



Review of the Collaborative Development Working Groups

17 October 2013

Working Group Progress – Contracts for Differences



Department
of Energy &
Climate Change

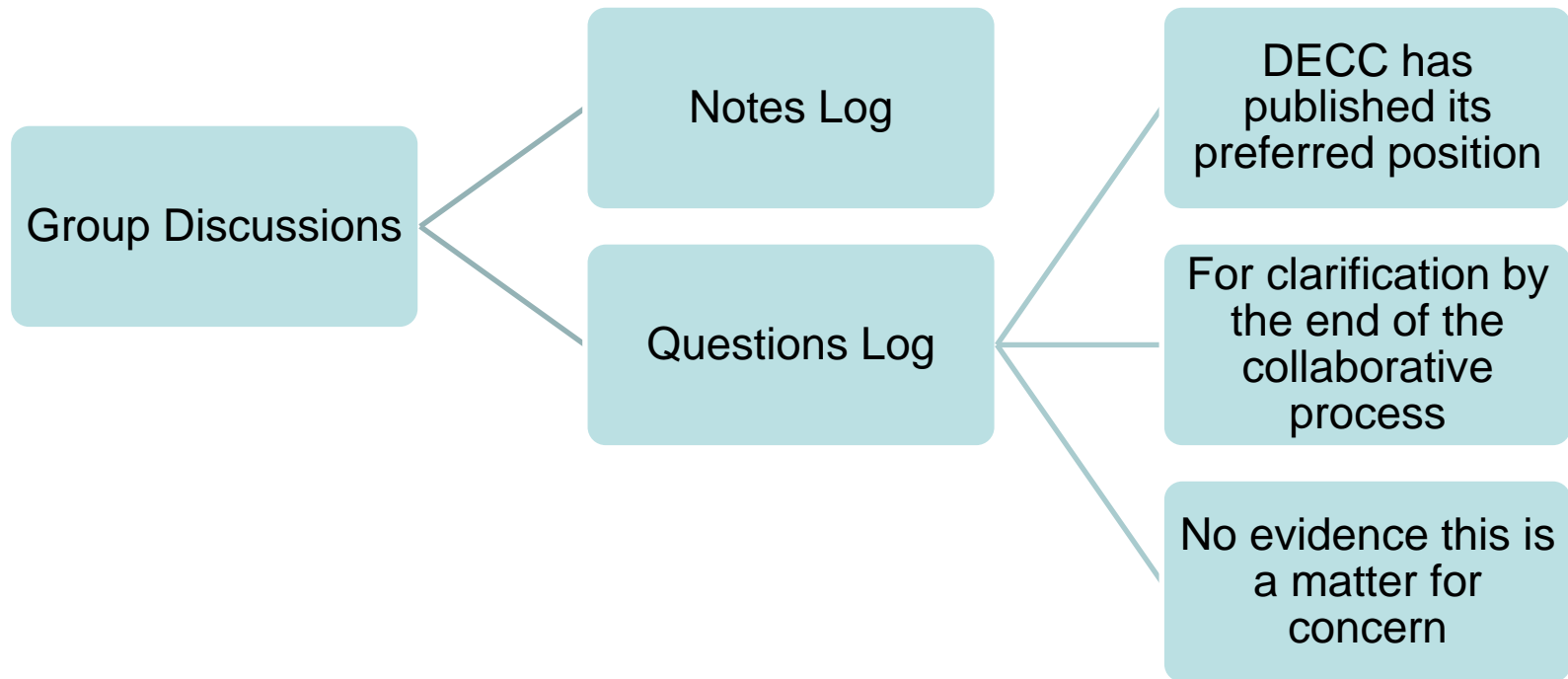
- 3 CfD workshops completed - covering the Supplier Obligation and settlement
- Two remaining sessions on CfD allocation (this week)
- 27 separate organisations have taken part in the workshops to date - all of the six largest suppliers, alongside a number of independent generators, small suppliers, developers and advisers
- Positive response with constructive engagement on the Supplier Obligation process maps

Working Group Progress



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- Lots of discussion and debate at each of the sessions, which we propose to take forward in the following ways:



- Potential concern around the **amount of capital** that will be tied up through the Supplier Obligation mechanisms – further detail required on sizing and calculation methodology
- Industry stakeholders are keen to understand how the CfD Supplier Obligation process will differ from their **current experience** with BSC mechanisms
- How will invoicing and payment processes take account of **small generators and suppliers** and their systems?
- How will the Supplier Obligation deal with **extreme events** – Reserve Fund depletion and supplier insolvency?

Policy issues will be taken forward through policy fora

Questions for the steering group



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1. Is the Steering Group satisfied that the working groups represent a balance of views?
2. Does the Steering Group have any suggestions on improvements to the collaborative process?
3. At this point in time, would the Steering Group like to raise any implementation issues?