



Department for
Business, Energy
& Industrial Strategy

Government Response to the Consultation on Amendment to the Contracts for Difference (CFD) (Allocation) Regulations (2014)

“Should the Government amend the Contracts for Difference (Allocation) Regulations (2014) in order to extend the Delivery Years specified in those regulations to the 31st of March 2026?”

6 September 2016

Government Response to the Consultation on Amendment to the Contracts for Difference (CFD) (Allocation) Regulations (2014)

The consultation can be found on GOV.UK:

<https://www.gov.uk/government/consultations/amendment-to-the-contracts-for-difference-allocation-regulations-2014>

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1. BEIS Foreword

Introduction

- 1.1. Under the Contracts for Difference ('CFD') (Allocation) Regulations (2014), CFD allocation rounds and their associated budgets can only be made available for projects commissioning in set periods, known as Delivery Years.
- 1.2. A consultation recently took place regarding an extension of the CFD Delivery Years.

2. Background Information

- 2.1 Under the CFD (Allocation) Regulations (2014), CFD allocation rounds and their associated budgets can only be made available for projects commissioning in set periods, known as Delivery Years.
- 2.2 The current Regulations only give Government the power to run an Allocation Round and allocate budget for Delivery Years up to the period ending 31 March 2020.
- 2.3 We held a five week consultation, which ended on 8 August 2016, on the following question:
- 2.4 “Should the Government amend the Contracts for Difference (Allocation) Regulations (2014) in order to extend the Delivery Years specified in those regulations to the 31st of March 2026?”
- 2.5 All respondents responded positively to making this amendment.

3. Written Responses

- 3.1. We received 24 responses. All of the responses were in agreement with the proposed amendment and none raised new issues relevant to the question asked.
- 3.2. Several respondents provided additional views on the topic of Delivery Years that were outside the scope of the consultation, such as proposing to which specific Delivery Years the next Allocation Round should relate. However, the majority of the respondents who provided views on this topic considered that Delivery Years for the next Allocation Round should be limited to 2021/22 and / or 2022/23. The proposed amendment permits Delivery Years up to 2025/6 but does not specify the Delivery Years to which any future Allocation Round will relate. This allows the option for future Allocation Rounds to be run.
- 3.3. Respondents also provided views relating to the broader CFD regime. These included the following:
 - Views on the suitability of retaining support for bioenergy-based technologies within the CFD regime;
 - The importance of clarity on CFD timetabling, technological eligibility and budget volumes;
 - The impact of variations in lead-in times for less-established technologies on the Government's approach to designing the regime;
 - The potential for considering the whole electricity system cost of technologies within the regime;
 - The development of a non-UK CFD that will assist certain projects;
 - The inclusion of remote island onshore wind as a separate technology; and
 - The environmental impact of support for deep water offshore renewables.
- 3.4. These responses on other topics will be taken into account as the Government considers further development of the CFD regime.

4. Executive Summary

- 4.1. The results of our recent Government consultation supported the proposed amendment to the CFD (Allocation) Regulations (2014) to extend the delivery years in which budget can be allocated to end March 2026, in order to run future allocation rounds and it is our intention to make the amendment.



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