



High level outline of CfD compatible PPA Heads of Terms

This outline has been produced by the CfD Market Readiness Working Group during 2013/14. It is intended to be an illustrative guide to the structure of a typical PPA that is compatible with the CfD. It is based on the expertise of the individuals in the Working Group and may not reflect the full range of issues applicable to particular projects.

Heading	Heads of Terms Text	Comments/Explanatory Notes	Links to the CfD
Definitions	<p>Change in Law</p> <p>Timings :</p> <ul style="list-style-type: none"> • Conditions Precedent Long-Stop Date • Commercial Operations Long-Stop Date <p>Capacity:</p> <ul style="list-style-type: none"> • Contracted Capacity • Minimum Capacity 	<p>This list of definitions is not exhaustive, but highlights the key definitions that reflect changes under the CfD, or where the definition is specific to the individual contract (e.g. dates or size of generation asset).</p>	

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	<p>Force Majeure</p> <p>Index price</p> <p>Maximum Liability Cap</p>		
<p>Conditions precedent</p>	<p><u>The agreement shall be conditional upon:</u></p> <ul style="list-style-type: none"> • The generator having obtained a connection offer • The generator having obtained planning permission • The generator having obtained the necessary property rights • The generator having entered into a construction contract • The generator having provided an indicative programme of works for the project, including commencement of on-site works; energisation of the connection point; and anticipated start date of commercial operations. • The generator having obtained 	<p>Additional technology specific Conditions Precedent may be required. For example, biomass generators can be expected to have a fuel supply contract in place.</p> <p>The contract will require an obligation on the generator to keep the offtaker informed of progress and or changes to the programme of works.</p>	<p>This is a CfD compatible Heads of Terms, therefore although a CfD need not be a condition precedent for the PPA, there may be an expectation that a CfD be in place before the PPA starts and in practice it is highly unlikely that a project would go ahead without one.</p>

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	<p>funding for the construction of the facility</p> <ul style="list-style-type: none"> • The offtaker providing credit support to the generator (if required) • The generator having a generation licence or licence exemption (as appropriate) 		
	<p><u>Conditions Precedent Long-stop Date:</u> If the conditions precedent have not been met by [date] then the offtaker may terminate the agreement with [x] days' notice.</p>	<p>In the event of any delay caused by the offtaker's breach of the agreement or an event or occurrence of force majeure, the conditions precedent long-stop date shall be put back by a period of time equal to the period of delay.</p>	
<p>Commencement of the Commissioning Period</p>	<p>The commissioning period shall begin when the following requirements have been met:</p> <ul style="list-style-type: none"> • The connection point having been energised; • The generator confirming to the 	<p>Some degree of data provision will be required during the commissioning period. The level of detail of this data will affect the commercial terms during this period.</p>	

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	<p>offtaker the metering point supply number;</p> <ul style="list-style-type: none"> • the generator entering into a contract with a meter operator agent; • the offtaker becoming the registrant for the metering system; • the offtaker entering into a contract with a data contractor and a data aggregator • the Parties (as appropriate) having issued a duly executed and in force agreed form of credit support to the other Party-(if required); 		
<p>Commencement of the Commercial Operations Period</p>	<p>The commercial operations period shall begin when the following requirements have been met:</p> <ul style="list-style-type: none"> • that the generator has taken control of the project from the construction company; • that the offtaker has received independent engineering verification that the project is 	<p>The contract will need to detail the progression from the commissioning period into the commercial operational phase and the operational phase. This is important for payment provisions, and parties may wish to consider whether different</p>	<p>Parties to the PPA will consider whether they desire the commencement of the Commercial Operations Period to be consistent with the commencement of the CfD. There may be commercial reasons for the commencement date being different to the CfD start date.</p>

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	<p>complete and capable of operation; and</p> <ul style="list-style-type: none"> • that the generator has applied for Climate Change Levy exemption accreditation and REGO accreditation; • the generator has given SCADA access and is providing full data to the offtaker. 	<p>commercial terms will apply in the commissioning period and the commercial operations period.</p>	
	<p><u>Commercial Operations Long-Stop Date [specified in the Definitions section]</u></p> <ul style="list-style-type: none"> • if the above requirements have not been met by the commercial operations long-stop date then the offtaker may terminate the agreement on [] days' notice. 		<p>Commercial Operations Long-Stop Date:</p> <p>The long-stop provisions in the CfD could back-to-back with the long-stop provisions in the PPA. Under the CfD this is 1 year after the start of the commissioning period for most technologies.</p> <p>The CfD long-stop date is extendable for force majeure – so this may be feasible also for the PPA to ensure consistency.</p>

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	<p><u>Partial Completion/de-rating</u></p> <ul style="list-style-type: none"> • In the event that the generator fails to deliver the contracted capacity, the agreement will continue as long as the relevant conditions precedent are satisfied or waived and the generator is able to install the minimum capacity by the commercial operations long-stop date. • The generator will be given [] months from the commercial operations long-stop date to use reasonable endeavours to deliver the contracted capacity. • The agreement will work on the basis of the installed capacity at the end of this [] month period, regardless of whether the generator then installs additional capacity or not. 	<p>In general, de-rating may be appropriate for both force majeure events and EPC breaches, notwithstanding a de-minimis level of capacity, depending on the commercial negotiations between the parties.</p>	<p>Under the CfD a Generator can reduce their capacity by 10% without incurring a penalty (i.e. no change to the strike price). If there is a reduction in capacity greater than 10% (up to a total of 30%) there will be a reduction to the strike price.</p> <p>Parties to the PPA will need to consider whether it is appropriate to have consistency between the PPA and the CfD. Any pricing (imbalance) implications that this causes will be reflected in the commercial negotiation and reflected in the pricing schedules.</p>

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<p>Term</p>	<p>The term of the agreement shall be the period starting on the effective date and ending on the latter of [] or [] years after the commercial operation date.</p>	<p>The term of the PPA is a key variable for negotiation between the generator and the offtaker.</p> <p>Depending on the business model and risk appetite of the generator (and their funders) the generator may require a PPA to reflect the term of the debt, although improvements in the PPA market along with the offtaker of last resort may affect this.</p>	<p>Parties to the PPA will consider whether it is commercially appropriate to have consistency between the term of the PPA and CfD.</p>

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<p>Sale and Purchase</p>	<ul style="list-style-type: none"> • From the start of the commissioning period, and thereafter, during the term of the contract, the generator will sell and the offtaker will purchase all metered electrical output from the facility. • In general, terms usually reflect that the offtaker shall be responsible for the payment of all imbalance costs associated with the electrical output unless otherwise agreed during negotiation between offtaker& Generator – see Schedule 1 Pricing & Value Sharing • The parties shall do all reasonable things to ensure that electrical output and benefits are maximised during the term of the agreement. This obligation shall not apply at time when the index price is below 	<p>The price at which the electricity is to be bought and sold is detailed in the Pricing Schedule. Typically this will be at a different (lower) price during the commissioning period.</p>	<p>There are a number of commercial options for addressing any impact of negative electricity prices. Parties to the PPA will need to consider an appropriate commercial position to apportion this risk between themselves. This would be detailed in the pricing schedule and would likely affect the commercial terms of the PPA.</p>

Illustrative – subject to contract

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	<p><u>Changes to the index used to calculate the Index price</u></p> <ul style="list-style-type: none"> • If the index price is based on the CfD reference price it shall track the CfD reference price. • If the index price is calculated with reference to an index other than the CfD reference price and such index ceases to be published or generally representative of the wholesale market price, the parties agree that it shall be replaced by the nearest equivalent index which is liquid and generally representative of the wholesale market. 		<p>To reduce basis risk, the Generator is likely to want the index for payment of the PPA to be the same as the CfD reference Price. The CfD will include provisions for amendments to the Reference Price in certain circumstances which may in turn be reflected in the PPA. From a generator’s perspective their risks are minimised if the PPA automatically tracks any changes. This would be possible but would be reflected in the headline commercial terms of the PPA. Alternatively the PPA may not automatically track the CfD reference price, but the parties could agree to renegotiate the headline discount if the CfD reference price moves to a different basis during the term of the PPA and either party wants to reflect that change in the PPA.</p> <p>This is a more significant issue for generators on the baseloadCfD</p>

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			reference price, rather than day-ahead.

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<p>3rd party arrangements</p>	<p>The generator will notify the offtaker:</p> <ul style="list-style-type: none"> • at the outset of the PPA of any 3rd party arrangements that may affect the volume of metered output. • before entering into any 3rd party agreement that may affect the volume of metered output during the term of the PPA. <p>The offtaker and generator will agree the changes needed to the PPA to reflect any 3rd party agreements (e.g. amendments required to the prices, fees, charges or revenue allocation)</p>	<p>3rd party arrangements could include</p> <ul style="list-style-type: none"> • constraint contracts with the Distribution Network Operator • NGT Frequency Response contracts <p>Generators need to be aware that entering into non-market contracts for difference in output may affect the commercial terms available through the PPA.</p>	
<p>Payments and Payment Terms</p>	<p>Payments will typically be calculated according to the details set out in Schedule 1.</p> <ul style="list-style-type: none"> • [] days after the each [] in which the facility is in operation or in which any Benefit is transferred, the offtaker shall provide to the generator a statement detailing the 	<p>It is common practice for settlement to be performed monthly.</p> <p>As it is common practice for the</p>	<p>The technology type can influence whether the generator specifies to the offtaker the output for the day or each half hour settlement period.</p> <p>Commercial preferences of each party</p>

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	<p>metered output for each [day/settlement period or as agreed between the parties], any associated benefits and payments applicable.</p> <ul style="list-style-type: none"> [] days after receipt of the statement, the generator shall submit an invoice to the offtaker (or, if the amount is negative, the offtaker shall submit an invoice to the generator). This invoice shall be paid within [] days of receipt. If a party fails to pay by the due date (unless the sum is the issue of a dispute) then interest will be payable on that amount at a rate equal to []. Either party shall be entitled to set-off against its obligations to the other party the amount of any payment due by the other party. <p><u>Estimations & Reconciliation</u> Elements of any payment for embedded</p>	<p>offtaker to be the meter registrant, it therefore follows that they should prepare the statement. However, in some instances it may be appropriate for this function to be carried out by the generator.</p> <p>This section will also detail a procedure for dealing with disputes over amounts shown in the statement or the invoice.</p>	<p>will need to be considered.</p> <p>It is common practice for the PPA to pay on the basis of total metered output. However, the CfD will pay the top-up payment based on the loss-adjusted metered output. Therefore there will not be (and contractually there does not need to be) a perfect match between the CfD and the PPA.</p>

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	<p>benefits may not be available prior to the bill being prepared. If required, an estimated number shall be used and an adjustment shall be made in the statement/invoice after the relevant information becomes available.</p>		
<p>Metering and Meter Registration</p>	<p>The generator shall ensure that an export meter is installed and [appropriately maintained for the duration of the term OR enter into a meter operator agreement with a meter operator agent]</p> <p>The offtaker should be granted the exclusive right to register itself (or a person nominated by it) in respect of the metering system.</p> <p>The Parties to the PPA will address metering faults and the allocation of resulting costs. One common option (others may be considered) is where: if the accuracy of the export meter is disputed by either party, the export meter and associated equipment is jointly tested. If</p>	<p>In some instances it may be appropriate for the generator to be the registrant for the metering system.</p> <p>Meter requirements will need to match BSC requirements.</p>	

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	<p>no fault is found, the costs are met by the disputing party. If a fault is found, the generator should recalibrate and refit/replace the meter and meet the associated costs. The offtaker should then adjust historic output data accordingly and include the changes within the next statement. In the absence of any manifest error in the abovementioned adjustment, the offtaker’s calculation would be final and binding.</p> <p>The offtaker and any persons authorised by the offtaker should be entitled to safe access to the generation facility for the purposes of inspection, testing and data collection.</p>		
<p>Benefit Accreditation</p>	<p>It should be the generator’s responsibility to:</p> <ul style="list-style-type: none"> • obtain and maintain all necessary accreditations in respect of all benefits and provide the regulator or accreditation body with the 	<p>Failure to comply with these responsibilities would incur contractual remedies.</p>	<p>No change from existing PPA content except for the removal of references to ROCs.</p> <p>A cross-default between the PPA and CFD agreements is not anticipated; therefore it is not necessary for the PPA</p>

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	<p>information and data that is necessary to enable benefits, including LECs, REGOs and any new benefits, to be received or accrued; and</p> <ul style="list-style-type: none"> • maximise the value and quantity of the benefits that are received or accrued. 		<p>to be subject to a signed CFD. However, will need to ensure that the definition of ‘benefits’ does not include any part of the CfD regime or any variation to it, unless the offtaker is also to be nominated to receive the CfD payment, which would be reflected in the pricing structure.</p>
Transfer of benefits	<p>Typically the generator will sell the contracted output and all associated benefits to the offtaker, each with full title guarantee, free from all charges, liens, and third party claims. No sale of the above to a 3rd party should occur without the prior consent of the offtaker.</p> <p>Benefits accrued to the generator should be transferred to the offtaker within [] business days. If the generator cannot transfer the benefit to the offtaker, the generator should pay the offtaker the cost incurred in replacing the benefit. Benefits which accrue to the offtaker are deemed</p>	<p>Where a benefit is negative and received by the offtaker, it is normally charged to the generator.</p> <p>Where elements of embedded benefits are not available at the time prior to a statement being prepared, estimates tend to be used in the first instance.</p> <p>Disputes regarding whether or not a benefit is capable of transfer, or regarding the value of a benefit are usually resolved by</p>	<p>No substantive change from existing PPA content except for the removal of references to ROCs.</p> <p>Will need to ensure that the definition of ‘Benefits’ does not include any part of the CfD regime or any variation to it, unless this is to be covered in the pricing structure.</p>

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	<p>to have been transferred once they are received.</p> <p>Where a benefit is revoked or not transferred correctly, either through an omission of the issuing authority or the generator, the generator should endeavour to replace the benefit or pay the offtaker the cost incurred in replacing.</p> <p>Where a benefit is revoked or not transferred through an omission on the part of the offtaker, the offtaker has no claim against the generator.</p>	<p>an external expert.</p>	
Credit Support	<p>Where required through commercial negotiation, the offtaker shall maintain credit support throughout the term of the PPA. This shall be either:</p> <ul style="list-style-type: none"> • A Parent Company Guarantee; or • A Letter of Credit from a financial institution. <p>If the credit rating of the provider of the credit support falls below the required level then the offtaker shall provide a</p>	<p>The PPA will either require a minimum credit rating for the offtaker, or if this rating is not met it will be necessary to provide credit support.</p> <p>Credit terms are an important part of the negotiation between offtaker and generator and should be addressed early on.</p> <p>Credit support (provided by</p>	<p>No substantive change from existing PPA content</p> <p>Under the RO, there is often a requirement for the generator to provide credit support. This is mainly needed to cover any default on the ROCs. As this is not necessary under the CfD there is a reduced requirement for the generator to provide credit support. However, in practice whether</p>

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	<p>replacement credit support document within [] days.</p>	<p>either party) may come at a cost to the generator that will be reflected in any agreement.</p> <p>The minimum required credit ratings will generally be set out in the definitions.</p>	<p>the generator is required to provide credit support will typically be determined according to the size of the project, the index (and hence whether the offtaker is selling power season ahead), and the individual preferences of the offtaker.</p>
<p>Forecasts and Data Provision</p>	<p>SCADA access should be provided along with forecast of availability and notification of unplanned outages. The generator shall consult the offtaker regarding any period of planned outage [resulting in a reduction of capacity greater than [] MW]. The generator shall update the offtaker regarding any changes to any planned outage.</p> <p>The generator shall notify the offtaker [as soon as reasonably practicable / within [] hours] after the occurrence of any unplanned outage [resulting in a reduction of capacity greater than []MW], and shall keep the offtaker informed as to the likely</p>	<p>Forecast, availability& outage nomination capability of the asset may affect any imbalance charges passed to the generator by the offtaker.</p> <p>Not providing this information or failing to provide access to SCADA is likely to trigger sanctions.</p> <p>Performance of an Offshore Transmission Operator (where applicable) may also affect imbalance positions.</p> <p>Penalties for failing to adequately</p>	<p>No substantive change from existing PPA content.</p> <p>The Parties to the PPA will include any data provision requirements needed to facilitate any commercially negotiated contractual mechanism to apportion the risk of negative power prices.</p>

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	<p>duration and when the outage has ended.</p> <p>Failure to notify the offtaker of an unplanned outage within [] hours will result in penalties.</p>	<p>notify an outage (or when the plant will be generating again following an un-planned outage) may include pass through of the full imbalance cost.</p>	
Force Majeure	<p>Neither party shall be liable for any delay in performance or non-performance of any of its obligations if caused by force majeure and the affected party:</p> <ul style="list-style-type: none"> • Notifies the other party as soon as reasonably practicable; • Keeps the other party fully informed; and • Takes reasonable steps to minimise the effect of the force majeure event on its obligations. <p>The party not affected by force majeure may terminate the agreement if the force majeure prevents the affected party from fulfilling all (or substantially all) of its obligations for a period exceeding [] months.</p>	<p>Force majeure describes a set of events outside of the control of either party, for which the normal compliance rules do not apply. The events should be described in the definitions section. This section describes the parties' respective responsibilities following a force majeure event.</p> <p>Definition to include list of standard exclusions, such as lack of funds etc.</p> <p>The total length of time between a force majeure event and reinstatement of capacity to the minimum level should be no longer than around 18 months.</p>	<p>The definition of Force Majeure should be consistent with the definition in the CfD. Particularly if the offtaker is providing services critical to the function of the CfD.</p>

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	<p>The offtaker may terminate the agreement if the force majeure event leads to a reduction in capacity to less than the minimum capacity, unless:</p> <ul style="list-style-type: none"> • Within [] months of the force majeure event, the generator proposes a reasonably achievable plan to reinstate the capacity to at least the minimum capacity within [] months; and • The generator does reinstate the capacity to at least the minimum capacity within such period of [] months. 	<p>Depending upon the technology type the Force Majeure terms may be adapted accordingly.</p>	
Termination	<p>The agreement may be terminated by either party if the other party is subject to an ‘event of default’. In this case the non-defaulting party may notify the other party of a date on which the agreement will terminate which shall not be less than [] days from the notice.</p> <p>An ‘event of default’ may be:</p>	<p>It is reasonable to allow a certain amount of time for measures to be put in place to remedy any event of default. These would be detailed in the contract. An offtaker will wish right to terminate instantly or suspend and withdraw from registration of</p>	<p>There will need to be commercial discussions over the level of compensation in the event that the generator terminates the PPA following a loss of their CfD. This level of compensation would be expected to vary depending on the circumstances in which the CfD is lost.</p>

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	<ul style="list-style-type: none"> • Either party (<i>inter alia</i>) <ul style="list-style-type: none"> ○ is dissolved or becoming insolvent; ○ is wound-up or liquidated; or ○ is put into administration. • Either party fails to pay an amount due and such failure is not remedied. • Either party fails to perform a material obligation and such failure is not remedied. • Either party repeatedly or continuously fails to perform an obligation under the agreement. • Either party is disconnected or de-energised during the commercial operations phase as a result of non-performance, and this continues for [] days. • A failure for any payments due to be made under the credit support mechanism, or either party failing to ensure adequate credit support. 	<p>MPAN if there is a breach that impacts their Licence requirements.</p>	

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	<ul style="list-style-type: none"> • The generator’s capacity is reduced below the minimum capacity and the reduction of capacity is not remedied. • Either party providing false information to the other party. • Termination of the CfD that means that generator is no longer a going concern or reasonable or prudent operator 		
<p>Consequences of Termination</p>	<p>Typically, the expiry or early termination of the agreement is without prejudice to the rights, remedies or obligations of either party and where a party terminates the agreement following a force majeure event, such termination is on a no-fault basis and does not entitle either party to compensation.</p> <p>Where the agreement is terminated as a result of an event of default (which may be defined), then as soon as reasonably practicable following the termination, the</p>		

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	<p>non-defaulting party shall invoice the defaulting party for loss suffered as a result of the termination.</p>		
<p>Limitation of Liability</p>	<p>The agreement cannot exclude or limit the liability of either party for any type of liability which cannot be by law be excluded or limited.</p> <p>Each party is liable for loss or damage to property as a result of their performance or non-performance of their obligations under the agreement</p> <p>It is possible to include a “<i>maximum liability cap</i>” to limit each Party’s liability under the contract.</p>	<p>Liabilities which cannot be excluded or limited include <i>inter alia</i>: fraudulent misrepresentation; death; or personal injury.</p> <p>Maximum liability cap should be defined in the definitions.</p>	
<p>Assignment</p>	<p>Neither party may assign or otherwise transfer any of the rights or responsibilities under the agreement without the written consent of the other party.</p>	<p>This sets out that if, for example, a generator defaults on payment</p>	<p>No significant change to reflect the CfD.</p>

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	<p>The generator shall have the right to transfer its rights by way of security to a lender.</p> <p>If the generator does assign its rights by way of security the generator may request the offtaker enters into a '<i>direct agreement</i>' with the lender.</p>	<p>to their lender then the lender has rights over the facility.</p> <p>A direct agreement allows the lender to step in to resolve any issues that would otherwise lead to termination of the agreement.</p>	
Change in Law	<p>In the event of any change in law that adversely affects either party or makes it difficult to give effect to the agreement then either party may request that the parties meet to discuss the circumstances and shall, in good faith, seek to agree amendments to the agreement that retain the same overall balance of rights, obligations, benefits, liabilities and risks.</p> <p>If the generator is compensated for the change in law through the CfD; or If the offtaker is compensated for the change in law through a change to their licence conditions or to any industry agreements</p>		<p>The change in law provisions in the PPA may need to be consistent with the change in law provisions in the CfD to ensure interoperability.</p> <p>Change in law provisions will require a commercial negotiation between Parties. The Parties will need to address how the change in law provisions within the CfD will affect the relative positions of each Party following a Change of Law. Where there are strike price amendments within the CfD the consequence on the PPA will be addressed.</p>

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	<p>They shall not be entitled to compensation under this agreement.</p> <p>If the parties are unable to agree amendments to the agreement then either party may refer the issue to an expert to determine the most appropriate outcome.</p> <p>Neither party shall be liable to the other for failing to perform any obligation which becomes impossible following a change in law.</p> <p>The parties agree that this agreement is entered into in contemplation of the EMR arrangements, and any effect of EMR shall not constitute a change in law.</p>		
<p>Dispute Resolution</p>	<p>Any dispute in connection with this agreement will be referred to a Director of each party who shall meet, in good faith, within [] days to resolve the dispute.</p> <p>If the dispute is not resolved at such</p>		

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	meeting then the dispute will be referred to a mutually agreed expert, or shall be determined by the courts [of England].		
Governing Law and Jurisdiction	The Agreement and any dispute or claim arising from it shall be governed by the laws of [England]		
Schedule 1. Prices and Value Sharing	<p>ELECTRICITY PRICE:</p> <p><u>Commissioning Period</u> in respect of electrical output during the commissioning period the offtaker shall pay to the generator: <i>[One of the following options may be chosen]</i></p> <ul style="list-style-type: none"> • System sell price minus []% • System sell price minus £[]/MWh • [Other] <p><u>Commercial Operations Period</u> During the commercial operations period, the Index Price shall be [the relevant CfD reference price]. in respect of electrical output up to the maximum contracted capacity during the commercial operations period the offtaker</p>	<p>Many possible structures of payment schedule could be developed and it is likely that different generators and suppliers will have different requirements. The approaches set out here illustrate a few of the ways that have been discussed and could be made to work through commercial negotiations.</p> <p>Opportunities may exist to reduce imbalance risks by accepting facility specific provisions to assist supplier in reducing these costs. For example:</p>	<p>It is a matter for commercial negotiation whether the electricity Index Price is linked to the CfD Reference Price. Linking it to the CfD Reference Price would reduce basis risk to the Generator.</p> <p>In this section any discount to the index (reflecting imbalance costs, offtaker costs etc.) are specified.</p> <p>It could also be possible for the generator to nominate the offtaker to receive the CfD payments on their behalf and pay the generator a fixed price for power and CfD. This option is</p>

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	<p>shall pay to the generator: <i>[One of the following options may be chosen]</i></p> <ul style="list-style-type: none"> • []% of the Index Price; • []% of the Index price minus £[]/MWh • <i>[Other - for example may include a Flex Selling arrangement]</i> <p>An administration charge may be payable by the generator to the offtaker. this could be either: <i>[One of the following options may be chosen]</i></p> <ul style="list-style-type: none"> • £[]/MWh; or • £[]/month • 	<ul style="list-style-type: none"> • offtakers may offer a reduction in imbalance charges to baseload generators where Volume Tolerance clauses are included. • Different notification regimes may be appropriate for different technologies/companies. • Variations to standard notification clauses could be negotiated (with likely impact on imbalance costs). 	<p>not covered by these Heads of Terms and would require changes to this pricing schedule and other clauses in the contract.</p>
	<p>[Changes to this Schedule during the Commercial Operations Period]</p>	<p>This section can be used to detail any changes to the Prices and Value Sharing Schedule during the Term of the Agreement. For example, the discount could follow a stepped structure, or be fixed for the first few years and</p>	

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		<p>then follow a variable rate, possibly within predetermined limits.</p> <p>Any such changes would significantly affect the overall shape of the contract for both parties.</p>	
	<p>EMBEDDED BENEFIT SHARING:</p> <p>The percentage of the embedded benefits that accrue to the generator are:</p> <ul style="list-style-type: none"> • []% of Avoided Transmission Losses • []% of Avoided Distribution Losses • []% of Avoided BSUoS charges • []% of Avoided Transmission Network Use of System Charges • <i>[Specify any other sharing here]</i> <p>In respect of each contract billing period, an amount equal to:</p> <ul style="list-style-type: none"> • where the embedded benefit is positive the embedded benefit 	<p>Embedded benefits (those benefits enjoyed by one party as a result of the facility being connected to the Distribution Network) should be detailed to avoid confusion as to which are being shared.</p> <p>Where there are net costs in achieving embedded benefits, responsibility for these costs should be made in section [X] of the PPA.</p> <p>How the generator is registered</p>	<p>This section is not expected to change significantly as a result of the introduction of the CfD.</p>

Heading	Heads of Terms Text	Comments/Explanatory Notes	Links to the CfD
	<p>received by or accrued to the relevant party in that contract billing period; multiplied by the embedded benefit percentage.</p> <ul style="list-style-type: none"> • where the embedded benefit is negative the embedded benefit received by or accrued to the relevant party in that contract billing period; multiplied by 100%. <p>LEC VALUE SHARING: The price for each LEC delivered to the Buyer shall be [x]% of the statutory Climate Change Levy Rate at the time the electricity to which the LEC relates was generated.</p> <p>The payment for LECs shall include REGOs</p>	<p>within industry systems will have an impact on where (and which) embedded benefits are received and by which party. Certain embedded benefits may accrue to the generator directly (instead of the offtaker) and the PPA wording would need to be amended accordingly.</p>	

Illustrative – subject to contract

Heading	Heads of Terms Text	Comments/Explanatory Notes	Links to the CfD
	<p>unless otherwise specified.</p> <p>OTHER: GDUOS (Generator Distribution Use of System) Charges The Generator agrees to pay all GDUoS Charges which are due to the DNO for the use of the distribution system by the offtaker in relation to the facility and the offtaker agrees to forward to the generator all monies received (if any) from the DNO in respect of GDUoS Charges in relation to the facilities.</p> <p>Other fees/charges [Any other fees or charges from one party to the other should be documented here].</p> <p><u>New Benefits</u> Any new benefits that arise during the contract term will be shared, with []% paid to the generator.</p>		
Schedule 2 Facility	Site Specific Details		Where site specific information is

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Specific Information	This will include: <ul style="list-style-type: none">• Company registered details• Site details (e.g. location, MPAN)• Maximum Contracted Capacity¹• Contact/Representative details• Dispute representative details• LEC/REGO accreditation numbers• Contract start dates/end dates can also be specified here• Metering arrangement		provided it should match the details provided under the CfD.

¹Maximum Contracted Capacity sets the maximum output that will be purchased under the PPA