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[www.gov.uk/decc](http://www.gov.uk/decc)

27 January 2015

Dear Cordi,

**BUDGET REVISION NOTICE FOR CFD ALLOCATION ROUND 1**

This notice is given pursuant to regulation 12 of the Contracts for Difference (Allocation) Regulations 2014. That regulation is set out in schedule 2 to this notice.

This notice applies to the first allocation round, as established by the allocation round notice given by the Secretary of State on 29 August 2014.

1. The Budget for CFD Allocation Round 1 (as set out in the Budget Notice for CFD Allocation Round 1 given by the Secretary of State on 2nd October 2014<sup>1</sup>) is revised as follows—
  - a. The amount of the CFD Budget (2014 release) for each delivery year after 2016/17 is increased by £25 million;
  - b. The amount of the budget for Pot 2 (less established technologies) for each delivery year after 2016/17 is increased by £25 million.
2. The table in schedule 1 shows the revised budget for CFD Allocation Round 1 following the revision made by paragraph 1.

**EDWARD DAVEY**

<sup>1</sup> <https://www.gov.uk/government/publications/cfd-budget-notice>

## **Schedule 1**

**Revised CFD Budget Release for 2014 Allocation Round (Figures are total support payments available in a given year)**

<b>£m (2011/12 prices)</b>	<b>Delivery Year<sup>2</sup></b>					
	<b>15/ 16</b>	<b>16/ 17</b>	<b>17/ 18</b>	<b>18/ 19</b>	<b>19/ 20</b>	<b>20/ 21</b>
<b>CFD Budget (2014 release)</b>	50	220	325	325	325	325
Pot 1 (established technologies)	50	65	65	65	65	65
Pot 2 (less established technologies)	-	155	260	260	260	260

## **Schedule 2**

Regulations 11 – 13 of the Contracts for Difference (Allocation) Regulations 2014.

### **Budget notices**

11. (1) The Secretary of State must by notice (“a budget notice”) specify—
- (a) the overall budget which is available for each delivery year applicable to an allocation round; and
  - (b) the administrative strike prices applicable to applications in an allocation round.
- (2) The Secretary of State may in a budget notice specify any of the following—
- (a) budgets which are reserved for the descriptions of applications specified in the notice (“minima”);
  - (b) maximum budgets which apply to the descriptions of applications specified in the notice (“maxima”);
  - (c) a division of the overall budget such that a different part (“pot”) of the overall budget applies to the description of applications specified in the notice.
- (3) Where maxima or minima are specified, they may be expressed as—
- (a) a sum of money;
  - (b) an amount of capacity of electricity generation; or
  - (c) a combination of (a) and (b).
- (4) Where—
- (a) the overall budget is expressed as a sum of money; and
  - (b) that sum is stated by reference to a price which is not current at the date of the budget notice, the budget notice must include a factor which, when applied to that sum, converts that sum into a price which is current at that date.
- (5) A budget notice must—
- (a) be given to the delivery body;
  - (b) identify the allocation round to which the budget notice applies; and
  - (c) be given no later than 10 working days before the commencement date of the allocation round.

<sup>2</sup> Delivery Year as defined in regulation 2 of the Contracts for Difference (Allocation) Regulations 2014 regulations.

### **Budget revision**

12. (1) This regulation applies where the Secretary of State has given a budget notice in respect of an allocation round.
- (2) Subject to the application of paragraph (5), the Secretary of State—
- (a) may amend, add to or remove any of the matters listed in regulation 11(2) for the allocation round (“a budget revision”); but
  - (b) must only effect a budget revision by a notice (“a budget revision notice”) which complies with regulation 13.
- (3) The Secretary of State may make any budget revision where that revision has effect more than 10 working days before the commencement date of the allocation round.
- (4) Paragraph (5) applies where the Secretary of State intends to make a budget revision which is to have effect—
- (a) 10 or fewer working days before the commencement date of the allocation round; or
  - (b) on or after the commencement date of the allocation round.
- (5) Where this paragraph applies, the Secretary of State may increase the overall budget but must not—
- (a) decrease—
    - (i) the overall budget;
    - (ii) any maxima; or
    - (iii) any minima; or
  - (b) increase any maxima or minima, unless the overall budget is increased by at least the same amount.

### **Budget revision notices**

13. A budget revision notice must—
- (a) be given to the delivery body;
  - (b) identify the allocation round to which the budget revision notice applies;
  - (c) describe the budget revision; and
  - (d) be given at least one working day before the date on which the revision set out in the notice is to have effect.

**END**

