



## Contracts for Difference: Stakeholder Bulletin

16<sup>th</sup> May 2018

### Developing policy on Supply Chain Plan Post Build Reports

Developers of projects with a capacity of 300MW and above, wishing to enter Contract For Difference (CfD) allocation rounds, need to (among other entry criteria) have an approved *Supply Chain Plan*. This requirement has been running for some time and is now well understood. The previous set of guidance is available at <https://www.gov.uk/government/publications/supply-chain-plan-guidance>.

The guidance on Supply Chain Plans notes the Department's intention to monitor the implementation of approved Supply Chain Plans if a project is awarded a CfD, and that developers may be requested to submit a *Post Build Report* (PBR) once their project has been commissioned. This request is likely to be made at the point of first CfD payment, with projects expected to complete the Post Build Report within three months of commissioning the project.

Applicants intending to bid for a Project with a capacity of 300MW or above in a future CfD round, who have previously been awarded a CfD for a Project with a capacity of 300MW or above in a completed CfD round, should provide an update regarding the implementation of the Supply Chain Plan submitted in connection with that project (provided that no PBR has yet been submitted). The update, an interim Post Build Report (iPBR), should follow the same format as the final PBR.

The next allocation round is expected that developers could find themselves needing to submit an iPBRs for the first time. As part of our ongoing informal stakeholder engagement, we are therefore seeking your views on the requirements for what should be included in a PBR and an iPBR. Draft guidance is attached to this bulletin, and sets out the kind of information we would expect to see, which we expect would be limited to 10 pages (with supporting evidence in annexes).

While all approved Supply Chain Plans to date have been for offshore wind projects, we welcome views on the suitability of this suggested structure for all eligible technologies. Are the requirements set out in the draft Post Build Report reasonable and proportionate? Is the guidance clear? Will this approach work for all technologies that might need to submit one? Please respond with your comments to [alan.morgan@beis.gov.uk](mailto:alan.morgan@beis.gov.uk) by **Friday 8<sup>th</sup> June 2018**. If you would find it useful to discuss with one of our policy leads, Alan is happy to be contacted on 0300 068 6142.

### General Data Protection Regulation

To continue to receive these updates after the 24<sup>th</sup> May 2018, you will need to have **opted in** to remain on this stakeholder list (though if you have already done so, there's no need to do so again). To opt in and for your name and e-mail address to remain on this list after 24<sup>th</sup> May, send a blank e-mail with the subject line 'opt in' to [BEISContractsForDifference@beis.gov.uk](mailto:BEISContractsForDifference@beis.gov.uk).

**Purpose & scope of this list:** This list is managed by the Department for Business, Energy and Industrial Strategy (BEIS) (and any successor departments) and will be used to inform interested parties of policy developments relevant to the Contract for Difference scheme for renewable energy projects (and any direct successor schemes). It is not used for any other purposes.

**Duration of opt-in:** You can withdraw your consent to opt in at any time. We will normally keep your address on the list until (a) you withdraw your consent to opt in, (b) the scheme closes without any successor, (c) we receive reports your e-mail address is no longer operational, or (d) you do not respond to a periodic request from us to reconfirm your desire to opt in.

**Alternatives to opting in:** We currently issue these stakeholder bulletins as a convenience to interested parties, however it is not in any way essential to be on this list to participate in major consultations or allocation rounds. If you do not wish to remain on this list, updates are regularly found on the BEIS website at [www.gov.uk/beis](http://www.gov.uk/beis).

## Draft guidance for Post-Build Report and Interim Post-Build Reports



Please note that this stakeholder bulletin and the guidance therein is not an indication of the budget that will be allocated to the next allocation round nor of the technologies that will be able to compete in the next allocation round. Developers are advised not to incur expenses in preparing their Supply Chain Plan application until further notice.

In order to demonstrate that commitments made in a Supply Chain Plan have been adhered to, Project Developers may be requested to submit a *Post Build Report* (PBR). This request is likely to be made at the point of first CfD payment. Projects will be expected to complete the PBR within three months of commissioning the project.

Where relevant, Project Developers wishing to enter a future CfD allocation round and who have been awarded a CfD in a previous allocation round should provide an *Interim Post Build Report* (iPBR) regarding the implementation of the Supply Chain Plan submitted in connection with that project (provided that no PBR has yet been delivered) together with their Supply Chain Plan application. The iPBR should follow the same format as a final PBR.

Where the Developer has not demonstrated that they have taken sufficient action to support the development of the supply chain in the industry and/or for that technology through egregiously failing to adhere to the commitments made in a Supply Chain Plan, the Secretary of State may take this into account when considering any subsequent Supply Chain Plan submitted by that Applicant (or any consortium of which that Applicant is a member).

### Assessment Approach

The Government will assess PBRs and iPBRs against the commitments made in the submitted Supply Chain Plan and the objectives of the Supply Chain Plan policy, as laid out in the Supply Chain Guidance for the particular CfD allocation round.

iPBRs will be assessed as part of the Supply Chain Plan assessment process. PBRs will be assessed as soon as practicable after they have been received from the Project Developer.

### Publishing Post Build Report and Interim Post Build Reports

In order to share information with the supply chain industry and to support implementation, the Department may publish the PBR and iPBR.

Before publishing a PBR or iPBR, information deemed by the Department to be commercially sensitive will be removed. Developers should clearly mark information which is commercially sensitive in their PRB/iPBR (for example, by using text of a specified colour). If no commercially sensitive markings are included, the presumption will be that the information is not commercially sensitive and it will be published.

Further, the Department has a duty to comply with the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. It will be important for the Government to understand the nature of any harm which disclosure of potentially commercially sensitive information might result in when considering whether it is required to disclose PBR information in response to such a request.

The Department may also share PBRs and iPBRs with other parts of Government for the purpose of developing a joined-up approach to the development of supply chains in the low carbon electricity generation sector.

### Suggested structure of a PBR / iPBR

The report should be limited to 10 pages (not including annexes) and be able to demonstrate:

- What the main commitments were in the approved Supply Chain Plan.
- A narrative which sets out how these actions contributed to the three criteria individually and overall on how the project supported the development of the supply chain.
- The reasons for any deviation from the submitted plan.
- What actions (if any) replaced a deviation from the submitted plan and what value did it bring to the aims and objectives of the Supply Chain Plan policy.
- How the project helped drive cost reduction.

## Suggested structure

### Executive Summary

An overview of the Project and its current development status.

An overview of how the key/overarching commitments made in the SCP have been met and how they have delivered the aims and objectives of the Supply Chain Plan Policy.

### Main Section

A detailed account on how the SCP was implemented by category, its successes and areas where they were unable to meet the commitments made. Details as to how each section has had an impact on developing the supply chain and its impact on costs.

The information requested below should not be seen as exhaustive and the information relating to the applicants should incorporate the impacts of its chosen contractors for the project.

### Competition

- A description of the procurement process undertaken for each contract or “package of contracts” (e.g. turbines, foundations, sub-stations, installations etc.).
- An overview of the main commitments made in the SCP and whether the commitment was fulfilled or not. Commitments made in the supply chain plan not included here should be included in a register listing all commitments and progress as an annex.
- An explanation of the reasons for any deviation from the submitted plan.
- How effective/useful was supply chain engagement.
- Any issues with the supply chain that Government or industry could help resolve.

### Innovation

- An overview of the main commitment made in the SCP and whether the commitment was fulfilled. Commitments made in the supply chain plan not included here should be included in a register listing all commitments and progress as an annex.
- An explanation of the reasons for any deviation from the submitted plan.
- An overview of each new innovation introduced into the project and how successful it was.

### Skills

- An overview of the main commitment made in the SCP and whether the commitment was fulfilled. Commitments made in the supply chain plan not included here should be included in a register listing all commitments and progress as an annex.
- An explanation of the reasons for any deviation from the submitted plan.
- Overview of the impacts made on the skills base.

### Annexes

A developer may wish to include evidence to support statements made in the PBR or iPBR; such as a copy of final risk register, list of innovations developed/deployed, and copy of skills strategy

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**BEISContractsForDifference@beis.gov.uk**