Draft Order laid before the Scottish Parliament under section 32L(3) of the Electricity Act 1989, for approval by resolution of the Scottish Parliament.

D R A F T S C O T T I S H S T A T U T O R Y I N S T R U M E N T S

2026 No.

ELECTRICITY

The Renewables Obligation (Scotland) Amendment Order 2026

Made - - - -	*2026*
Coming into force - -	*1st April 2026*

The Scottish Ministers make the following Order in exercise of the powers conferred by sections 32, 32G and 32K of the Electricity Act 1989(**a**) and all other powers enabling them to do so.

In accordance with section 32L(1)(**b**) of that Act the Scottish Ministers have consulted the Gas and Electricity Markets Authority, the National Association of Citizens Advice Bureaux, Consumer Scotland(**c**), electricity suppliers to whom this Order applies and such generators of electricity from renewable sources and other persons as the Scottish Ministers considered appropriate.

In accordance with section 32L(3) of that Act, a draft of this instrument has been laid before and approved by resolution of the Scottish Parliament.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Renewables Obligation (Scotland) Amendment Order 2026 and comes into force on 1 April 2026.

(2) In this Order "the 2009 Order" means the Renewables Obligation (Scotland) Order 2009(**d**).

Amendment of the 2009 Order

2. The 2009 Order is amended in accordance with articles 3 to 5.

(**a**) 1989 c. 29. Section 32 was substituted by section 37 of the Energy Act 2008 (c. 32) ("the 2008 Act"). Section 32K was inserted by section 37 of the 2008 Act. Section 32(2) contains a definition of "the relevant minister" relevant to the exercise of these powers.

(**b**) Section 32L was inserted by section 37 of the 2008 Act and amended by S.I. 2014/631 and S.I. 2022/34.

(**c**) Section 32L refers to "the Authority" which is defined in section 111(1) as the Gas and Electricity Markets Authority. That definition was inserted by paragraph 40(a) of schedule 6 of the Utilities Act 2000 (c. 27). Section 32L refers to "Citizens Advice" which is defined in section 111(1) as the National Association of Citizens Advice Bureaux. That definition was inserted by S.I. 2014/631. Section 32L also refers to "Consumer Scotland" which was inserted by paragraph 3(9) of the schedule of S.I. 2022/34.

(**d**) S.S.I. 2009/140 as relevantly amended by S.S.I. 2023/103.

Amendment to article 42 - interpretation

3. In article 42(1) after the definition of "compliant United Kingdom supplier" insert—

""consumer prices index" means—

(a) the consumer prices index calculated and published by the Statistics Board(**a**), or

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

Amendment to article 43 - payments to discharge the renewables obligation

4. In article 43 (payments to discharge the renewables obligation) in paragraph (4)—

(a) omit "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 1 April 2025",

(c) after sub-paragraph (b) insert—

"(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 on 31 December in the previous obligation period (the resulting figure being rounded to the nearest penny, with any half of a penny being rounded upwards).".

Amendment of article 48 - shortfall in the buy-out and late payment funds: the total mutualisation sum

5. In article 48 (shortfall in the buy-out and late payment funds: the total mutualisation sum) in paragraph (8)—

(a) omit "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 1 April 2025",

(c) after sub-paragraph (b) insert—

"(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 on 31 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
A member of the Scottish Government

St Andrew's House,
Edinburgh
Date

(**a**) The Statistics Board was established by section 1 of the Statistics and Regeneration Service Act 2007 (c. 18).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Renewables Obligation (Scotland) Order 2009 ("the 2009 Order").

The 2009 Order imposes an obligation (the "renewables obligation") on all electricity suppliers which supply electricity in Scotland to produce a certain number of Scottish renewables obligation certificates ("ROCs") in respect of electricity they supply to customers in Scotland during an "obligation period". Each obligation period runs from 1 April to 31 March.

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 1 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 1 April 2026 onwards.

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