



Department for
Business, Energy
& Industrial Strategy

Contracts for Difference: Stakeholder Bulletin

12 May 2020

Consultation on proposed changes to the Electricity Supplier Obligation Regulations in response to COVID-19

The Government announced that in response to the exceptional circumstances of COVID-19, BEIS will provide a one-off loan to the Low Carbon Contracts Company (LCCC) so that it can continue to pay Contracts for Difference (CfD) generators without needing to increase the Interim Levy Rate at short notice.

As foreshadowed in the previous [Bulletin](#), BEIS has today published a [consultation](#) seeking views on the proposal to defer part of the amount of the increase in electricity suppliers' obligations that would otherwise be collected by LCCC for the current (the second) quarter of 2020 to the first quarter of 2021, in order to enable suppliers to better manage any increases.

The consultation closes on Tuesday 19 May. This is shorter than usual because implementing this proposal is being taken forward as a matter of urgency in response to the exceptional circumstances and will require Parliament to approve changes to the ESO Regulations before 9 July (the date on which we currently expect LCCC to carry out the reconciliation process for the current quarter).

We are planning to run a virtual stakeholder event at 10am on Friday 15 May. If you would like to register to attend, please email: BEISContractsforDifference@beis.gov.uk.

You can respond to the consultation [online](#) or by sending an email to: BEISContractsforDifference@beis.gov.uk.

Implementation of the proposal would require changes to the Contracts for Difference (Electricity Supplier Obligation) Regulations 2014 ("the ESO Regulations"), which would be subject to Parliamentary approval.

The consultation paper also explains, for context, how the amount of the loan from BEIS to the LCCC will be determined.

If BEIS is unable to or decides (following consultation) not to proceed with the proposal, BEIS would still provide the loan facility to LCCC, but suppliers' obligations for CfD payments in this quarter would be unchanged. Suppliers would therefore have to pay a higher lump sum to LCCC following the reconciliation process in July. We would still amend the ESO Regulations to enable LCCC to repay the loan to BEIS.

Please direct any queries on this bulletin to the BEIS Contracts for Difference Team at BEISContractsforDifference@beis.gov.uk.

General Data Protection Regulation

This stakeholder bulletin is being circulated to people who have opted in to the Contract for Difference stakeholder contact list. We 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.

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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