

Generating low-carbon electricity if there's no Brexit deal

Summary

How low-carbon electricity will be recognised and certified if the UK leaves the EU with no deal.

Detail

If the UK leaves the EU in March 2019 without a deal, find out how this would affect electricity generators and suppliers, installers of certain microgeneration technologies, and renewable energy fuel suppliers and generators, including:

- guarantees of origin of electricity produced from high-efficiency cogeneration
- the Renewable Energy Guarantees of Origin (REGO) scheme
- recognition of certification of installers of certain microgeneration technologies

A scenario in which the UK leaves the EU without agreement (a 'no deal' scenario) remains unlikely given the mutual interests of the UK and the EU in securing a negotiated outcome.

Negotiations are progressing well and both we and the EU continue to work hard to seek a positive deal. However, it is our duty as a responsible government to prepare for all eventualities, including 'no deal', until the UK can be certain of the outcome of those negotiations.

For two years, the government has been implementing a significant programme of work to ensure the UK will be ready from day 1 in all scenarios, including a potential 'no deal' outcome in March 2019.

It has always been the case that as we get nearer to March 2019, preparations for a 'no deal' scenario would have to be accelerated. Such an acceleration does not reflect an increased likelihood of a 'no deal' outcome. Rather it is about ensuring our plans are in place in the unlikely scenario that they need to be relied upon.

This series of technical notices sets out information to allow businesses and citizens to understand what they would need to do in a 'no deal' scenario, so they can make informed plans and preparations.

This guidance is part of that series.

Also included is an [overarching framing notice](<https://www.gov.uk/government/publications/uk-governments-preparations-fo>

r-a-no-deal-scenario/) explaining the government's overarching approach to preparing the UK for this outcome in order to minimise disruption and ensure a smooth and orderly exit in all scenarios.

The government is engaging with the devolved administrations on technical notices and we will continue to do so as plans develop.

Purpose

This notice explains to electricity generators and suppliers, installers of certain microgeneration technologies, and renewable electricity suppliers and generators how the following will apply in the unlikely event that the UK leaves the EU in March 2019 with no agreement in place:

- how rules for Guarantees of Origin for electricity generated from high-efficiency cogeneration will apply in the UK
- getting a Renewable Energy Guarantees of Origin certificate from the Gas and Electricity Markets Authority or the Northern Ireland Authority for Utility Regulation, and where certificates will be recognised
- how the UK and European Economic Area states will recognise installer certification for installers of certain microgeneration technologies
- the implications for support for generating low-carbon electricity, including support schemes like Feed-in Tariffs, Contracts for Difference and the Renewables Obligation

Guarantees of Origin of electricity produced from high-efficiency cogeneration

Before 29 March 2019

Guarantees of Origin are required to meet international obligations on fuel mix disclosures (a public statement setting out the different types of energy sources contributing to the overall fuel mix). They are certificates that identify the origin of generated electricity from combined heat and power. Combined Heat and Power Guarantees of Origin are issued and recognised across EU countries. If a combined heat and power generator sells electricity to an electricity trader or supplier in any EU country, Guarantees of Origin enable its origin to be identified for electricity suppliers' fuel mix disclosure obligations.

In the UK, regulations provide for combined heat and power Guarantees of Origin to be issued by the Secretary of State for Business, Energy and Industrial Strategy for electricity generated from combined heat and power sources in Great Britain. The Department for the Economy fulfils this function in Northern Ireland.

The powers to issue Guarantees of Origin for electricity generated from combined heat and power are devolved to Northern Ireland. The government will continue working, in the absence of an Executive, with the Northern Ireland Civil Service to ensure the new rules for Guarantees of Origin work for the whole of the UK.

After March 2019 if there's no deal

In a 'no deal' scenario, the government will ensure that Great Britain will continue to recognise Guarantees of Origin issued in Northern Ireland and EU countries. This will allow electricity suppliers in Great Britain to continue to use EU and Northern Ireland Guarantees of Origin to comply with their fuel mix disclosure obligations and ensure that existing supply contracts are not compromised, in so far as these contracts depend upon Guarantee of Origin. This position will be kept under review.

Implications

Guarantees of Origin from combined heat and power issued in Great Britain and Northern Ireland will no longer be recognised in the EU. This will mean that existing contracts with EU countries' electricity suppliers or traders may be compromised if the contract terms require the transfer of a Guarantee of Origin recognised by the EU.

Actions for businesses and other stakeholders

Electricity suppliers will not need to take any specific actions, as Great British, Northern Irish and EU countries' Guarantees of Origin will continue to be recognised for their fuel mix disclosure obligations in Great Britain in a 'no deal' scenario. Generators will not need to take any action where they are selling to suppliers in Great Britain (as Guarantees of Origin will still be issued and recognised in Great Britain). If generators wish to sell to EU suppliers, then they may wish to consider how they market their exports.

More information

The UK government is working to amend the relevant regulations to ensure that they remain legally operable in Great Britain after the point the UK exits the EU.

Further information will be provided in [guidance on combined heat and power](<https://www.gov.uk/guidance/combined-heat-and-power>).

Renewable Energy Guarantees of Origin: reporting renewable electricity if there's no Brexit deal

Before 29 March 2019

In the UK, Renewable Energy Guarantees of Origin are used to track and account for electricity generated by renewable energy sources.

Regulations currently provide for the Gas and Electricity Markets Authority (in Great Britain) and the Northern Ireland Authority for Utility Regulation (in Northern Ireland) to issue Renewable Energy Guarantees of Origin for renewable electricity generated in the UK, when requested to do so by generators. The Regulations also require recognition of Renewable Energy Guarantees of Origin issued in the EU.

The powers to issue Renewable Energy Guarantees of Origin are devolved to Northern Ireland. The government will continue working, in the absence of an Executive, with the Northern Ireland Civil Service to ensure the new rules for Guarantees of Origin work for the whole of the UK.

After March 2019 if there's no deal

In a 'no deal' scenario, the government will ensure that Renewable Energy Guarantees of Origin issued in EU countries will continue to be recognised. This will allow electricity suppliers to continue to use EU Renewable Energy Guarantees of Origin, and will ensure that existing supply contracts are not compromised, in so far as these contracts depend upon Renewable Energy Guarantees of Origin. This position will be kept under review.

Implications

Renewable Energy Guarantees of Origin issued in the UK will no longer be recognised in the EU. This will mean that existing contracts with EU countries' electricity suppliers or traders may be compromised if the contract terms require the transfer of a Renewable Energy Guarantee of Origin recognised by the EU.

Actions for businesses and other stakeholders

Electricity suppliers will not need to take any specific actions, as Great Britain, Northern Ireland and EU countries' Renewable Energy Guarantees of Origin will continue to be recognised in the UK. Electricity generators will not need to take any action where they are selling to suppliers in the UK, but where generators are selling to EU suppliers, they may wish to consider how they market their exports.

More information

The UK government will amend the relevant regulations to ensure that they remain legally operable after EU exit.

Further information will be provided on the [Ofgem website](<https://www.ofgem.gov.uk/environmental-programmes/rego>) and [here] on the relevant GOV.UK page(<https://www.gov.uk/eu-withdrawal-act-2018-statutory-instruments/the-electricity-guarantees-of-origin-of-electricity-produced-from-renewable-energy-sources-amendment-eu-exit-regulations-2018>).

Certification of installers of certain microgeneration technologies

Before 29 March 2019

'Microgeneration technologies' are small-scale installations used to produce electricity and heat from renewable sources, such as heat pumps and biomass stoves. In the UK installers of these technologies are currently required to be certified (for example, to hold certificates) under a quality assurance scheme. This certification is necessary if installers wish to apply for support under one of the low-carbon generation schemes for microgeneration technologies.

Currently, the UK is required to recognise the validity of certifications of installers for certain microgeneration technologies issued by a European Economic Area state in accordance with criteria set out in [Annex 4 of the Renewable Energy Directive 2009/28/EC](<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32009L0028>). This applies to installers of the following microgeneration technologies: small scale biomass boilers, biomass stoves, solar photovoltaic systems, solar thermal systems, shallow geothermal systems and heat pumps.

There is a reciprocal obligation on European Economic Area states to recognise UK installer certificates for microgeneration technologies. This is known as the mutual recognition obligation.

After March 2019 if there's no deal

In a 'no deal' scenario the UK will continue to recognise installer certificates issued by European Economic Area states which meet the criteria in Annex 4 of the Renewable Energy Directive. This position will be kept under review.

Implications

Installer certification issued to installers of certain microgeneration technologies in the UK will no longer be recognised in European Economic Area states.

There will be no change in the UK to the recognition of installer certificates issued by European Economic Area states to installers of certain microgeneration technologies.

Actions for businesses and other stakeholders

UK installers may need certification in a European Economic Area state to continue installing microgeneration technologies in the European Economic Area.

Requirements are likely to differ between European Economic Area states and UK installers should seek advice on potential requirements in any European Economic Area states in which they are operating.

There will be no change in the UK to the recognition of installer certification issued by European Economic Area states to installers of certain microgeneration technologies.

More information

The [Microgeneration Certification Scheme](www.microgenerationcertification.org) currently operates an installer certification scheme for microgeneration technologies in the UK.

Renewable Electricity Support Schemes: receiving support for generating renewable electricity if there's no Brexit deal

Before 29 March 2019

Renewable Electricity Support Schemes support low-carbon electricity generation in Great Britain under the Feed-in Tariffs and Contracts for Difference schemes, and UK-wide under the Renewables Obligation.

Feed-in Tariffs Schemes and Contracts for Difference - green import exemptions

The Feed-in Tariffs scheme and the Contracts for Difference scheme are funded by a compulsory levy (that is, fee) on electricity suppliers, calculated in proportion to their market share of the GB electricity supply market.

The relevant legislation sets out that electricity supplied in Great Britain is excluded from the calculation of the levy if it complies with certain criteria (referred to in this note as 'green import exemptions' in the Feed-in Tariffs Order 2012 and the Electricity Supplier Obligations (Amendment & Excluded Electricity) Regulations 2015). One criterion is for the electricity to be generated in an EU country 'other than the United Kingdom' – which generators can demonstrate with Guarantees of Origin certificates.

Renewables Obligation – sustainability requirements for bioliquids, and solid and gaseous biomass

The Renewables Obligation supports the generation of renewable electricity in the UK. To receive support, stations using certain bioliquids as a fuel must demonstrate that the bioliquid complies with [strict sustainability requirements](<https://www.ofgem.gov.uk/environmental-programmes/ro/applicants/biomass-sustainability>) on land use and greenhouse gas savings, in line with the EU's Renewable Energy Directive. UK-driven sustainability requirements apply to solid and gaseous biomass.

After March 2019 if there's no deal

The government will continue to apply all requirements under both the Feed-in Tariffs Scheme and Contracts for Difference schemes and the Renewables Obligation.

Implications

Feed-in Tariffs Scheme and Contracts for Difference – green import exemptions: the government will amend the relevant legislation to remove references to the UK as an EU country. [Draft Regulations](<https://www.gov.uk/eu-withdrawal-act-2018-statutory-instruments/the-feed-in-tariffs-and-contracts-for-difference-amendment-eu-exit-Regulations-2018>) were published on 3 July 2018.

The schemes' administrators (Ofgem for the Feed-in Tariffs scheme, and the Low Carbon Contracts Company for the Contracts for Difference scheme) will continue to engage with electricity suppliers to inform them of their ongoing obligations under the levies funding the schemes, as well as the current relief schemes which are available to eligible energy intensive industries.

Renewables Obligation – sustainability requirements: the current sustainability requirements under the Renewables Obligation will continue to apply for bioliquids, solid and gaseous biomass.

Actions for businesses and other stakeholders

Feed-in Tariffs Scheme and Contracts for Difference – green import exemptions: electricity suppliers, consumers or any other interested parties will not need to take any action.

Renewables Obligation – sustainability requirements: EU and UK fuel suppliers, renewable electricity generators or consumers will not need to take any action.

More information

The government will provide more information at [Ofgem’s feed-in tariffs page](<https://www.ofgem.gov.uk/environmental-programmes/fit>) and the [Low Carbon Contracts Company’s page](<https://lowcarboncontracts.uk>).

The UK government is clear that in this scenario we must respect our unique relationship with Ireland, with whom we share a land border and who are co-signatories of the Belfast Agreement. The UK government has consistently placed upholding the Agreement and its successors at the heart of our approach. It enshrines the consent principle on which Northern Ireland's constitutional status rests. We recognise the basis it has provided for the deep economic and social cooperation on the island of Ireland. This includes North-South cooperation between Northern Ireland and Ireland, which we're committed to protecting in line with the letter and spirit of Strand two of the Agreement.

The Irish government have indicated they would need to discuss arrangements in the event of ‘no deal’ with the European Commission and EU Member States. The UK would stand ready in this scenario to engage constructively to meet our commitments and act in the best interests of the people of Northern Ireland, recognising the very significant challenges that the lack of a UK-EU legal agreement would pose in this unique and highly sensitive context.

Norway, Iceland and Liechtenstein are party to the Agreement on the European Economic Area and participate in other EU arrangements. As such, in many areas, these countries adopt EU rules. Where this is the case, these technical notices may also apply to them, and EEA businesses and citizens should consider whether they need to take any steps to prepare for a ‘no deal’ scenario.