



1 May 2019

## **THE CONTRACTS FOR DIFFERENCE (STANDARD TERMS) REGULATIONS 2014 CFD STANDARD TERMS NOTICE FOR THE THIRD ALLOCATION ROUND**

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 third 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 3) and the CfD Generic Agreement (May 2019 version));
- Phased Terms (Single Metering) (comprising the CfD Standard Terms and Conditions (version 3) and the CfD Phase 1-3 (Single) Agreements (May 2019 versions));
- Phased Terms (Apportioned Metering) (comprising the CfD Standard Terms and Conditions (version 3) and the CfD Phase 1-3 (Apportioned) Agreements (May 2019 versions));
- Private Network Terms (comprising the CfD Standard Terms and Conditions (version 3) and the CfD Private Network Agreement (May 2019 version));
- Unincorporated Joint Ventures Terms (comprising the CfD Standard Terms and Conditions (version 3) and the Unincorporated Joint Ventures Agreement (May 2019 version)).

These are available at: <https://www.gov.uk/government/publications/contracts-for-difference-cfd-allocation-round-3-standard-terms-and-conditions>

### **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
Anaerobic Digestion (>5MW)
Dedicated Biomass with CHP
Geothermal
Offshore Wind
Remote Island Wind (>5MW)
Tidal Stream
Wave

**Table B: Baseload / Intermittent**

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

**Table C: RQM**

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

**Table D: Assumed RQM**

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

**Table E: CHPQM**

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

**Table F: Sustainability**

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

**Table G: Target Commissioning Window**

<b>Technology</b>	<b>Value</b>
Advanced Conversion Technology	12 months
Anaerobic Digestion (>5MW)	12 months
Dedicated Biomass with CHP	12 months
Geothermal	12 months
Offshore Wind	12 months

Remote Island Wind (>5MW)	12 months
Tidal Stream	12 months
Wave	12 months

**Table H: Longstop Period**

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

**Table I: Total Project Pre-Commissioning Costs**

<b>Technology</b>	<b>Value</b>
Advanced Conversion Technology	£ 4,300,000
Anaerobic Digestion (>5MW)	£ 3,580,000
Dedicated Biomass with CHP	£ 4,030,000
Geothermal	£ 2,255,000
Offshore Wind	£ 1,630,000
Remote Island Wind (>5MW)	£ 1,090,000
Tidal Stream	£ 2,935,000
Wave	£ 3,285,000

**Table J: Assumed Load Factor**

<b>Technology</b>	<b>Value</b>
Advanced Conversion Technology	83.2%
Anaerobic Digestion (>5MW)	79.1%
Dedicated Biomass with CHP	80.3%
Geothermal	91.0%
Offshore Wind	56.3%
Remote Island Wind (>5MW)	43.3%
Tidal Stream	35.0%
Wave	30.0%

**Table K: Post-Tax Real Discount Rate**

<b>Technology</b>	<b>Value</b>
Advanced Conversion Technology	0.064
Anaerobic Digestion (>5MW)	0.074
Dedicated Biomass with CHP	0.081
Geothermal	0.142
Offshore Wind	0.056
Remote Island Wind (>5MW)	0.049
Tidal Stream	0.077
Wave	0.077

**Table L: Initial Balancing System Charge**

<b>Technology</b>	<b>Value</b>
Advanced Conversion Technology	£3.00
Anaerobic Digestion (>5MW)	£3.00
Dedicated Biomass with CHP	£3.00
Geothermal	£3.00
Offshore Wind	£3.00
Remote Island Wind (>5MW)	£3.00
Tidal Stream	£3.00
Wave	£3.00

**Table M: Initial Balancing System Charge Window**

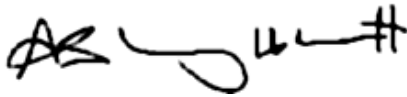
<b>Technology</b>	<b>Value</b>
Advanced Conversion Technology	01/04/2018 to 31/03/2019
Anaerobic Digestion (>5MW)	01/04/2018 to 31/03/2019
Dedicated Biomass with CHP	01/04/2018 to 31/03/2019
Geothermal	01/04/2018 to 31/03/2019
Offshore Wind	01/04/2018 to 31/03/2019
Remote Island Wind (>5MW)	01/04/2018 to 31/03/2019
Tidal Stream	01/04/2018 to 31/03/2019
Wave	01/04/2018 to 31/03/2019

**Table N: Initial TLM(D) Charge**

<b>Year</b>	<b>Value</b>
2019	0.0087
2020	0.0087
2021	0.0087
2022	0.0087
2023	0.0087
2024	0.0087

2025	0.0087
2026	0.0087
2027	0.0087
2028	0.0087
2029	0.0087
2030	0.0087
2031	0.0087
2032	0.0087
2033	0.0087
2034	0.0087
2035 and each calendar year	0.0087

**SIGNED**



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

For and on behalf of the Secretary of State

**DATED:** 1 May 2019

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

## DERIVATION OF VALUES

Value	Reference
<b>Assumed RQM</b>	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 <sup>1</sup> .
<b>Target Commissioning Windows</b>	Published by BEIS in the Allocation Framework for the third Allocation Round.
<b>Longstop Period</b>	Unchanged since the first Allocation Round.
<b>Total Project Pre-Commissioning Costs</b>	Derived from capital cost forecasts (low) built on BEIS' latest view on electricity generation costs.
<b>Assumed Load Factor</b>	Offshore and Remote Island Wind load factors estimated for specific known projects in the pipeline using BEIS internal models generating power curves (the relationship between the power output of a turbine based on its size, and wind speed <sup>2</sup> , and combined with site-specific wind speed distribution data from the Met Office (central values from the range across projects have been used).  Other technologies based on central assumptions underpinning BEIS' latest view on electricity generation costs.
<b>Post-Tax Real Discount Rate</b>	BEIS' latest view on hurdle rates.
<b>Initial Balancing System Charge/ Initial Balancing System Charge Window</b>	Determined by the CfD Counterparty on behalf of BEIS, employing volume-expanded RCRC and BSC values.
<b>Initial TLM(D) Charge</b>	National Grid, Future Energy Scenarios April 2018.

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

<sup>2</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/765690/Admin\\_Strike\\_Prices\\_Methodology\\_AR3.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/765690/Admin_Strike_Prices_Methodology_AR3.pdf)