



These FAQs address queries raised by stakeholders to date. These FAQs are for information only and do not supersede or replace the requirements contained in The Contracts for Difference (Allocation) Regulations 2014, The Contracts for Difference (Definitions of Eligible Generator) Regulations 2014 and Final Allocation Framework for the October 2014 Allocation Round. These FAQs do not constitute legal or investment advice and prospects are urged to consult their professional advisors. It is our intention to keep these FAQs under review and to publish revised issues from time-to-time.

#	Question	DECC Response	Rules and Regulations	Date
ELIGIBILITY				
1	Are there provisions to allow you to split a large site between multiple CFD applications?	<p>CFD applications are not made for sites, but, as specified in the allocation regulations, made in respect of CFD units, defined as the whole or part of an eligible generating station. Eligible generating stations are defined in the CFD (Definition of Eligible Generator) Regulations¹.</p> <p>Those applications which satisfy the eligibility criteria and qualification requirements as set out in the Allocation Regulations and Allocation Framework, are qualifying applications which are able to enter the allocation process.</p>		10/9/2014
2	Does repowering/replanting a site qualify as a new generating station?	<p>Applicants may do something to upgrade or change an existing generating station and the extent of the changes (which is a matter of fact and judgement) may mean there would be a totally new generating station established. Alternatively, the extent of the changes may mean the applicant is simply altering an existing generating station, whereby the station (or the part of it) as altered would constitute the CFD unit. In either case, in order to apply for a CFD, what is established or altered would need to be an eligible generating station as defined in the Eligibility Regulations.</p>		10/9/2014
3	It is not uncommon for project shareholders to change their company names. How will the CFD delivery body handle such discrepancies across documentation	<p>DECC understands the issues caused by variances in company names across documentation and the problems this may cause in providing consistent documentary evidence for CFD eligibility purposes. Therefore, company registration numbers must be supplied, but company names referenced on documents submitted in the application will not form part of the eligibility assessment (however</p>	AF Schedule 4	10/9/2014

¹ <http://www.legislation.gov.uk/ukdsi/2014/9780111116807>

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	submitted at the point of CFD application?	checks will performed across some or all of project location, capacity, date and technology type details). These checks have been clarified in Schedule 4 of the Allocation Framework.		
4	What level of financial commitment is needed for eligibility?	The eligibility requirements are set out in the Allocation Framework and Allocation Regulations and include demonstrating a number of criteria have been met. For example, applicants are required to evidence all applicable planning consents have been granted, a grid connection agreement is obtained, and all supporting information has been provided. Aside from applicants meeting these criteria, no specific level of financial commitment is required for the relevant project (at the application stage).		10/9/2014
5	If my project is outside the UK am I still eligible? Is my project in Northern Ireland eligible?	Projects are required to provide relevant planning permission granted by Great Britain authorities, and in addition, offshore projects are defined by reference to their situation in the offshore waters of the UK and in respect of which a lease or an agreement for lease has been granted by the Crown Estate. The Allocation Regulations do not extend to Northern Ireland.		10/9/2014
6	Does the Delivery Body have the ability to check errors in application data rather than exclude automatically?	The Delivery Body will be reviewing applications and verifying associated documentation. However, no error rectification mechanic has been built in to the application window to allow applicants or the Delivery Body to correct errors in submitted applications. This is to ensure the Delivery Body is fair and consistent in its assessment across all applications, and to maintain the tight eligibility window timelines. Applicants do, however, have the ability to withdraw an application and re-submit before the application window closing date, should they choose to correct any errors themselves. In order to minimise the exclusion of valid applications with minor errors, the		10/9/2014

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		<p>Delivery Body will be designing the application form to have system protections and in-built checks – e.g. a consistent date or MW has been entered in the right place, and attachments have been uploaded before allowing a user to submit their application.</p> <p>Ultimately, the onus is on applicants to ensure the data is correct on submission and we encourage applicants to review the Allocation Framework and eligibility requirements and start to compile their evidence now.</p>		
CONNECTION AGREEMENTS				
7	Are non-firm grid offers eligible to apply?	Both firm and non-firm grid connections are acceptable for CFD eligibility. Where direct connection applies, agreements must be for at least 75% of the CFD unit capacity ("the 75% test"). This has been clarified in Schedule 4 of the Allocation Framework. However, for successful applications where a CFD is entered into, then irrespective of the type of agreement, generators still need to fulfil the CFD Standard terms, namely the Required Installed Capacity provision and Further Conditions Precedent conditions.	AF Schedule 4	10/9/2014
8	If the developer contracts with an independent connection provider (ICP) to undertake certain connection works, does the developer need planning permission for those works?	The regulations require that applicable planning consents (as defined by Regulation 24) are provided for all relevant works being undertaken by an applicant. The only exception to this is outlined in Regulation 23(3) which states that there is no requirement to provide planning consents for relevant works to which a connection agreement applies and where those works are undertaken by a person other than the applicant. Therefore, any consents (including those undertaken by an Independent Connection Provider for connection assets) which sit outside this exception and are therefore the responsibility of the developer, must be evidenced and provided for in the CFD application.	Reg 23 & 24	10/9/2014
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	Is it a connection agreement or countersigned offer?	<p>The final Allocation Framework has now clarified that for purposes of evidencing applicable grid connection agreements; this also includes countersigned offer(s) between an applicant and the relevant operator of the Transmission System or Distribution System.</p> <p>This clarification reflects the variance in wording of connection documents across the transmission and distribution levels.</p>		10/9/2014
10	How should overplanting be dealt with in relation to total installed capacity?	<p>The CFD applied for must be for the total installed capacity and a separate meter would be needed for additional capacity. Where a Direct Connection applies, the Grid Connection Agreement must be for at least 75% of the total installed capacity.</p> <p>This provides applicants with the ability to either adjust their capacity and/or undertake a strategy of "over-planting" of capacity relative to the grid connection capacity.</p>		10/9/2014
PLANNING CONSENT				
11	Will a project that has secured planning consent, but is subject to a judicial review at the point of CFD application, be deemed eligible (assuming all non-consent related criteria are satisfied in full)?	For the purposes of CFD eligibility, consent will be considered valid consent, irrespective of any judicial review being undertaken and so long as Directors can make the relevant statements. If the application is a successful application and a CFD is entered into, and after all legal processes the review finds that the consent is no longer valid, this would have commensurate consequences on contract processes.		10/9/2014
12	Will local council planning committee minutes, stating the granting of planning permission to a project, be sufficient to satisfy CFD eligibility	As stated in the Allocation Regulations, (regulation 23(2)), the CFD eligibility criteria require a copy of all applicable planning consents which apply. Council minutes are just a record as to the decision of the council and are not a planning permission and will not satisfy this requirement.	Reg 23(2)	10/9/2014

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#	Question	DECC Response	Rules and Regulations	Date
	criteria regarding planning consents?			
13	Does planning permission include planning for associated infrastructure?	<p>Applicants are required to provide all applicable planning consents which enable the relevant CFD unit to be established and to supply electricity to the grid (or private network). The delivery body will be checking the applicable planning consents (where provided by the Applicant) listed in Allocation Regulation 24, but ultimately the onus is on the applicant to provide the evidence it considers relevant to demonstrate the project has sufficient planning permission to develop.</p> <p>The Allocation Framework includes (in Schedule 4) a description of the checks that must be undertaken by the Delivery Body, including in respect of the applicable planning consents.</p> <p>Note, however, that consent for relevant works undertaken by grid network operators and covered by grid connection agreements will not need to be shown by the applicant.</p>	Reg 24; AF Schedule 4	10/9/2014
14	Will the CFD delivery body consider eligible an offshore project, which has consent for all Project related assets, but lacks consent for OFTO assets?	The regulations require that applicable planning consents (as defined by Regulation 24) are provided for all relevant works being undertaken by an applicant. The only exception to this is outlined in Regulation 23(3) which states that there is no requirement to provide planning consents for relevant works to which a connection agreement applies and where those works are undertaken by a person other than the applicant. Therefore, any applicable consents as defined by Regulation 24 (including those for OFTO assets) which sit outside this exception and are the responsibility of the developer, must be evidenced in the CFD application.	Reg 23 & 24	10/9/2014
15	Under the RO a certificate of lawfulness was required for permitted developments. Is that required under the CFD?	Applicants are required to provide all applicable planning consents which are relevant to the CFD unit, but are not obliged to evidence the reasons for which consents and permissions are not applicable (e.g. there is no requirement to provide a certificate of lawfulness if permitted developments are relevant).		10/9/2014

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ALLOCATION				
16	Is there any limit to which a project's grid connection date may precede the related Target Commissioning Date, as stated/evidenced within the project application (or auction bids)?	Schedule 4 in the Allocation Framework details the date requirements relevant to the eligibility criteria which must be satisfied. On grid connection agreements, as long as the Target Commissioning Date specified in the application is on, or after the connection date specified in the connection agreement, the date element of the criterion would be satisfied.	AF Schedule 4	10/9/2014
17	Is there any limit (upward or downward) on the amount by which a project's sealed bids may vary from details submitted at the point of application?	All bids made by an applicant must have a capacity that is no greater than the capacity specified in the original application and must still meet the minimum capacity requirements to be an eligible generator (e.g. be above 5MW for onshore wind). All bids made by an applicant must have a first Delivery Year that is no earlier than the Delivery Year specified in the in the application submitted to the Delivery Body prior to the Application Closing Date.		10/9/2014
18	What is the allocation timeline, how does it change with appeals, and what notifications will DECC issue to applicants during allocation?	CFD applications will open on 14 October and close ten working days later. The Delivery Body will then determine whether each applicant is a qualifying applicant. Any applicant that the Delivery Body has determined to be not qualifying will then have the opportunity to dispute that decision - firstly via submitting a non-qualification review to the Delivery Body and secondly (where Delivery Body uphold their original determination) via a Qualification Appeal to Ofgem. The Delivery Body will assess whether a competitive allocation process is necessary, and if it is will invite the qualifying applicants to submit a sealed bid. Under a CFD allocation process with no disputes, we would expect that sealed bids (if necessary) would be submitted in December and the final decision on which		10/9/2014

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		<p>applicants are successful should be taken by the end of 2014. In this case contracts will be offered to successful applicants in early January 2015.</p> <p>Resolution of any disputes is expected to take up to 50 working days. The Secretary of State may decide to commence the allocation process before all appeals are resolved. Alternatively, in a circumstance where the allocation process does not start until all disputes are resolved, sealed bids (if necessary) would be submitted in February 2015 and final decision would be expected in early March with contracts being offered later in March. No interim decisions or notifications on allocation would be sent to applicants between October and March.</p> <p>A delay to the commencement of the allocation process may also delay the deadline for submitting sealed bids, however this would not extend the time between submission of sealed bid and contracts being offered.</p>		
19	Are all projects capped at their Administrative Strike Price?	Yes, projects will be paid the relevant clearing price or ASP, whichever is lower.		10/9/2014
20	How will the auction cope with different delivery years?	<p>The auction mechanics are described in the Allocation Framework², and in a slide pack available on our website³.</p> <p>In summary the allocation process invites bids in all the available delivery years and successful applications are those which are the cheapest, affordable projects irrespective of their delivery year. Each delivery year will be closed as soon as a project commissioning in that year is unaffordable, while the auction will continue for other delivery years. This may result in different clearing prices for each delivery year.</p>		10/9/2014

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/349370/Final_Allocation_Framework.pdf

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/302725/af_event__9_april_slides.pdf, slide 31 onwards

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21	What does a flat budget profile mean for the auction mechanic?	If the budget profile is flat (a single amount is released for all delivery years, as in the draft budget ⁴), the auction mechanic will work in the same way as set out in the Allocation Framework and illustrated by the slides mentioned above. Each delivery year will close when the next lowest strike price bid project in that year would be unaffordable. We will still continue to consider projects in other delivery years, until all years are closed or no bids remain. This may lead to different clearing prices for each delivery year.		10/9/2014
22	Will there be automatic competition for some technologies?	We envisage that all technologies will compete from Day 1. Both established and less established technologies will compete within their pot if more projects come forward than budget is available.		10/9/2014
23	How definite is the new non-delivery disincentive since it's not yet in regulations?	Government has announced its intention to apply the non-delivery disincentive as soon as possible and it intends that it will apply in respect of applications made in the 1st allocation round. Government has worked on the detail that needs to be included in regulations which will be published shortly, and it intends that the regulations are in place ahead of the 2nd allocation round, such that the types of applications which are prevented under the disincentive are excluded from the second round.		10/9/2014
24	How does the Delivery Body verification process for flexible bids work?	The Delivery Body has to verify all flexible bids are no greater than or earlier than original bid. There will be no further verification for flexible bids. This means that, in practice, applicants need to ensure that their earliest and largest applications fall under the eligibility requirements.		10/9/2014

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336101/draft_cfd_budget_notice.pdf

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25	What will the private wire generation market reference price be? Can it be the PPA price?	No it will be same as for other CFD holders.		10/9/2014
INTERACTION WITH OTHER GOVERNMENT SCHEMES				
26	If unsuccessful in the CFD auction, can a developer then apply for an RO grace period?	If an application for a project is unsuccessful in qualification or CFD auction, applicants will regain their choice of scheme and may opt for the RO (as long as they don't make a fresh application for a CFD and as long as their project does not already have a CFD or investment contract for any part of its generating capacity). The ability to opt for the RO is subject to the various deadlines and other criteria for applying for a grace period and for accrediting under the RO.		10/9/2014
27	Under what conditions can a developer withdraw from a grace period, if any, if successful in an application for a grace period? Would there then be any conditions applying to the CFD?	There is no formal process for withdrawing from the grace periods described in chapter 8 of the March 2014 Government response because an application for the 'enabling financial decisions' grace period is not treated as making a choice between the RO and CFD. For a new station, the choice of scheme is treated as occurring when an application is made for RO accreditation or when an application is made for a CFD.		10/9/2014
28	Can you apply for the RO and the CFD simultaneously?	A developer for a project can not apply for the RO at the same time if it has also made an application for a CFD for the same generating station. As part of the RO application, applicants must declare that they haven't applied for a CFD or that every CFD application has been rejected. Once a CFD application is successful, no further bits of the station can get the RO. The policy is that movement should be one way from the RO to the CFD and that projects can't keep swapping from one to the other for each new bit that they add. Applicants can refer to the March 2014		10/9/2014

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		Government response where this is all set out.		
29	If an applicant is in the process of applying for a capacity agreement in the Capacity Market for a specific generating unit, can they also apply for a CFD in relation to the same generating unit?	If a capacity agreement does not yet exist in respect of a relevant CFD unit, an eligible generator may apply for a CFD for that unit even though that person (or another) may be applying for a capacity agreement for that unit. The CFD regulations do not prevent someone applying for a CFD while they are undergoing pre-qualification to apply for a capacity agreement, however the regulations do exclude applicants who already hold a capacity agreement (or are already receiving funding from other Government schemes).		10/9/2014
30	Is it possible to apply for both a CFD and RHI? (In the case of a CHP facility)?	<p>Depending on the technology, it is possible to apply for both CFD and RHI funding. However, the arrangements for receiving CfD and RHI are particularly different for Energy from Waste (EfW) with CHP.</p> <p>Applicants developing EfW with CHP stations may apply for either CFD or RHI funding for their station, but not both. This reflects the CFD strike prices for EfW which have been set to include both the power and heat component supplied.</p> <p>All other CHP technologies (i.e. Geothermal with CHP, Biomass with CHP, AD with CHP and ACT with CHP) are eligible for both CFD and RHI support. The justification being the strike price under the CFD was based on power-only and therefore also needs to allow for funding to apply to the supply of the heat component.</p>		10/9/2014
31	Will OLR be available in time for the first auction?	We are on track to deliver the final policy and introduce enabling regulations for the first CFD allocation round. CFD applicants will, therefore, have a high degree of clarity about the arrangements for OLR, in advance of the first auctions. Generators will be able to access a Backstop PPA from October 2015. Further updates and information on the OLR will be made available in the coming weeks.		10/9/2014

