



## Contracts for Difference: Stakeholder Bulletin

24 November 2020

### Publication of AR4 government response and second consultation

The government has today published a [government response](#) to the March 2020 consultation on proposed amendments to the Contracts for Difference (CfD) for Low Carbon Electricity Generation scheme. It confirms the government's decision on implementing a series of amendments to the CfD scheme ahead of Allocation Round 4, including:

- Introduction of a third, offshore wind pot in next year's allocation round
- Updates to the 2014 Community Benefits and Engagement Guidance for Onshore Wind
- Introduction of separation definition and administrative strike price for floating offshore wind projects
- Exclusion of coal-to-biomass conversion projects from future CfD allocation rounds
- Extension of the negative pricing rule for future CfD contracts so that CfD generators are not paid when 'day ahead' electricity market prices are negative
- Strengthening the existing Supply Chain Plan process
- Introduction of a series of further, technical changes to the operation of CfD allocation rounds

Alongside the government response document, the government has also published an accompanying Impact Assessment, providing an indicative assessment of the costs and benefits of key proposals to be implemented.

In addition, the government has also published a further [consultation](#) on changes to Supply Chain Plan process as well as the CfD contract. This consultation invites views on:

- More detailed changes to the Supply Chain Plan Policy, which are designed to increase the clarity, ambition and measurability of developers' commitments, and ensure those commitments are delivered
- Several proposed drafting changes to the CfD contract to implement decisions taken on floating offshore wind, negative pricing, coal-to-biomass conversions and Milestone Delivery Date
- Several minor and technical changes to improve the operation and clarity of the contract
- Government's proposal not to extend phasing to floating offshore wind projects

The consultation will run for 8 weeks and will close on 18 January 2021.

The following documents are also published alongside this consultation and we welcome views on these:

- Drafts of the CfD Agreement and Standard Terms and Conditions showing the proposed changes underlined and highlighted in colour
- Draft Supply Chain Plan Guidance

Readers are strongly recommended to read the consultation in conjunction with the government response.

As ever, we welcome responses on any part of this consultation. Please respond online at: <https://beisgovuk.citizenspace.com/clean-electricity/cfd-supply-chain-plans-and-contract> or email to [BEISContractsforDifference@beis.gov.uk](mailto:BEISContractsforDifference@beis.gov.uk).

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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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