

Title: Revocation of EU Guarantees of Origin (GoOs)	Regulatory Impact Assessment (RIA)	
	Date: 8 July 2022	
	Type of measure: Secondary Legislation	
Lead department or agency: Department for the Economy (DfE)	Stage: Consultation	
	Source of intervention: Domestic	
Other departments or agencies: N/A	Contact details:	
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Summary Intervention and Options

What is the problem under consideration? Why is government intervention necessary? (7 lines maximum) As of 1 January 2021, the EU no longer recognises UK REGOs, however EU GoOs continue to be tradeable within the UK. The Department for Business, Energy & Industrial Strategy (BEIS) decided to end the policy of accepting EU Guarantees of Origin (GoOs) and intend to introduce legislation later this year revoking that arrangement. BEIS also intend to revoke Combined Heat & Power GoOs in the same legislation. The purpose of this consultation is to seek the views of stakeholders on how they envisage the revocation of EU GoOs and CHP GoOs will affect Northern Ireland.	
What are the policy objectives and the intended effects? (7 lines maximum) The policy objective/effect is to no longer recognise EU GoOs in the UK as UK REGOs are not recognised in the EU.	
What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) (10 lines maximum) DfE is considering three options going forward: - <ul style="list-style-type: none"> i. Revoke EU GoOs and CHP GoOs through inclusion in the BEIS legislation; ii. Revoke EU GoOs and CHP GoOs via amending NI legislation; or iii. Do nothing – allow EU GoOs to continue to be tradeable within NI without reciprocity. 	
Will the policy be reviewed? N/A	If applicable, set review date:

Cost of Preferred (or more likely) Option		
Total outlay cost for business	Total net cost to business per year	Annual cost for implementation by Regulator
£m – N/A	£m – N/K	£m

N/A	Industry has developed a market for REGOs/EU GoOs giving the certificates a value. REGOs will remain tradeable within the UK market but it is unknown if revoking EU GoOs will increase or decrease the value of REGOs.	N/A
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Does Implementation go beyond minimum EU requirements?	NO <input checked="" type="checkbox"/>		YES <input type="checkbox"/>	
There are currently 8 suppliers within Northern Ireland that trade in REGOs, 4 of which also trade EU GoOs.	Micro Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Small Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Medium Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Large Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

The final RIA supporting legislation must be attached to the Explanatory Memorandum and published with it.

Approved by: _____ Date: _____

Summary: Analysis and Evidence

Policy Option 1

Description: Revocation of EU Guarantees of Origin (GoOs) and CHP GoOs through inclusion in the BEIS legislation

ECONOMIC ASSESSMENT

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
	(constant price)	Years		
Low	N/A	N/A	N/A	N/A
High	N/A		N/A	N/A
Best Estimate	N/A		N/A	N/A
Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines There would be no monetary costs to the Department. Although REGOs/EU GoOs were not designed to have a financial value, a market has developed as the number of companies and businesses wishing to demonstrate their 'green' credentials increased. It has proved difficult to establish an accurate monetary value of REGOs/EU GoOs as they are often sold as a bundle with electricity or are traded separately through online auction sites.				
Other key non-monetised costs by 'main affected groups' Maximum 5 lines N/A				
Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
	(constant price)	Years		
Low	N/A	N/A	N/A	N/A
High	N/A		N/A	N/A
Best Estimate	N/A		N/A	N/A
Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines				
Other key non-monetised benefits by 'main affected groups' Maximum 5 lines N/A				
Key Assumptions, Sensitivities, Risks Maximum 5 lines If Northern Ireland does not revoke EU GOOs/CHP GOOs it will be the only part of the UK still trading in the certificates. However, if it does revoke, NI companies cannot trade in EU GoOs to meet their Fuel Mix Disclosure requirements.				

BUSINESS ASSESSMENT (Option 1)

Direct Impact on business (Equivalent Annual) £m		
Costs: £0	Benefits: £0	Net: £0

Cross Border Issues (Option 1)

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines If NI revokes the EU GoOs then businesses will be unable to trade EU GoO's within ROI and any future prospect of UKG pursuing an outcome whereby UK/NI REGOs 'revert' to being tradeable in the EU may be affected.

Summary: Analysis and Evidence

Policy Option 2

Description: Revocation of EU Guarantees of Origin (GoOs) and CHP GoOs via amending NI legislation

ECONOMIC ASSESSMENT

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
	(constant price)	Years		
Low	N/A	N/A	N/A	N/A
High	N/A		N/A	N/A
Best Estimate	N/A		N/A	N/A
Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines There would be no monetary costs to the Department. Although REGOs/EU GoOs were not designed to have a financial value, a market has developed as the number of companies and businesses wishing to demonstrate their 'green' credentials increased. It has proved difficult to establish an accurate monetary value of REGOs/EU GoOs as they are often sold as a bundle with electricity or are traded separately through online auction sites.				
Other key non-monetised costs by 'main affected groups' Maximum 5 lines N/A				
Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
	(constant price)	Years		
Low	N/A	N/A	N/A	N/A
High	N/A		N/A	N/A
Best Estimate	N/A		N/A	N/A
Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines				
Other key non-monetised benefits by 'main affected groups' Maximum 5 lines				
Key Assumptions, Sensitivities, Risks Maximum 5 lines As per Option 1				

BUSINESS ASSESSMENT (Option 2)

Direct Impact on business (Equivalent Annual) £m				
Costs: Between £16-£5,616 per annum for non-eligible businesses (numbers currently indefinable)	Benefits: £1.6m of savings for the business currently eligible under the BEIS compensation scheme	Net: N/K		

Cross Border Issues (Option 2)

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines If NI revokes the EU GoOs then businesses will be unable to trade EU GoO's within ROI and any future prospect of UKG pursuing an outcome whereby UK/NI REGOs 'revert' to being tradeable in the EU may be affected
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Summary: Analysis and Evidence

Policy Option 3

Description: Do nothing – EU GoOs to continue to be tradeable within NI without reciprocity.

ECONOMIC ASSESSMENT

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
	(constant price)	Years		
Low	N/A	N/A	N/A	N/A
High	N/A		N/A	N/A
Best Estimate	N/A		N/A	N/A
Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines It is unlikely there would be additional costs to the suppliers who trade in REGOs & EU GoOs although this would be difficult to quantify. It has proved difficult to establish an accurate monetary value of REGOs/GoOs as they are often sold as a bundle with electricity or are traded separately through online auction sites.				
Other key non-monetised costs by 'main affected groups' Maximum 5 lines N/A				
Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
	(constant price)	Years		
Low	N/A	N/A	N/A	N/A
High	N/A		N/A	N/A
Best Estimate	N/A		N/A	N/A
Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines				
Other key non-monetised benefits by 'main affected groups' Maximum 5 lines				
Key Assumptions, Sensitivities, Risks Maximum 5 lines If Northern Ireland does not revoke EU GOOs/CHP GOOs it will be the only part of the UK still trading in the certificates. Potentially no benefit to the NI economy as money spent on trading the certificates would leave the NI economy.				

BUSINESS ASSESSMENT (Option 3)

Direct Impact on business (Equivalent Annual) £m				
Costs:	Benefits:	Net:		

Cross Border Issues (Option 3)

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines NI companies would continue to trade REGOs in the UK market and EU GoOs in the EU/RoI market however NI REGOs could not be traded in the EU/RoI market. GB will revoke the trading of EU GoOs leaving NI the only part of the UK trading in EU GoOs with no reciprocity.
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Evidence Base

There is discretion for departments and organisations as to how to set out the evidence base. It is however desirable that the following points are covered:

- Problem under consideration;
- Rationale for intervention;
- Policy objective;
- Description of options considered (including do nothing), with reference to the evidence base to support the option selection;
- Monetised and non-monetised costs and benefits of each option (including administrative burden);
- Rationale and evidence that justify the level of analysis used in the RIA (proportionality approach);
- Risks and assumptions;
- Direct costs and benefits to business;
- Wider impacts (in the context of other Impact Assessments in Policy Toolkit Workbook 4, economic assessment and NIGEAE)

Problem under consideration

As of 1 January 2021, the EU no longer recognises UK REGOs, however EU GoOs continue to be tradeable within the UK. The Department for Business, Energy & Industrial Strategy (BEIS) has decided to end the policy of accepting EU Guarantees of Origin (GoOs) and intend to introduce legislation later this year revoking that arrangement. BEIS also intend to revoke Combined Heat & Power GoOs in the same legislation.

Rationale for Intervention

Going forward UKG decided that recognition of EU GoOs will be on a reciprocation basis. As UK REGOs are not recognised by the EU the UKG is revoking recognition of EU GoOs. BEIS intends to introduce legislation, in the Autumn, to revoke EU GoOs.

Policy Objective

NI REGOs are not tradeable within the EU and if NI does not revoke the trading status of EU GoOs it will be the only part of the UK that allows the EU to continue trading guarantees of origin without reciprocation. The objective is to bring NI in line with the rest of the UK on this issue.

Description of the options considered (including do nothing), with reference to the evidence base to support the option selection

- I. Revoke EU GoOs and CHP GoOs through inclusion in the BEIS legislation;
- II. Revoke EU GoOs and CHP GoOs via amending NI legislation; or
- III. Do nothing – allow EU GoOs to continue to be tradeable within NI without reciprocity.

Option (I) is the preferred option. At present the data isn't available to signify the advantages/disadvantages other than at present there is an outflow of revenue from the UK to EU with no reciprocation.

Monetised and non-monetised costs and benefits of each option (including administrative burden)

Revoke EU GoOs and CHP GoOs through inclusion in the BEIS legislation

There would be no monetary costs to the Department. Although REGOs/GoOs were not designed to have a financial value, a market has developed as the number of companies and businesses wishing to demonstrate their 'green' credentials increased. It has proved difficult to establish an accurate monetary value of REGOs/GoOs as they are often sold as a bundle with electricity or are traded separately through online auction sites.

Revoke EU GoOs and CHP GoOs via amending NI legislation

There would be no monetary costs to the Department. Although REGOs/GoOs were not designed to have a financial value, a market has developed as the number of companies and businesses wishing to demonstrate their 'green' credentials increased. It has proved difficult to establish an accurate monetary value of REGOs/GoOs as they are often sold as a bundle with electricity or are traded separately through online auction sites.

Do nothing – allow EU GoOs to continue to be tradeable within NI without reciprocity

It is unlikely there would be additional costs to the suppliers who trade in REGOs & EU GoOs although this would be difficult to quantify. It has proved difficult to establish an accurate monetary value of REGOs/GoOs as they are often sold as a bundle with electricity or are traded separately through online auction sites.

Rationale and evidence that justify the level of analysis used in the RIA (proportionality approach)

BEIS has decided to revoke EU GoOs and CHP GoOs and NI is to decide if it would like to be included on the legislation. The public consultation will ask from interested stakeholders their view of revoking the GoOs and what affect, if any, it will have on generators/suppliers/consumers.

Risks and assumptions

The key assumptions are:

Options 1 & 2 - If Northern Ireland does not revoke EU GOOs/CHP GOOs it will be the only part of the UK still trading in the certificates. However, if it does revoke, NI companies cannot trade in EU GoOs to meet their Fuel Mix Disclosure requirements.

Option 3 - If Northern Ireland does not revoke EU GOOs/CHP GOOs it will be the only part of the UK still trading in the certificates. Potentially no benefit to the NI economy as money spent on trading the certificates would leave the NI economy.

The main risks are that:

- (I) NI generators trade within the Single Electricity Market (SEM). If NI revokes the EU GoOs then ultimately this 'closes the door' to any prospect of UKG pursuing an outcome whereby UK/NI REGOs 'revert' to being tradeable in the EU;
- (II) If NI continue to trade EU GoO's we will be the only country in the UK to do so; and
- (III) Small risk in increase in consumers' costs but insufficient data available to confirm this.

Direct costs and benefits to business

Difficult to determine and quantify. With NI companies no longer able to trade EU GoOs, the only option to meet their FMD is to trade REGOs in the smaller (UK only) market. This may increase the cost of the certificates for business. However, if generators are able to get more for their certificates, they are able to sell the energy cheaper so can address the difference.

Wider Impacts

The Department has conducted a screening exercise to assess if implementation of the options would have wider impacts (positive or negative) on Human Rights, Environmental or Economic issues. The Department has ascertained that there are no Environmental or Economic impacts therefore a SEA or Economic Appraisal are not required. An equality impact assessment has also been carried out and the Department is of the view that there is no impact, positive or negative, on the various Section 75 categories.