

THE CONTRACTS FOR DIFFERENCE (STANDARD TERMS) REGULATIONS 2014

13 March 2017

Explanation of changes to the CFD Standard Terms

This note is published further to regulation 4(1) of the Contracts for Difference (Standard Terms) Regulations 2014 (as amended). It accompanies the revised CFD Standard Terms, Phased (Apportioned Metering) Terms, Phased (Single Metering) Terms and Private Network Terms (together the “Terms”) published on the same date as this note.

Following consultations in 2015 and 2016 on proposed changes to the CFD and delivery years, various amendments have been made to the Terms since the first versions of these documents were published in 2014. The main purpose of these changes is to ensure compliance with the terms of the State aid approval for the CFD scheme and provide further clarity on contract obligations under the CFD scheme. The key changes are summarised below:

- Inclusion of provisions to prevent generators from being overcompensated by the cumulation of State aid;
- Clarification on the definition of foreseeability within the definition of qualifying change in law, principally to clarify what situations are ‘foreseeable’ and accordingly do not result in compensation to generators;
- Clarification on how storage should be treated in CFD sites while ensuring that CFD payments cannot be made on electricity imported from the grid;
- Revisions to prevent generation payment for any period of six or more consecutive hours where the pricing is negative to ensure compliance with the conditions of the State aid approval for the CFD scheme;
- Amendments to the Private Network Metering Operational Framework and Technical System Requirements to ensure reference to the most relevant industry standards and provide generators with greater flexibility in how they maintain their metering systems;
- The earliest possible “Start Date” that the Terms specify has been updated from 1 April 2015 to 1 April 2021, to align with the first date of the first delivery year for the second allocation round;
- In addition, a number of minor and technical amendments have been made to the Terms, including on milestone delivery requirements, representations and warranties and fuel measuring and sampling.

The respective consultation and Government Response documents set out further information relating to the amendments:

- 2016: <https://www.gov.uk/government/consultations/consultation-on-amending-the-cfd-contract-and-regulations>

- 2016: <https://www.gov.uk/government/consultations/amendment-to-the-contracts-for-difference-allocation-regulations-2014>
- 2015: <https://www.gov.uk/government/consultations/electricity-market-reform-contracts-for-difference-consultation-on-changes-to-the-cfd-contract-cfd-regulations>