

# **Standard assumptions to be used for UK innovative renewable energy project applications to the NER300 funding mechanism**

7<sup>th</sup> February 2011

---

# Standard assumptions to be used for UK innovative renewable energy project applications to the NER300 funding mechanism

**Here is some further guidance on standard assumptions to be used for the completion of the application forms. The attached spreadsheet sets out the relevant data from the links below.**

## Reference plant

The reference plant for UK RES power projects will be Combined Cycle Gas Turbine plant (CCGT).

The generation costs and parameters for the CCGT plant should come from Mott Macdonald (2010), table A1 page 75 (the central NOAK), available at <http://www.decc.gov.uk/assets/decc/Statistics/Projections/71-uk-electricity-generation-costs-update-.pdf>. The reference plant will be scaled up/down to an imaginary size to deliver the same level of generation as the innovative power project.

For non-power RES technologies, we will determine the reference plant after receipt of the applications.

## Fossil fuel and price assumptions

Annex F, Fossil fuel and retail price assumptions, DECC, available at: <http://www.decc.gov.uk/en/content/cms/statistics/projections/projections.aspx>

Please use the central price assumptions unless explicitly otherwise asked on the application forms.

---

Please note that these price assumptions are presented in real terms.

## CCGT emissions factor

Please use 0.3939kgCO<sub>2</sub>/kWh of generation from CCGT plant.

## Carbon value assumptions

Updated short term traded carbon values for UK public policy appraisal (June 2010), DECC, page 2, available at:  
[http://www.decc.gov.uk/assets/decc/what%20we%20do/a%20low%20carbon%20uk/carbon%20valuation/1\\_20100610131858\\_e\\_@@\\_carbonvalues.pdf](http://www.decc.gov.uk/assets/decc/what%20we%20do/a%20low%20carbon%20uk/carbon%20valuation/1_20100610131858_e_@@_carbonvalues.pdf)

Please use the central value assumptions unless explicitly otherwise asked on the application forms.

Please note that these value assumptions are presented in real terms.

## Exchange rates

Please use the previous 12 month average to date of the €/£ and \$/£ spot exchange rates as published by Bank of England, available at:  
<http://www.bankofengland.co.uk/mfsd/iadb/Index.asp?first=yes&SectionRequired=I&HideNums=-1&ExtraInfo=true&Travel=Nlx>

## Inflation rate

Latest GDP deflators, HMT, available at: [http://www.hm-treasury.gov.uk/data\\_gdp\\_fig.htm](http://www.hm-treasury.gov.uk/data_gdp_fig.htm)

Please use the GDP deflators provided by HMT going forward. For years after 2015, please use the 2015 figure.

---

## Revenue ('benefit') assumptions

Wholesale prices: as per fossil fuel and price assumptions above

ROC prices: buyout price plus 10% (the expected level under headroom), i.e. £40.69 per ROC in 2010/11 prices.

LEC prices: 2010/11 prices

PPA discounts: Ernst & Young (2009) *Costs of and financial support for offshore wind*

## Discount rate

Please use 2.48% in accordance with the guidance available here: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:014:0006:0009:EN:PDF>, and the values in this table: [http://ec.europa.eu/competition/state\\_aid/legislation/reference\\_rates.html](http://ec.europa.eu/competition/state_aid/legislation/reference_rates.html)

© Crown copyright 2010  
Department of Energy & Climate Change  
3 Whitehall Place  
London SW1A 2AW  
[www.decc.gov.uk](http://www.decc.gov.uk)

**URN 11D/0011**