

THE CONTRACTS FOR DIFFERENCE (STANDARD TERMS) REGULATIONS 2014

CFD STANDARD TERMS NOTICE

13 March 2017

This notice is made further to Regulation 9 of the Contracts for Difference (Standard Terms) Regulations 2014 (as amended) and is given to the Low Carbon Contracts Company Ltd (“the CFD Counterparty”). It applies to the second Allocation Round established under the Contracts for Difference (Allocation) Regulations 2014 (as amended).

AVAILABLE TERMS

By notice, the Secretary of State informs the CFD Counterparty that the following issued categories of Standard Terms and Conditions terms are to be used in the Allocation Round:

- Standard Terms (comprising the CFD Standard Terms and Conditions (version 2) and the CFD Generic Agreement (March 2017 version))
- Phased Terms (Single Metering) (comprising the CFD Standard Terms and Conditions (version 2) and the CFD Phase 1-3 (Single) Agreements (March 2017 versions))
- Phased Terms (Apportioned Metering) (comprising the CFD Standard Terms and Conditions (version 2) and the CFD Phase 1-3 (Apportioned) Agreements (March 2017 versions))
- Private Network Terms (comprising the CFD Standard Terms and Conditions (version 2) and the CFD Private Network Agreement (March 2017 version))
- Unincorporated Joint Ventures Terms (comprising the CFD Standard Terms and Conditions (version 2) and the Unincorporated Joint Ventures Agreement (March 2017 version))

These are available at: <https://www.gov.uk/government/publications/contracts-for-difference-standard-terms-and-conditions-version-2-march-2017>

COMPLETION OF TERMS

The information in the following tables is to be used in the completion of the above available terms in respect of CFD notifications given in the Allocation Round:

1. Table A contains the list of technologies that may be included in notifications to the CFD Counterparty and which should be used in selecting the information in Tables B to M;

2. The information in Tables B to M as appropriate to the technology in respect of which a CFD notification is given is to be used;
3. For all technologies, the information in Table N, as appropriate, is to be used.

Table A: Facility Generation Technologies

Advanced Conversion Technology
Advanced Conversion Technology with CHP
Anaerobic Digestion (>5MW)
Anaerobic Digestion with CHP (>5MW)
Dedicated Biomass with CHP
Geothermal
Geothermal with CHP
Offshore Wind
Tidal Stream
Wave

Table B: Baseload / Intermittent

Technology	Value
Advanced Conversion Technology	Baseload
Advanced Conversion Technology with CHP	Baseload
Anaerobic Digestion (>5MW)	Baseload
Anaerobic Digestion with CHP (>5MW)	Baseload
Dedicated Biomass with CHP	Baseload
Geothermal	Baseload
Geothermal with CHP	Baseload
Offshore Wind	Intermittent
Tidal Stream	Intermittent
Wave	Intermittent

Table C: RQM

Technology	Value
Advanced Conversion Technology	Applies
Advanced Conversion Technology with CHP	Applies
Anaerobic Digestion (>5MW)	Applies
Anaerobic Digestion with CHP (>5MW)	Applies
Dedicated Biomass with CHP	Applies
Geothermal	Does not apply
Geothermal with CHP	Does not apply
Offshore Wind	Does not apply
Tidal Stream	Does not apply
Wave	Does not apply

Table D: Assumed RQM

Technology	Value
Advanced Conversion Technology	0.5
Advanced Conversion Technology with CHP	0.5
Anaerobic Digestion (>5MW)	1
Anaerobic Digestion with CHP (>5MW)	1
Dedicated Biomass with CHP	1
Geothermal	1
Geothermal with CHP	1
Offshore Wind	1
Tidal Stream	1
Wave	1

Table E: CHPQM

Technology	Value
Advanced Conversion Technology	Does not apply
Advanced Conversion Technology with CHP	Applies
Anaerobic Digestion (>5MW)	Does not apply
Anaerobic Digestion with CHP (>5MW)	Applies
Dedicated Biomass with CHP	Applies
Geothermal	Does not apply
Geothermal with CHP	Applies
Offshore Wind	Does not apply
Tidal Stream	Does not apply
Wave	Does not apply

Table F: Sustainability

Technology	Value
Advanced Conversion Technology	Applies
Advanced Conversion Technology with CHP	Applies
Anaerobic Digestion (>5MW)	Applies
Anaerobic Digestion with CHP (>5MW)	Applies
Dedicated Biomass with CHP	Applies
Geothermal	Does not apply
Geothermal with CHP	Does not apply
Offshore Wind	Does not apply
Tidal Stream	Does not apply
Wave	Does not apply

Table G: Target Commissioning Window

Technology	Value
Advanced Conversion Technology	12 months
Advanced Conversion Technology with CHP	12 months
Anaerobic Digestion (>5MW)	12 months
Anaerobic Digestion with CHP (>5MW)	12 months
Dedicated Biomass with CHP	12 months
Geothermal	12 months
Geothermal with CHP	12 months
Offshore Wind	12 months
Tidal Stream	12 months
Wave	12 months

Table H: Longstop Period

Technology	Value
Advanced Conversion Technology	12 months
Advanced Conversion Technology with CHP	12 months
Anaerobic Digestion (>5MW)	12 months
Anaerobic Digestion with CHP (>5MW)	12 months
Dedicated Biomass with CHP	12 months
Geothermal	12 months
Geothermal with CHP	12 months
Offshore Wind	24 months
Tidal Stream	12 months
Wave	12 months

Table I: Total Project Pre-Commissioning Costs

Technology	Value
Advanced Conversion Technology	£4,010,000
Advanced Conversion Technology with CHP	£4,010,000
Anaerobic Digestion (>5MW)	£3,250,000
Anaerobic Digestion with CHP (>5MW)	£3,250,000
Dedicated Biomass with CHP	£3,495,000
Geothermal	£2,080,000
Geothermal with CHP	£2,080,000
Offshore Wind	£2,250,000
Tidal Stream	£2,885,000
Wave	£3,355,000

Table J: Assumed Load Factor

Technology	Value
Advanced Conversion Technology	83.2%
Advanced Conversion Technology with CHP	83.2%
Anaerobic Digestion (>5MW)	79.1%
Anaerobic Digestion with CHP (>5MW)	79.1%
Dedicated Biomass with CHP	80.4%
Geothermal	91.2%
Geothermal with CHP	91.2%
Offshore Wind	47.7%
Tidal Stream	30.8%
Wave	30%

Table K: Post-Tax Real Discount Rate

Technology	Value
Advanced Conversion Technology	0.079
Advanced Conversion Technology with CHP	0.096
Anaerobic Digestion (>5MW)	0.087
Anaerobic Digestion with CHP (>5MW)	0.105
Dedicated Biomass with CHP	0.094
Geothermal	0.172
Geothermal with CHP	0.187
Offshore Wind	0.076
Tidal Stream	0.099
Wave	0.094

Table L: Initial Balancing System Charge

Technology	Value
Advanced Conversion Technology	£2.34
Advanced Conversion Technology with CHP	£2.34
Anaerobic Digestion (>5MW)	£2.34
Anaerobic Digestion with CHP (>5MW)	£2.34
Dedicated Biomass with CHP	£2.34
Geothermal	£2.34
Geothermal with CHP	£2.34
Offshore Wind	£2.34
Tidal Stream	£2.34
Wave	£2.34

Table M: Initial Balancing System Charge Window

Technology	Value
Advanced Conversion Technology	01/02/2016 to 31/01/2017
Advanced Conversion Technology with CHP	01/02/2016 to 31/01/2017
Anaerobic Digestion (>5MW)	01/02/2016 to 31/01/2017
Anaerobic Digestion with CHP (>5MW)	01/02/2016 to 31/01/2017
Dedicated Biomass with CHP	01/02/2016 to 31/01/2017
Geothermal	01/02/2016 to 31/01/2017
Geothermal with CHP	01/02/2016 to 31/01/2017
Offshore Wind	01/02/2016 to 31/01/2017
Tidal Stream	01/02/2016 to 31/01/2017
Wave	01/02/2016 to 31/01/2017

Table N: Initial TLM(D) Charge

Year	Value
2020	0.0079
2021	0.0079
2022	0.0079
2023	0.0079
2024	0.0079
2025	0.0079
2026	0.0079
2027	0.0079
2028	0.0079
2029	0.0079
2030	0.0079
2031	0.0079
2032	0.0079
2033	0.0079
2034	0.0079
2035 and each calendar year	0.0079

SIGNED



Ashley Ibbett, Director Clean Electricity, Department for Business, Energy and Industrial Strategy

For and on behalf of the Secretary of State

DATED: 13 March 2017

The following is provided for information only and does not form part of the notice:

DERIVATION OF VALUES

Value	Reference
Assumed RQM	In accordance with the biodegradable percentage of waste available for combustion mentioned in paragraph 6.115 of the Digest of United Kingdom Energy Statistics (DUKES) 2016, chapter 6: Renewable sources of energy ¹ .
Target Commissioning Windows	Published by BEIS in the Allocation Framework for the second Allocation Round.
Longstop Period	Unchanged since the first Allocation Round.
Total Project Pre-Commissioning Costs	Derived from capital cost forecasts (low) in ARUP: Review of Renewable Electricity Generation Cost and Technical Assumptions. Published by BEIS on 9 November 2016.
Assumed Load Factor	Published in ARUP: Review of Renewable Electricity Generation Cost and Technical Assumptions ² . Published by BEIS on 9 November 2016. Geothermal values taken from ARUP: Review of generation costs and deployment potential of renewable electricity technologies in the UK, 2011 ³ .
Post-Tax Real Discount Rate	Derived from hurdle rate figures published by BEIS in the Electricity Generation Costs report, November 2016 ⁴ .
Initial Balancing System Charge	Determined by the CFD Counterparty on behalf of BEIS, employing volume-expanded RCRC and BSC values.
Initial Balancing System Charge Window	
Initial TLM(D) Charge	National Grid, Future Energy Scenarios 2016.

¹ <https://www.gov.uk/government/statistics/renewable-sources-of-energy-chapter-6-digest-of-united-kingdom-energy-statistics-dukes>

² <https://www.gov.uk/government/publications/arup-2016-review-of-renewable-electricity-generation-cost-and-technical-assumptions>

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66176/Renewables_Obligation_consultation_-_review_of_generation_costs_and_deployment_potential.pdf

⁴ <https://www.gov.uk/government/publications/beis-electricity-generation-costs-november-2016>