

Rumoured Early Closure of RO



Transparency

You may be aware that in the recent Queen's Speech the Government indicated that it intends to implement measures to end any new public subsidies for onshore wind much sooner than expected. You may also have heard the recent rumours that the Government's preferred approach to achieve this will be to bring forward the Renewables Obligation ("RO") closure date. The source of these rumours remains unclear, however, elements in the press appear confident that plans to shut down the RO subsidy scheme much earlier than expected could be unveiled imminently. In addition, subsidies for small individual wind turbines funded through the Feed in Tariff are also expected to be limited under the plans.

Such proposals would obviously have significant implications for the renewables market in the UK and particularly in Scotland where the majority of the UK's onshore wind farms are located. The legislative process required to implement such proposals means that the earliest they might come into effect would be 1 April 2016. However, this is less than a year away, so it is critical that those involved in the renewables market, whether developers, investors, manufacturers or otherwise, begin to consider what action they can take to mitigate the effect of the proposals without delay.

Although the precise details of the Government's plans cannot be known at this stage, we can consider previous Government interventions of this type as precedents for such change. One useful example would be the conditions which applied to the early closure of the RO to Solar PV developers in 2014. Furthermore, it may also be useful to consider the conditions that might have applied to onshore wind in the event that DECC had decided to implement proposed reductions to the banding level in its Onshore Wind Review of 2012-13.

An examination of the Government's actions and guidance in relation to those proposals can provide an insight into what may be included in the Government's imminent plans. Importantly, we may expect to see a "Grace Period" of anything up to a year for developments where significant investment has already been made or where there is a commitment by investors to a project, provided sufficient evidence can be provided. Equally, where a project is expected to commission on a certain date but grid connection delays occur that are outwith the developer's control, a grace period may be granted.



What seems certain is that the Government’s plans will have significant and far reaching repercussions for the renewables market as a whole and particularly for those involved in onshore wind. Once the proposals are publicised, and throughout any consultation process, **bto**’s renewables team will be available to advise you on how these changes will affect your business. If you have any questions about the proposals, any of the points covered in this briefing note or any other matter related to renewable energy projects in Scotland, please do not hesitate to contact us.

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