



Department for  
Business, Energy  
& Industrial Strategy

# Supply Chain Plan Guidance

For projects of 300MW or more, and all  
Floating Offshore Wind projects under  
300MW applying for a Contract for  
Difference

Allocation Round 5



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# 1. Purpose of this Guidance Document

- 1.1. In order to qualify for a Contract for Difference (CfD) Allocation Round, CfD Applicants for a generating station with generation capacity of 300MW or more and all Floating Offshore Wind generating stations, will be required to provide National Grid ESO (as Delivery Body) with a statement by the Secretary of State for Business, Energy and Industrial Strategy approving the Supply Chain Plan submitted in respect of that station.<sup>1</sup> A lighter-touch, bespoke Supply Chain Plan has been created for Floating Offshore Wind projects below 300MW, that has been adapted to the likely size of the projects, and the challenges and maturity of the technology. Responses by the Applicant to the scored sections of the Supply Chain Plan questionnaire will be assessed to determine award of this Supply Chain Plan Statement of Approval, and hence eligibility to participate in the CfD scheme.
- 1.2. Successful Applicants<sup>2</sup> will also need to receive a further statement from the Secretary of State confirming they have successfully passed their Supply Chain Plan Implementation Assessment (a “Supply Chain Implementation Statement”), confirming delivery of, or progress against, the activities and outcomes committed to in the scored sections of the Supply Chain Plan, in order to be able to fulfil one of their CfD Operational Condition Precedents (OCP).
- 1.3. This Supply Chain Plan guidance provides detail for Applicants and Generators<sup>3</sup> regarding:
  - a. Supply Chain Plan Application for single and multiple CfD Units.
  - b. Supply Chain Plan Applications for Floating Offshore Wind projects below 300MW.
  - c. the process and timetable for Supply Chain Plan application submissions, feedback sessions, monitoring and implementation assessment;
  - d. Supply Chain Plan scoring.
  - e. Supply Chain Plan publishing.
- 1.4. This Supply Chain Plan guidance document has been prepared in relation to the Fifth CfD Allocation Round. Details of the Allocation Round, which is planned to open in March 2023, will be made available in due course.
- 1.5. Dates in this guidance document relating to the Fifth CfD Allocation Round are indicative only and subject to change. If any dates do change, this document will be updated.
- 1.6. This guidance provides Applicants with assistance in considering how they might wish to complete their applications, and guidance on the Supply Chain Plan process. Each

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<sup>1</sup> This requirement applies to all technologies defined in The Contracts for Difference (Definition of Eligible Generator) Regulations 2014 and is in accordance with The Electricity Market Reform (General) Regulations 2014 and The Contracts for Difference (Allocation) Regulations 2014 (as amended).

<sup>2</sup> Throughout this guidance, the term ‘Applicant’ is used according to the definition in Regulation 9 of The Electricity Market Reform (General) Regulations 2014 (as amended).

<sup>3</sup> In this guidance document, an Applicant is referred to as a Generator once they have secured a CfD in the allocation round.

application will be considered on its merits in accordance with the proper exercise of the Secretary of State's discretion, as further described below.

## Objectives of the Supply Chain Plan Process

- 1.7. The aim of the Supply Chain Plan process is to encourage competitive, productive and efficient supply chains for low carbon electricity generation projects, and to accelerate investments in a broad range of established and less established low carbon technologies to help ensure delivery of our ambitious Net Zero objectives.
- 1.8. The delivery of effective, open and competitive supply chains will assist in bearing down on the costs of low carbon electricity generation in the UK, ensuring that unnecessary costs are not passed on to consumers, while encouraging investment in low carbon electricity generation to meet our net zero targets by 2050.
- 1.9. Low carbon electricity generation projects should not only contribute to decarbonising our economy once operational, but throughout their lifetimes, including during project development, construction, operations and eventually decommissioning.
- 1.10. Competitive and adaptable supply chains should also give opportunities to new entrants and smaller businesses to contribute to the market and disrupt existing practices and methods, to:
  - ensure costs stay competitive;
  - to drive innovation while heading towards Net Zero; and
  - maximise investment in skills and new job opportunities.
- 1.11. Supply Chain Plans should also align with the objectives of the relevant Sector Deals for a particular industry.
- 1.12. To support delivering these objectives, Supply Chain Plans will align with the objectives of the government strategies "Build Back Better: our Plan for Growth"<sup>4</sup>, the British Energy Security Strategy<sup>5</sup>, and the Net Zero Strategy: Build Back Greener<sup>6</sup>.
- 1.13. To this end, Supply Chain Plans are divided into the following sections:
  - **Green Growth:** – ensuring the push to Net Zero creates new economic opportunities for a range of actors and helps establish new low carbon industries.
  - **Innovation** - nurturing and commercialising innovative technologies to create more efficient equipment, improved installation methods and new ways of delivering major projects. This will then reduce the costs of projects and overcome the technical challenges of renewable electricity generation and contribute to reaching our Net Zero objectives.
  - **Infrastructure** - decarbonising supply chains, while increasing investment in supply chain capacity and logistics.

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<sup>4</sup> The plan can be found at <https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth>

<sup>5</sup> The strategy can be found at <https://www.gov.uk/government/publications/british-energy-security-strategy/british-energy-security-strategy>

<sup>6</sup> The strategy can be found at <https://www.gov.uk/government/publications/net-zero-strategy>

- **Skills** - developing a diverse, skilled workforce and increasing employment opportunities, while ensuring the renewable energy industry reflects society as a whole and operates ethically and safely.

1.14. Generating stations with a generating capacity of 300MW or more are currently subject to Supply Chain Plan requirements because the government considers that this policy should capture projects large enough to materially influence their supply chains and make a material contribution to the government’s Supply Chain Plan objectives in the low carbon electricity generation market.

1.15. All Floating Offshore Wind projects are now also subject to Supply Chain Plan requirements because the government considers that it is in a unique position as a technology that is on the verge of mass commercialisation and deployment. Therefore, it is likely to play an important role in meeting our 50GW target, decarbonising the grid, and moving a step closer to Net Zero, compared to other emerging technologies at this point in time.

1.16. The following list is a quick guide to where you can find details of the substantial changes introduced to the Supply Chain Plan process for Allocation Round 5.

Change	Section
Inclusion of all Floating Offshore Wind projects into Supply Chain Plan process	2.1
Single and Multiple CfD Unit SCPs Applications	2.4-2.7
Change of Ownership (in the event of a project with a CfD contract being sold)	2.8-2.10
Changes to definitions in scoring	3.17
Scoring threshold needed to pass a SCP for project over 300MW increased to 60%	3.22
Scoring threshold needed to pass a Floating Offshore Wind SCP for project under 300MW is set at 50%	3.23
Introduction of Feedback Sessions Stage	3.24-3.31
Formatting rules for SCPs	3.9-3.12
Timeline for AR5	Annex A

# 2. Supply Chain Plans: Process and Timetable

## Introduction

- 2.1. To qualify for the Fifth CfD Allocation Round, the Secretary of State will need to approve the Supply Chain Plan submitted for a generating station of 300MW or more, or for any Floating Offshore Wind generating station. The contents of a Supply Chain Plan will not have an impact on the Allocation Round criteria themselves, including the value of the strike price.
- 2.2. The government is committed to working with industry during the process of developing Supply Chain Plans. Accordingly, staff across BEIS and the Department for International Trade (DIT) will be willing to provide advice to developers and respond to queries prior to their submission of their Supply Chain Plans, and BEIS may share relevant questions with other parts of government (including DIT) and the Devolved Administrations for this purpose. However, it is important to note that plans cannot be endorsed and no assurances that a plan will pass the assessment process can be made outside of the formal assessment process. In practice a Statement of Approval will usually be valid only for the Allocation Round for which it is prepared<sup>7</sup>.
- 2.3. Applicants can contact BEIS at [supplychainplan@beis.gov.uk](mailto:supplychainplan@beis.gov.uk) with any questions.

## Supply Chain Plan Application for Single or Multiple CfD Units

- 2.4. A Supply Chain Plan Application can be either for a single CfD unit or multiple CfD units within the same geographical area where the intention is to use largely identical supply chains and for activities to apply across all CfD units.
- 2.5. Applications for multiple CfD units should highlight if the anticipated build out of the projects are phased and any interdependencies (such as volume of orders) of activities or commitments between CfD units.
- 2.6. If there are significant differences across the multiple units on the intended supply chain or proposed activities or commitments, then please submit individual Supply Chain Plans for each project.
- 2.7. Applications for multiple CfD Units that pass their assessment will be issued a single Statement of Approval letter covering each individual CfD unit identified in the Supply Chain Plan Application. The Statement of Approval will be valid for each individual CfD unit even if not all CfD units are entered into the relevant Allocation Round.

## Change of Project Ownership

- 2.8. Should a project change ownership after a Supply Chain Plan has been submitted, the new owners will take responsibility for implementing the actions/commitments outlined in the Supply Chain Plan.

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<sup>7</sup> Under regulation 11(2) of the Electricity Market Reform (General) Regulations 2014 the Statement of Approval is valid for 9 months from the date of the Statement.

- 2.9. Where a Supply Chain Plan is for multiple CfD Units and there is a change of ownership of individual CfD Units, BEIS is content for the project zone to remain as one Supply Chain Plan (SCP) with both the original owner and the new owner(s) being responsible for all the commitments.
- 2.10. However, should the owners of the projects prefer to separate the responsibilities into separate Supply Chain Plans for the units they own, BEIS will work with the new owners to agree on how the commitments of the Supply Chain Plan should be split among the units or will be carried through for each unit. BEIS retains full discretion on this matter and will need to sign off the new Supply Chain Plan arrangements to ensure the demonstrable value of the Supply Chain Plan remains the same.

## **Application Process**

- 2.11. During the calendar week before the opening of the Supply Chain Plan Application Window, prospective Applicants should email BEIS at [supplychainplan@beis.gov.uk](mailto:supplychainplan@beis.gov.uk) indicating their intention to submit a Supply Chain Plan for assessment. Prospective Applicants can also arrange the timing of their feedback session at this time as well, if they have not already done so (see paragraph 3.28).
- 2.12. An area will be set up within a secure online document management platform for each Applicant. A link to the secure area, with instructions on how to submit a Supply Chain Plan electronically, will be provided.
- 2.13. Supply Chain Plans will not be assessed until after the Application Window closes. In cases where Applicants submit more than one version of any Supply Chain Plan, only the latest submission will be considered.
- 2.14. Applicants will receive an email to confirm receipt of their submission within three days of the closing of the Supply Chain Plan Application Window. If Applicants do not receive an email confirmation, or if they encounter any problems submitting documents, they should contact [supplychainplan@beis.gov.uk](mailto:supplychainplan@beis.gov.uk) at the earliest opportunity.
- 2.15. If Applicants are required to resubmit any Supply Chain Plans, or if additional information is requested, BEIS will also ask for this to be done on the online document management platform.

## **Assessment Timetable**

- 2.16. BEIS will publish information on the dates of the Supply Chain Plan Application Window in respect of the Fifth CfD Allocation Round in due course, alongside dates for the feedback sessions. The Application Window will be open for one week, after which it will be closed except for resubmissions linked to the feedback session process or rejected applications.
- 2.17. BEIS will not begin the substantive assessment of those Supply Chain Plans until the Supply Chain Plan Application Window has closed. However, if during the Supply Chain Plan Application Window it becomes apparent to BEIS that a submission contains material omissions (for example if it is evident that significant sections or annexes are missing), BEIS will endeavour to notify the Applicant as soon as is reasonably practicable (see paragraph 2.14 of this guidance).



- 2.18. BEIS will accept further information supplied in response to such a notice during the Supply Chain Application Window and by no later than three working days<sup>8</sup> after the Applicant has been notified (information will still be accepted even if the Window has subsequently closed).
- 2.19. BEIS will begin arranging feedback session times and dates with Applicants in the lead up to, and during the Supply Chain Plan Application Window. Feedback sessions will take place during the 3<sup>rd</sup> and/or 4<sup>th</sup> week following the close of the SCP Application Window.
- 2.20. Subject to paragraph 2.24 of this guidance, the Department will endeavour to notify Applicants as to whether or not their Supply Chain Plan has been approved within 45 working days of the Supply Chain Plan Application Window closing date.

### **Information Requests during the Assessment Process**

- 2.21. BEIS will begin the process of assessing submitted Supply Chain Plans in accordance with the assessment approach, set out in Section 3 of this guidance, from the closure of the Supply Chain Plan Application Window.
- 2.22. BEIS may seek clarification from an Applicant in respect of their Supply Chain Plan (a Clarification Request) during this assessment period. This could, for example, include a request for:
- a. any potentially missing sections or annexes;
  - b. clarifications or responses to any technical questions regarding the information submitted; or
  - c. clarifications in respect of existing data where the Supply Chain Plan appears to include unsubstantiated claims.
- 2.23. Applicants will need to provide in the Application contact details of one or more individuals who will act as the Applicant's Authorised Representative(s) and preferred contact persons. Clarification Requests will be raised by BEIS with the Authorised Representative(s) and preferred contact persons and the Applicant should respond as soon as possible and by no later than three working days after the request.
- 2.24. Failure to respond to a Clarification Request adequately and in a timely fashion may result in BEIS being unable to process the application within the timescales described in paragraph 2. of this guidance.

### **Queries from Applicants**

- 2.25. Queries regarding the process and response requirements may be submitted during the preparation phase of a Supply Chain Plan. Queries should be submitted in writing to [supplychainplan@beis.gov.uk](mailto:supplychainplan@beis.gov.uk)
- 2.26. BEIS will endeavour to respond to queries regarding Supply Chain Plans within three working days of receipt, but no guarantees can be made in this regard.

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<sup>8</sup> "Working day" is defined in The Contracts for Difference (Allocation) Regulations 2014 (as amended).

- 2.27. In the period leading up to the Supply Chain Plan Application Window and during the assessment process, individual queries and their responses may be published in a 'question and answer' circular which will be made available online. This is to ensure all potential Applicants have access to the same information. The identity of the Applicant making the query will not be included in the circular. BEIS reserves the right to amend the text of the query for publication, for example to ensure clarity or to remove any information that may reveal the identity of the Applicant making the query.
- 2.28. Applicants should state if they wish a query to be treated as confidential and include the reasons why they believe that the query should be so treated. If BEIS, in its sole discretion, determines that a question should not be treated as confidential, the Applicant will be given an opportunity to withdraw the query, otherwise BEIS may distribute the query and response to some (if technology specific) or all other Applicants.
- 2.29. Responses to queries which BEIS decides should be treated as confidential will be sent to the originating Applicant only.

## **Evaluation Results and Exchange of Letters**

- 2.30. Applicants who submit a Supply Chain Plan that passes the assessment process will receive a written Statement of Approval, which can be submitted by the Applicant to the Delivery Body when they are applying to participate in the Fifth CfD Allocation Round. BEIS will also provide feedback on the successful application.
- 2.31. Applicants who submit a Multiple CfD Unit Supply Chain Plan that passes the assessment process will receive a written Statement of Approval that will list each of the CfD Units identified in the SCP application, which can be submitted by the Applicant to the Delivery Body when they are applying to participate in the Fifth CfD Allocation Round. BEIS will also provide feedback on the successful application.
- 2.32. A Statement of Approval will usually be valid for the Allocation Round it is prepared for – in practice, this means for 9 months from the point it was issued. However, the Secretary of State may extend the time-period for which the approval is valid if they determine there is a compelling reason for the extension. This would include an extension if, for any reason, the CfD auction is delayed beyond the validity period of Supply Chain Plan Statement of Approvals.
- 2.33. In the event that a Supply Chain Plan is rejected, BEIS will notify the Applicant of that rejection and will provide a written explanation of the reasons for the rejection and the further steps which may be available to the Applicant (a Statement of Rejection).
- 2.34. BEIS will consider revised Supply Chain Plans submitted in response to a Statement of Rejection. Applicants are strongly encouraged to submit a revised Supply Chain Plan at the earliest opportunity following receipt of a Statement of Rejection to allow as much time as possible for re-assessment. Only the passages of a plan that led to the original rejection need to be revised and resubmitted. However, it is important to note that while BEIS will endeavour to notify Applicants as to whether or not their revised Supply Chain Plan has passed the assessment process before the Fifth CfD Allocation Round Application Window opens, no guarantee is made that BEIS will be able to do so. BEIS will notify applicants if a revised application could not be considered in time.

- 2.35. For the avoidance of doubt, BEIS will not accept any new Supply Chain Plan applications other than revised applications submitted in response to the feedback session process or a Statement of Rejection from the closing of the Supply Chain Plan Application Window.
- 2.36. If an Applicant has not had a response of any kind (an acceptance or rejection) from BEIS after 45 working days following the closure of the Supply Chain Plan Application Window, they should contact the assessment team by emailing [supplychainplan@beis.gov.uk](mailto:supplychainplan@beis.gov.uk).
- 2.37. BEIS will notify the Delivery Body of each approved or rejected Supply Chain Plan.

# 3. Submitting a Supply Chain Plan

## Introduction

- 3.1. This section provides a description of the practical process to be followed by Applicants when submitting a Supply Chain Plan for approval, and the approach that the government will adopt for the assessment of Supply Chain Plans.
- 3.2. Applicants should complete a Supply Chain Plan application. Any additional material provided to substantiate response statements should be presented as annexes to the main document.

## Supply Chain Plan Application

- 3.3. The Supply Chain Plan application will comprise a questionnaire that must be completed by all Applicants with projects of 300MW or more or all Floating Offshore Wind projects.

## Supply Chain Plan Application for projects of 300MW or more and Floating Offshore Wind projects below 300MW

- 3.4. The application is divided into five sections. The first section, 'Project Summary' is for Applicants to provide background information on the project and context on the project's overall approach to supply chains. This section is not scored. The remaining four sections are scored and contain questions that are aligned with the contents of the government's central strategies, "Build Back Better: our plan for growth" and the Net Zero Strategy: Build Back Greener.

## Response Structure

- 3.5. Supporting evidence should be in annexes. All supporting evidence in the annexes must be directly relevant to specific parts of the response and Applicants are encouraged to minimise the quantity of supporting material presented by including relevant extracts or sections of papers where appropriate, to support the efficient processing of plans.
- 3.6. Applicants should also note that information presented in annexes must be clearly referenced within the body of the response, where the relevance of this material should also be highlighted. Material not referenced in this way will not be considered during the assessment process.
- 3.7. To assist BEIS in determining what it may have to legally disclose under the Freedom of Information Act and the Environmental Information Regulations, Applicants should clearly state any aspects of their responses which are commercially sensitive, indicating if this would still be true at:
  - a. the point of CfD contract signing;
  - b. the Milestone Delivery Date (MDD); and
  - c. the CfD Start Date (at each phase, for phased projects).
- 3.8. All financial information should be denominated in pounds sterling. If it is anticipated that a significant proportion of project expenditure will be transacted in another

currency (for instance for the purchase of capital equipment) then details of these costs in the local currency should also be provided together with the exchange rate assumptions used to convert values to pounds sterling.

- 3.9. Any activity proposed by an Applicant should only be listed as an activity in response to one question. If an activity covers multiple aspects of the questionnaire, the Applicant should clearly state with evidence how it contributes to each specific part of the Supply Chain Plan it is linked to. Activities that are duplicated without an explanation of how they contribute to each specific aspects of the Supply Chain Plan they are linked to will not be scored.

## **Formatting**

- 3.10. Plans should be completed in a minimum font size of 11 point and using 1.5 line spacing. All pages and paragraphs should be numbered. Each question should begin on a new page.
- 3.11. Plans and supporting documentation can be submitted either as Word documents or as a PDF file.
- 3.12. The use of embedded hyperlinks and footnotes is permitted. A 'cross referencing tool' is also permitted within the full document as long as there is no need for downloading any specialist software to enable it.
- 3.13. Applicants can use their own file naming conventions for supporting annexes.

## **Scoring at Application Stage**

- 3.14. Supply Chain Plans will be assessed on the merits of the application, taking into account the particulars of the relevant renewable technology, such as the development stage of the technology and its supply chain.
- 3.15. Supply Chain Plans will be scored on the commitments the Applicant makes that support the objectives of the Supply Chain Plan policy (as outlined in section 1 of this guidance).
- 3.16. The Supply Chain Plan Application has specific questions for the Applicant to answer, related to four criteria as flagged in paragraph 1.13. For questions that are scored, the allocated marks for each question and the breakdown of how marks are awarded is shown next to the question.
- 3.17. Marks for most questions will be awarded based on the quality of information provided, specifically: the level of ambition; and the provision of quantifiable outcome/measurable metrics contained in the responses and supporting evidence, including how delivery will be ensured (e.g., through contractual commitments, details of your company's internal measurement/monitoring processes including reporting, and obligations). The nature of a project's technology, and a project's size, are taken into account when considering ambition. BEIS recognises that not all questions can provide a commitment or measurable outcome, and scoring will reflect this where appropriate. Where strategies and descriptions are asked for, what is scored is the explanations and evidence provided. In the case of a procurement strategy for instance, we are looking for evidence that, when narrowing down your choices, you have carefully studied and understood the options available in the market with consideration given to increasing the capacity, capability and efficiency of supply chains.

- 3.18. Definitions of Key words such as ambition, measurable outcomes etc are provided in Annex B of the Supply Chain Plan questionnaire.
- 3.19. Applicants should include activities that are ongoing or will be undertaken and be specific about the timelines of their commitments. Where asked, Applicants should provide supporting information in an annex. Applicants may reference relevant work related to a previous project, so long as there are demonstrable links between the activity undertaken between the past and current projects. Applicants can include commitments that reference consortium projects and cluster arrangements, but on doing so applicants are accountable for delivering on those commitments. Applicants can include examples of activities from parent companies and main suppliers provided the activity is specific to the project and that this is made clear in the answer.
- 3.20. Applicants should use the space provided for their answers to explain and provide context for the actions they are proposing.
- 3.21. Applicants of projects equal to or greater than 300MW scoring less than 60% (as a percentage of marks available) in one or more sections of their Supply Chain Plan are unlikely to pass, and therefore unlikely to be issued with a statement by the Secretary of State approving their Supply Chain Plan.
- 3.22. Applicants of Floating Offshore Wind projects under 300MW scoring less than 50% (as a percentage of marks available) across the whole Supply Chain Plan are unlikely to pass, and therefore unlikely to be issued with a statement by the Secretary of State approving their Supply Chain Plan.
- 3.23. This marking approach will enable the Secretary of State to make an assessment of whether the Supply Chain Plan sets out sufficient evidence of the projects' contribution to the objectives set out in Section 1 and in the Supply Chain Plan questionnaire.

## **Feedback Session**

- 3.24. BEIS will offer a feedback session to each Applicant to better understand their proposed Supply Chain Plan and to question any aspects of the SCP that appear unclear or vague. The feedback session will focus solely on the scored sections of the Supply Chain Plan questionnaire.
- 3.25. Feedback sessions will not be compulsory but will help reduce the chance of an SCP Application failing and needing to be resubmitted and reassessed, as Applicants may amend their SCP following the feedback session.
- 3.26. The feedback session will take place after BEIS has made an initial provisional assessment of the Applicant's Supply Chain Plan and will form part of the overall SCP assessment process. These will either be in person or organised virtually.
- 3.27. BEIS will endeavour to conduct all feedback sessions in the third week following the close of the Supply Chain Plan Application window. But this is dependent on the number of Applications. If necessary, to accommodate a high number of Applicants, feedback sessions will take place in the fourth week following the close of the Supply Chain Plan Application window.
- 3.28. Applicants can arrange a suitable time and date for these sessions once the dates of the Supply Chain Application window have been announced.

- 3.29. BEIS will set the time and date for these sessions with any Applicant who has not previously arranged one on receipt of their SCP Application.
- 3.30. During the feedback session, BEIS will run through each Section of the questionnaire, provide feedback based on a provisional assessment of the application, and may seek clarification or further details on any element of the Plan to ensure BEIS fully understands how the Applicant intends to make a material contribution to the supply chain. BEIS will endeavour to provide Applicants an indication of issues it wishes to raise prior to the feedback session to give Applicants the opportunity to prepare. Applicants can use the session to provide more context, detail or further emphasise the importance of their actions/commitments to the supply chain.
- 3.31. These meetings are expected to take no longer than two hours and may be shorter.
- 3.32. A note of what was discussed and agreed at the session will be agreed with Applicants following the meeting. This note will be confidential between both parties and form part of the formal feedback on a Supply Chain Plan application. Therefore, the note will not be published.
- 3.33. Following the meeting, Applicants may submit a revised Supply Chain Plan, within (5) working days, should they wish to do so, addressing any issues identified during the session.

# 4. Supply Chain Plan Monitoring and Assessment

## Introduction

- 4.1. If an Applicant receives a Supply Chain Plan statement, they will be referred to hereafter as ‘the Generator’ (as shorthand for Generator Party Applicant).
- 4.2. Monitoring and Assessment comes in several stages:
  - 4.2.1. After a Supply Chain Plan application is submitted and passed, and a project is awarded a CfD, BEIS will begin the monitoring process. The purpose is to gather information on the implementation of Supply Chain Plans, to identify any issues that may impede a Generator’s ability to meet their commitments, to draw up amendments to the Supply Chain Plan as necessary, and to issue a progress report that can give Generator’s confidence as to where they stand ahead of the Supply Chain Implementation Statement assessment after MDD.
  - 4.2.2. After a Generator has passed their MDD, they can submit an application for a Supply Chain Implementation Statement (note that an application may be submitted shortly before MDD, but it will not be assessed until after MDD). BEIS will then assess whether an Implementation Statement should be issued by assessing a Generator’s progress against their Supply Chain Plan commitments (including amendments). The Secretary of State will issue a Supply Chain Implementation Statement to projects that have met their commitments or are on track to do so. BEIS recognises that some commitments may not have started to be implemented at this stage, and this will be taken into consideration.
  - 4.2.3. BEIS cannot issue an Implementation Statement before a project’s MDD, as it requires certainty that the project is viable and proceeding before it can assess the implementation of a Supply Chain Plan. A project’s viability is best evidenced by the requirements of its MDD.
  - 4.2.4. Once a Supply Chain Plan Implementation Statement has been obtained by the Generator, project monitoring by BEIS will resume to keep track of the implementation of outstanding commitments until project completion. This will help BEIS establish whether all outstanding commitments have been met.
  - 4.2.5. After project completion, BEIS will ask for a Supply Chain Plan Post-Build Implementation Report (Annex E) from the Generator. Projects that are found to not have fulfilled their outstanding commitments after MDD may be barred from applying to future CfD allocation rounds.

## Principles of monitoring and assessment

- 4.3. During the monitoring and assessment phases, BEIS will be looking for evidence that Generators have either:
  - 4.3.1. met their commitments.
  - 4.3.2. are on track to meet their commitments.



- 4.3.3. or can evidence substantial and sustained efforts to meet their commitments.
- 4.3.4. Note: BEIS recognises that whilst the vast majority will, not all questions can provide a commitment or measurable outcome, and scoring will reflect this where appropriate.
- 4.4. If it becomes clear during the monitoring process that a commitment cannot be met, the Generator will propose an alternative and commensurate commitment (or commitments) that it shall agree with BEIS before adding them to its Supply Chain Plan.
- 4.5. BEIS recognises that it is sometimes not feasible to make alternative and commensurate commitments, or that events outside a Generator's control and influence prevent a commitment from being met. In such scenarios, BEIS will not penalise off-track or missed commitments where there is evidence to show that the Generator made sustained and substantial efforts to reach a successful outcome, but despite those efforts, a commitment could not be fulfilled. In such circumstances, BEIS will recognise the effort even if the commitment could not be met.
- 4.6. Commitments that are not met because of a lack of substantial and sustained effort by the Generator will receive zero/low marks in the assessment for that commitment.
- 4.7. Substantial and sustained effort will mean that a developer has evidence to show that it tried to solve emerging problems through a range of solutions and considered every reasonable alternative approach, and that it notified BEIS as early as possible of emerging issues.
- 4.8. The monitoring process will be used to track progress and identify emerging problems with the default position being to solve issues or find alternative commitments, rather than penalising Generators.
- 4.9. At assessment stage, the Secretary of State may refuse to issue a Supply Chain Implementation Statement if there is evidence that a Generator has failed or is on track to fail in any scored section of the Supply Chain Plan, and the Generator cannot produce evidence in those instances that it made a sustained and substantial effort to rectify those issues. Commitments that were unfulfilled but nonetheless the subject of substantial and sustained efforts from the Generator **will not** be classed as failed, or on track to fail. Commitments that will only be realistically completed after MDD will be assessed at Implementation Statement stage on the basis of whether they are on track at the time of assessment, or if they are off-track, whether they are the subject of agreed rectification measures by the Generator.
- 4.10. The scoring methodology at assessment stage will mirror the methodology in the original Supply Chain Plan questionnaire. Generators will continue to be scored on their original (and amended) ambitions, to ensure a level playing field between plans that meet a majority of their commitments but had a lower level of ambition and plans that had very high ambitions but were able to meet fewer commitments.

## Frequency of monitoring

- 4.11. BEIS will hold a monitoring meeting with the Generator on Supply Chain Plan implementation, if the project is awarded a CfD, every two months until assessment of a Supply Chain Implementation Statement application. The frequency of monitoring is

to ensure that all emerging issues are identified and addressed before a Supply Chain Implementation Statement application.

4.12. Once, and if, a Supply Chain Implementation Certificate has been issued, monitoring will resume at a lower frequency. A meeting between BEIS and the generator will be held at least every 6 months until project completion, with the option to have more meetings at the request of either party if issues arise.

4.13. Each monitoring meeting is expected to last around 2 hours.

## **The monitoring process up to Supply Chain Implementation Statement application**

4.14. The monitoring meetings will be based on the Generator's Supply Chain Plan (as amended). Each commitment will be examined in turn, and evidence of progress or difficulties will be required for each meeting. The Generator should provide a colour-coded RAG rating summarising progress against each of their commitments, using the ratings outlined below under paragraph 4.16. The Generator may make use of the template in **Annex D** for this purpose.

4.15. All supporting documents from the Generator must be submitted no later than one week before the scheduled meeting. Failure to submit supporting documents one week before will result in the meeting being delayed until BEIS has had a chance to review all documents.

4.16. No later than two weeks after each meeting, BEIS will issue its own RAG rating, under the format of a colour-coded table based on the list of the Generator's commitments which will summarise the department's assessment of progress against these. The template of this table can be found in **Annex D**. The Generator will have the opportunity to comment on the table to ensure it reflects what was discussed in the monitoring meeting. The categories used will be:

- 4.16.1. On track or fulfilled (green)
- 4.16.2. Off-track but still deliverable (amber)
- 4.16.3. Commitment not met or unlikely to be met (red)

4.17. The Generator should provide notice as soon as reasonably practicable to BEIS of any potential issues arising relating to the delivery of their Supply Chain Plan commitments, be that activities to be undertaken and/ or outcomes to be achieved.

4.18. Where commitments are off-track, cannot be met or are unlikely to be met, both parties will be able to suggest corrective actions, or alternative commensurate commitments which if agreed by both BEIS and the Generator, can then be recorded in the amended Supply Chain Plan.

4.19. Commensurate means achieving the same outcome as previously committed to by other means, or different outcomes whose total impact will be at least as valuable to the Supply Chain as the original commitment.

4.20. At the mid-way point before the expected MDD (at the nearest month to the mid-point), after the regular monitoring meeting, BEIS will issue a "progress report" no later than two weeks after the meeting, based on the evidence presented during monitoring meetings. The report will be in the form of a formal letter, using the updated table in

Annex D as the basis for its contents. This progress report can be used by Generators to evidence their progress on Supply Chain Plans to their stakeholders. The progress report will not be a guarantee of obtaining a Supply Chain Implementation Statement but will present a snapshot of Supply Chain Plan delivery at the mid-point before assessment.

- 4.21. Following receipt of the report and at least 2 months before implementation assessment, the Generator will update their Supply Chain Plan accordingly, including any agreed amendments,

## **Assessment and Supply Chain Implementation Statement**

- 4.22. Once a Generator has passed their MDD, they can apply for a Supply Chain Implementation Statement from the Secretary of State. A successful application for a Supply Chain Implementation Statement will satisfy the Supply Chain Plan Operational Condition Precedent (OCP).
- 4.23. As part of their application for a Supply Chain Plan Implementation Statement, a Generator must submit their Supply Chain Plan as amended and supporting evidence to show how they have fared against each commitment. While it is up to the Generator to choose a format to present their evidence against each commitment, Generators can use the template in **Annex D**. Guidance on how to use evidence can be found in **Annex B**.
- 4.24. Generators will receive an email to confirm receipt of the submission of these documents within three working days. If a Generator does not receive an email confirmation, or if they encounter any problems submitting documents, they should contact BEIS at the earliest opportunity.
- 4.25. BEIS will then assess the evidence against the commitments in the Supply Chain Plan and rescore the Supply Chain Plan similarly to the CfD application stage, including level of stated ambition, to determine the extent to which the Generator has implemented or is on track to implement the commitments made. If a Generator over-delivers on a commitment it is possible to receive a higher mark than originally awarded. The SCP questionnaire has been updated to detail the types of evidence that could be submitted.
- 4.26. Generators that score less than 60% (as a percentage of marks available) in one or more sections of their Supply Chain Plan are unlikely to pass and to be issued with a Supply Chain Plan Implementation statement by the Secretary of State. For Floating Offshore Wind projects under 300MW, the threshold is 50% of all marks across the Supply Chain Plan.
- 4.27. BEIS will undertake to assess the submitted documentation within 30 working days of receipt and the Secretary of State will then issue or reject a Supply Chain Plan Implementation Statement based on the evidence received. If BEIS has not responded to the Generator within 60 days of receiving the Generator's Supply Chain Implementation Statement application, then the application is deemed to have been approved. If an application for a Supply Chain Implementation Statement is missing information, BEIS will endeavour to notify the applicant within three working days.
- 4.28. If the Supply Chain Implementation Statement is issued, BEIS will submit a copy to the Generator and the Generator will pass this to the Low Carbon Contracts Company

(LCCC), as CfD Counterparty. The provision of a Supply Chain Implementation Statement to the LCCC is an Operational Condition Precedent within the CfD Contract.

- 4.29. If the Supply Chain Implementation Statement is not issued by BEIS, Generators will receive a letter within 30 working days of receipt of the application for an Implementation Statement, stating the reasons for rejection. Generators may re-submit a revised application for a Statement for assessment until the CfD Longstop Date if they have rectified the outstanding issues. The Generator should notify the LCCC if a Supply Chain Implementation Statement is rejected.
- 4.30. Generators must obtain a Supply Chain Implementation Statement, which the Generator will transmit to the LCCC, in order for the relevant OCP to be fulfilled and to be able to receive CfD payments. OCPs are existing milestones within the CfD contract; all CfD Generators must fulfil their OCPs before CfD payments can commence. If the Generator does not fulfil an OCP by the end of the CfD Target Commissioning Window, then their 15-year CfD payment term will be reduced until the OCP is fulfilled. If the OCP is not fulfilled by the CfD Longstop Date, LCCC will have the right to terminate the CfD contract (as is the case with other OCPs).
- 4.31. Generators that do not achieve at least 60% as a percentage of total marks, in each section of their Supply Chain Plan commitments at implementation stage (or 50% of the total marks for sub 300MW Floating Offshore Wind Projects), are unlikely to fulfil their OCP, which may lead to contract termination. Termination of a CfD contract is recognised to be a significant consequence and is a last resort. This is consistent however, with the use of Supply Chain Plan statements as an eligibility requirement for the CfD. Commitments are made on which eligibility requirement for a CfD is assessed, and the government considers that these commitments should be delivered upon, with consequences for non-delivery.

### Scoring at implementation assessment stage

- 4.32. When a Generator applies for a Supply Chain Plan Implementation Statement, they will be assessed by BEIS using the same scoring system which was used when they first submitted their Supply Chain Plans. It will, however, be appropriately adapted to measure outcomes. This means that scoring will be based on the Supply Chain Plan's initially stated ambitions (as amended), and quantifiable outcome/measurable metrics showing completion or progress towards the commitment, and the quality of the evidence provided.

### Monitoring after award of Supply Chain Implementation Statement

- 4.33. If and when a Supply Chain Implementation Statement has been awarded, monitoring meetings between BEIS and the Generator will resume on a six-monthly basis (or more if desired by either party).
- 4.34. The monitoring process will work in the same way to the pre-MDD monitoring meetings, with the same requests for evidence against the outstanding commitments.
- 4.35. Once a project has been completed, Generators will be asked to submit a Supply Chain Plan Post-Build Implementation Report. Refer to **Annex E** for a suggested template. This Report should summarise which commitments have been met, and

which have not, with appropriate evidence. Failure to meet the majority of the outstanding commitments (as a percentage of marks available per section) may result in the Generator being barred from subsequent allocation rounds.

## 5. Publishing Supply Chain Plans

- 5.1. To share information with the supply chain and to support implementation, BEIS may publish an approved Supply Chain Plan (which is approved prior to the CfD round) within three months after the date on which the developer of the relevant project has signed the CfD contract, with due consideration to commercial sensitivities.
- 5.2. BEIS may publish its decision on Supply Chain Implementation Statement applications within three months of approval, with due consideration to commercial sensitivities.
- 5.3. Applicants/Generators should clearly mark information that is commercially sensitive in their Supply Chain Plans and subsequent amendments and supporting documents.
- 5.4. As a general rule, BEIS will take the following approach to publishing documents from Generators.

<b>What does not get published</b>	<b>What may get published if no substantive reasons not to have been provided by the Generator</b>
Anything related to project ownership structures or that is manifestly commercially sensitive	Basic project information (size etc), key delivery dates
Any detailed breakdown of component tables and UK content calculations (but headline UK content figures will get published)	By default, all of the answers to the scored sections of the Supply Chain Plan questionnaire appropriately redacted for commercial sensitivities as identified in the previous column. A Generator may make a request for further specific redactions for justifiable commercial sensitivity reasons, which BEIS will consider.
Company names within a developer's supply chain	
The specifics of any new technologies being invested in	

- 5.5. It is the Applicant's/Generator's responsibility to ensure that all documents provided for publishing on the GOV.UK website are securely locked to prevent redacted text being uncovered.
- 5.6. To assist BEIS in complying with the Public Sector Bodies Accessibility Regulations, every document on GOV.UK must be accessible. All documents for publishing should be provided in a form suitable for users of assistive technology. Guidance on how to make your documents accessible can be found at: <https://accessibility.campaign.gov.uk/>
- 5.7. BEIS has a duty to comply with the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 (which both set out legal requirements for the government to disclose held information, within specified limits). It will be important

for the government to understand the nature of any harm which disclosure of potentially commercially sensitive information might result in when considering whether it is required to disclose a Supply Chain Plan, Updated Supply Chain Plan, Supply Chain Implementation Report and reported information in response to such a request.

- 5.8. BEIS may also share unredacted Supply Chain Plans and associated documents with other parts of government, including the Devolved Administrations, for the purpose of developing a joined-up approach to the development of supply chains in the low carbon electricity generation sector.

# Annex A: Indicative Timetable and Process for the Fifth CfD Allocation Round

A1. The indicative timetable for the Fifth CfD Allocation Round is as follows:

- 22 August and 5 September 2022: BEIS webinar workshops on Supply Chain Plans to answer any outstanding queries on the SCP questionnaires
- 5 December 2022: Supply Chain Plan application window to open. The window will open for a week. BEIS will then assess and issue results once the window is closed.
- 3 - 13 January 2023: Supply Chain Plan feedback session window.
- By 10 February 2023: Supply Chain Plans assessment results released.
- 13 February 2023: failed Supply Chain Plans can be resubmitted, BEIS will endeavour to assess before CfD auction begins.
- March 2023: CfD Allocation Round 5 opens to applications



# Annex B: Evidence accepted during monitoring and assessment

B1. During the monitoring and assessment process, BEIS will require evidence of progress or of efforts made against each commitment in a Generator's Supply Chain Plan.

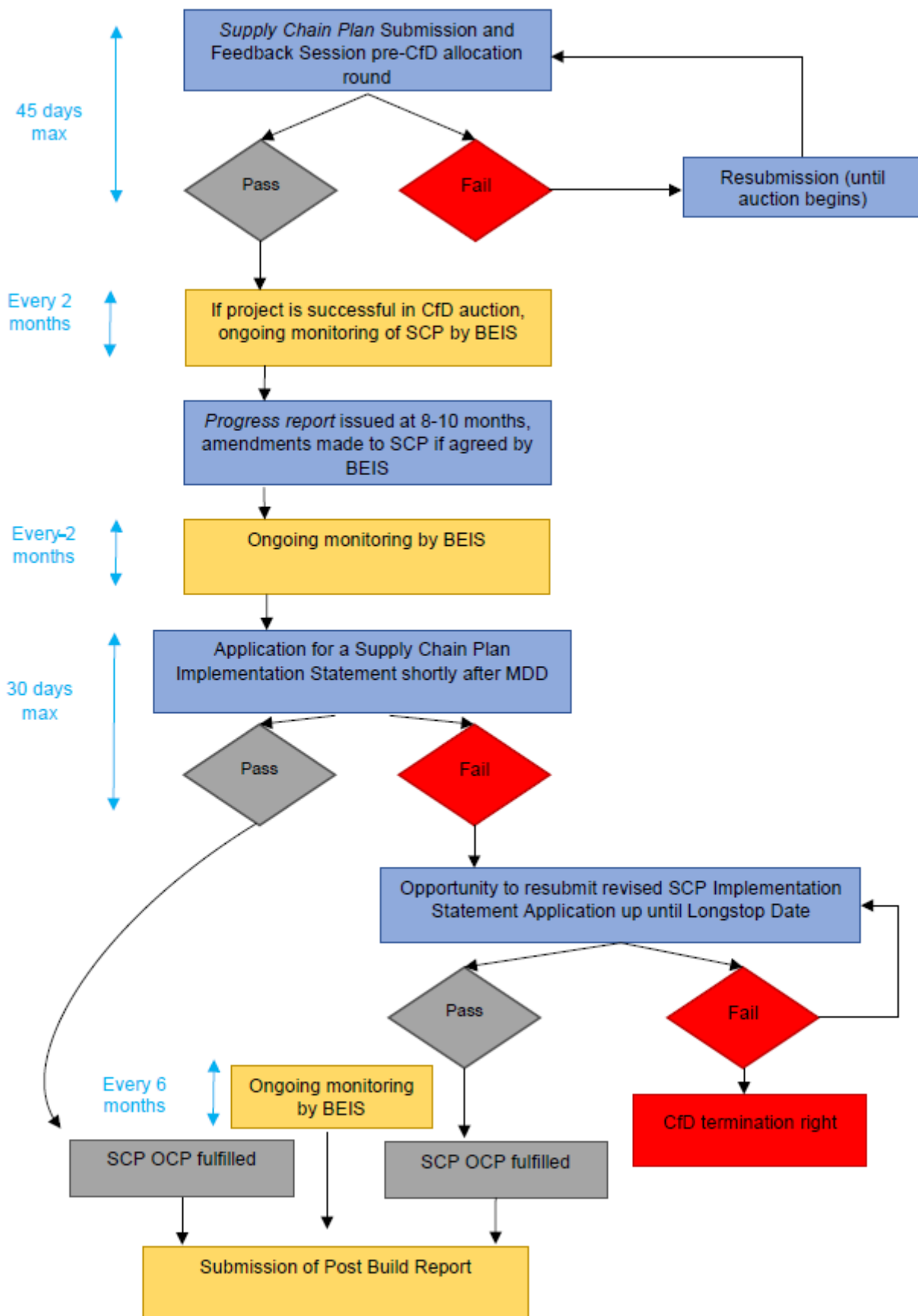
B2. If BEIS publishes evidence provide by an applicant or Generator, it will check with the Generator what it considers to be commercially sensitive and redact the appropriate passages.

B3. This evidence may take a range of forms, but should conform to the following principles:

- A wide range of evidence will be acceptable in general, so long as its authenticity or source can be easily verified.
- Where a Generator uses a table provided under the Supply Chain Plan questionnaire (e.g. on contracting plans or UK content), the generator should also provide – where possible and applicable - any supporting documents to confirm the content of those tables (e.g. contracts).
- Where contracts are provided as evidence, BEIS would only need to see the first headline pages. BEIS however reserves the right to ask for more information during the monitoring and assessment process.
- Where figures and data are provided, they should be accompanied by their source and/or relevant methodology.
- Where correspondence is provided between the Generator and relevant supply chain partners or other institutions, they may be redacted to protect personal information.

B4. BEIS may seek to confirm various aspects of evidence presented with the Low Carbon Contracts Company.

# Annex C: Flowchart of Supply Chain Plan Process



# Annex D: template tables for monitoring meetings and progress report

E.1 Note that RAG ratings and information and entries are examples only.

E.2 Generators may use this table to set out their progress at each monitoring meeting.

E.3 BEIS will use this table as the basis to draft the progress report.

STANDARD QUESTIONNAIRE: Progress report / monitoring template					
Progress to date and RAG ratings are examples of the type of information that could feature					
Reference	Marks available	Detail of commitment	Previous Progress (from the last update)	Progress to date	RAG
<b>GREEN GROWTH</b>	<b>150</b>				<b>Overall</b>
1.1	52	Supply Chain Competition			
1.2	13	Supply Chain visibility: routine actions		Original level of ambition? KPIs met? Evidence provided?	
1.3	24	Supply Chain visibility: further actions			
1.4	36	Procurement value drivers			
1.5	25	Contracting Strategy			
<b>INFRASTRUCTURE</b>	<b>150</b>				<b>Overall</b>
2.1	11	Decarbonisation: monitoring			
2.2	39	Decarbonisation: implementation			
2.3	24	Minimisation of local impacts			
2.4	40	Supply Chain infrastructure: major investments			
2.5	36	Supply Chain infrastructure: other investments			
<b>INNOVATION</b>	<b>150</b>				<b>Overall</b>
3.1	54	Investment in R&D			
3.2	57	Investment in new technologies			
3.3	39	Bringing in new players			
<b>SKILLS</b>	<b>150</b>				<b>Overall</b>
4.1	36	Skill gaps and shortages			
4.2	42	Apprenticeships, scholarships and trainees			
4.3	18	Disability gap			
4.4	18	Health and Safety			
4.5	36	Modern Slavery			
<b>OVERALL ASSESSMENT OF PROGRESS TO DATE</b>					

**FOW PROJECTS UNDER 300 MW QUESTIONNAIRE: Progress report / monitoring template**

**Progress to date and RAG ratings are examples of the type of information that could feature**

Reference	Marks available	Detail of commitment	Previous Progress (from the last update)	Progress to date	RAG
<b>GREEN GROWTH</b>	64				<b>Overall</b>
1.1	22	Supply Chain Competition			
1.2	42	Floating Offshore Wind collaboration		Original level of ambition? KPIs met? Evidence provided?	
<b>INFRASTRUCTURE</b>	32				<b>Overall</b>
2.1	32	Other investments			
<b>INNOVATION</b>	28				<b>Overall</b>
3.1	28	Investment in development			
<b>SKILLS</b>	56				<b>Overall</b>
4.1	26	Skill gaps and shortages			
4.2	15	Disability gap			
4.4	15	Health and Safety			
<b>OVERALL ASSESSMENT OF PROGRESS TO DATE</b>					

# Annex E: Suggested structure of a Post-Build Report

F.1 The report should be limited to 10 pages (not including annexes) and be able to demonstrate:

- The project's contribution to the competitiveness and capacity of the supply chain
- What the main commitments were in the approved Supply Chain Plan, and a summary of whether they were met.
- Actions undertaken to meet these commitments.
- A narrative which sets out how these actions contributed to the four scored criteria individually and overall.
- The reasons for any deviation from the approved plan, or for any commitments that could not be met
- What amendments (if any) were made to the plan, the reason for the amendment, and what was their outcome

## **Suggested structure**

### **Executive Summary**

An overview of the Project and its milestones and deliverables.

An overview of how the key/overarching commitments made in the SCP have been met or not, and how they have delivered the aims and objectives of the Supply Chain Plan Policy.

### **Main Section**

A detailed account on how the SCP was implemented by category (Green Growth, Infrastructure, Innovation, Skills), its successes and areas where they were unable to meet the commitments made. Details as to how each section has had an impact on the capacity and competitiveness of the supply chain.

### **Green growth**

- KPIs against your most impactful commitments.
- Reasons for not meeting any commitment.
- How the fulfilled commitments have helped strengthen Net Zero industries and meeting the Net Zero target.

### **Infrastructure**

- KPIs against your most impactful commitments.
- Reasons for not meeting any commitment.
- How the fulfilled commitments have materially improved the infrastructure supporting Supply Chains, while being respectful of the local area and communities

### **Innovation**

- KPIs against your most impactful commitments.
- Reasons for not meeting any commitment.

- How the fulfilled commitments have helped improve the competitiveness of the supply chain by using new or improved technologies, and how they contribute to reaching Net Zero faster or more efficiently.

### **Skills**

- KPIs against your most impactful commitments.
- Reasons for not meeting any commitment.
- How the fulfilled commitments have helped improve the range of skills, or access to skills provision, and how commitments have helped to make the Supply Chain safer, more representative of the population as a whole, and ethical.

A developer may wish to include evidence to support statements made in the Post Build Report, such as a copy of the final template for monitoring commitments in Annex D, list of innovations developed/deployed, and copy of your skills strategy.

