

Levy Control Framework and Draft CfD Strike Prices

	Levy Control Framework – Upper Limits on Spend (£m) (2011/12 prices) ¹						
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	3,300	4,300	4,900	5,600	6,450	7,000	7,600
Renewable Technology	Draft Strike prices (£/MWh) (2012 prices)					Potential 2020 Deployment Sensitivities (subject to VfM and cost reduction) (GW) ²	
	2014/15	2015/16	2016/17	2017/18	2018/19		
Advanced Conversion Technologies ³ (with or without CHP ⁴)	155	155	150	140	135	c. 0.3	
Anaerobic Digestion (with or without CHP)	145	145	145	140	135	c. 0.2	
Biomass Conversion ⁵	105	105	105	105	105	1.2 – 4	
Dedicated Biomass (with CHP) ^{6 7}	120	120	120	120	120	c. 0.3	
Energy from Waste (with CHP) ⁸	90	90	90	90	90	c. 0.5	
Geothermal (with or without CHP) ⁹	125	120	120	120	120	< 0.1	

¹ Control totals for the Levy Control Framework will be set in nominal terms at the relevant Spending Review.

² Dependent on industry cost reductions over time – figures are not Government forecasts and do not include deployment supported under the small-scale Feed-In Tariff. The upper end of the offshore wind range is reached if costs come down to meet industry aspirations and there is some delay to nuclear and CCS build out.

³ Standard and advanced gasification and pyrolysis, including advanced bioliquids.

⁴ Combined Heat and Power.

⁵ Based on biomass contracts ceasing to pay in 2027.

⁶ The policy of whether and how dedicated biomass will be supported under CfDs will be confirmed within the draft EMR Delivery Plan, published in July 2013.

⁷ The draft strike price is based on the assumption that Dedicated Biomass CHP generators can apply for the current (1p/kWh) Renewable Heat Incentive (RHI) large biomass tariff. This assumption also applies to other technologies with CHP. Revised RHI tariffs were consulted on in September 2012 and a Government response is pending. DECC may adjust the Dedicated Biomass CHP strike price (and other technologies with CHP) once RHI tariffs have been confirmed.

⁸ Energy from waste without CHP is not supported under CfDs, which is consistent with the position under the Renewables Obligation.

⁹ The proposed strike prices for geothermal have been set with the aim of giving equivalent returns from investment as could be accrued under the RO. The Government has commissioned an external report on the potential of geothermal power in the UK – due to conclude in July – and its findings will be incorporated in setting the final strike prices.

Hydro ¹⁰	95	95	95	95	95	c. 1.7
Landfill Gas	65	65	65	65	65	c. 0.9
Offshore Wind	155	155	150	140	135	8 – 16
Onshore Wind	100	100	100	95	95	9 – 12
Sewage Gas	85	85	85	85	85	c. 0.2
Large Solar Photo-Voltaic	125	125	120	115	110	2.4 – 3.2
Tidal Stream ¹¹	305	305	305	305	305	c. 0.1
Wave ¹²	305	305	305	305	305	

Notes:

- Further detail will be published in July, as part of consultation on the draft EMR Delivery Plan.
- Expected deployment under these strike prices is broadly consistent with deployment scenarios presented in the Renewables Roadmap¹³ and reflects new cost assumptions and the growth figures announced at Budget 2013. They are subject to change prior to public consultation in July 2013, as part of the draft EMR Delivery Plan.
- There is no published strike price for Tidal Range. Instead, given the lack of cost data available, DECC will consider how best to price CfDs and the appropriate length of contracts for tidal range projects on a case by case basis.
- Please note that there are 14 published strike prices, in contrast to the 35 Renewables Obligation (RO) support bands for renewables. In some cases, we are offering one strike price to cover two or more support bands under the RO, as we are moving away from having more than one support level for a single technology. In addition, we are not offering strike prices for a number of RO technologies at the present time, for example due to sustainability reasons.
- Some technologies are offered the same strike price whether or not they are Combined Heat and Power (CHP) projects, as noted in the table above. CHP projects will also receive support and revenue for the heat element of their generation, therefore overall they will receive greater support than non-CHP generators. This is intended to incentivise CHP generation.

¹⁰ For larger hydro projects, DECC will consider how best to price CfDs and the appropriate length of contracts on a case by case basis, similar to the proposed approach for Tidal Range.

¹¹ The strike prices for Tidal Stream and Wave are intended for the first 30 MW capacity of any project. For higher capacity projects, support for the additional MW will be set at the offshore wind strike price.

¹² As per previous footnote.

¹³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80246/11-02-13_UK_Renewable_Energy_Roadmap_Update_FINAL_DRAFT.pdf