1989 that supply electricity in England and Wales, an obligation (the "renewables obligation") to produce a certain number of renewables obligation certificates ("ROCs") in respect of each megawatt hour of electricity they supply to customers in England and Wales during periods known as "obligation periods".

The renewables obligation is administered by the Gas and Electricity Markets Authority ("Ofgem") which issues ROCs to accredited renewable electricity generators based on their output. These certificates are sold to electricity suppliers with or without the associated renewable electricity.

In lieu of each ROC, suppliers can also make a cash payment to Ofgem at a set price (the "buy-out price"). The buy-out price is indexed to inflation and has changed in line with the retail price index each year since the renewables obligation came into force. This Order provides for the buy-out price to increase (or decrease, as the case may be) in line with the consumer price index instead of the retail price index for all obligation periods from 1st April 2026 onwards.

The renewables obligation has a mechanism known as mutualisation which seeks to recover a shortfall of payments from suppliers if there is a payment default and the level of default is equal to or in excess of a threshold. There is a cap on the amount of mutualisation payments that can be made in respect of each obligation period (the "mutualisation cap"). As with the buy-out price, the mutualisation cap is indexed to inflation and has changed in line with the retail price index each year since the renewables obligation came into force. This Order provides for the mutualisation cap to increase (or decrease, as the case may be) in line with the consumer price index instead of the retail price index for all obligation periods from 1st April 2026 onwards.

A full impact assessment has not been prepared for this instrument because the Renewables Obligation scheme has been classified as a notional or imputed tax by the Office for National Statistics and is not a regulatory provision.

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