



Department
of Energy &
Climate Change

Final Investment Decision Enabling for Renewables

Update 2: Investment Contract Allocation

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Purpose of Update 2

1. The Government is committed to working with developers to avoid a hiatus in investment in low carbon generation during changes to the market under Electricity Market Reform (EMR) ahead of the implementation of Feed in Tariff with Contracts for Difference (CFDs)¹. This work is being taken forward by the Department of Energy and Climate Change (DECC) under its Final Investment Decision Enabling (FID Enabling) programme.
2. On 14 March 2013, DECC published FID Enabling for Renewables: Update 1: Invitation to Participate (Update 1)². This set out the framework of FID enabling support available to qualifying renewable energy generation projects and launched Phase 1 of FID Enabling for Renewables, the invitation to participate. In Phase 1, DECC invites applicants to apply for participation in accordance with a process and qualification criteria set out in Update 1. Successful qualification for participation in Phase 1 entitles applicants to receive a Status Letter, where requested, and is a precondition for applicants wishing to apply for an Investment Contract in Phase 2. DECC will continue to accept applications for participation in Phase 1 up to its application closure date on **1 July 2013**.
3. **This document refers to certain changes made, since publication of Update 1 (and since issue of some Status Letters), to the basis for strike prices and contract terms in Investment Contracts and to the process and timetable for Phase 2.**
4. The purpose of this FID Enabling for Renewables: Update 2: Investment Contract Allocation (Update 2) is to set out the process, evaluation criteria and indicative timetable for applying for Investment Contracts in Phase 2. It includes:
 - a. more details on DECC's offer of potential Investment Contracts;
 - b. a description of how to apply for an Investment Contract;
 - c. the evaluation methodology and criteria that will be used in Investment Contract allocation; and
 - d. the process and indicative timetable for Phase 2.
5. Applicants for an Investment Contract should note the Investment Contract dependencies in paragraphs 18 and 19 below. DECC may modify or alter its approach, process and timetable at any time.
6. Applicants should note that all dates and timings referred to in this Update 2 are indicative only and dependent on progress on key elements of the enduring Electricity Market Reform (EMR) Programme, including (without limitation) the development and publication in draft

¹ This document refers to the 'Feed in Tariff with Contracts for Difference' as the Contract for Difference or CFD.

² <https://www.gov.uk/government/publications/increasing-certainty-for-investors-in-renewable-electricity-final-investment-decision-enabling-for-renewables>

and final forms of the EMR Delivery Plan and the development of the standard form CFD. No assurance is given in this document as to when those elements will occur.

7. It is of the nature of the FID Enabling for Renewables process that it is seeking to run ahead of the enduring EMR regime. Consequently, applicants should bear in mind that policy remains under development. As a consequence, although the policy reflected in this Update 2, and the information, opinions and expectations contained or referred to in it, are current as of the date of this Update 2 they are subject to change. DECC reserves the right further to develop its policies and/or to alter any of the guidance, dates and approaches contained herein. Save as expressly stated in this Update 2, DECC accepts no duty to update applicants should any of the information, opinions, expectations, guidance, dates or approaches in this Update 2 change.
8. Nothing in this Update 2 is intended as advice or representation; nor should it be relied upon. Applicants should take their own advice on the matters referred to herein. This Update 2 is not intended to fetter the exercise of the Secretary of State's discretion in any respect; it is not intended to be legally binding or to give rise to any legally enforceable rights or obligations and does not represent a commitment by the Secretary of State to issue an Investment Contract, to determine strike prices at a particular time or in a particular manner or to do or refrain from doing anything else; it should not be relied upon as so doing.
9. An application for and any decision to offer an Investment Contract is without prejudice to any other application for consent, licence, permit or other permission which may be required by the project which is the subject of the application for the Investment Contract.

Investment Contracts

Phases of FID Enabling for Renewables

10. Update 1 described the two phases of FID Enabling for Renewables:
 - a. **Phase 1 – Application to participate and issue of Status Letters:** All applicants who meet the qualification criteria for participation in FID Enabling for Renewables receive a letter notifying them of their successful qualification. In addition, qualifying applicants can also request a Status Letter. A Status Letter notes the applicant's qualification for participation in FID Enabling for Renewables and provides information on the developing position on strike prices, Investment Contract allocation and contract terms.
 - b. **Phase 2 – Investment Contract allocation:** Applicants who have qualified to participate for FID Enabling for Renewables in Phase 1 may apply in Phase 2 for an Investment Contract. Investment Contracts are an early form of CFD as set out in schedule 2 to the Energy Bill and described in the Operational Framework³. They are

³ www.gov.uk/government/uploads/system/uploads/attachment_data/file/65635/7077-electricity-market-reform-annex-a.pdf

expected to follow the same principles as CFDs, although they will have some differences as described in paragraphs 20 and 21 below.

11. This document sets out the contract allocation process for FID Enabling for Renewables only. DECC is working on the design of the contract allocation process for the enduring CFD regime and intends to publish details of this in early August 2013.

Investment Contracts context

12. The Energy Bill contains specific provisions which (when enacted) will enable the Secretary of State to give effect to early forms of CFDs – referred to in the Energy Bill as ‘Investment Contracts’ – entered into with prospective generators prior to the implementation of the enduring CFD regime (see Schedule 2 to the Energy Bill and the EMR Operational Framework published on 29 November 2012 for more information).
13. Once executed, Investment Contracts will be binding private law contracts to support investment in low carbon generation, subject to fulfilment of the conditions precedent to be included therein.
14. In order for a contract to qualify as an Investment Contract under the Energy Bill, it must:
 - a. be entered into by the Secretary of State on or before the earlier of 31 December 2015 and the date on which the definition of ‘eligible generator’ first comes into force by virtue of regulations made under the EMR provisions of the Bill;
 - b. be entered into with the consent of the Department of Enterprise, Trade and Investment if it relates to an electricity generating station in Northern Ireland (although it is not anticipated that CFDs will be offered in Northern Ireland until 2016 as the scheme is not intended to operate there until after forthcoming market reform);
 - c. contain an obligation for the parties to make payments under the contract based on the difference between a strike price and a reference price in relation to electricity generated;
 - d. be laid before Parliament with an accompanying statement that the Secretary of State considers that payments to be made under the contract would encourage low carbon electricity generation, that without the Investment Contract there is a significant risk that the electricity generation to which the contract relates will not occur or will be significantly delayed, and summarising the regard that the Secretary of State has had, in deciding to enter into the contract, to the following matters:
 - i. the duties of the Secretary of State under sections 1 and 4(1)(b) of the Climate Change Act 2008 (carbon targets and budgets);
 - ii. ensuring the security of supply to consumers of electricity;
 - iii. the likely cost to consumers of electricity; and
 - iv. the target set out in Article 3(1) of, and Annex 1 to, the Renewables Directive 2009/28/EC (use of energy from renewable sources).

15. Any Investment Contract entered into before the Energy Bill comes into force will be conditional on Royal Assent to the Bill and Schedule 2 to the Bill coming into force. All Investment Contracts will be conditional on, among other things, meeting the requirements necessary to qualify as an Investment Contract (as set out above) and all relevant State Aid clearances.
16. Applicants are expected to have an understanding of the risks and issues around Royal Assent and State Aid clearances and to build this into their planning. For State Aid, it should be recognised that the European Commission has sole competence to assess State Aid applications and the timescale for clearance is governed by the Commission and the relevant EU regulations.
17. Applicants should note that the eligibility of dedicated biomass projects to participate in FID Enabling for Renewables is under review while CFD policy is being developed. Further clarification is expected to be given in the draft EMR Delivery Plan.

Investment Contract dependencies

18. In Update 1, the proposed approach, process and timetable for Investment Contracts for Renewables were expressed to be dependent on the occurrence of certain events. Since Update 1, those dependencies have changed to some extent and are now as follows:
 - a. **Finalisation of the Levy Control Framework (LCF):** An Investment Contract will represent a financial commitment under the LCF. The LCF spend allocation for 2020/21 was announced in December 2012, and the annual LCF profile was published on 27 June 2013. Pending the determination of any additional EMR budget management constraints⁴ or constraints specific to FID Enabling for Renewables, the total level of funding available for FID Enabling for Renewables in each individual year of the EMR Delivery Plan period (and the funding, if any, available for each technology type in the event of technology-specific affordability constraints) remains to be determined;
 - b. **Finalisation of the terms of the standard form CFD:** The development of the Investment Contract will be dependent on the development of all relevant terms of the standard form CFD. Since publication of the Operational Framework, DECC has continued to develop the detailed CFD terms through consultation with developers, investors, relevant trade associations, consultants, consumer groups and other interested parties; an update on key CFD terms was published on 27 June 2013.

DECC intends to publish drafts of the key CFD clauses which will be discussed with stakeholders in early August 2013, together with information regarding the proposed allocation methodology for the CFDs to be allocated by National Grid, as Delivery Body. This will provide an opportunity for stakeholders to engage with and provide comments on the detailed contract drafting. DECC then intends to publish the final standard form CFD and finalised CFD allocation process in December 2013. In a

⁴ See paragraphs 72-73 of the Operational Framework.

change to the position in Update 1, the form of CFD (on which Investment Contracts will be based) is no longer expected to be published before December 2013; and

- c. **Publication of the EMR Delivery Plan:** The strike prices for eligible types of renewable electricity were published on 27 June 2013. The EMR Delivery Plan will include full details of (i) CFD strike prices for renewable electricity; and (ii) the LCF annual profile, and is expected to be published in draft form in July 2013 for consultation and in final form in December 2013 (subject to Royal Assent to the Energy Bill). In a change to the position in Update 1, DECC now intends that strike prices in Investment Contracts under the FID Enabling project will be the final CFD strike prices expected to be published in December 2013 rather than the draft prices expected to be published in July. Investment Contracts are therefore dependent on publication of the final EMR Delivery Plan expected in December 2013.

- 19. Applicants should note that the earliest date for the commencement of payments under Investment Contracts has not yet been determined pending development of the relevant policies, functions, systems and bodies, including the timetable for settlement system design and testing.

Possible variations to the final EMR standard CFD

- 20. Given that Investment Contracts will be issued ahead of the enduring CFD regime being finalised and fully implemented, their terms will be different in certain respects from CFDs, including as follows:
 - a. Investment Contracts will be entered into with the Secretary of State, not with the CFD Counterparty, though the intention is to transfer them to a CFD Counterparty after the full EMR framework is in place, and the Energy Bill includes a duty to do so in certain circumstances. Certain provisions of the Investment Contract will be different for such time as the Secretary of State remains the contracting party;
 - b. Investment Contracts will be conditional on meeting the requirements set out for Investment Contracts in the Energy Bill, including being laid before Parliament with the appropriate statements;
 - c. Investment Contracts will also be conditional on, among other things, the Energy Bill receiving Royal Assent and schedule 2 to the Bill coming into force (if and to the extent that those requirements have not already been fulfilled) and all relevant State Aid clearances being received;
 - d. if and to the extent that the full terms of the CFD to be used in the enduring CFD regime have not been wholly finalised by the time Investment Contracts are issued then Investment Contracts may need to include clauses which are not contained in published draft CFD terms as at the time they are issued and/or which remain subject to consultation. As a result, terms of Investment Contracts may differ from equivalent terms of the CFD when the latter are ultimately finalised;
 - e. in particular, certain important elements of the CFD (including, for example, metering, payment mechanics and collateral requirements) may not have been fully developed by the time Investment Contracts are issued. In that event it may be necessary to

include in Investment Contracts a suitable contractual mechanism under which the precise terms relating to those and other elements may be determined, added, amended and/or supplemented after the Investment Contract has been entered into and following finalisation of the CFD and establishment of the associated bodies and mechanisms.

- f. in addition, to the extent that provisions of the CFD are developed to cater for issues arising or being settled after Investment Contracts are finalised it is possible that such provisions may be included in CFDs but not Investment Contracts.

21. As the CFD contract is still under development this is not intended to be an exhaustive list of areas of possible variation.

Strike prices

22. The final EMR Delivery Plan, which will set out the strike prices to be used in Investment Contracts under FID Enabling for Renewables and in CFDs under the enduring CFD regime, will be published following the period of consultation and following Royal Assent to the Energy Bill. Strike prices (and the other terms of Investment Contracts) will be subject to State Aid approval.

Investment Contract allocation

23. Investment Contract allocation will be carried out in accordance with the processes and timetable set out in this document.

Choice of scheme

24. When an applicant enters into an Investment Contract it will at that point be deemed to have made a one-off choice, in respect of the relevant project, between an Investment Contract and the Renewables Obligation (RO), and between an Investment Contract under FID Enabling and a CFD under the enduring CFD regime. Detailed arrangements underpinning this choice between the RO and FID Enabling are expected to be set out in a consultation document to be published alongside the draft EMR Delivery Plan, with a view to implementation via a Renewables Obligation Order in 2014.

25. Where an applicant has qualified for participation in FID Enabling for Renewables (including where it is in receipt of a Status Letter) but does not enter into an Investment Contract, it will not as a result be prohibited from applying for a CFD under the enduring CFD regime or from making an application for preliminary accreditation or accreditation under the RO, subject to and in accordance with the rules of those schemes. Relevant circumstances may include:

- a. an applicant who has qualified in Phase 1, but chooses not to apply for Phase 2;
- b. an applicant who has qualified in Phase 1 and applies for Phase 2 but who fails to achieve the minimum threshold evaluation criteria;

- c. an applicant who has qualified in Phase 1, applies for Phase 2, achieves the minimum threshold evaluation criteria, and, following qualification, confirms its interest in remaining in the process, but subsequently declines to make a binding application for an Investment Contract and withdraws from the process; and
- d. an applicant who has qualified in Phase 1, applies for Phase 2, achieves the minimum threshold evaluation criteria and makes a binding application for an Investment Contract but is not awarded an Investment Contract.

Phase 2 Process and Timetable

Introduction

- 26. All applicants wishing to apply for an Investment Contract in respect of a renewables electricity generation project in Phase 2 must first have successfully applied for participation under Phase 1. Instructions for how to apply under Phase 1 are set out in Update 1. The Phase 1 timetable is provided in Annex A for reference. Applicants should note that there has been no change to the timetable for Phase 1 and applications for participation in FID Enabling for Renewables are due in the form prescribed in Update 1 by the Phase 1 application closure date of **1 July 2013**.
- 27. The Phase 2 process is set out below and an indicative timetable is provided in Annex A. Applicants should note that the Phase 2 process and timetable contain certain changes to the indicative process and timetable that was previously set out in Update 1. The proposed process and timetable for Phase 2 remains subject to ongoing review and may be subject to further revisions.

Overview of Phase 2: Investment Contract allocation

Application for participation in Phase 2

- 28. Applicants for Investment Contracts in Phase 2 should submit, in respect of each project, the information set out in Annex C by the deadline in paragraph 79 and in accordance with the instructions set out in this document.

Evaluation exercise

- 29. On receipt of all necessary information from applicants, DECC will carry out an evaluation exercise to determine whether a project continues to meet the Phase 1 qualification criteria, followed by an evaluation against the Phase 2 evaluation criteria (as described in paragraphs 47 to 49).
- 30. On the basis of the evaluation, DECC will determine whether the project meets the Phase 2 minimum threshold evaluation criteria. Those projects which continue to meet the Phase 1 qualification criteria and achieve the Phase 2 minimum threshold evaluation criteria will be “qualifying projects”.

Exchange of letters

31. Following the evaluation exercise, DECC will notify each applicant whether its project continues to meet the Phase 1 qualification criteria and meets the Phase 2 minimum evaluation criteria thresholds (i.e. is a qualifying project). In the event of rejection of any application at this stage, DECC will notify the applicant of that rejection and will provide the applicant with a written explanation of the reasons for the rejection.
32. In respect of each qualifying project DECC will request the applicant to confirm to DECC in writing, within 10 working days of receipt of the letter confirming that the project is a qualifying project, the applicant's interest in continuing in the FID Enabling for Renewables process.

Issue of Investment Contracts

33. Following publication of the final EMR Delivery Plan and finalisation of the form of CFD, DECC will send priced Investment Contracts to applicants in respect of qualifying projects. Applicants will be requested to make a binding application for an Investment Contract by a specified deadline (allowing a period of time for applicants to carry out their internal appraisals and approvals following receipt of the Investment Contract).

Affordability assessment and Investment Contract award

34. Once the deadline for receipt of binding applications for Investment Contracts has passed, DECC will conduct the affordability assessment and carry out any down-selection process required. DECC will then notify successful applicants that they have been awarded Investment Contracts. Any applicant whose application is rejected as part of a down-selection process will be notified of the rejection and will be provided with a written account of its score.
35. Having selected the successful projects, the Secretary of State will enter into Investment Contracts with successful applicants.

Evaluation Approach

36. This section describes the approach that DECC will adopt for the evaluation of Phase 2 responses. It sets out the evaluation criteria and evaluation methodology that will be used.

Aim of the evaluation process

37. The aim of the Phase 2 evaluation process is to select projects for Investment Contracts which best contribute to meeting DECC's policy objectives and which will in aggregate be affordable.
38. Applications will have already been evaluated against some of these matters in Phase 1, where DECC will have qualified projects on the basis of their:
 - a. Contribution to the EMR decarbonisation objective;

- b. Credibility of plans to start generating electricity within the period of the first EMR Delivery Plan;
- c. Meeting the FID Enabling objective of avoiding an investment hiatus;
- d. Satisfying the other size and location criteria of the FID Enabling for Renewables project and regarding non-accreditation under the RO.

Phase 2 evaluation criteria

39. Update 1 included an outline of the areas that the Phase 2 evaluation criteria might potentially address. This has been further developed and the approach to evaluating applications is described below.
40. Applicants making a binding application for an Investment Contract will be expected to agree to the strike price and contract terms and conditions contained in the Investment Contract (see further paragraphs 56 to 58 below).
41. In addition, applicants will be scored against eight Level 3 evaluation criteria, which fall into two broad categories:
- a. **Project Deliverability:** this Level 1 criterion focuses on the deliverability of the project by the target commissioning date (or by the end of the target commissioning window). The aim of this criterion is to allocate Investment Contracts in a manner that will bring forward investment in and delivery of renewable energy; and
 - b. **Impact on Industry Development:** this Level 1 criterion focuses on whether the project is likely to support the long term growth and economic viability of industries associated with the generation of electricity from renewable sources. The aim of this criterion is to allocate Investment Contracts in a manner that will help develop a broad, competitive and sustainable supply chain. It is expected that such development will help reduce the cost of the generation of electricity from renewable sources over the long term.
42. Annexes B and C expand the Level 1 criteria into their Level 2 and Level 3 components and state their relative weightings.

Scoring mechanism

Scoring

43. Projects will be scored against the Level 3 criteria, with the weighted Level 3 scores determining the scores against each of the Level 2 criteria, which in turn are weighted to determine the scores against the Level 1 criteria. The scores for the Level 1 criteria determine the total score. An overview of the criteria and the weighting given to each of them is set out in Annex B. Annex C provides details on the scoring structure for each Level 3 criterion and provides guidance on the response requirements to achieve each score.

44. For the avoidance of doubt, there is no independent scoring against the Level 1 or Level 2 criteria. The scores at Level 1 and Level 2 (and the overall score) are derived from the underlying Level 3 scores.

Minimum thresholds

45. The scoring system includes several minimum thresholds that a project must achieve. Criteria with minimum thresholds are highlighted in pink in Annex B. A score of less than 50 for Level 2 criterion 1.1 (being the weighted average scores of the constituent Level 3 criteria) or for Level 2 criterion 1.2 would demonstrate a failure to achieve the minimum threshold for that Level 2 criterion. A score of zero for any Level 3 criterion highlighted in pink in Annex B would demonstrate a failure to achieve the minimum threshold for that Level 3 criterion. A failure to achieve any minimum threshold (whether Level 2 or 3) would indicate a fundamental failure to meet DECC's requirements and result in rejection of the application.

Tie-breaker

46. In the event of the need to select between two equally scoring applications in any affordability down-selection process, the applicant who scored the highest on the Level 3 criterion 1.1.1 will be selected, and in the event that the applicants' scores were equal on that criterion, the applicant who scored highest on the Level 3 criterion 1.2.1 will be selected.

Phase 2 evaluation approach

Evaluation stages

47. The evaluation will consist of:
- a. reconfirmation of the applicant's Phase 1 responses to pass/fail qualification criteria, and
 - b. assessment against the Phase 2 evaluation criteria.
48. The Phase 1 qualification criteria and the approach to qualification assessment are set out in Update 1. These qualification criteria will be reconfirmed at Phase 2. Applicants are asked to resubmit the information and statements provided at Phase 1 in the same form as for Phase 1, highlighting where circumstances relevant to its Phase 1 application have changed and confirming that it continues to meet all the Phase 1 Qualification Criteria. In the event of material changes, DECC will rerun an applicant's Phase 1 qualification assessments for the affected criteria. Applicants will continue to be required to meet all of the Phase 1 qualification criteria in order to continue in the process.
49. The Phase 2 evaluation will be in three parts:
- a. **Compliance check:** Responses will be checked for completeness. If part of a response appears to be missing or to have been overlooked by the applicant, DECC may contact the applicant and give it a limited period to supply the missing information. DECC reserves the right not to accept any additional information that contradicts

information submitted in the original application in order to improve the applicant's score.

- b. **Evaluation and assessment against minimum thresholds:** Responses will be assessed and scored against the criteria described above and set out in detail in Annex C. Scores will be awarded for all criteria in order to establish the overall score for the applicant and whether it has achieved all minimum thresholds. On completion of the evaluation and scoring process, any application failing to achieve any of the minimum thresholds will be rejected.
- c. **Affordability assessment and down-selection (if required):** By a specified deadline following receipt of Investment Contracts, applicants that have submitted qualifying projects will be invited to make a binding application for an Investment Contract. Once the deadline has passed, DECC will if necessary carry out an assessment of the aggregate affordability of the binding applications and carry out a down-selection process as described below.

Affordability assessment and down-selection

- 50. The LCF settlement determines how much funding is available within the EMR Delivery Plan and the annual affordability constraints within each year of the EMR Delivery Plan.
- 51. In addition, there may be EMR budget management constraints or specific affordability constraints applied to FID Enabling for Renewables. Such constraints may be annual or in aggregate and may also be technology-specific.
- 52. The approach to the affordability analysis, and the ranking and down-selection, if required, will be developed and finalised following determination of any additional EMR and FID Enabling for Renewables affordability constraints.
- 53. A down-selection will only be carried out in the event that, on receipt of all binding applications, it is apparent that any affordability constraint will be breached. If there would be no such breach, then all qualifying projects will be eligible for an Investment Contract.
- 54. Should any project selected for an Investment Contract subsequently be disqualified or discontinued for any reason, DECC may, in order fully to utilise available LCF budget, offer Investment Contracts to the next highest ranking projects that were initially excluded on grounds of affordability but which could then be accommodated within the relevant affordability constraints.
- 55. DECC will, prior to inviting binding applications for Investment Contracts, provide guidance to applicants on any such affordability or policy-related constraints.

Variant bids and contract mark-up

- 56. Investment Contracts will be based on the strike prices in the final EMR Delivery Plan and on the final standard form CFD. The opportunity for applicants to proposed changes to these will be through the consultations on them during the summer.

57. DECC does not expect to enter into substantive or detailed negotiations with applicants on the strike prices or other terms and conditions in the Investment Contracts issued in respect of qualifying projects.
58. If, following receipt of Investment Contracts, an applicant proposes contract amendments which do not materially alter the commercial substance of the agreement or the allocation of risk, DECC may decide, in whole or in part, to reject those proposed amendments (in which case an applicant otherwise entitled to an Investment Contract would be offered the opportunity to conclude a contract without the proposed amendment), to discuss them with that applicant, to accept them and/or to agree alternative wording with that applicant. In any such event:
- a. the terms of Investment Contracts entered into may vary from applicant to applicant;
 - b. DECC assumes no responsibility or commitment to disclose to any applicant any proposed amendments received from, or terms agreed with, any other applicant (without limiting the requirement to publish Investment Contracts once entered into);
 - c. DECC may nevertheless disclose to applicants generally (or to all applicants to which it considers such amendments may be applicable) amendments proposed by individual applicants and/or wording agreed with such applicants and to apply amendments agreed with one applicant to Investment Contracts with applicants in general (or with those applicants to which it considers such amendments to be applicable);
 - d. DECC may consider proposed amendments on a collective basis and issue to applicants a single, common revised mark-up of the draft Investment Contract prior to or after requesting binding applications.

Response Submission Guidance

59. This section provides a description of the process to be followed by applicants when applying for an Investment Contract in Phase 2 of the FID Enabling for Renewables project. It also provides guidance on the conditions which must be met regarding the format and content of these submissions.

General instructions

Phase 1 application resubmission

60. Applicants for an Investment Contract must resubmit their Phase 1 Application in the same form as required by Update 1. Each applicant should highlight where circumstances relevant to its Phase 1 Application have changed and confirm that it continues to meet all Phase 1 Qualification Criteria.
61. In response to item b. 'Nameplate capacity of project and target commissioning date of plant' in Update 1, paragraph 52 of Annex B, where due to the level of maturity of a project's design, being appropriate to the current stage of development of that project, it is not possible to provide precise details of nameplate capacity and/or target commissioning date, the applicant should provide, with reasons, the range of the possible nameplate

capacities and the target commissioning window. In these circumstances, DECC will (i) assess by reference to the lowest nameplate capacity in the applicant's specified range whether the project meets the minimum nameplate capacity required by the Qualification Criteria; and (ii) subject as below in respect of phased projects, assess by reference to the latest date in the applicant's specified date range whether the project will start generating within the period of the first EMR Delivery Plan as required by the Qualification Criteria.

62. Where a project is phased, the first phase must involve not less than 20% of the proposed total installed capacity of the station; this may be followed by up to five further phases over a maximum period of five years. Sufficient phases must be commissioned so as together to achieve the nameplate capacity required by the Qualification Criteria within the period of the first EMR Delivery Plan.
63. Applicants should note that the delivery obligations in the Investment Contract, such as significant milestone requirements and target commissioning window, will follow the approach set out for the enduring CFD regime in the standard form CFD.

Phase 2 response guidance

64. Applicants are required to submit responses in respect of the eight Level 3 criteria presented in Annex C (together a "Phase 2 Response"). The purpose of these submissions is to allow the applicant to demonstrate the deliverability of its proposed project and how the project will contribute to industry development. The Level 3 criteria have been grouped into three main sections as follows:
- Section 1.1 Technical Deliverability (Level 3 Criteria 1.1.1 to 1.1.4)
 - Section 1.2 Financial Deliverability (Level 3 Criterion 1.2.1)
 - Section 2.1 Industry Development (Level 3 Criteria 2.1.1 to 2.1.3)
65. Annex B provides details of the weight attributed to each Level 3 Criterion. Annex C provides guidance on the response requirement for each Level 3 Criterion and an indication of the quality of response required to achieve each score.

Biomass conversions

66. Applicants whose project involves converting coal fired stations to biomass must apply either for a single Investment Contract for conversion of the whole station or for separate Investment Contracts for the conversion of specific units. Applicants whose project involves conversion of the whole station must demonstrate that they meet the Phase 1 and Phase 2 evaluation criteria for the whole station capacity (e.g. with respect to technical and financial deliverability of the station conversion). Applicants seeking an Investment Contract for unit conversions may choose to apply for one or more Investment Contracts for any combination of units, provided that each of the applications meets Phase 1 and Phase 2 requirements. In line with the Phase 1 application requirements, stations or units applying for biomass conversion Investment Contracts should not be accredited under the RO biomass conversion band. Delivery obligations in Investment Contracts for conversions will follow the approach set out for the enduring CFD regime in the standard form CFD.

Response structure

67. The applicant's response should comprise a single document with sub sections for responses in respect of each Level 3 Criterion. Non-responses to Level 3 criteria will be evaluated and scored zero. Any additional material provided to substantiate response statements should be presented as annexes to the main document.
68. Applicants should note that the total length of their response is limited to 40 pages but that supporting evidence included as annexes is outside this cap. All such supporting evidence must be directly relevant to specific parts of the response and applicants are encouraged to minimise the quantity of supporting material presented by just including relevant extracts or sections of papers where appropriate.
69. 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 so referenced may not be considered during the response evaluation.
70. Applicants should ensure consistency among their responses to the different Level 3 criteria.
71. Applicants should clearly state the aspects of their responses that are commercially sensitive. It is not DECC's intention to reveal such information to third parties outside Government and its advisors, subject of course to any legal obligations to disclose, including under the Freedom of Information Act 2000 and Environmental Information Regulations 2004.
72. 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.

Response evaluation

Project Deliverability criterion

73. When evaluating responses in respect of the project deliverability criterion DECC will consider the degree of confidence that a project will be deliverable by the target commissioning date (or by the end of the target commissioning window). As part of this, DECC will require responses to explain how the project will be delivered and will take account of the quality and comprehensiveness of the explanation as outlined in the scoring guidance for each Level 3 Deliverability Criterion in Annex C.
74. When evaluating responses DECC will take into consideration the evidence presented to support the applicant's explanation and in particular will consider how this evidence increases confidence in deliverability of the project.
75. DECC recognises that the evidence appropriate to support an application will vary depending, inter alia, on (i) the nature of the statement/claim and (ii) the nature and stage

of development of the project. Further guidance on the type of evidence that might be submitted is provided in respect of each Level 3 Deliverability Criterion in Annex C. Level 3 Criterion 1.1.3 requires specific evidence to be supplied in order to achieve a particular score.

Impact on Industry Development criterion

76. When evaluating responses in respect of the industry development criterion DECC will consider the degree of confidence that a project will support the long term growth and economic viability of industries associated with the generation of electricity from renewable sources. In doing so, DECC will consider the quality and comprehensiveness of the applicant's explanation of how the project will contribute to industry development as outlined in the scoring guidance for each Level 3 Deliverability Criterion in Annex C. DECC will also take into consideration the evidence presented to support the applicant's explanation.
77. DECC recognises that contribution to industry development may vary widely between projects and that such a contribution can be demonstrated in a number of ways. Similarly, DECC recognises that the appropriate supporting evidence may vary widely depending on the nature of the project and its potential contribution to industry development.
78. Therefore, while Annex C provides an indication of the topics that a response might cover in order to demonstrate the relevant contribution to industry development, DECC recognises that a range of other topics (and supporting evidence) may be appropriate to demonstrate that the project satisfies the relevant criterion.

Response submission

Application deadline

79. Phase 2 Applications must be received by no later than midday on 6 September 2013. DECC reserves the right to reject late applications.

Delivery details for applications

80. Phase 2 Applications (in hard copy) should be clearly marked "Phase 2 Application, FID Enabling for Renewables" and addressed to:

Name: William Long

Address: Final Investment Decision Enabling Project
Commercial Team
Department of Energy and Climate Change
55 Whitehall
London
SW1A 2EY

81. The outer covering of packages, and any franking thereon, should not bear any mark, sign or reference indicating who the sender is.

Number and format of copies

82. Applicants must provide three hard copy originals and two electronic copies of its Phase 2 Application.
83. Hard copy submissions, including all supporting information, should be submitted in bound folders. There should be no loose papers. A minimum font size of 11 point must be adhered to and line spacing must be at least single line.
84. Electronic documents should not be password protected and information should not be hidden on protected worksheets or pages.
85. Electronic files should be submitted on CD-ROM. The following file formats are acceptable:
 - MS Word 2010
 - MS Excel 2010
 - Adobe Reader X (10.1.3)
86. In the event of a discrepancy between the hard and electronic versions of a Phase 2 Application the hard copy will be considered definitive.
87. The applicant's response must provide contact details of an individual who will act as the Applicant's Authorised Representative.

Evaluation queries

Raising queries

88. Queries regarding the process and response requirements may be submitted during the course of preparing the Phase 2 Application. Queries should be submitted promptly and no later than 15 working days prior to the deadline for delivery of Applications.
89. Queries should be submitted in writing to:

Name: William Long

Address: Final Investment Decision Enabling Project
Commercial Team
Department of Energy and Climate Change
55 Whitehall
London
SW1A 2EY

Email: fidenabling@decc.gsi.gov.uk

Responses to queries

90. DECC will endeavour to respond to all queries within five working days of receipt, but no guarantees can be made in this regard.
91. Subject to paragraphs 92 and 93 below, queries and their responses may be published in a question and answer circular which will be made available via email to all applicants. The identity of the applicant making the query will not be included in the question and answer circular. DECC reserves the right to amend the text of the query when it is published in the question and answer circular, including in order to remove any information which may reveal the identity of the applicant making the query.
92. 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 DECC at its sole discretion determines that a question should not be treated as confidential, then the applicant will be given an opportunity to withdraw the query, otherwise DECC may distribute the query and response to some or all other applicants.
93. Responses to queries which DECC decides should be treated as confidential will be sent to the originating applicant only.

Clarifications during evaluation

94. DECC may seek clarification from any applicant of any aspect of its Phase 1 and Phase 2 Applications during the evaluation period.
95. Clarification questions will be raised with the applicant's Authorised Representative and must be responded to within the deadline specified in the request for clarification. Failure to respond adequately within the required period may lead to the Application being assessed on the basis of the (non-clarified) information available.

Annex A – Indicative Timetable and Process

Phase 1: Application to participate and issue of Status Letters

Date	Milestone and activity
14 March 2013	DECC issued Final Investment Decision Enabling for Renewables: Update 1: Invitation to Participate
Close of play, 1 July 2013	Deadline for application to participate in FID Enabling for Renewables (Phases 1 and 2) by interested developers and generators, and to apply for Phase 1 Status Letters (where required by applicants)
14 March – 19 July 2013	Assessment of applications by DECC against qualification criteria, notification to applicants of their project's Phase 1 qualification status and issue of Status Letters (where requested)

Phase 2: Investment Contract allocation

Indicative date	Milestone and activity
27 June 2013	DECC issues this document (Final Investment Decision Enabling for Renewables: Update 2: Investment Contract Allocation)
July 2013	DECC publishes the draft EMR Delivery Plan
August 2013	DECC publishes drafts of the key CFD clauses
12.00 BST (midday) 6 September 2013	Deadline for application for Phase 2 - allocation of an Investment Contract
November 2013	Applicants for allocation of an Investment Contract in Phase 2 notified whether their projects have satisfied the minimum threshold evaluation criteria and (if so) requested to confirm in writing to DECC within 10 working days their interest in remaining in the FID Enabling for Renewables process

Indicative date	Milestone and activity
December 2013	DECC publishes the final EMR Delivery Plan and standard form CFD
December 2013	DECC sends Investment Contracts to applicants whose projects meet the minimum threshold evaluation criteria
February/March 2014	Applicants make binding applications for Investment Contracts
Following receipt of binding applications for Investment Contracts	<p>Assessment of affordability against LCF settlement levels and affordability constraints</p> <p>DECC completes any necessary down-selection process</p>
March 2014	<p>The Secretary of State enters into Investment Contracts with successful applicants</p> <p>Investment Contracts are laid before Parliament (subject to Parliamentary timetable)</p>

1. Applicants should note that the timings for Phase 2, except for the 6 September 2013 deadline for submission of applications, are indicative only and dependent on progress on key elements of the main EMR project. In particular:
 - a. all dates shown from the date of this publication (other than the 6 September deadline) are provisional and may change; and
 - b. dates from July 2013 onward are dependent on the dates of publication of the draft and final EMR Delivery Plans and the timing and extent of progress on developing the terms of the CFD. In particular, the timing for issuing Investment Contracts to applicants is dependent on the publication of the final EMR Delivery Plan and final standard form CFD.
2. As noted in paragraphs 5 to 7, DECC may modify or alter its approach, process and timetable at any time. Further clarity on these matters may be provided by future updates.

Annex B – Overview of Evaluation Criteria and Weighting

Level 1	Weight	Level 2	Weight	Level 3	Weight
1. Project Deliverability	75%	1.1 Technical deliverability	80%	1.1.1 Technical solution	30.00%
				1.1.2 Project management	20.00%
				1.1.3 Land availability, planning consent, grid connection and aviation/radar	25.00%
				1.1.4 Procurement plans for critical, long lead time items	25.00%
		1.2 Financial deliverability	20%	1.2.1 Financing plans	100.00%
2. Impact on Industry Development	25%	2.1 Industry Development	100%	2.1.1 Development of technologies	33.33%
				2.1.2 Development of the industrial supply chain	33.33%
				2.1.3 Improvement/expansion of workforce skills and capabilities	33.33%

Denotes a minimum threshold exists for this criterion

Annex C – Response Requirements

1. Project Deliverability

Level 1 Criterion 1: this criterion focuses on the deliverability of the project by the target commissioning date (or by the end of the target commissioning window).

The aim of this criterion is to allocate Investment Contracts in a manner that will bring forward investment in and delivery of renewable energy. This criterion is applied using Level 2 Criteria 1.1 to 1.2, which are explained below.

1.1 Technical deliverability

Level 2 Criterion 1.1: this criterion requires that plans in respect of a project are technically robust and that there is a sufficient degree of confidence that the project will be able to deliver the declared nameplate capacity by the target commissioning date (or by the end of the target commissioning window).

This criterion is applied using Level 3 Criteria 1.1.1 to 1.1.4, which are explained below. A project will not be awarded an Investment Contract unless it achieves a **minimum score of 50 against this Level 2 criterion** (calculated as a weighted average of the scores on Level 3 Criterion 1.1.1 to 1.1.4).

Level 3 Criterion 1.1.1: this criterion assesses whether the technical solution is appropriate to ensure the project will be able to deliver the declared nameplate capacity. A project will not be awarded an Investment Contract unless it achieves a minimum score of 50 against this criterion.

Level 3 weight: 30%

Response requirement

The response should describe the overall technical solution for the project, covering the key aspects of the project including both the principal elements needed to develop the project and any support elements critical to the operation of the plant.

Points to be demonstrated

To show that the project will be able to deliver the declared nameplate capacity, the response should, to a level commensurate with the project type and its maturity, demonstrate the following:

- The basis for the declared nameplate capacity under the designed range of operating conditions has been properly assessed (including mechanical, electrical and civil works considerations);
- All key elements of the design have been completed to an appropriate level of maturity considering the current stage of the project; and
- Where appropriate, arrangements are being developed to ensure that a robust plan is in place for elements such as sustainable fuel supplies.

Examples of evidence that may be provided

The types of evidence which DECC considers might substantiate the applicant's proposals include, where appropriate:

- Reports substantiating the viability of the proposals;
- Examples of the technology having been successfully deployed on other schemes (or other evidence of the viability of the technology, for instance successful demonstration of an emerging technology); and
- Confirmation of existing and planned contractual and contingency arrangements for fuel supply (for instance arrangements for fuel processing, transport and storage chain).

Evaluation Marking	Indication of the quality of response that would achieve this score
100	<p>Response provides a very high degree of confidence that the technical solution is appropriate to ensure the project will be able to deliver the declared nameplate capacity.</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent and comprehensive explanation of why the technical solution is appropriate and the explanation will be supported by evidence where appropriate.</p>
80	<p>Response provides a high degree of confidence that the technical solution is appropriate to ensure the project will be able to deliver the declared nameplate capacity.</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent and thorough explanation of why the technical solution is appropriate and the explanation will be largely supported by evidence where appropriate.</p>
50	<p>Response provides a moderate degree of confidence that the technical solution is appropriate to ensure the project will be able to deliver the declared nameplate capacity.</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent explanation of why the technical solution is appropriate and the explanation will be largely supported by evidence where appropriate.</p>
0	<p>Response does not provide sufficient confidence that the technical solution is appropriate to ensure the project will be able to deliver the declared nameplate capacity. A response that fails to meet the requirements for a score of 50 will fall into this category.</p>

Level 3 Criterion 1.1.2: this criterion assesses whether the project management arrangements are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window). A project will not be awarded an Investment Contract unless it achieves a minimum score of 20 against this criterion.

Level 3 weight: 20%

Response requirement

The response should describe the approach to project management and implementation planning (including risk management).

Points to be demonstrated

To show that the project will be completed by the target commissioning date (or by the end of the target commissioning window), the response should, to a level commensurate with the project type and its maturity, demonstrate the following:

- A comprehensive and logical project plan is in place; which includes sufficient time to complete all activities and appropriate contingency allowance to allow for unforeseen problems; and
- A suitable risks register, consistent with the above plan, is in place in which project risks have been properly identified and appropriate mechanisms are in place to mitigate and manage these risks.

Examples of evidence that may be provided

The types of evidence which DECC considers might substantiate the applicant's proposals include, where appropriate:

- Gantt charts and risk registers developed in accordance with industry best practice;
- Reports substantiating that the proposed schedules and risk management plans are realistic; and
- Track record of the applicant delivering similar schemes (or other evidence of relevant expertise).

Evaluation Marking	Indication of the quality of response that would achieve this score
100	<p>Response provides a very high degree of confidence that the project management arrangements are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent and comprehensive explanation of why the project management arrangements are appropriate and the explanation will be supported by evidence where appropriate.</p>
80	<p>Response provides a high degree of confidence that the project management arrangements are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent and thorough explanation of why the project management arrangements are appropriate and the explanation will be largely supported by evidence where appropriate.</p>
50	<p>Response provides a moderate degree of confidence that the project management arrangements are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent explanation of why the project management arrangements are appropriate and the explanation will be largely supported by evidence where appropriate.</p>
20	<p>Response provides a low degree of confidence that the project management arrangements are appropriate to ensure the project will be completed by the target commissioning date (or by the end of target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a clear explanation of why the project management arrangements are appropriate and the explanation will be supported by some evidence.</p>
0	<p>Response does not provide sufficient confidence that the project management arrangements are appropriate to ensure the project will be completed by the target commissioning date (or by the end of target commissioning window). A response that fails to meet the requirements for a score of 20 will fall into this category.</p>

Level 3 Criterion 1.1.3: this criterion assesses whether the land availability, planning consents, grid connection and aviation/radar arrangements (as applicable) are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window). A project will not be awarded an Investment Contract unless it achieves a minimum score of 80 against this criterion.

Level 3 weight: 25%

Response requirement

The response should describe the status of activities associated with securing the site and the consents necessary to develop and operate the proposed facility, including details about the availability of land, planning consents and conditions, grid connection arrangements in respect of the project and plans to address any aviation and/or radar issues relevant to the project.

Points to be demonstrated

To show that the project will be completed by the target commissioning date (or by the end of the target commissioning window), the response should, to a level commensurate with the project type and its maturity, demonstrate the following:

- The requirements to obtain the relevant consents, clearances, agreements etc. listed in the table below have been satisfied and these are consistent with the project being completed by the target commissioning date (or by the end of the target commissioning window); and
- A credible plan is in place to ensure that any outstanding land availability, planning, grid connection and radar/aviation issues will be resolved in time to allow the project to be completed by the target commissioning date (or by the end of the target commissioning window).

Examples of evidence that may be provided

The requirements in respect of this criterion are technology specific. The types of evidence which DECC considers might substantiate the applicant's response include, where appropriate:

- Confirmation of having met the requirements for the relevant technology set out in the table below.
- Confirmation that required consents, clearances, agreements etc. such as Lease, Grid Connection, Planning consent agreements, are not subject to any condition for which the means of satisfaction are not yet known and included in the project design and implementation plan; and
- Where an aviation/radar issue exists, details of the type of aviation/radar issue(s); the mitigation proposal agreed with the relevant Air Navigation Service Provider(s) and/or Statutory Body; or a demonstrable route to mitigation with Air Navigation Service Provider(s) and other relevant parties.

Should an applicant propose to implement a project utilising a type of technology not included in the tables below then details of the response requirements will be provided to the applicant upon their notification to DECC of their proposed project.

Dedicated biomass applicants should note that the FID Enabling for Renewables policy on dedicated biomass is under review while CfD policy is being developed. Further clarification will be

given in the draft EMR Delivery Plan.

Evaluation Marking	Indication of the quality of response that would achieve this score		
100	<p>Response provides a very high degree of confidence that the land availability, planning consents, grid connection and radar/aviation arrangements (as applicable) in respect of the project are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent and comprehensive explanation of how the land availability, planning consents, grid connection and radar/aviation arrangements (as applicable) in respect of the project are appropriate. The response should be supported by evidence where appropriate, including evidence that the requirements listed below have been satisfied.</p>		
	Offshore Wind	Onshore wind	Tidal Range
100	<p>ALL OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Signed Grid Connection Agreement (Bilateral Connection Agreement) consistent with project delivery timetable. • Signed Agreement for Lease with the Crown Estate. • Development consent received for construction and operation of the project. • Aviation and/or radar mitigation proposals agreed with all relevant parties, and a process in place that will lead to satisfaction of the relevant condition(s). 	<p>ALL OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Signed Grid Connection Agreement (Bilateral Connection Agreement) consistent with project delivery timetable. • Land use rights are confirmed. • Planning consent received for construction and operation of the project. • Aviation and/or radar mitigation proposals agreed with all relevant parties, and a process in place that will lead to satisfaction of the relevant condition(s). 	<p>ALL OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Signed Grid Connection Agreement (Bilateral Connection Agreement) consistent with project delivery timetable. • Signed Agreement for Lease with the Crown Estate. • Development consent received for construction and operation of the project.

80	<p>Response provides a high degree of confidence that the land availability, planning consents, grid connection and radar/aviation arrangements (as applicable) in respect of the project are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent and thorough explanation of how the land availability, planning consents, grid connection and radar/aviation arrangements (as appropriate) in respect of the project are appropriate. The response should be supported by evidence where appropriate, including evidence that the requirements listed below have been satisfied.</p>		
	Offshore Wind	Onshore wind	Tidal Range
80	<p>ALL OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Signed Grid Connection Agreement, which if not consistent with the project timetable, is accompanied by a Live Grid Connection Offer that is consistent with project delivery timetable • Signed Agreement for Lease with the Crown Estate. • Evidence of having begun public consultation as part of planning application (England, Wales, Scotland). • A demonstrable route to mitigating any known aviation and/or radar issues 	<p>ALL OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Signed Grid Connection Agreement, which if not consistent with the project timetable, is accompanied by a Live Grid Connection Offer that is consistent with project delivery timetable • Land use rights confirmed. • Planning consent received for construction and operation of the project • A demonstrable route to mitigating any known aviation and/or radar issues 	<p>ALL OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Signed Grid Connection Agreement, which if not consistent with the project timetable, is accompanied by a Live Grid Connection Offer that is consistent with project delivery timetable • Signed Agreement for Lease with the Crown Estate. • Evidence of having begun public consultation as part of planning application (England, Wales, Scotland)
0	<p>Response does not provide sufficient confidence that the land availability, planning consents, grid connection and radar/aviation arrangements (as applicable) in respect of the project are appropriate to ensure the project will be completed by the target commissioning date (or by the end of target commissioning window). A response that fails to meet the requirements for a score of 80 will fall into this category.</p>		

Evaluation Marking	Indication of the quality of response that would achieve this score		
100	<p>Response provides a very high degree of confidence that the land availability, planning consents, grid connection and radar/aviation arrangements (as applicable) in respect of the project are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent and comprehensive explanation of how the land availability, planning consents, grid connection and radar/aviation arrangements (as applicable) in respect of the project are appropriate. The response should be supported by evidence where appropriate, including evidence that the requirements listed below have been satisfied.</p>		
	Biomass CHP	Biomass conversions	Solar PV
100	<p>ALL OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Signed Grid Connection Agreement (Bilateral Connection Agreement) consistent with project delivery timetable. • Land use rights/way-leaves for any new build confirmed. • Planning consent received for construction and operation of the project. • Certificate from the Combined Heat and Power Quality Assurance Scheme confirming that the plant’s rating, based on engineering proposals provided to the CHPQA scheme, is at least a partially or wholly qualifying scheme under the CHPQA criteria. 	<p>ALL OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Confirmation of Grid Connection Agreement (Bilateral Connection Agreement) • Land use rights/ way leaves for any new build confirmed • All (plant and site) revised planning consent received - or an explanation is supplied for why this is not required for this project. 	<p>ALL OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Signed Grid Connection Agreement (Bilateral Connection Agreement) consistent with project delivery timetable. • Land use rights are confirmed • Planning consent received for construction and operation of the project.

80	<p>Response provides a high degree of confidence that the land availability, planning consents, grid connection and radar/aviation arrangements (as applicable) in respect of the project are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent and thorough explanation how the land availability, planning consents, grid connection and radar/aviation arrangements in respect of the project are appropriate. The response should be supported by the evidence where appropriate, including evidence that the requirements listed below have been satisfied.</p>		
	Biomass CHP	Biomass conversions	Solar PV
80	<p>THE FOLLOWING</p> <ul style="list-style-type: none"> • Letter from the Combined Heat and Power Quality Assurance Scheme confirming that CHPQA application has been submitted. • Planning consent received for construction and operation of the project – but some lack of clarity on how the project will meet the conditions precedent. <p>AND AT LEAST ONE OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Signed Grid Connection Agreement (Bilateral Connection Agreement (BCA)) consistent with project delivery timetable • Land use rights / way-leaves for any new build confirmed. 	<p>AT LEAST TWO OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Confirmed Grid Connection Agreement (Bilateral Connection Agreement). • Land use rights/ way leaves for any new build confirmed. • All (plant and site) revised planning consent has been received – or an explanation is supplied for why this is not required for this project. 	<p>THE FOLLOWING</p> <ul style="list-style-type: none"> • Planning consent received for construction and operation of the project – but some lack of clarity on how the project will meet the conditions precedent. <p>AND AT LEAST ONE OF THE FOLLOWING</p> <ul style="list-style-type: none"> • Signed Grid Connection Agreement (Bilateral Connection Agreement) consistent with project delivery timetable. • Land use rights confirmed
0	<p>Response does not provide sufficient confidence that the land availability, planning consents, grid connection and radar/aviation arrangements (as applicable) in respect of the project are appropriate to ensure the project will be completed by the target commissioning date (or by the end of target commissioning window). A response that fails to meet the requirements for a score of 80 will fall into this category.</p>		

Level 3 Criterion 1.1.4: this criterion assesses whether procurement plans in respect of critical long lead-time items are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window). A project will not be awarded an Investment Contract unless it achieves a minimum score of 20 against this criterion.

Level 3 weight: 25.00%

Response requirement

The response should confirm the status of the procurement of critical items with long lead-times. Items may include assets and services related to the development, construction, operation and maintenance of the project, as appropriate to the type of technology.

Points to be demonstrated

To show the project will be completed by the target commissioning date (or by the end of the target commissioning window), the response should, to a level commensurate with the project type and its maturity, demonstrate the following:

- The critical long lead-time items have been identified; and
- Procurement activities have been planned so as to ensure that all critical long lead-items will be available to allow completion of the project by the target commissioning date (or by the end of the target commissioning window).

Examples of evidence that may be provided

The types of evidence which DECC considers might substantiate the applicant's proposals include, where appropriate:

- Plans and time schedules for the procurement of critical long lead-items;
- Examples of equivalent items having been procured within the planned timescales;
- Track record of the applicant and related organisations in the supply chain having successfully managed the procurement of long lead items as appropriate (or other evidence of relevant expertise); and
- Evidence of engagement with suppliers to advance procurement plans.

Evaluation Marking	Indication of the quality of response that would achieve this score
100	<p>Response provides a very high degree of confidence that the procurement plans in respect of critical long lead-time items are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent and comprehensive explanation of why procurement plans in respect of the critical long lead-time items are appropriate and the explanation will be supported by evidence where appropriate.</p>
80	<p>Response provides a high degree of confidence that the procurement plans in respect of critical long lead-time items are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent and thorough explanation of why procurement plans in respect of critical long lead-time items are appropriate and the explanation will be largely supported by evidence where appropriate.</p>
50	<p>Response provides a moderate degree of confidence that the procurement plans in respect of critical long lead-time items are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a cogent explanation of why procurement plans in respect of critical long lead time-items are appropriate and the explanation will be largely supported by evidence where appropriate.</p>
20	<p>Response provides a low degree of confidence that the procurement plans in respect of critical long lead-time items are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the “points to be demonstrated” above, provide a clear explanation of why procurement plans in respect of critical long lead-time items are appropriate and the explanation will be supported by some evidence.</p>
0	<p>Response does not provide sufficient confidence that the procurement plans in respect of critical long lead-time items are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window). A response that fails to meet the requirements for a score of 20 will fall into this category.</p>

1.2 Financial deliverability

Level 2 Criterion 1.2: this criterion requires that the project is financially robust and deliverable by the target commissioning date (or by the end of the target commissioning window).

A project will not be awarded an Investment Contract unless it achieves a **minimum score of 50** against this criterion.

The criterion is applied using Level 3 Criterion 1.2.1, which is explained below.

Level 3 Criterion 1.2.1: this criterion assesses whether the project's financing plans are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window). A project will not be awarded an Investment Contract unless it achieves a minimum score of 50 against this criterion.

Level 3 weight: 100%

Response requirement

The response should describe the proposed financing structure or, where a specific structure has not been agreed, the options and factors which will affect the ultimate selection of a structure.

Points to be demonstrated

To show the project will be completed by the target commissioning date (or by the end of the target commissioning window), the response should, to a level commensurate with the project type and its maturity, demonstrate the following:

- Financing plans are consistent with cost estimates, both in terms of quantum and timing;
- Financing plans are likely to ensure that all necessary finance, whether debt or equity, will be available to support all stages of the development of the project in a timely manner;
- Financing plans are based on realistic assumptions;
- The level of equity is appropriate to the project risks; and
- The proposed financing structure is compatible with the project ownership and governance structure.

Examples of evidence that may be provided

The types of evidence which DECC considers might substantiate the applicant's proposals include, where appropriate:

- Reports substantiating the cost estimates;
- Reports substantiating the robustness of the financing proposals;
- Evidence of engagement with lenders/other investors;
- Examples of the proposed methods of financing having being successfully deployed on other schemes; and
- Track record of the applicant in financing similar projects (or other evidence of relevant expertise).

Evaluation Marking	Indication of the quality of response that would achieve this score
100	<p>Response provides a very high degree of confidence that the project's financing plans are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the "points to be demonstrated" above, provide a cogent and comprehensive explanation of why the project's financing plans are appropriate and the explanation will be supported by evidence where appropriate.</p>
80	<p>Response provides a high degree of confidence that the project's financing plans are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the "points to be demonstrated" above, provide a cogent and thorough explanation of why the project's financing plans are appropriate and the explanation will be largely supported by evidence where appropriate.</p>
50	<p>Response provides a moderate degree of confidence that the project's financing plans are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window).</p> <p>Such a response will, by reference to the "points to be demonstrated" above, provide a cogent explanation of why the project's financing plans are appropriate and the explanation will be largely supported by evidence where appropriate.</p>
0	<p>Response does not provide sufficient confidence that the project's financing plans are appropriate to ensure the project will be completed by the target commissioning date (or by the end of the target commissioning window). A response that fails to meet the requirements for a score of 50 will fall into this category.</p>

2. Impact on Industry Development

Level 1 Criterion 2: this criterion focuses on whether the project is likely to support the long term growth and economic viability of industries associated with the generation of electricity from renewable sources.

The aim of this criterion is to allocate Investment Contracts in a manner that will help develop a broad, competitive and sustainable supply chain. It is expected that such development will help reduce the cost of generation of electricity from renewable sources over the long term. This criterion is applied using Level 2 Criterion 2.1, which is explained below.

2.1 Industry development

Level 2 Criterion 2.1: this criterion assesses whether a project is likely to support the long term growth and economic viability of industries associated with the generation of electricity from renewable sources.

This criterion reflects the Level 1 Criterion 2. This criterion is applied using Level 3 Criteria 2.1.1 to 2.1.3, which are explained below.

There is **no minimum threshold for this Level 2 criterion.**

Level 3 Criterion 2.1.1: This criterion assesses whether a project will make a material contribution to the development of the relevant renewable electricity generation technology, in a manner that could promote cost reduction over the long term.

Level 3 weight: 33.33%

Response requirement

Points to be demonstrated:

The response should explain the expected impact of the project on the development of the relevant renewable energy generation technology, and how this development of the technology could support reduction in the cost of electricity generation from the relevant technology.

Examples of topics to be covered:

A project's expected contribution to the development of the relevant renewable electricity generation technology could be demonstrated in a number of ways.

An indication of the topics and details which it may be appropriate to cover is included below. This list is not exhaustive and may vary depending on the project type and its stage of development:

- The extent to which the project is expected to involve the commercial use of significant technological advances or developments in the generating parts of the project build with the potential to reduce cost.

For example in offshore wind, this could include the deployment of larger scale turbines than currently in widespread offshore use or innovative components within the turbines.

- The extent to which the project will involve the commercial use of new or innovative technological approaches in non-generating parts of the project build with the potential to reduce cost.

For example in biomass this may include innovation or trialling that has been carried out in the areas of fuel processing, transportation and fuel storage techniques to increase efficiency and reduce energy input requirements and greenhouse gas emissions along the supply chain as well as within the plant.

- The extent to which any other elements of the project will involve, or allow for, the use of new or significantly improved technological approaches in other aspects of the project.

For example use of new installation methodologies or more efficient logistics processes. For onshore wind this could include new approaches to mitigating noise, visual or environmental impacts.

- Details of any means by which the project will be designed to provide for the use of learning and experiences on innovative and potentially cost reducing approaches in future projects (whether future phases of the relevant project or separate, independent projects) with the potential to reduce cost.

For example ensuring consistency of staff between project phases, or other forms of transferring learning, including non-commercial sharing of learning/experience across the wider industry, such as contributions to industry wide evidence bases on impacts of

renewable energy projects.

- Details of any research work whose outcomes are being trialled or implemented at an early stage within the development of this project or which will contribute to future projects.

The scope of technology development that can be covered in responding to this criterion is a broad one, encompassing a range of new approaches that could reduce costs. Recognising that trialling new approaches may not have any direct impact on the cost of generation associated with a specific project, but may generate learning that benefits subsequent development, responses could focus on cost reduction over a wide range of timescales and in the industry as a whole.

Evaluation Marking	Indication of the quality of response that would achieve this score
100	<p>Response provides a very high degree of confidence that the project will make a material contribution to the development of the relevant renewable electricity generation technology in a manner that could promote cost reduction over the long term.</p> <p>Such a response will provide a cogent and comprehensive explanation of how the project will make the relevant contribution and the explanation will be supported by evidence where appropriate.</p>
80	<p>Response provides a high degree of confidence that the project could be expected to make a material contribution to the development of the relevant renewable electricity generation technology in a manner that could promote cost reduction over the long term.</p> <p>Such a response will provide a cogent and thorough explanation of how the project will make the relevant contribution and the explanation will be largely supported by evidence where appropriate.</p>
50	<p>Response provides a moderate degree of confidence that the project will make a material contribution to the development of the relevant renewable electricity generation technology in a manner that could promote cost reduction over the long term.</p> <p>Such a response will provide a cogent explanation of how the project will make the relevant contribution and the explanation will be largely supported by evidence where appropriate</p>
20	<p>Response provides a low degree of confidence that the project could be expected to make a material contribution to the development of the relevant renewable electricity generation technology in a manner that could promote cost reduction over the long term.</p> <p>Such a response will provide a clear explanation of how the project will make the relevant contribution and the explanation will be supported by some evidence.</p>
0	<p>Response does not provide any material confidence that the project could be expected to make a material contribution to the development of the relevant renewable electricity generation technology in a manner that could promote cost reduction over the long term. A response that fails to meet the requirements for a score of 20 will fall into this category.</p>

Level 3 Criterion 2.1.2: This criterion assesses whether a project will make a material contribution to the economic growth and viability of the industrial supply chain supporting the renewable energy sector.

Level 3 weight: 33.33%

Response requirement

Points to be demonstrated:

The response should explain the extent to which the design and delivery of the project will make a material contribution to the economic growth and viability of the industrial supply chain supporting the renewable energy sector.

The scope of industrial supply chain should include manufacturing, installation, operation and maintenance of the relevant technology.

Examples of topics to be covered:

A project's expected material contribution to economic growth and viability of the industrial supply chain supporting the renewable energy sector can be demonstrated in a number of ways. Examples of the topics and details which it may be appropriate to include are detailed below. This list is not exhaustive and may vary depending on the project type and its stage of development.

- The extent to which the project is expected to support the development of an industrial supply chain.

For example, this may include: creating manufacturing, supply or installation opportunities; supporting significant investments decisions in the development and enhancement of the relevant manufacturing supply chain (by existing businesses or new entrants to the relevant sector); participation in industry wide standardisation of procedures and processes or other activities that have potential to reduce the cost of participation in contracting processes.

- Any steps being taken to ensure opportunities in the project are widely visible and accessible to potential new bidders.

For example, dissemination of information on eligibility requirements, seminars on how to prepare to bid, approaches taken to disseminate information regarding the timing of likely tenders, contracting stages and any pre-qualification requirements.

- Any approaches being taken to facilitate access to contracts by the broadest possible range of companies, including small and medium sized enterprises and those who have a limited (or no) track record in the sector.

For example, steps being taken to test new entrants, or allow for the participation of a broader range of potential bidders, through the use of smaller value or split contracts, use of procurement processes that include the provision of post procurement reporting and feedback, or other steps that seek to avoid small and medium sized enterprises being put at a disadvantage due to their smaller size or capitalisation.

- The extent to which the project is expected to support the development of a wider development capability for the relevant technology.

For example, work that supports pioneering investments in new installation, operation and maintenance facilities at ports or work that supports the diversified development of biomass fuel markets.

- Details of any co-investments in the supply chain or measures which will reduce or manage the allocation of risk in the project in such a way that it supports the potential participation of a wide range of suppliers.

Evaluation Marking	Indication of the quality of response that would achieve this score
100	<p>Response provides a very high degree of confidence that the project will make a material contribution to the economic growth and viability of the industrial supply chain supporting the renewable energy sector.</p> <p>Such a response will provide a cogent and comprehensive explanation of how the project will make the relevant contribution and the explanation will be supported by evidence where appropriate.</p>
80	<p>Response provides a high degree of confidence that the project will make a material contribution to the economic growth and viability of the industrial supply chain supporting the renewable energy sector.</p> <p>Such a response will provide a cogent and thorough explanation of how the project will make the relevant contribution and the explanation will be largely supported by evidence where appropriate.</p>
50	<p>Response provides a moderate degree of confidence that the project will make a material contribution to the economic growth and viability of the industrial supply chain supporting the renewable energy sector.</p> <p>Such a response will provide a cogent explanation of how the project will make the relevant contribution and the explanation will be largely supported by evidence where appropriate</p>
20	<p>Response provides a low degree of confidence that the project will make a material contribution to the economic growth and viability of the industrial supply chain supporting the renewable energy sector.</p> <p>Such a response will provide a clear explanation of how the project will make the relevant contribution and the explanation will be supported by some evidence.</p>
0	<p>Response does not provide any material confidence that the project will make a material contribution to the economic growth and viability of the industrial supply chain supporting the renewable energy sector. A response that fails to meet the requirements for a score of 20 will fall into this category.</p>

Level 3 Criterion 2.1.3: This criterion assesses whether a project will make a material contribution to the improvement and expansion of workforce skills and capabilities related to the renewable energy generation sector.

Level 3 weight: 33.33%

Response requirement

Points to be demonstrated:

The response should explain how the project is expected to make a material contribution to improvement and expansion of workforce skills and capabilities related to the renewable energy generation sector. Responses should encompass the development, construction and operational phases for generation projects, as well as any significant impact that the development of the project is expected to have on skills in the associated manufacturing supply chains (with a particular focus on those skills and capabilities which are wholly or partly transferable within the relevant technology sector and the wider renewable energy industry).

Examples of topics to be covered:

Projects can take a variety of approaches to ensuring they have suitably skilled workers, contributing to the improvement and expansion of workforce skills and capabilities. Examples of the topics and details which it may be appropriate to include are detailed below. This list is not exhaustive and may vary depending on the project type and its stage of development:

- The nature of project employment (during development, construction and in operation and maintenance), including details of direct (and where relevant indirect) employment and examples of qualification levels required.
- Details of the skills and capabilities that will be required to deliver the project, the potential to develop a suitably skilled workforce for future projects and the extent to which the development of the project includes activities whose purpose is to either up-skill or re-skill existing workers and develop capabilities.
- The extent to which the project is likely to require new/additional skills and capabilities in the associated workforce, and details of the extent to which plans are in place to develop these skills, making particular reference to skills and capabilities which are formally recognised and skills and competencies which are transferable to and from other sectors.
- The extent to which the development of the project includes activities whose purpose is to attract a new workforce to the sector and develop capabilities (for example, work with colleges and institutions, local or regional authorities, universities, public or private skills providers).
- Where developers buy in services from third parties, the extent to which developers support their partners and suppliers in anticipating the demand for skills and supporting their work to develop a skills base.

Evaluation Marking	Indication of the quality of response that would achieve this score
<p>100</p>	<p>Response provides a very high degree of confidence that the project will make a material contribution to the improvement and expansion of workforce skills and capabilities related to the renewable energy generation sector.</p> <p>Such a response will provide a cogent and comprehensive explanation of how the project will make the relevant contribution and the explanation will be supported by evidence where appropriate.</p>
<p>80</p>	<p>Response provides a high degree of confidence that the project will make a material contribution to the improvement and expansion of workforce skills and capabilities related to the renewable energy generation sector.</p> <p>Such a response will provide a cogent and thorough explanation of how the project will make the relevant contribution and the explanation will be largely supported by evidence where appropriate.</p>
<p>50</p>	<p>Response provides a moderate degree of confidence that the project will make a material contribution to the improvement and expansion of workforce skills and capabilities related to the renewable energy generation sector.</p> <p>Such a response will provide a cogent explanation of how the project will make the relevant contribution and the explanation will be largely supported by evidence where appropriate.</p>
<p>20</p>	<p>Response provides a low degree of confidence that the project will make a material contribution to the improvement and expansion of workforce skills and capabilities related to the renewable energy generation sector.</p> <p>Such a response will provide a clear explanation of how the project will make the relevant contribution and the explanation will be supported by some evidence.</p>
<p>0</p>	<p>Response does not provide any material confidence that the project will make a material contribution to the improvement and expansion of workforce skills and capabilities related to the renewable energy generation sector. A response that fails to meet the requirements for a score of 20 will fall into this category.</p>

