



Contracts for Difference: Stakeholder Bulletin

August 2018

Legislation paving the way to the third CfD auction

The previous Stakeholder Bulletin, published on the 6th June, noted that the government had published an initial 'Part A' government response to the consultation on changes to the Contracts for Difference scheme, which ran from December last year to March.

The decisions paved the way to legislation being approved in Parliament, and following debate in the House of Commons and the House of Lords, the Contracts for Difference (Miscellaneous Amendments) Regulations 2018 became law on 23rd July.

[The new legislation](#)

Future CfD allocation rounds

On 23rd July, Energy and Clean Growth Minister Claire Perry announced that the next Contracts for Difference auction will open by May next year, and we plan to set out the parameters of the next auction later this year. She also announced the intention to run subsequent auctions around every 2 years after that, using the £557 million that we have already announced.

Meeting staff from the Offshore Renewable Energy Catapult in Newcastle ahead of a meeting of Regional Cabinet, she said that depending on the auction prices, this could see 1-2 gigawatts of new offshore wind every year in the 2020s - powering millions more homes a year - and we will look at ways to manage the auctions to ensure smooth delivery of low carbon generation. In return, we expect the offshore wind sector to continue cutting costs and reducing household bills whilst growing UK manufacturing.

[Gov.uk press release](#)

Publication of the 'Part B' response on changes to the CfD scheme

On 31st August, the government published the second part ('Part B') response to the consultation, covering the remaining issues that we consulted on earlier this year. The scope of this Part B response includes advanced conversion technologies, assumptions on load factor, updated greenhouse gas criteria and a range of proposed changes to contract terms, as well as on remote island wind and the treatment of combined heat and power projects (to the extent they were not covered in the previous Part A response).

The consultation response provides a brief summary of responses raised during the consultation on a wide range of proposed changes to the scheme ahead of the third allocation round, and sets out the government's policy decisions on these issues.

[Gov.uk consultation page](#)

[Part B response \(pdf, 56 pages\)](#)

New consultation on implementation, contract terms, & CHPQA standard

In parallel with publishing the 'Part B' response, the government has also published a follow-up consultation, which will run for six weeks, closing on the 10th October 2018.

- The government is consulting on some of the details of how the changes proposed in December 2017 will be implemented (and in a few cases, to address associated issues that have arisen as a result of engagement during that consultation process, such as a proposed change to the way which reference price forecasts are used during the allocation process).

- The government is consulting on changes to the CfD contract required to implement the policy decisions set out in the consultation response.
- The government is consulting on some further, relatively minor proposed changes to the CfD contract that are designed to ensure that the contract terms remain effective.
- The government is consulting on proposed changes to two documents that are required to implement the combined heat and power (CHP) proposals; a new issue of the CHPQA standard and a new draft of Guidance Note 44.

As ever, we welcome responses on any parts of this consultation.

The consultation page on gov.uk includes a consultation document (which is combined in the same document as the 'Part B' response), a draft of the CfD contract with proposed changes marked (the generic CfD Agreement and the CfD Standard Terms and Conditions – similar changes would apply to the other variants of the CfD agreement), and versions of the CHPQA standard Guidance Note 44 with the proposed changes marked.

[Gov.uk follow up consultation page](#)

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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.

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