

# **Promoting Renewable Energy: Experience with the NFFO**

A Presentation to  
the OECD Experts Group Meeting  
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# **Policy Rationale - Why Renewables?**

- reduction in the emission of pollutants;
- diverse, secure and sustainable energy;
- internationally competitive industries.

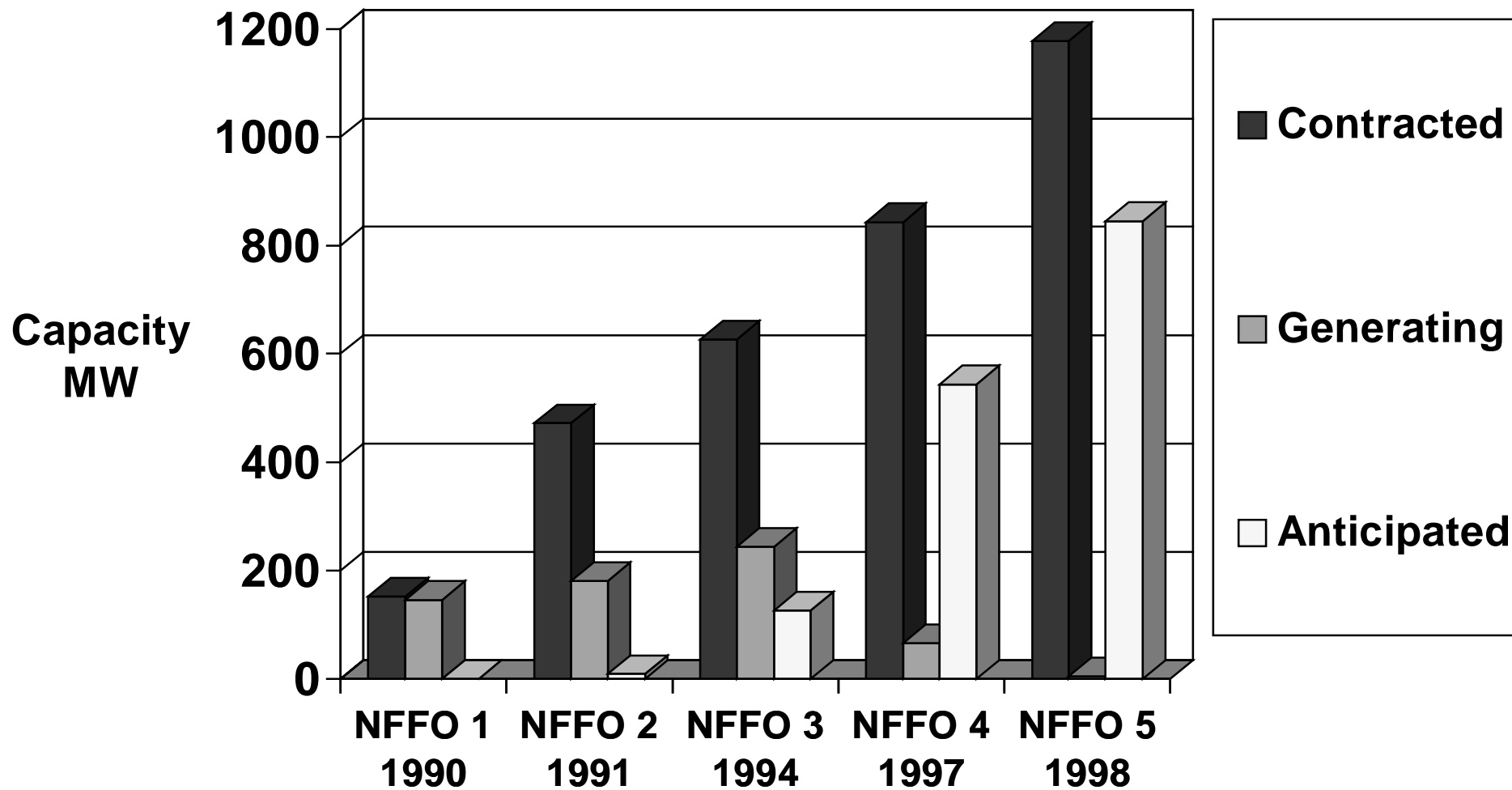
# **Non-Fossil Fuel Obligation**

- Secure New Capacity from Renewables
- Achieve Price Reductions
- Through Effective Competition

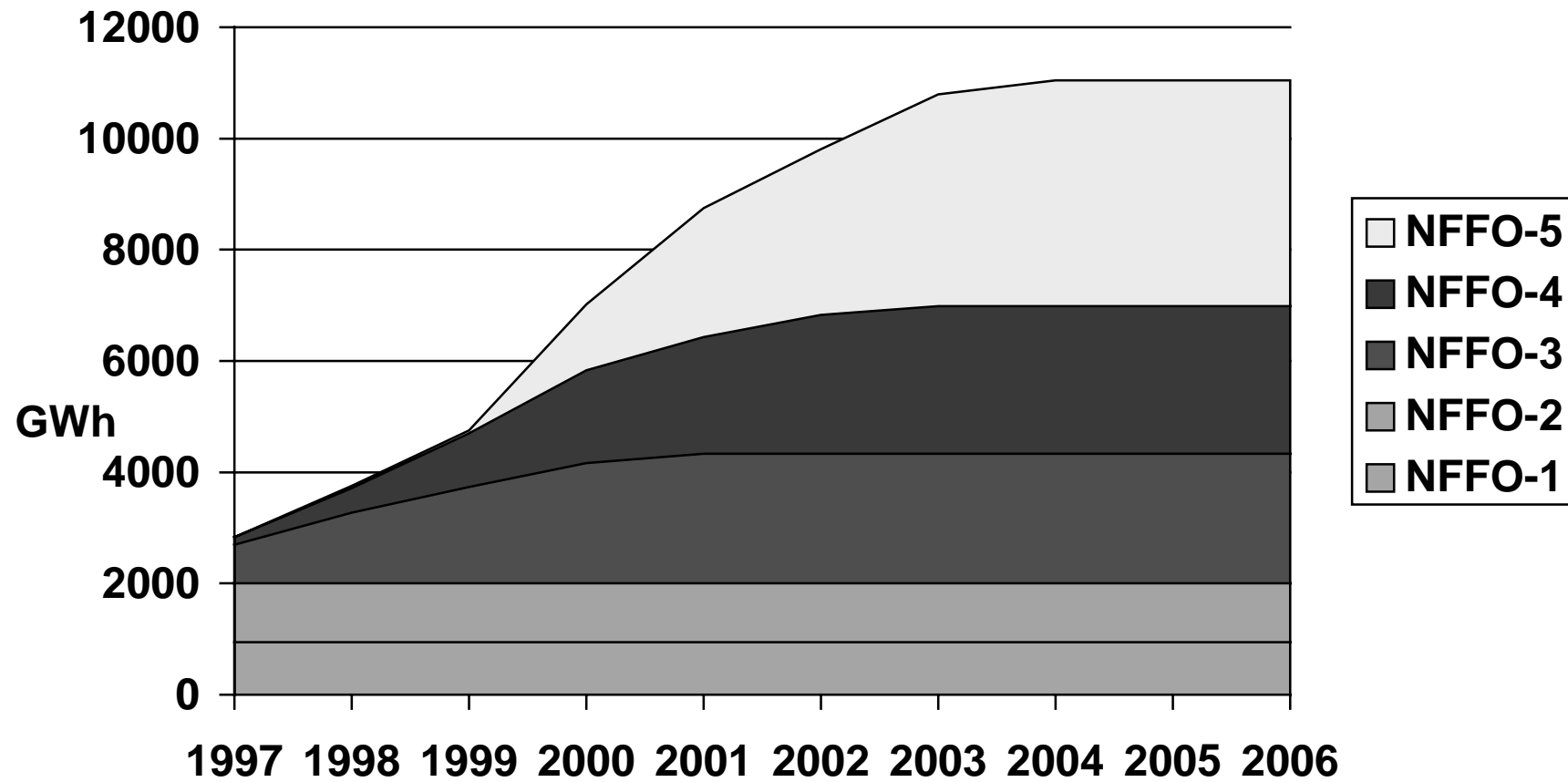
# NFFOs Unique Selling Points

- Bankable contracts with the Public Electricity Suppliers;
- Demand led hypothecated tax / levy
- Competitive to satisfy their supply licence condition

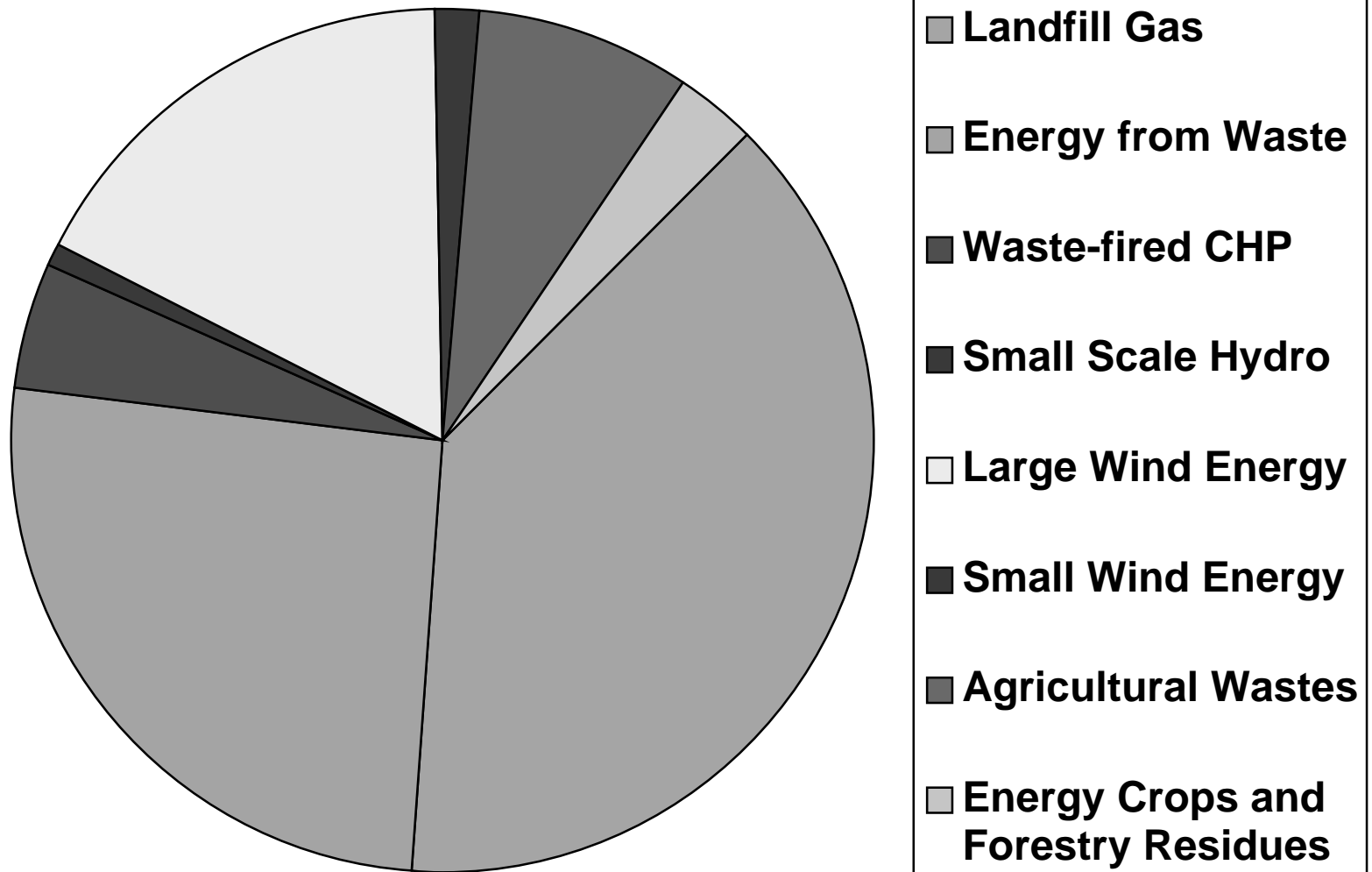
# The Initial Market for Renewables



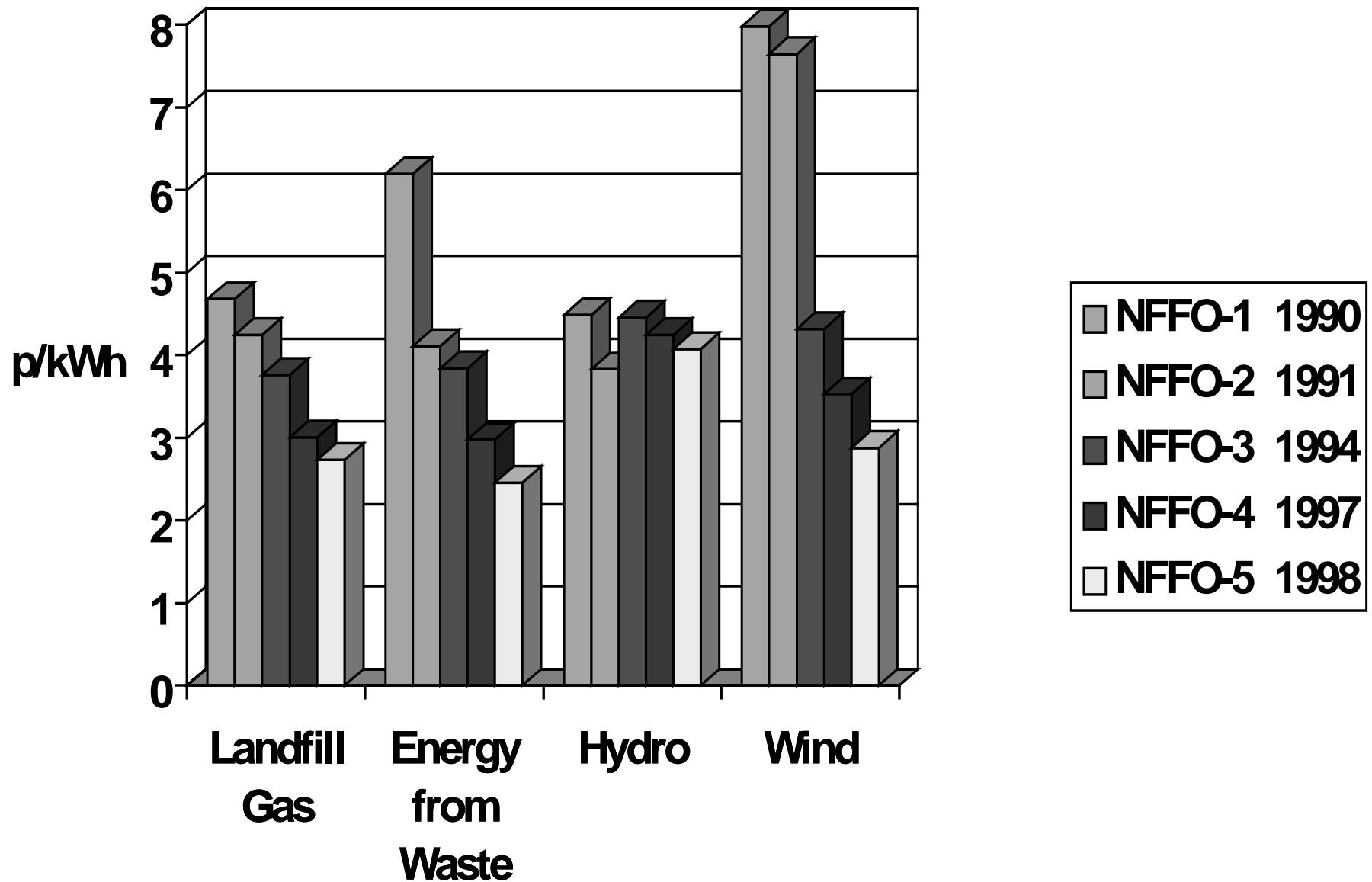
# Growth in Generation from NFFO-1,2,3,4&5



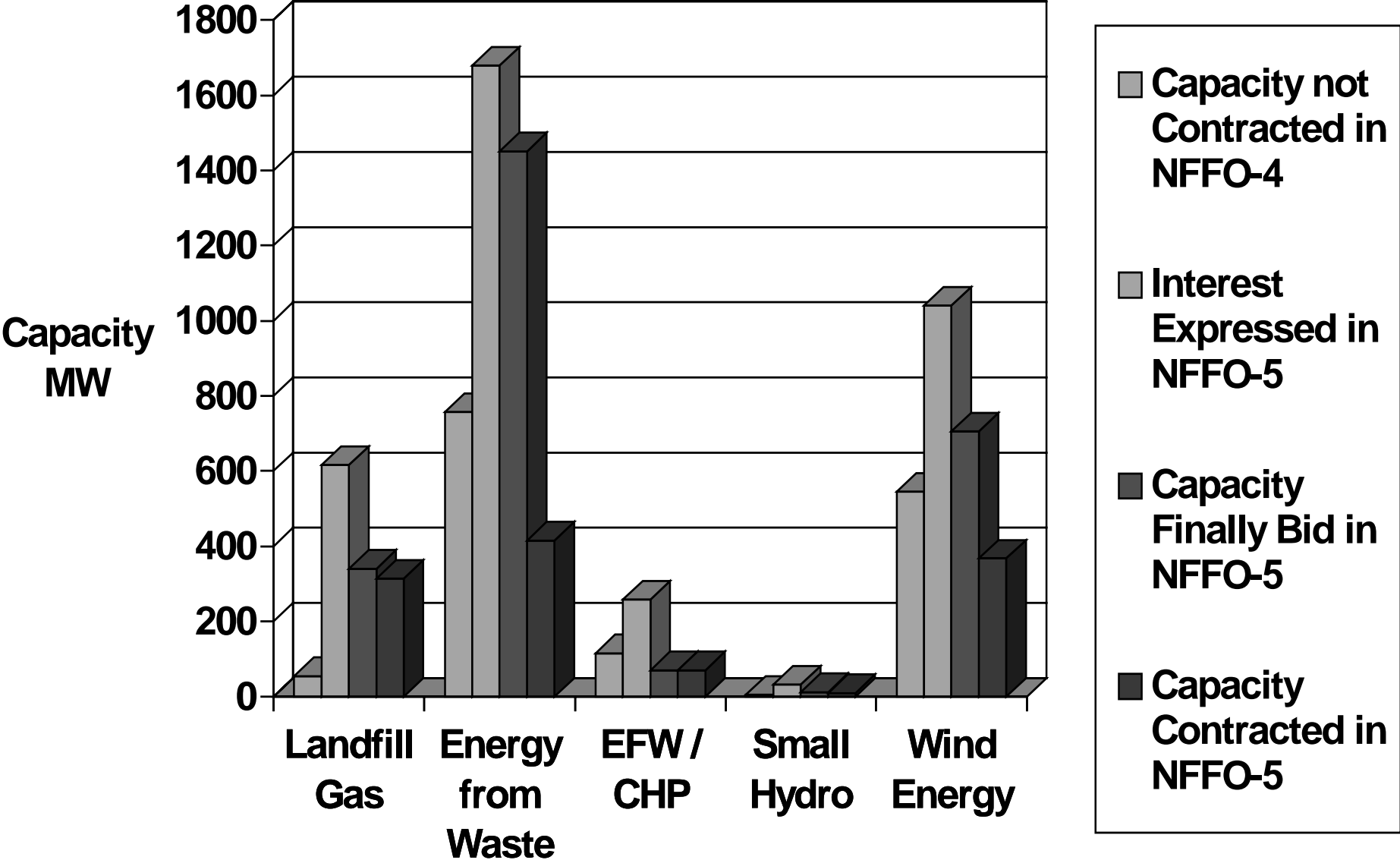
# Generation from Renewables Under NFFO-3,4&5



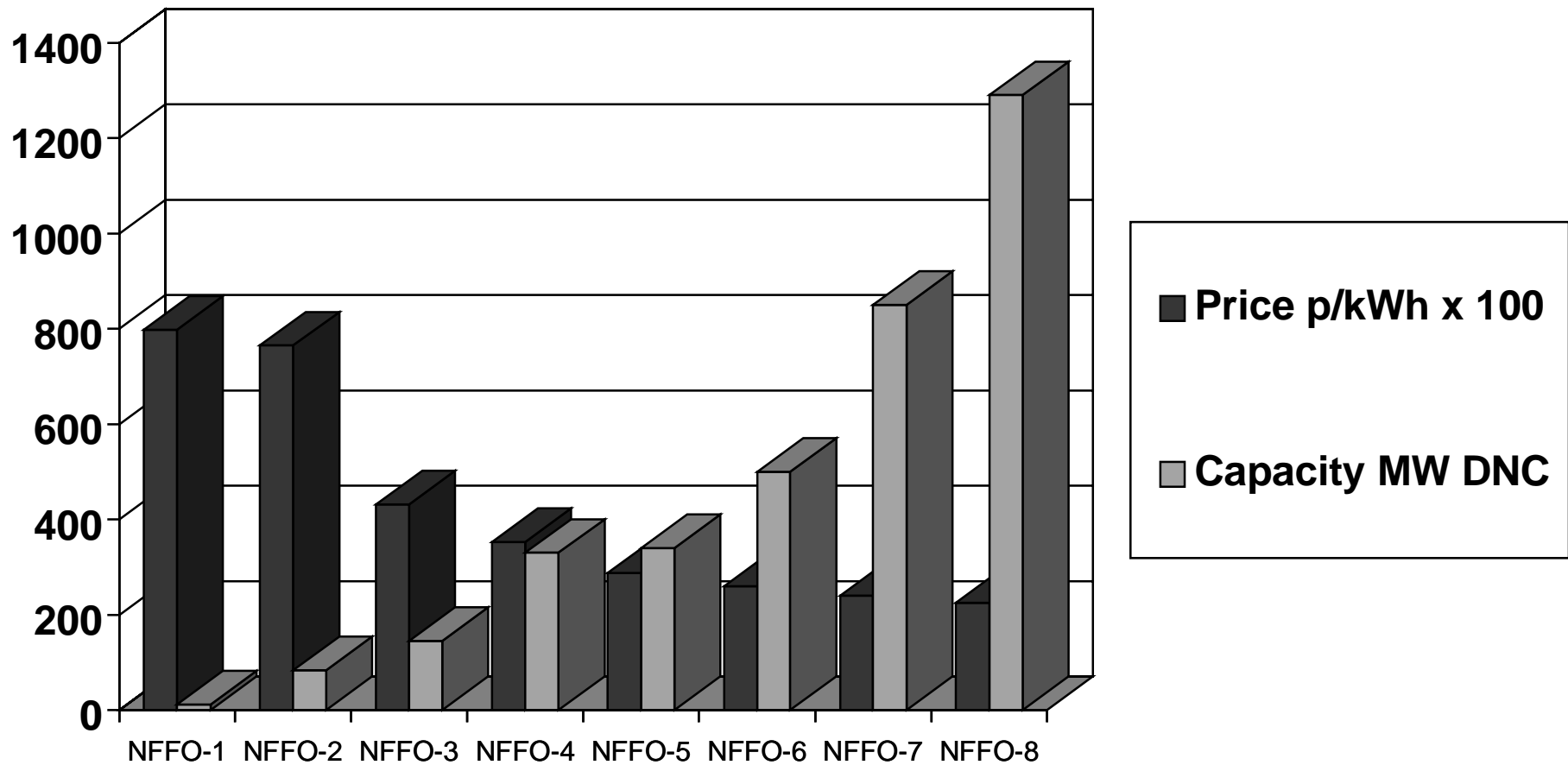
# Price Reductions Under Successive NFFO Orders



# Interest in the NFFO-5 Competition



# Onshore Wind Energy - Actual and Predicted Growth in Capacity and Reductions in Price



# The Additional Cost

	NFFO-3	NFFO-4	NFFO-5
Capacity MW	627	843	1177
Average Price p/kWh	4.35	3.46	2.71
Additional Cost £m/year	52	37	16

# The Future?

<b>Existing</b>	<b>Future?</b>
Technology Specific	Non-Technology Specific
Capacity Obligation	Supply Obligation
on Public Electricity Suppliers	on All Suppliers
with a Levy	without a Levy
Long Term Contracts	?