



Department for
Business, Energy
& Industrial Strategy

DRAFT SUPPLY CHAIN PLAN GUIDANCE

For projects of 300MW or more applying for
a Contract for Difference

November 2020

© Crown copyright 2020

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence.

To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/ or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU or email: psi@nationalarchives.gsi.gov.uk

Any enquiries regarding this publication should be sent to: supplychainplan@beis.gov.uk

Table of Contents

1. Purpose of this Guidance Document.....	4
Objectives of the Supply Chain Plan Process	5
2. Supply Chain Plans: Process and Timetable	7
Introduction	7
Application Process	7
Assessment Timetable.....	7
Information Requests during the Assessment Process	8
Queries from Applicants.....	8
Evaluation Results and Exchange of Letters	9
3. Submitting a Supply Chain Plan	10
Introduction	10
Supply Chain Plan Application	10
Response Structure	10
Scoring	11
4. Supply Chain Plan Monitoring and Implementation	12
Updated Supply Chain Plan	12
Supply Chain Implementation Report.....	13
5. Publishing Supply Chain Plans	15
Annex A: Indicative Timetable and Process for the Fourth CfD Allocation Round...	16
Annex B: Flowchart of Supply Chain Plan Process.....	17
Annex C: Supply Chain Plan Application.....	18
Annex D: Supply Chain Plan Monitoring Process.....	19
Annex E: Supply Chain Implementation Report Application	21
Guidance for a Supply Chain Implementation Report.....	21
Assessment Approach	21

1. Purpose of this Guidance Document

This draft guidance document is published alongside the Consultation on changes to Supply Chain Plans and the CfD contract to revise the Supply Chain Plan process for Allocation Round 4 and reflects the proposals in that consultation. For ease of reference, BEIS is solely referred to as the body responsible for monitoring and assessing Supply Chain Plans and Supply Chain Implementation Reports.

- 1.1. In order to qualify to take part in a Contract for Difference (CfD) Allocation Round, CfD applicants making an application in respect of a generating station with generation capacity of 300MW or more will be required to provide National Grid ESO (as Delivery Body) with a statement by the Secretary of State approving the Supply Chain Plan submitted in respect of that station.¹ Responses by the Applicant to the scored sections of the Supply Chain Plan application will be assessed to determine award of this Supply Chain Plan statement of approval, and hence eligibility to participate in the CfD scheme. From the Fourth CfD Allocation Round, successful Applicants² will also need to receive a further certificate from the Secretary of State approving their Supply Chain Implementation Report (a “Supply Chain Implementation Report Certificate”), confirming delivery of the activities and outcomes committed to in the scored sections of the Supply Chain Plan, in order to be able fulfil their CfD Operational Condition Precedent.
- 1.2. This Supply Chain Plan guidance provides detail for Applicants and Generators³ regarding:
 - a. the process and timetable for submitting a Supply Chain Plan to the Department for Business, Energy, and Industrial Strategy (BEIS) for assessment;
 - b. the process and timetable for submitting an Updated Supply Chain Plan to BEIS for review;
 - c. the process and timetable for submitting a Supply Chain Implementation Report to BEIS for assessment;
 - d. the process and timetable which the Department intends to follow in relation to the assessment of submitted Supply Chain Plans and Supply Chain Implementation Reports; and
 - e. the Supply Chain Plan application that Applicants must complete for assessment by BEIS;
 - f. the process for how Supply Chain Plans will be monitored; and
 - g. the process for how Supply Chain Plans and Supply Chain Implementation Reports will be published.

¹ This requirement applies to all technologies defined in The Contracts for Difference (Definition of Eligible Generator) Regulations 2014 and is in accordance with The Electricity Market Reform (General) Regulations 2014 and The Contracts for Difference (Allocation) Regulations 2014 (as amended).

² Throughout this guidance, the term ‘Applicant’ is used according to the definition in Regulation 9 of The Electricity Market Reform (General) Regulations 2014 (as amended).

³ In this guidance document, an Applicant is referred to as a Generator once they have secured a CfD in the allocation round.

- 1.3. This Supply Chain Plan guidance document has been prepared in relation to the Fourth CfD Allocation Round. Details of the Allocation Round, which is planned to open in late 2021, will be made available in due course.
- 1.4. Dates in this guidance document relating to the Fourth CfD Allocation Round are indicative only and subject to change. If any dates do change, a new version of this document will be issued.
- 1.5. This guidance provides Applicants with assistance in considering how they might wish to complete their applications. Each application will be considered on its merits in accordance with the proper exercise of the Secretary of State's discretion, as further described below.

Objectives of the Supply Chain Plan Process

- 1.6. The aim of the Supply Chain Plan process is to encourage the effective development of supply chains to support the development, construction and operations phases of low carbon electricity generation projects and accelerate investments in a broad range of established and less established low carbon technologies.
- 1.7. The delivery of effective, open and competitive domestic and international supply chains will assist in bearing down on the costs of low carbon electricity generation in the UK, ensuring that unnecessary costs are not passed on to consumers, encouraging investment in low carbon electricity generation to meet net zero by 2050, and supporting our nation's industrial strategies to boost productivity and competitiveness, create local jobs and a skills pipeline, harness UK innovation, upgrade key infrastructure, drive regional growth, facilitate inward investment and exports, advance a low carbon economy and assure energy security.
- 1.8. Low carbon electricity generation projects should not only contribute to decarbonising our economy once operational, but throughout their lifetimes, including during project development, construction, operations and eventually decommissioning. Many projects can benefit from locally-based supply chains offering a low carbon footprint, and global supply chains can benefit from UK suppliers exporting competitive, low-carbon goods and services.
- 1.9. The focus on building competitiveness, capability and capacity in local supply chains will improve resilience to disruptions in development, construction and operations phases and is intended to continue to help deliver projects to predictable timescales at low costs while creating skilled, fulfilling, well-paid jobs in regions and communities around the UK. To drive increases in competitiveness and productivity, opportunities must be visible to suppliers within international and UK supply chains and processes must assure full and fair access to capable UK suppliers to compete for supply chain opportunities.
- 1.10. By delivering low carbon electricity as efficiently as possible and at least cost to consumers, with a long-term vision that supports sustainable, inclusive, and ethical development, more generation will be supported. This will ensure that consumers have access to the clean and secure energy they need at affordable prices and support the UK in bringing all greenhouse gas emissions to net zero by 2050.
- 1.11. To support delivering these objectives, Supply Chain Plans will align with the Industrial Strategy:

- **Business Environment** - promote competitive procurement processes that broaden supply chains, reduce costs and carbon footprints, remove barriers to entry for local suppliers, and develop and increase the productivity, competitiveness, and capacity of businesses and suppliers, directly or through alliances,
- **Ideas** - bringing through innovation through nurturing and commercialising innovative technologies to create more efficient equipment, improved installation methods and new types of procurement and contracting strategies, which then reduce the costs of projects and overcome the technical challenges of renewable electricity generation,
- **Infrastructure** - removing barriers and increasing investment by encouraging investment in infrastructure that broadens the opportunities for low carbon electricity generation and increases the capabilities of local supply chains to meet the requirements of new technologies,
- **People** - developing a diverse skilled workforce and increasing local employment opportunities by supporting the training and transitioning of the workforce to attain the skills needed for low carbon electricity generation, in ways that minimise skill shortages, increase productivity, achieves diversity, and is ethical and safe, and
- **Place** - creating local opportunities, supporting communities and strengthening the local economy of regions close to low carbon electricity generation projects by developing competitive local supply chains, infrastructure and skills, aligning with local development strategies and engaging with communities and universities.

1.12. Generating stations with a generating capacity of 300MW or more are currently subject to the requirement because the government considers that this policy should capture projects large enough to materially influence their supply chains and make a material contribution to the government's Supply Chain Plan objectives in the low carbon electricity generation market⁴.

⁴ The government response to the consultation on proposed amendments to the scheme published in November 2020, which includes reference to the 300MW threshold limit, is available here: <https://www.gov.uk/government/consultations/contracts-for-difference-cfd-proposed-amendments-to-the-scheme-2020>

2. Supply Chain Plans: Process and Timetable

Introduction

- 2.1. In order to qualify to take part in the Fourth CfD Allocation Round, Applicants making an application in respect of a generating station with a generation capacity of 300MW or more will be required to provide National Grid ESO (as Delivery Body) with a statement by the Secretary of State approving the Supply Chain Plan submitted in respect of that generating station.
- 2.2. The government is committed to working with industry during the process of developing Supply Chain Plans. Accordingly, staff across BEIS and the Department for International Trade (DIT) will be willing to provide information to developers and respond to queries from developers prior to their submission of their Supply Chain Plans, and BEIS may share relevant questions with other parts of government (including DIT) for this purpose. However, it is important to note that plans cannot be endorsed and no assurances that a plan will pass the assessment process can be made at this early engagement stage.
- 2.3. Applicants can contact BEIS at supplychainplan@beis.gov.uk with any questions.

Application Process

- 2.4. A week before the opening of the Supply Chain Plan Application Window, prospective Applicants should email BEIS at supplychainplan@beis.gov.uk indicating their intention to submit a Supply Chain Plan for assessment. An area will be set up within a secure online document management platform for each Applicant. A link to the secure area, with instructions on how to submit a Supply Chain Plan electronically, will be provided.
- 2.5. Supply Chain Plans will not be assessed until after the Application Window closes. In cases where Applicants submit more than one version of any Supply Chain Plan, only the latest submission will be considered.
- 2.6. Applicants will receive an email to confirm receipt of their submission within three days of the closing of the Supply Chain Plan Application Window. If Applicants do not receive an email confirmation, or if they encounter any problems submitting documents, they should contact supplychainplan@beis.gov.uk at the earliest opportunity.
- 2.7. If Applicants are required to resubmit any Supply Chain Plans, or if additional information is requested, BEIS will also ask for this to be done on the online document management platform.

Assessment Timetable

- 2.8. BEIS will publish information on the dates of the Supply Chain Plan Application Window in respect of the Fourth CfD Allocation Round in due course.
- 2.9. BEIS will not begin the substantive assessment of those Supply Chain Plans until the Supply Chain Plan Application Window has closed. However, if during the Supply Chain Plan Application Window it becomes apparent to BEIS that a submission contains material omissions (for example if it is evident that significant sections or annexes are missing), BEIS will endeavour to notify the Applicant as soon as is reasonably practicable (see paragraph 2.13 of this guidance).

- 2.10. BEIS will accept further information supplied in response to such a notice during the Supply Chain Application Window and by no later than three working days⁵ after the Applicant has been notified.
- 2.11. Subject to paragraph 2.15 of this guidance, the Department will endeavour to notify Applicants as to whether or not their Supply Chain Plan has been approved within 30 working days of the Supply Chain Plan Application Window closing date.

Information Requests during the Assessment Process

- 2.12. BEIS will begin the process of assessing submitted Supply Chain Plans in accordance with the assessment approach, set out in Section 3 of this guidance, from the closure of the Supply Chain Plan Application Window.
- 2.13. BEIS may seek clarification from an Applicant in respect of their Supply Chain Plan (a Clarification Request) during this assessment period. This could, for example, include a request for:
- a. any potentially missing sections or annexes;
 - b. clarifications or technical questions regarding the information submitted; or
 - c. clarifications in respect of existing data where the Supply Chain Plan appears to include unsubstantiated claims.
- 2.14. Applicants will need to provide in the Application contact details of one or more individuals who will act as the Applicant's Authorised Representative(s) and preferred contact persons. Clarification Requests will be raised by BEIS with the Authorised Representative(s) and preferred contact persons and the Applicant should respond as soon as possible and by no later than three working days after the request.
- 2.15. Failure to respond to a Clarification Request adequately and in a timely fashion may result in BEIS being unable to process the application within the timescales described in paragraph 2.11 of this guidance.

Queries from Applicants

- 2.16. Queries regarding the process and response requirements may be submitted during the course of preparing the Supply Chain Plan. Queries should be submitted in writing to supplychainplan@beis.gov.uk
- 2.17. BEIS will endeavour to respond to queries regarding Supply Chain Plans within three working days of receipt, but no guarantees can be made in this regard.
- 2.18. In the period leading up to the Supply Chain Plan Application Window and during the assessment process, individual queries and their responses may be published in a 'question and answer' circular which will be made available online. This is to ensure all potential Applicants have access to the same information. The identity of the Applicant making the query will not be included in the circular. BEIS reserves the right to amend the text of the query for publication, for example to ensure clarity or to remove any information that may reveal the identity of the Applicant making the query.

⁵ "Working day" is defined in The Contracts for Difference (Allocation) Regulations 2014 (as amended).

- 2.19. Applicants should state if they wish a query to be treated as confidential and include the reasons why they believe that the query should be so treated. If BEIS, in its sole discretion, determines that a question should not be treated as confidential, the Applicant will be given an opportunity to withdraw the query, otherwise BEIS may distribute the query and response to some (if technology specific) or all other Applicants.
- 2.20. Responses to queries which BEIS decides should be treated as confidential will be sent to the originating Applicant only.

Evaluation Results and Exchange of Letters

- 2.21. Applicants who submit a Supply Chain Plan that passes the assessment process will receive a written Statement of Approval, which can be submitted by the Applicant to the Delivery Body when they are applying to participate in the Fourth CfD Allocation Round.
- 2.22. A Statement of Approval will usually be valid for a period of 12 months from the date of the notice. However, the Secretary of State may extend the time-period for which the approval is valid if they determine there is a compelling reason for the extension. For example, if an Applicant successfully challenges a Supply Chain Plan evaluation decision but misses the preferred year's CfD allocation round, the Secretary of State could determine that the certificate has effect for long enough to allow the project to enter into the next CfD allocation round without resubmitting their Supply Chain Plan, providing actions were still valid.
- 2.23. In the event that a Supply Chain Plan is rejected, BEIS will notify the Applicant of that rejection and will provide a written explanation of the reasons for the rejection and the further steps which may be available to the Applicant (a Statement of Rejection).
- 2.24. BEIS will consider revised Supply Chain Plans submitted in response to a Statement of Rejection. However, it is important to note that while BEIS will endeavour to notify Applicants as to whether or not their revised Supply Chain Plan has passed the assessment process before the Fourth CfD Allocation Round Application Window opens, no guarantee is made that BEIS will be able to do so. Applicants are strongly encouraged to submit revised Supply Chain Plans at the earliest opportunity following receipt of a Statement of Rejection.
- 2.25. For the avoidance of doubt, BEIS will not accept any new Supply Chain Plan applications other than revised applications submitted in response to a Statement of Rejection from the closing of the Supply Chain Plan Application Window.
- 2.26. If an Applicant has not had a response of any kind (an acceptance or rejection) from BEIS after 30 working days following the closure of the Supply Chain Plan Application Window, they should contact the assessment team by emailing supplychainplan@beis.gov.uk.
- 2.27. BEIS will notify the Delivery Body of each approved or rejected Supply Chain Plan.

3. Submitting a Supply Chain Plan

Introduction

- 3.1. This section provides a description of the practical process to be followed by Applicants when submitting a Supply Chain Plan for approval and the approach that the government will adopt for the assessment of Supply Chain Plans.
- 3.2. Applicants should complete a Supply Chain Plan application (**Annex C⁶**). Any additional material provided to substantiate response statements should be presented as annexes to the main document.

Supply Chain Plan Application

- 3.3. The Supply Chain Plan application (**Annex C**) will comprise a questionnaire that must be completed by all Applicants with projects of 300MW or more. The application is divided into seven sections. The first two sections, 'Project Summary' and 'Summary of Supply Chain Plan Outcomes', are for Applicants to provide background information on the project and are therefore not scored. The remaining five sections contain questions that are aligned with the Industrial Strategy.

Response Structure

- 3.4. All paragraphs and pages should be numbered. Supporting evidence should be in annexes. All supporting evidence in the annexes must be directly relevant to specific parts of the response and Applicants are encouraged to minimise the quantity of supporting material presented by including relevant extracts or sections of papers where appropriate, to support the efficient processing of plans.
- 3.5. Applicants should also note that information presented in annexes must be clearly referenced within the body of the response, where the relevance of this material should also be highlighted. Material not referenced in this way will not be considered during the assessment process.
- 3.6. To assist BEIS in determining what it may have to legally disclose under the Freedom of Information Act and the Environmental Information Regulations, Applicants should clearly state any aspects of their responses which are commercially sensitive, indicating if this would still be true at:
 - a. the point of CfD contract signing;
 - b. the Milestone Delivery Date (MDD); and
 - c. the CfD Start Date (for phased projects, of each phase).
- 3.7. All financial information should be denominated in pounds sterling. If it is anticipated that a significant proportion of project expenditure will be transacted in another currency (for instance for the purchase of capital equipment) then details of these costs in the local currency should also be provided together with the exchange rate assumptions used to convert values to pounds sterling.

⁶ The new Supply Chain Plan application will be the subject of a separate consultation.

- 3.8. Any activity proposed by an Applicant should only be listed as an activity in response to one question. If the same response is duplicated across multiple scored questions, the first response only will be scored.

Scoring

- 3.9. Supply Chain Plans will be assessed on the merits of the application, taking into account the particulars of the relevant renewable technology, such as the development stage of the technology and its supply chain.
- 3.10. Supply Chain Plans will be scored on the commitments the Applicant makes that support the objectives of the Supply Chain Plan policy (as outlined in paragraphs 1.6 to 1.11 of this guidance) and, for the offshore wind sector, the extent to which the project supports delivery of the Offshore Wind Sector Deal.
- 3.11. The Supply Chain Plan Application (**Annex C**) has specific questions for the Applicant to answer, related to five criteria and, for offshore wind projects, the Offshore Wind Sector Deal. For questions that are scored, each question has been allocated a mark which is shown next to the question.
- 3.12. Marks will be awarded based on the quality of information provided, specifically for the ambition, feasibility and quantifiable outcome/measurable metrics contained in the responses and supporting evidence, including how delivery will be ensured (e.g. through contractual commitments, details of your company's internal measurement/monitoring processes (including reporting) and obligations). BEIS recognises that not all questions can provide a commitment or measurable outcome, and scoring will reflect this where appropriate.
- 3.13. Applicants should include activities that are ongoing or will be undertaken and be specific about the timelines of their commitments. Where asked, Applicants should provide supporting information in an annex. Applicants may reference previous relevant work, but this should be used to support commitments made or projected outcomes.
- 3.14. Applicants must score at least 50% in each section for their Supply Chain Plan to pass and to be issued with a statement by the Secretary of State approving their Supply Chain Plan.
- 3.15. This marking approach will enable the Secretary of State to make an assessment of whether the Supply Chain Plan sets out sufficient evidence of the projects' approach and the extent to which the project will support the development of each of the assessment criteria across the industrial supply chain supporting the relevant low carbon electricity sector.

4. Supply Chain Plan Monitoring and Implementation

- 4.1. BEIS will monitor the implementation of Supply Chain Plans, if the project is awarded a CfD, on an ongoing six-monthly basis. BEIS will agree with the relevant Generator⁷ the process and evidence required to demonstrate continuing progress in implementing approved plans. BEIS is likely to request evidence relating to the timely delivery of the commitments (which are comprised of both activities and outcomes) identified in the plan. The evidence and information collated during the monitoring process will inform the basis of the Supply Chain Implementation Report.
- 4.2. Circumstances may arise in which the Generator is not able to deliver upon their Supply Chain Plan commitments or will not be able to deliver on future commitments. Where this occurs, Generators will provide an explanation, supported by verifiable evidence, as to why any amendment to the Plan is necessary and will put in place corrective actions, which can include revised activities or new activities that either deliver the same outcome as originally planned or deliver commensurate outcomes with respect to the same or a related objectives of the Supply Chain Plan policy (paragraphs 1.6 to 1.11 of this guidance).
- 4.3. If commitments are not met or are unlikely to be met to the extent that BEIS considers that the Generator is not on track to pass their Supply Chain Implementation Report, the Generator will, on request by BEIS, draft a Rectification Plan. In the Rectification Plan, the Generator will set out those commitments that they have not met or will not meet, detailing why those commitments have not been delivered or will not be delivered, and actions to address the failure to deliver, including alternative actions or remedial actions to ensure the commitments are met in the future. All actions within the Rectification Plan must be agreed by BEIS and once agreed, represent a commitment by the Generator to implement the actions identified within.
- 4.4. Details on the how BEIS will manage the monitoring process can be found at **Annex D**.
- 4.5. The monitoring process includes a review stage and an assessment stage, outlined below.

Updated Supply Chain Plan

- 4.6. As part of the ongoing six-monthly monitoring process, Generators are required to submit an Updated Supply Chain Plan no later than one month after the Milestone Delivery Date. The purpose of the Updated Supply Chain Plan is for Generators to update the commitments (which are comprised of both activities and outcomes) made in their approved Supply Chain Plan to reflect that contractual decisions, specifically for the major packages, will have been made and to take account of the changes in the project design and schedule.
- 4.7. The Updated Supply Chain Plan should follow the same format as the Supply Chain Plan, comprising both the descriptions of activities and outcomes and all tabulated information (see Section 3 of this guidance and the questionnaire). For clarity, the primary role of the Updated Supply Chain Plan is to provide more detail to the commitments already made in their approved Supply Chain Plan. In circumstances

⁷ Once an Applicant has been awarded a CfD in the Allocation Round, they are referred to as 'Generator' in this guidance to be consistent with the terminology used within the CfD Contract.

where new contracts have been issued in the interim and/or there have been design or schedule changes, there may be more information available that Generators can add to provide clarity on their existing commitments. A secondary role of the Updated Supply Chain Plan is to provide to BEIS information about existing commitments, actions, and outcomes that in the interim period Generators consider they are unable to fulfil.

Generators are to provide an explanation of why an amendment to their Supply Chain Plan is required with verifiable evidence, and are to propose revised activities or new activities that either deliver the same outcome as originally committed or deliver outcomes commensurate in ambition and which deliver outcomes to achieve the same or a related objective of the Supply Chain Plan policy (paragraph 4.2 of this guidance). Any amendments, replacement activities or removal of commitments require mutual agreement between the Generator and BEIS.

- 4.8. BEIS will undertake to review the Updated Supply Chain Plan within 30 working days of receipt.
- 4.9. Generators will receive notification from BEIS once their project has been reviewed and BEIS considers the Generator on track to fulfilling its commitments.
- 4.10. If the Updated Supply Chain Plan does not meet the required standard of review, the Updated Supply Chain Plan will be 'Qualified' and the Generator will be issued with a 'Qualification letter' providing feedback and setting out the areas/issues of the Updated Supply Chain Plan that need to be rectified in order for BEIS to consider the project to be on track to fulfilling its commitments.
- 4.11. Updated Supply Chain Plans may be published (see Section 5 of this guidance).

Supply Chain Implementation Report

- 4.12. The Generator must submit a Supply Chain Implementation Report to BEIS for assessment before they can start receiving CfD payments. The Generator can submit a Supply Chain Implementation Report at any stage once they consider that they have delivered and can evidence their commitments (activities and outcomes) made in their Supply Chain Plan and Updated Supply Chain Plan. The monitoring process allows for the Generator and BEIS to discuss the Generator's progress, including the timing of submitting a Supply Chain Implementation Report.
- 4.13. Generators will receive an email to confirm receipt of the submission of their Supply Chain Implementation Report within three working days. If Generators do not receive an email confirmation, or if they encounter any problems submitting documents, they should contact BEIS at the earliest opportunity.
- 4.14. BEIS will then assess the Supply Chain Implementation Report to determine the extent to which the Generator has implemented the commitments and activities made in their Supply Chain Plan and Updated Supply Chain Plan.
- 4.15. Supply Chain Implementation Reports will describe the degree to which commitments (actions and outcomes) set out in the Supply Chain Plan and Updated Supply Chain Plan have been implemented and the reasons for any deviation from the submitted plans with an explanation of why the change is required, with evidence if appropriate. A general principle will be applied to ensure that Generators are not penalised for not meeting commitments due to circumstances beyond their control, could not have been reasonably avoided or overcome, and is not due to the Generator's fault or negligence,

where supporting evidence is provided and can demonstrate reasonable endeavours to have implemented activities that either deliver the same outcome as originally planned, or deliver commensurate outcomes with respect to the same or a related objective of the Supply Chain Plan policy (see paragraphs 4.2 and 4.3 of this guidance).

- 4.16. If an Updated Supply Chain Plan was 'Qualified' the Generator must provide evidence that the areas to be rectified have been addressed (with supporting evidence).
- 4.17. BEIS will undertake to assess the Supply Chain Implementation Report within 30 working days of receipt and will either 'pass' or 'reject' the plan. If BEIS has not responded to the Generator within 60 days of receiving the Generator's Supply Chain Implementation Report, then the report is deemed to have 'passed'.
- 4.18. If the Supply Chain Implementation Report is passed, BEIS will submit a Supply Chain Implementation Report Certificate to the Generator and the Low Carbon Contracts Company (LCCC), as CfD Counterparty. The provision of a Supply Chain Implementation Report Certificate to the LCCC is an Operational Condition Precedent within the CfD Contract.
- 4.19. For phased projects, BEIS could 'pass' or 'reject' the Supply Chain Implementation Report for the whole project when assessing the first phase (a Supply Chain Implementation Report Certificate would be issued in respect of each phase). If the project has partially succeeded, BEIS could 'pass' the first phase (and hence CfD payments could commence for that phase only) and 'qualify' the later phases, requiring the resubmission of the Supply Chain Implementation Report ahead of the other phases commissioning (and as part of their OCPs). In this scenario, resubmission and assessment of a Supply Chain Implementation Report in respect of later phases would have no impact on the 'pass' status of an earlier phase.
- 4.20. If the Supply Chain Implementation Report is rejected, Generators will receive a letter stating the reasons for rejection and may re-submit a revised Supply Chain Implementation Report for assessment until the CfD Longstop Date if they have rectified the outstanding issues. LCCC will also be notified if a Supply Chain Implementation Report is rejected.
- 4.21. Generators must pass the assessment of their Supply Chain Implementation Report and submit a certificate to the LCCC in order for the OCP to be fulfilled and to be able to receive CfD payments. OCPs are existing milestones within the CfD contract; all CfD Generators must fulfil their OCPs before CfD payments can commence. If the Generator does not fulfil the OCP by the end of the CfD Target Commissioning Window then their 15-year CfD payment term will be reduced until the OCP is fulfilled. If the OCP is not fulfilled by the CfD Longstop Date, LCCC will have the right to terminate the CfD contract (as is the case with other OCPs).
- 4.22. CfD contract termination is a last resort for Generators that do not fulfil their Supply Chain Plan commitments. Termination of a CfD contract is recognised to be a significant consequence, but is consistent with the use of Supply Chain Plan statements as an eligibility requirement for the CfD; commitments are made on which eligibility for a CfD is assessed, and the government considers that these commitments should be delivered upon, with consequences for non-delivery.
- 4.23. Further guidance for a Supply Chain Implementation Report can be found at **Annex E**.

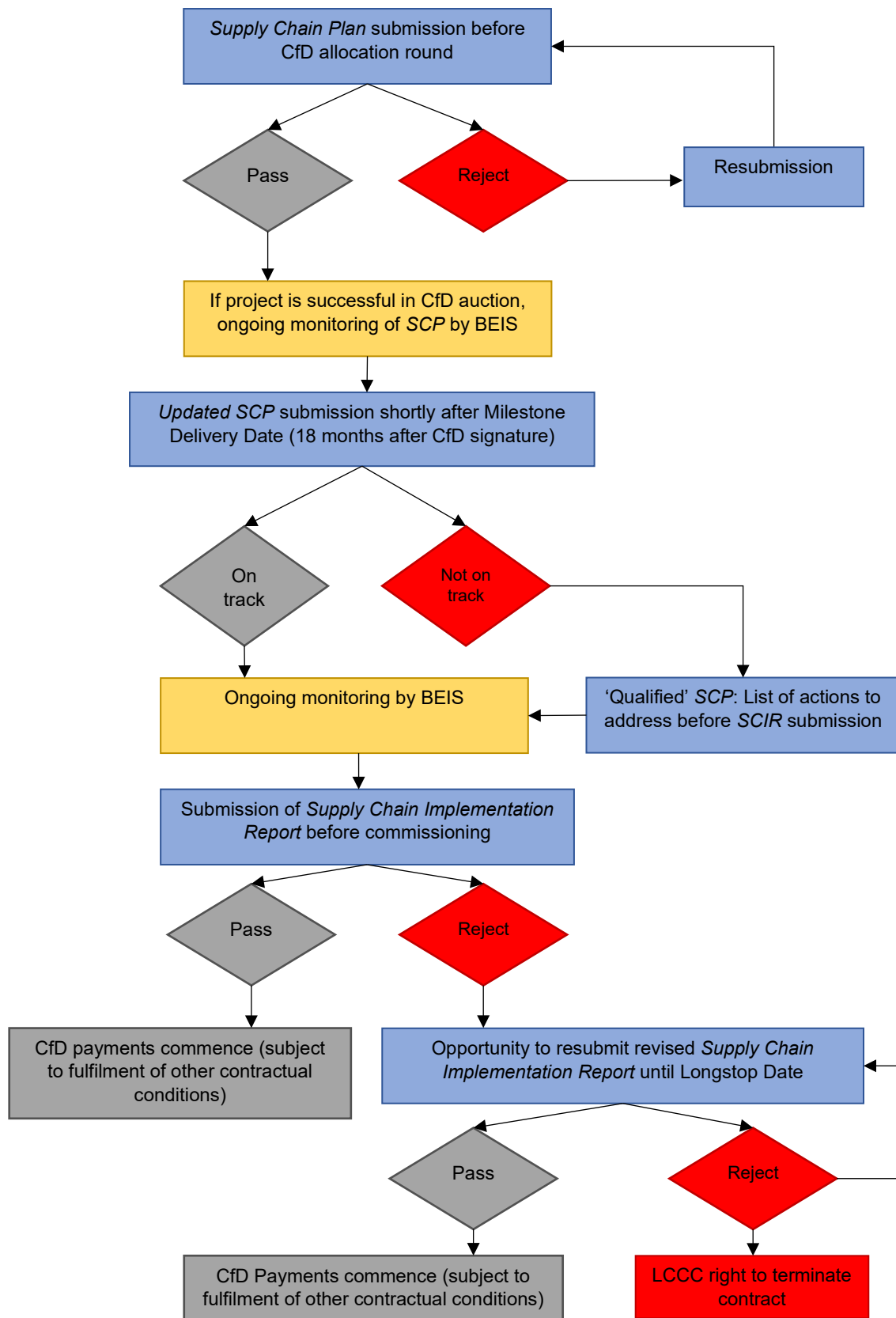
5. Publishing Supply Chain Plans

- 5.1. To share information with the supply chain industry and to support implementation, BEIS may publish an approved Supply Chain Plan (which is approved prior to the CfD round) within three months after the date on which the developer of the relevant project has signed the CfD contract, with due consideration to commercial sensitivities.
- 5.2. BEIS may publish the Updated Supply Chain Plan, which are supplied by Generators no later than one month after the Milestone Delivery Date, within three months of review, with due consideration to commercial sensitivities.
- 5.3. BEIS may publish the approved Supply Chain Implementation Report within three months of approval, with due consideration to commercial sensitivities.
- 5.4. Applicants/Generators should clearly mark information that is commercially sensitive in their Supply Chain Plans, Updated Supply Chain Plan and Supply Chain Implementation Report (for example, by using text of a specified colour).
- 5.5. It is the Applicant's/Generator's responsibility to ensure that all documents provided for publishing on the GOV.UK website are securely locked to prevent redacted text being uncovered.
- 5.6. To assist BEIS in complying with the Equality Act 2010, every document on GOV.UK must be accessible. All documents for publishing should be provided in a form suitable for users of assistive technology. Guidance on how to make your documents accessible can be found at: <https://accessibility.campaign.gov.uk/>
- 5.7. BEIS has a duty to comply with the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 (which both set out legal requirements for the government to disclose held information, within specified limits). It will be important for the government to understand the nature of any harm which disclosure of potentially commercially sensitive information might result in when considering whether it is required to disclose a Supply Chain Plan, Updated Supply Chain Plan, Supply Chain Implementation Report and reported information in response to such a request.
- 5.8. BEIS may also share unredacted Supply Chain Plans, Updated Supply Chain Plans and Supply Chain Implementation Reports with other parts of government, including the Devolved Administrations, for the purpose of developing a joined-up approach to the development of supply chains in the low carbon electricity generation sector.

Annex A: Indicative Timetable and Process for the Fourth CfD Allocation Round

The indicative timetable for the Fourth CfD Allocation Round will be published in due course.

Annex B: Flowchart of Supply Chain Plan Process



Annex C: Supply Chain Plan Application

The new Supply Chain Plan application, which comprises a questionnaire for Applicants to complete, will be the subject of a separate public consultation.

The new questionnaire will be aligned to the Industrial Strategy. It will be strengthened by including more specific questions aimed at eliciting focussed and measurable responses that are closely aligned to government objectives, but will continue to be developer-led, so that rather than the government setting requirements, Applicants will instead be invited to submit their proposed actions to achieve the objectives of the Supply Chain Plan policy.

Responses by the Applicant to the scored sections of the Supply Chain Plan will be assessed to determine eligibility to participate in the CfD scheme. Delivery of the activities and outcomes committed to in the scored sections of the Supply Chain Plan will then subsequently be monitored in the ongoing monitoring process after CfD signature and assessed in the Supply Chain Implementation Report.

The revised questionnaire will focus on building competitiveness, capability and capacity in local supply chains and is intended to continue to help deliver projects to predictable timescales at low costs while creating skilled, fulfilling, well-paid jobs in regions and communities around the UK.

Annex D: Supply Chain Plan Monitoring Process

- D.1. The Supply Chain Plan monitoring process provides a robust, evidence-based, process for BEIS to hold to account CfD Generators for implementation of the commitments they made in their Supply Chain Plan.
- D.2. Once an Applicant has secured a CfD in the allocation round (from which point they are referred to in this guidance as the Generator), BEIS will monitor the implementation of the Generator's Supply Chain Plan on an ongoing, six-monthly basis.
- D.3. The Updated Supply Chain Plan is part of the monitoring process, providing an opportunity to review whether the Generator is on track to fulfilling its commitments. The final stage of the monitoring process is the submission and assessment of the Generator's Supply Chain Implementation Report.
- D.4. The purpose of the monitoring process is to gather evidence relating to the delivery of the activities committed to in the Supply Chain Plan and Updated Supply Chain Plan. The six-monthly monitoring process will examine the delivery of activities applicable to the development, construction and operations stages of the Project.
- D.5. The steps below provide Generators with an understanding of how BEIS intends the monitoring process to operate.
- i. A kick-off meeting will be held within three months of the Generator signing a CfD contract in the Allocation Round to review the activities and commitments in the Generator's approved Supply Chain Plan and agree the methods and metrics to report on delivery and performance.
 - ii. At this meeting, the Generator and BEIS will agree what methods of data gathering and analysis will be used to assure the quality and credibility of the information to be reported.
 - iii. Meetings will then be held with BEIS at least every six months. The Generator should submit their six-monthly progress report at least two weeks prior to the meeting. Each meeting should have an agreed agenda.
 - iv. The progress report will contain up-to-date information on progress in executing the activities committed to by the Generator in their Supply Chain Plan and Updated Supply Chain Plan, and the extent to which these activities are delivering the anticipated outcomes. The report will identify reasons for any deviation from the submitted plans, with an explanation of why the change is required, with evidence as appropriate.
 - v. Following each meeting, BEIS will prepare a written account of the meeting and any rectifying actions to be taken or outstanding issues agreed with the Generator.
 - vi. The Generator should provide notice as soon as reasonably practicable to BEIS of any potential issues arising relating to the delivery of their Supply Chain Plan commitments, be that activities to be undertaken and/ or outcomes to be achieved.
 - vii. The Updated Supply Chain Plan review will form part of the ongoing, six-monthly monitoring meetings. Once the Updated Supply Chain Plan has been submitted, the six-monthly monitoring process will continue, as set out in points (iii) to (vi) above.

- viii. Circumstances may arise in which the Generator is not able to deliver upon their Supply Chain Plan commitments or will not be able to deliver on future commitments. Where this occurs, Generators will provide an explanation, supported by verifiable evidence, as to why any amendment to the Plan is necessary and will put in place corrective actions, which can include revised activities or new activities that either deliver the same outcome as originally planned or deliver commensurate outcomes with respect to the same or a related objective of the Supply Chain Plan policy (paragraphs 1.6 to 1.11 of this guidance).
 - ix. If commitments to activities and outcomes will not be met or are unlikely to be met through corrective actions to the extent that BEIS considers that the Generator is not on track to pass their Supply Chain Implementation Report, the Generator will, on request by BEIS, draft a Rectification Plan. In the Rectification Plan, the Generator will set out those commitments that they have not met or will not meet, detailing why those commitments have not been delivered or will not be delivered, and actions to address the failure to deliver, including alternative activities and/or remedial actions to ensure the commitments are met in the future. Where circumstances outside of the control of the Generator prevent certain commitments from being fulfilled, and where fully evidenced and justified (see paragraph 4.15), the Rectification Plan may include alternative commitments with commensurate outcomes with respect to the same or a related objective of the Supply Chain Plan policy. All actions within the Rectification Plan must be agreed by BEIS and once agreed represent a commitment by the Generator to implement the actions identified within. If a Rectification Plan is not provided by the Generator on request by BEIS or agreement on the actions within the Rectification Plan is not reached, this may be taken into account in the assessment of the Supply Chain Implementation Report.
- D.6. It is expected that the information and evidence collated during the monitoring process will inform the basis of the Supply Chain Implementation Report.
- D.7. The Generator must submit a Supply Chain Implementation Report to BEIS for assessment before they can start receiving CfD payments. The Generator can propose the timing of submitting a Supply Chain Implementation Report at any stage once they consider that they have delivered and can evidence their commitments (activities and outcomes) made in their Supply Chain Plan and Updated Supply Chain Plan.
- D.8. Generators will receive an email to confirm receipt of their submission of their Supply Chain Implementation Report within three working days. If Generators do not receive an email confirmation, or if they encounter any problems submitting documents, they should contact BEIS at the earliest opportunity.
- D.9. In accordance with Section 5 of this guidance, Supply Chain Plans, Updated Supply Chain Plans and Supply Chain Implementation Reports may be published.

Annex E: Supply Chain Implementation Report Application

Guidance for a Supply Chain Implementation Report

- E.1. To demonstrate that commitments made in a Supply Chain Plan have been adhered to, Generators will need to submit a Supply Chain Implementation Report before they can pass their CfD Operational Condition Precedent and start receiving CfD payments.
- E.2. The evidence and information collated during the monitoring process will inform the basis of a Supply Chain Implementation Report. Details on the monitoring process can be found **Annex D** of this Supply Chain Plan guidance.

Assessment Approach

- E.3. BEIS will assess the Supply Chain Implementation Report to determine the extent to which the Generator has implemented the commitments made in their Supply Chain Plan and Updated Supply Chain Plan.
- E.4. The assessment will examine the delivery of commitments applicable to the development, construction and operations stages of the Project, as set out in the Generator's Supply Chain Plan and Updated Supply Chain Plan. The assessment will look at whether commitments (activities and outcomes) were delivered. The assessment will also look at any deviation from commitments made in the Generator's Supply Chain Plan and Updated Supply Chain Plan. Where there have been deviations, the assessment will review the Generator's explanations as to the reasons for the deviation and any revised activities or new activities put in place to deliver the same outcomes as originally planned or deliver commensurate outcomes with respect to the same or a related objective of the Supply Chain Plan policy.
- E.5. Where the Generator has not demonstrated that they have taken sufficient action to adhere to the commitments made in a Supply Chain Plan or Updated Supply Chain Plan or, where relevant, any Rectification Plan, or that alternative measures executed are insufficient or explanations provided for non-delivery unjustifiable, BEIS may reject the Supply Chain Implementation Report and decline to submit a Supply Chain Implementation Report Certificate to the Generator and the Low Carbon Contracts Company (LCCC) to fulfil the provision of the Operational Condition Precedent within the CfD contract.
- E.6. In accordance with the paragraph 4.20 of this document, where a Supply Chain Implementation Report is rejected, Generators will receive a letter stating the reasons for rejection and may re-submit a revised Supply Chain Implementation Report for re-assessment before the CfD Longstop Date if they have resolved the outstanding issues.
- E.7. In accordance with Section 5 of this guidance, Supply Chain Plans, Updated Supply Chain Plans and Supply Chain Implementation Reports may be published.

Department for Business, Energy & Industrial Strategy 1 Victoria
Street, London SW1H 0ET www.gov.uk/beis