



Contracts for Difference: Stakeholder Bulletin

4 June 2020

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

We have today published the [Government response](#) to the consultation, which ran from 12-19 May, on proposed changes to the Contracts for Difference (Electricity Supplier Obligation) Regulations 2014 (“the ESO Regulations”) in response to COVID-19.

The response confirms that we will:

- protect suppliers from 80% of the increase in suppliers’ obligations (up to the maximum loan amount of £100 million) in the second quarter of 2020, higher than the 67% that we had proposed; and
- amend the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 (‘the ESO Regulations’) to:
 - defer the increase in suppliers’ obligations by an additional quarter, so that the total level of the obligation will be increased in Q2 2021 rather than in Q1 as we had proposed in our consultation;
 - calculate the reduction in suppliers’ obligations for the current quarter based on their market share over this quarter;
 - calculate the increase in suppliers’ obligations for the future quarter on the basis of their market share over that quarter;
 - enable the LCCC to repay the loan that BEIS is providing; and
 - allow the LCCC to consider anticipated receipt or repayment of a government loan when setting the interim levy rate (ILR) and/or the total reserve amount (TRA) for a quarter or making in-period adjustments

The [amended Contracts for Difference \(Electricity Supplier Obligations\) Regulations](#) were laid on 4 June in anticipation that Parliament can approve them before 9 July (the date on which we currently expect LCCC to carry out the reconciliation process for the current quarter).

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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