The Scottish Parliament
Pàrlamaid na h-Alba

Economy, Tourism and Energy Committee

Stephen Gethins MSP
Minister for Europe, External Affairs and Energy
Scottish Government

By email only

22 September 2026

Dear Stephen

The Renewables Obligation (Scotland) Amendment (No 2) Order 2026 [draft]

I am writing to let you know that the Economy, Tourism and Energy Committee has agreed to take oral evidence from you on the motion to approve the Renewables Obligation (Scotland) Amendment (No 2) Order 2026 [draft] ("the draft Order").

You are invited to attend an oral evidence session with the Committee on the morning of Tuesday 27 October 2026. Committee clerks will be in contact with your staff about the exact timing for the oral evidence session.

The draft Order

As you know the draft Order proposes to make a series of changes to the provisions of the existing Renewables Obligation (Scotland) Order 2009 ("the 2009 Order"), in terms of the renewables obligation the 2009 Order imposed on all electricity suppliers which supply electricity in Scotland.

The 2009 Order requires all electricity suppliers to produce a certain number of Scottish renewables obligation certificates in respect of electricity they supply to customers in Scotland during an "obligation period", which runs annually from 1 April to 31 March of the following calendar year.

The draft Order would amend the 2009 Order to include a definition of "BICS excluded electricity" so that this proportion of electricity can then be excluded from a supplier's liability under the 2009 Order. The definition of "relevant electricity" would accordingly be updated by the draft Order. As you know, BICS excluded

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electricity is electricity used in respect of a manufacturing site which is used to carry out specified manufacturing activities.

The draft Order also proposes to amendment the 2009 Order to insert new provisions for the determination of suppliers' renewables obligations for periods beginning on or after 1 April 2027. The formulas used to calculate suppliers' liabilities take account of the exclusion of BICS excluded electricity. The proposed amendments also enable the Scottish Ministers to revise the obligation level published on or before 1 October 2026 in respect of the 2027/28 obligation period. A revision may only be made once, and only before 1 April 2027.

The draft Order also proposes to amend the 2009 Order so that, for obligation periods beginning on or after 1 April 2027, suppliers must, in addition to other information provided for under the 2009 Order, now provide information to the Gas and Electricity Markets Authority in relation to EII excluded electricity[1], and BICS excluded electricity.

The Committee also notes that the Business Regulatory Impact Assessment (BRIA) which accompanies the draft Order states that "'while the exemptions will result in ROS costs being redistributed to other consumers, BICS is designed so that costs can be fully covered by savings generated within the energy system – such as changing RO and FiT indexation from RPI to CPI, and removal of the Carbon Price Support from electricity bills – and exchequer funding".[2]

Committee scrutiny

The Committee considered its approach to the draft Order at its meeting on 15 September and agreed to seek a written response from you to various questions on the implications of the draft Order. The Committee is seeking a reply in sufficient time before your oral evidence session on 27 October to allow Members to consider the content of your response.

Can you please inform the Committee:

> Q1. The BRIA says the costs of the draft Order on non-eligible customers will be covered by savings from other policy changes, but it does not say specifically what the costs are. Are you able to set out the costs the Scottish Government has estimated for non-eligible customers?
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> Q2. We note the BRIA states that costs on non-eligible customers would be mitigated by UK Government policy changes (such as changing RO and FiT indexation from RPI to CPI, and removal of the Carbon Price Support from electricity bills – and exchequer funding). What actions can the Scottish Government take to address these costs to non-eligible customers if these policy changes prove not to fully mitigate the costs of the change?

[1] Energy Intensive Industries (EII) as defined within the meaning of regulation 6(1) of the Electricity Supplier Obligations (Amendment & Excluded Electricity) Regulations 2015),

[2] British Industrial Competitiveness Scheme (BICS): Changes to the Renewables Obligation (Scotland) Order 2009 - Final Business Regulatory Impact Assessment (Scottish Government: Sept 2026): *Section 1.2 Current Position – before proposed changes*

Q3. What the Scottish Government's estimates are for the impact on the competitiveness of Scottish companies, and the wider impact on Scottish businesses, from proposed changes in the draft Order?

Response

The Committee is seeking a written response to these questions **by Tuesday 6 October 2026**.

Best wishes,

Duncan Massey MSP
Convener