



Contracts for Difference: Stakeholder Bulletin

24th April 2020

Loan arrangement for Low Carbon Contracts Company in respect of the Supplier Obligation Levy

The Low Carbon Contracts Company (LCCC) has today issued an [Electricity Supplier Bulletin](#) confirming that it will not be applying an upward in-period adjustment to the Supplier Obligation Interim Levy Rate (ILR) or Total Reserve Amount (TRA) for Quarter 2 of 2020.

The LCCC had informed BEIS that it was forecasting a shortfall in supplier contributions because of a drop in electricity demand due to the current COVID-19 situation and that it might have to increase the ILR and/or the TRA to ensure that it had enough to pay CfD generators in June. The LCCC informed suppliers of this possibly on 30 March 2020.

BEIS recognises the difficulties faced by suppliers in the current unprecedented situation. We have therefore asked the LCCC not to implement an in-period adjustment and will, on a one-off basis, extend a temporary loan to the LCCC to ensure that they can continue to pay CfD generators in Quarter 2, to be repaid to BEIS in due course. We will aim to finalise the amount of this loan as soon as possible to minimise uncertainty for suppliers.

BEIS also intends to consult on proposed changes to regulations to reduce suppliers' liabilities for CfD payments this quarter by the amount of the loan provided to LCCC, and to increase suppliers' liabilities by the same amount in Q1 2021. BEIS considers that this change would provide suppliers with greater notice of the increase in costs and therefore reduce the impact on suppliers' businesses. LCCC would repay the working capital amount to BEIS in 2021. We intend, subject to consultation and Parliamentary approval, for amendments to the regulations to be in place by early July.

BEIS will consult on the detail of its proposals shortly. Due to the urgent nature of this matter, we anticipate carrying out a short consultation, potentially lasting no more than 2 weeks, most likely in the first half of May. We will issue a further stakeholder bulletin when we publish the consultation and anticipate that the LCCC would also want to bring this to the attention of their stakeholders.

Suppliers should refer to the LCCC's bulletin for further details, including how this may affect the reserve and reconciliation payments they will be required to make in July.

Please direct any queries to the BEIS Contracts for Difference Team at BEISContractsforDifference@beis.gov.uk.

General Data Protection Regulation

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Purpose & scope of this list: This list is managed by the Department for Business, Energy and Industrial Strategy (BEIS) (and any successor departments) and will be used to inform interested parties of policy developments relevant to the Contract for Difference scheme for renewable energy projects (and any direct successor schemes). It is not used for any other purposes.

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