

Question Log



Department
of Energy &
Climate Change

Programme / Project Name		DECC EMR Workshops				
Programme / Project Manager		Ronan O'Regan				
Last Updated		07/11/2013	Version 0.1			
Issue Id.	Programme/ Project/ Workstream Affected	Question raised in Collaborative Development group	DECC have see no evidence to suggest that this is a matter of concern for the design or operation of CfDs	DECC has been aware of this through its regular stakeholder engagement channels and has published its preferred approach to dealing with this matter. Further views are welcome in response to the October consultation on EMR implementation.	DECC will consider this matter and will clarify how this will be addressed before the end of the collaborative development process.	DECC will cover this in subsequent policy documents - supply chain plan, final delivery plan or ATF
46	Eligibility and pre-application	Can CfD budgets be changed by government year-on-year?		x		
47	Eligibility and pre-application	Are supply chain plan specifications going to be technology-specific? What's the rationale for 90 days (with an expectation of 30)?				x
48	Eligibility and pre-application	Will ATF include additional eligibility criteria?				x
49	Eligibility and pre-application	Will the eligibility criteria be reduced to avoid the need for a full connection agreement at application as this is deemed penal for small generators in particular?		x		
50	Eligibility and pre-application	The following questions were raised in relation to the variation of CfD terms prior to application: 1. What's the timeframe and process associated with the variation of contract terms? 2. Can DECC forecast the likely volume of variations to avoid potential bottlenecks? 3. Are the variations going to be made public?			x	
51	Eligibility and pre-application	Will there be an opportunity to speak to someone about eligibility application prior to submission?			x	
52	Eligibility and pre-application	How is an application where the planning permission is subject to appeal, treated? Are the criteria, gateway criteria at a single point in time, or are they enduring criteria (i.e. get knocked out if lose planning permission). How will these events be treated for budgeting purposes? How would you pick up change in circumstances between eligibility and substantial financial commitment		x		
53	Eligibility and pre-application	Would FCFS be run on a second-by-second process, even in the opening day of the round - is this beneficial? Could this initial period be done by day/week windows?		x		
54	Eligibility and pre-application	Can the process maps be updated to bring out the individual supply chain approval elements - period for assessment?	X			
55	Eligibility and pre-application	If there's insufficient time for 90 days supply chain plan approval (between secondary legislation being passed and opening of FCFS), would FCFS start date be pushed back?				X
56	First Come First Served	Should DECC's CfD budget valuation be done on a project level as this will provide a more accurate budget view? [i.e. should assessment of the value of a CfD for a project be done on the basis of the load factors which that project provides rather than on the basis of the highest possible load factor for that technology?] What input assumptions will be used to determine the allocation of budget? If budget used up for individual technologies quickly, how would DECC manage that? Reduce future years?				X
57	First Come First Served	Can notifications be included on process map and made clearer (covered under separate process)?	X			
58	First Come First Served	What are the timings from getting from box 4 to 10? Would determine how much information needs to be made public in relation to individual CfD applications.	X			
59	First Come First Served	There are a number of general questions raised regarding the level of information that will be made available to the market?				X
60	First Come First Served	How do investment contracts and nuclear in particular "cast a shadow" back to the budget for earlier years?			X	
61	First Come First Served	What is the decision-making process taken by DECC during the budget review? What are the parameters considered?			X	
62	First Come First Served	What is the methodology for calculating maxima and minima, and how will these apply in practice?				X
63	Eligibility appeals	Is 5 working days for the applicant to gather evidence and submit an appeal, sufficient? Why have the delivery body and Ofgem longer to assess an appeal? Is there an expectation for any dialogue as part of these review / appeals processes?			X	
64	Eligibility appeals	How would the audit of allocation work in practice? Could the delivery body do its own audit as under balancing rules?			X	
65	Eligibility appeals	What incentives or penalties will be on DB to get the eligibility assessment right?			X	
66	Eligibility appeals	In the event of a successful Ofgem appeal, would there be an opportunity to restate timings in the contract? (E.g. could miss building season).				X
67	Eligibility appeals	Could the process map be updated to reflect a systematic error?	X			

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68	Allocation - Unconstrained / Constrained	How will decisions on budget and maxima and minima be calculated and how/when will these be communicated to market participants? If a minima is breached, does the project become reallocated to a later year?				X
69	Allocation - Unconstrained / Constrained	How will maxima and minima, and CfD budgets be determined? By parliament or administratively?				X
70	Allocation - Unconstrained / Constrained	How will smaller projects above the clearing price be dealt with if they fit within the overall budget? (Given lumpiness of project sizes)		X		
71	Allocation - Unconstrained / Constrained	Are there possibilities for bidder flexibility on capacity applied for? E.g. could do 100MW but willing to do at little as 50MW in the event of a constraint.			X	
72	Allocation - Unconstrained / Constrained	How will the delivery body / DECC ensure that bids are viable? Still developing thinking on this.			X	
73	Allocation - Unconstrained / Constrained	Why sealed bid auction as opposed to descending clock auction?			X	
74	Allocation - Unconstrained / Constrained	Can DECC provide an understanding of the Stage 2 auction process as devex spend is happening now? How will market-set prices drive price in Stage 2?			X	
75	Allocation - Unconstrained / Constrained	How will allocation work when different technologies are competing for different time windows? How is the budget allocated from year to year? Is only the incremental budget allocated in a particular year?			X	
76	Allocation - Unconstrained / Constrained	To what extent will this information be public / private? Preference for publication as market-sensitive.				x
77	Allocation - Unconstrained / Constrained	Can the process map wording be changed from 'reserved' to "value of applications" or something similar?	X			
78	Allocation - Unconstrained / Constrained	Can the mechanics behind the initial budgeting process, and budget review be made clear? Is it down to Ministers to make decisions? Could it be subject to challenge / judicial review?				X
79	Allocation - Unconstrained / Constrained	How does the timeline for a project vary if the application process to signing a CfD takes longer than expected? What are the contingencies for delays in the process and does this squeeze the time between FID and TCD?			X	
80	Notifications	Does there need to be a policy / process for dealing with successful applicants dropping out prior to contract signing? What is the process for reallocating budget for projects that drop out post allocation?			X	
81	Notifications	How long will applicants have to sign a contract?	X			
82	Notifications	What are the outcomes of allocation appeal?			X	
83	Allocation - Unconstrained / Constrained	How does the budget accomodate changes to model assumptions, such as major policy change or international energy market developments that impact expected difference payments? How do you manage your budget with fluctuating amounts / variable payments given the LCF?			X	
84	Allocation - Unconstrained / Constrained	How do DECC reduce the risk of crowding out in the auction process? See Q80 above			X	