



Department for  
Energy Security  
& Net Zero

# Contracts for Difference for Low Carbon Electricity Generation

Consultation on Updating the Allocation  
Round 6 Supply Chain Plan Questionnaires

Closing date: 2 May 2023



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# General information

## Why we are consulting

As part of the government's Net Zero agenda, we have committed to a fully decarbonised electricity system by 2035, subject to security of supply considerations. Delivering this will require rapid and sustained scale-up of low carbon electricity generation deployment. The Contracts for Difference (CfD) scheme is fundamental to achieving this goal as our main renewable energy deployment support mechanism, supporting low cost, low carbon generation that helps to drive down the cost of electricity for consumers. The fifth Allocation Round (AR5) is due to open in March 2023. Key to the success of the CfD will be delivering an efficient, competitive and innovative supply chain that supports the roll out of major renewable energy projects and the transition to Net Zero. To that end, the government has a Supply Chain Plan policy for all large (300MW+) projects applying for a CfD, and for all Floating Offshore Wind projects.

The government is constantly looking to integrate all aspects of our energy policy, including deployment, supply chains and security of supply. The Net Zero Strategy: Build Back Greener, the Build Back Better: Our Plan for Growth, and The Energy Security Strategy, all highlighted the importance of the supply chain in the deployment of low carbon generation. In 2021, the government introduced a new, more in-depth, Supply Chain Plan format and process for the CfD scheme, which made substantial progress towards integrating supply chain policy and our decarbonisation objectives. In 2022 the policy was strengthened further.

The government is now keen to build on lessons learnt through the CfD Allocation Round 4 and AR5 Supply Chain Plan processes, including learnings from similar renewable energy support schemes overseas.

This consultation focuses on the Supply Chain Plan questionnaire for Allocation Round 6, aiming to update our approach to supply chains, whilst maintaining as much continuity with previous questionnaires as possible.

Most of the revised Supply Chain Plan questions are the same as for the Allocation Round 5 questionnaire, but with additional questions focusing on sustainable supply chains, resilient supply chains, and supply chain collaboration, and small modifications to definitions, scoring and guidance. We have also removed questions deemed less relevant than in past allocation rounds, or that overlapped with other processes. We are also consulting on a new bespoke questionnaire for solar projects.

## Consultation details

**Issued:** 28 March 2023

**Respond by:** 2 May 2023

**Enquiries to:**

Email: [supplychainplan@beis.gov.uk](mailto:supplychainplan@beis.gov.uk)

**Consultation reference:** Contracts for Difference for Low Carbon Electricity Generation: Consultation on New Supply Chain Plan Questionnaire

**Audiences:**

The government welcomes responses from anyone with an interest in the policy area. We envisage that the consultation will be of particular interest to those considering the development of new low carbon energy projects in Great Britain, electricity traders and suppliers, businesses involved in low carbon electricity generation supply chains, and consumer and environmental groups with an interest in the electricity sector.

**Territorial extent:**

The CfD scheme applies to the UK but does not currently operate in Northern Ireland. This consultation therefore applies to Great Britain only.

## How to respond

Your response will be most helpful if it is framed in direct response to the questions we have asked, though further comments and evidence are also welcome. When responding, please state whether you are responding as an individual or representing the views of an organisation. In view of the ongoing coronavirus situation, we are requesting responses by electronic means only. Please do not send responses by post to the department, as we may not be able to access them.

**Respond online at:** [beisgovuk.citizenspace.com/clean-electricity/supply-chain-plan-questionnaire-changes-2023/](https://beisgovuk.citizenspace.com/clean-electricity/supply-chain-plan-questionnaire-changes-2023/)

or

**Email to:** [supplychainplan@beis.gov.uk](mailto:supplychainplan@beis.gov.uk)

## Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please tell us but be aware that we cannot guarantee confidentiality in all circumstances. An automatic

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confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](#). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

## Quality assurance

This consultation has been carried out in accordance with the government's [consultation principles](#).

If you have any complaints about the way this consultation has been conducted, please email: [beis.bru@beis.gov.uk](mailto:beis.bru@beis.gov.uk).

## Introduction

The Contracts for Difference (CfD) scheme is the government's main mechanism for supporting new low-carbon electricity generation projects in Great Britain. Developers of projects with a capacity of 300MW or more, as well as all Floating Offshore Wind projects, regardless of size, need to apply for a Supply Chain Plan Statement from the Secretary of State for Energy Security and Net Zero to take part in a CfD allocation round. The Statement is issued to those projects who can demonstrate their project is likely to make a material contribution to the development of renewable energy supply chains. The rationale for this is to help drive down costs, fuel innovation, and increase deployment capacity over time. As such, Supply Chain Plans are a key element of the government's policy to support the delivery of the generating capacity needed to achieve a fully decarbonised power system by 2035 by encouraging the growth and sustainability of the supply chain.

The Supply Chain Plan process has been strengthened in the previous two allocation rounds by including more specific and clear questions, raising the pass mark for the standard questionnaire, introducing a voluntary feedback session into the assessment stage, and introducing a bespoke questionnaire for all Floating Offshore Wind projects, regardless of size.

Following analysis of Allocation Rounds 4 and 5, as well as a review of practices overseas, this consultation sets out our proposals to make small updates to the Supply Chain Plan questionnaire. The proposals take into account lessons learnt from the AR5 Supply Chain Plan process and aim to resolve issues identified.

# Supply Chain Plans

## Policy context

Since the first CfD allocation round, developers of projects with a capacity of 300MW or more have had to apply for a Supply Chain Plan Statement from the Secretary of State for Energy Security and Net Zero to take part in a CfD allocation round. CfD applicants are required to provide this statement to National Grid ESO (as Delivery Body) as part of their CfD application. Since the fifth CfD allocation round, this requirement also applies to all Floating Offshore Wind projects, regardless of their size, although these are subject to a smaller, bespoke Supply Chain Plan. The aim of this process is to ensure that developers encourage open, productive and competitive low carbon electricity generation supply chains, with the emphasis on increasing supply chain capacity, and the promotion of innovation and skills. This, in turn, will increase efficiency and drive down the cost of generation over time.

Supply Chain Plans will continue to be developer-led, so rather than the government setting requirements, developers will instead be invited to submit their proposed actions to achieve the objectives of the Supply Chain Plan policy.

A Supply Chain Plan application comes in the form of responses to a Supply Chain Plan questionnaire. An applicant's responses to the scored sections of the Supply Chain Plan questionnaire will be assessed to determine eligibility to participate in the CfD scheme. Applicants need to obtain 60% of available marks per scored section to obtain a Supply Chain Plan statement from the Secretary of State, or 50% of available marks if they are a Floating Offshore Wind applicant with a project under 300MW.

Delivery of the Supply Chain Plan activities and outcomes committed to by a Project awarded a CfD contract will be monitored as part of an ongoing process after CfD signature. Finally, the delivery of a Project's Supply Chain Plan will be assessed in a Supply Chain Implementation Statement by the Secretary of State after a Project has reached Milestone Delivery Date. Projects that do not score at least 60% of total marks in each section of their Supply Chain Plan at implementation stage (or 50% overall for Floating projects with projects under 300MW) are unlikely to fulfil one of the Operational Conditional Precedents in the CfD contract, which may lead to contract termination. Termination of a CfD contract is recognised to be a significant consequence and is a last resort.

## Proposals

### **Supply Chain Plan questionnaire**

New drafts of the Supply Chain Plan questionnaires were issued alongside this consultation for consideration. Please consult these to prepare your responses.

In the new draft applicable to offshore and onshore wind projects equal or greater in size than 300MW that accompanies this consultation, the proposed policy focus of the Supply Chain Plan questionnaire remains unchanged, as does the subject and aim of most of the questions. We propose that the questionnaire continues to ask questions centred on Green Growth, Infrastructure, Innovation and Skills. However, we also propose some changes to the questionnaire and the guidance for completing it. These include:



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- Combining some questions, to minimise duplications in the questions and the answers.
- Removing some questions, to keep the process as focused as possible.
- Broadening the scope of questions previously focused on decarbonisation, by asking about sustainable supply chains, both in terms of sustainable procurement practices and sustainable decommissioning/end of life practices.
- Adding a question focused on resilient supply chains and mitigating exposure to external events (in part replacing other questions).
- Rewarding developer collaboration by adding a question on collaboration on infrastructure (and adding to the original collaboration question in the Floating Offshore Wind questionnaire), and in other key areas where collaboration is appropriate.

We are also proposing introducing a bespoke questionnaire for solar projects above 300MW. Most of the changes applied to the offshore and onshore draft questionnaire also apply to solar, except where otherwise stated below.

The proposed changes to the questionnaire can be found in the separate documents accompanying this consultation and are summarised below.

### **Green Growth**

There are a number of changes proposed for the Green Growth section in the accompanying Allocation Round 6 Supply Chain Plan drafts. The questions asking about supply chain visibility and contracting strategies have been combined to create a question that asks about supply chain visibility and fair contracting. The purpose of combining these questions is to maintain a focus on actions that improve visibility of opportunities for suppliers and ensure full and fair opportunity, whilst decreasing the weighting given to these actions, which are increasingly becoming standard practice. As a result of this merger, the total number of sections to be completed has been decreased.

The updated section places more of a focus on actions relating to sustainability of the supply chain, as an evolution from earlier questions focused purely on decarbonisation. A question asking about sustainable procurement practices has been added, which asks developers about actions they are taking to increase the sustainability of the procurement, operations and maintenance phases of a project. A definition of sustainability is proposed in the questionnaire. This replaces the previous question on actions to decarbonise the supply chain. Another reflection of the sustainability focus is seen in the question asking about procurement value drivers, which has been changed to better reward developers considering factors relating to sustainability.

The final key change in the Green Growth section is the inclusion of a question asking about the resilience of developers' supply chains. This question encompasses questions on modern slavery and health and safety, previously asked in the Skills section of the questionnaire, and introduces a question on exposure to external shocks. As well as to streamline the questionnaire through combining questions (and removing sub-questions from elsewhere), this addition was made to gain a better understanding from applicants of the risks they face, which were not sufficiently articulated in answers to questions in previous allocation rounds, and what actions they are taking to mitigate them. Note, for solar projects, these changes do not apply.

## **Infrastructure**

There are a variety of changes proposed for the Infrastructure section. Firstly, for the question that asks about a carbon footprint calculation, an alternative version providing more detailed guidance about which methodology to use has been suggested. Government is seeking views as to what should be considered an acceptable maximum CO2 equivalent emissions threshold after which an applicant could lose points. The proposed second part of this question asks whether industry are taking part in initiatives to harmonise approaches to carbon lifecycle emissions reporting. The purpose of this change is to move towards the standardisation of a methodology that allows for easier and more meaningful comparison.

Questions on decarbonisation implementation and minimising local impacts have been removed. The former because the proposed new question on sustainable procurement is designed to gather similar information, and the latter to avoid duplication of questions asked at planning stage.

A question on collaborating to utilise infrastructure has been added following calls for industry to better reward collaboration (note: not applicable to solar). The question is aimed to encourage economies of scale and maximise utilisation of key infrastructure.

To continue to focus on sustainability, a question on planning for sustainable decommissioning has been added to this section. The question aims to encourage developers to contribute to the wider thinking happening in the industry on sustainable decommissioning, recognising that any concrete action maybe several decades down the line.

## **Innovation**

The Innovation section remains largely the same as previous allocation rounds. In an effort to reward developers for collaborating on key areas other than infrastructure, the question asking about investment in new technologies requires one action to demonstrate collaboration with developers or the supply chain. The question on SMEs has been made simpler, with a quantifiable methodology to assess SME involvement and therefore fewer actions to fill (see section on quantification below).

## **Skills**

Other than the removal of questions on modern slavery and health and safety (which have been moved to the Green Growth section and merged into the focus on resilient supply chains for offshore and onshore wind applications), the Skills section remains largely the same as in previous allocation rounds. Some sub-questions have been removed, while one has been added asking explicitly about the precise skill gaps faced by applicants. As in the Innovation section, to recognise and encourage collaboration in key areas, the question asking about skills gaps and shortages requires that one action demonstrates collaboration with developers or the supply chain.

## **Changes specific to the Floating Offshore Wind questionnaire for projects under 300MW**

The Floating Offshore Wind questionnaire remains largely the same as in AR5. As in the standard questionnaire, a question asking about sustainable procurement practices has been added. Recognising the benefits of collaboration to the Floating Offshore Wind supply chain, actions that demonstrate collaboration will score more highly. The question on supply chain collaboration in the Green Growth section has been expanded to require actions that specifically demonstrate collaboration to further infrastructure. Furthermore, as with the

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standard questionnaire, questions in the Innovation and Skills sections require that one action demonstrates collaboration with developers or the supply chain.

### **Scoring Criteria**

Minor changes have been made to the scoring system, although the template used in AR5 remains largely the same. The weighting attributed to the 'level of ambition' has been increased so that it forms a greater share of each question, in order to incentivise applicants to make more stretching commitments. More granularity has been provided under each scoring box, and more definitions have been provided.

### **Quantification**

Some questions have been made more quantifiable rather than discursive, in order to make assessment and scoring more objective where it is possible to do so. The question on procurement value drivers has been quantified by proposing thresholds that need to be met, in terms of weight given to non-price factors, to score certain points. The question on decarbonisation monitoring proposes a second version of the question that moves towards quantification, specifically by proposing thresholds that need to be met, in terms of the percentage of suppliers reporting on emissions targets, and by proposing Lifetime CO2 equivalent emissions thresholds that should not be exceeded, to score certain points. As referenced above, the question on bringing in new players/SMEs has been quantified by attaching thresholds that need to be met (SMEs involved as percentage of Devex and Capex spend). Views are invited whether the appropriate thresholds have been set for each question. Finally, parts of the question on apprenticeships, scholarships and trainees have been further quantified by asking for the percentage of positions linked to specific skills gaps and shortages.

### **Solar Supply Chain Plan**

In recognition of the specificities of large solar projects, the government is proposing a bespoke questionnaire for this technology. It has been tailored to focus on challenges that are more relevant to this established and mature technology (compared to offshore or floating offshore wind). Specifically, questions that were less relevant such as those on large scale infrastructure investment have been removed compared to the offshore/onshore questionnaire. Since there are fewer questions, a pass rate of 60% across the questionnaire, rather than per section, is proposed.

Due to the limited number of changes compared to what was changed ahead of AR5, the department for Energy Security and Net Zero's assessment is that the proposed Supply Chain Plan questionnaires do not have a materially greater or lesser impact, in terms of administrative burden than AR5 Supply Chain Plans.

The government welcomes views on these proposed changes to the questionnaires.

# Consultation questions

## Supply Chain Plans

**The government welcomes views on the following:**

*Note that the Supply Chain Plan objectives are to build competitiveness, capability and capacity in supply chains, as well as innovation, skills, opportunities and investment.*

*Please specify which version of the questionnaire you are referring to in your response.*

- 1. For the questions on ‘Sustainable Procurement’ (as seen in all questionnaires), and ‘Planning for Sustainable Decommissioning’ (as seen in the Offshore/Onshore questionnaire and the solar questionnaire):**
  - a. Are these the right questions to support the delivery of the Supply Chain Plan objectives?**
  - b. Are there activities that relate to sustainable procurement and sustainable decommissioning that are not covered by the questions as drafted?**
  - c. Are the scoring thresholds for percentage recycling rates at decommissioning stage set at an appropriate level?**
- 2. For the question on ‘Supply Chain Resilience’ (as seen in the Offshore/Onshore questionnaire only):**
  - a. Is this the right question to support the delivery of the Supply Chain Plan objectives?**
- 3. For the question on ‘Decarbonisation Monitoring’ (as seen in the Offshore/Onshore and the bespoke solar questionnaire):**
  - a. Is the newly drafted version of the question (option 2), helpful in facilitating moving towards a standard way of calculating Lifetime CO<sub>2</sub> equivalent emissions?**
  - b. Is the newly drafted version of the question (Option 2) the right question to support the delivery of the Supply Chain Plan objectives?**
  - c. What LCO<sub>2e</sub> thresholds should be used in Option 2, expressed as CO<sub>2e</sub> per MW? Please specify what X, Y and Z should represent for the standard and solar version of the questionnaire?**
- 4. For the question on ‘Collaborating to Utilise Infrastructure’ (as seen in the Offshore/Onshore questionnaire only):**
  - a. Is this the right question to support the delivery of the Supply Chain Plan objectives?**
- 5. Are there other questions, other than those on ‘Investment in New Technologies’, and ‘Skills Gaps and Shortages’ where collaboration should be**

**encouraged/rewarded (as seen in the Offshore/Onshore questionnaire and the Floating Offshore Wind questionnaire)?**

- 6. For the question on 'Using SMEs' are the scoring thresholds for SME involvement set at an appropriate level?**
- 7. For the question on 'Apprenticeships, Scholarships and Trainees' in the solar questionnaire, are the scoring thresholds for total positions set at an appropriate level?**
- 8. Are there any other questions that should be included or removed in the questionnaires?**
- 9. Is the proposed scoring for each question appropriate, and do they sufficiently incentivise the ambitious commitments needed to support the delivery of the Supply Chain Plan objectives?**
- 10. Do you agree with the government's assessment that the changes to the Supply Chain Plan questionnaires proposed do not have a materially greater or lesser impact, in terms of burden (project cost or administrative), than AR5 Supply Chain Plans? If you disagree, please provide supporting evidence, including reference to the specific change(s) that you think will impact the burden, and quantification of impacts where possible?**

## Next steps

Following the close of this consultation, we will analyse the responses, summarise the views expressed and set out final decisions in a government response. We intend to publish this in summer 2023, to provide potential CfD Applicants sufficient time to prepare a Supply Chain Plan in advance of the opening of the sixth CfD allocation round in March 2024, on the GOV.UK website.

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This consultation is available from: [www.gov.uk/government/consultations/contracts-for-difference-allocation-round-6-amendments-to-the-supply-chain-plan-questionnaires](https://www.gov.uk/government/consultations/contracts-for-difference-allocation-round-6-amendments-to-the-supply-chain-plan-questionnaires)

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