

Contracts for Difference Scheme for Renewable Electricity Generation

Allocation Round 7: Draft 2 Sustainable
Industry Reward Allocation Framework,
2024

DRAFT

Contents

1. Title and application	3
2. Interpretation	3
3. SIR budget (note this will become separate budget notice)	4
4. SIR allocation process	5
6. Criterion 2 – Investment in more sustainable means of production.....	16
8. Proposals and multiple variants of a proposal	21
9. Method to determine the quality of an SIR application	22
10. Method to assess the reward which is sought in an SIR application.....	23
11. Method to score SIR applications	23
12. Method to rank SIR applications	27
13. Minimum standards	27
14. Process to request a review of a decision determining the quality of an SIR application	
32	

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1. Title and application

- 1.1 This document may be referred to as the Sustainable Industry Reward Allocation Framework (“the SIR Allocation Framework”).

2. Interpretation

- 2.1 Any reference to “£” is to the lawful currency of the United Kingdom.
- 2.2 [All financial metrics in the document are in current prices, unless otherwise stated. All SIR applications must be made in current prices, unless otherwise stated].**
- 2.3 Any reference to “GW” is to gigawatts. Any reference to “MW” is to megawatts.
- 2.4 A reference to a “Regulation” is to the regulation of that number in The Contracts for Difference (Allocation) Regulations 2014 (as amended).
- 2.5 Any reference to “science-based targets” is to a science-based target set in accordance with the Science Based Targets initiative (SBTi) and that has been validated by the SBTi.
- 2.6 Any reference to ‘eligible generator’, for the purposes of the SIR Allocation Framework, means any eligible generator that is an offshore wind generator, or a floating offshore wind generator, regardless of the size of their planned generating station. For the avoidance of doubt, no other technologies are eligible for CfD Sustainable Industry Rewards.
- 2.7 An investment proposal can be made by the parent company of the generator, or by shareholders of the generator.
- 2.8 An application can contain investment proposals made by one or more members of a Joint Venture, or by the Joint Venture itself.¹
- 2.9 An SIR proposal made by a Generator can be indirectly delivered by a third party contracted by that Generator to deliver that proposal. Any such proposal will need to meet all the rules outlined in this allocation framework, and the Generator will need to provide proof that it has placed the third-party under the relevant contractual obligations, and that it has incurred the relevant costs to do so, and that the proposal meets the SIR rules set out in this framework and in the Contract for Difference.

¹ This means that if a project or CfD unit makes proposals on behalf of a joint venture, any developer who is a member of that joint venture can make eligible CfD SIR proposals for that same CfD unit. Not all investment proposals need to come from the Joint Venture itself.

Explanatory notes

- In relation to which developers can make investments (provisions 2.6 to 2.8):
 - Any developer part of a joint venture, and any parent company of a generator, or subsidiary of that parent company, can make SIR investments.
 - For example, if project A is delivered by “Joint Venture A”, any developer in that joint venture may make SIR investments.
 - If Project B is delivered by a subsidiary of Developer B, both the parent company and the subsidiary can make investments.
- In relation to the question as to whether a Tier 1 supply chain company can make investments on behalf of the developer in other parts of the supply chain (provision 2.9)
 - Developers may contract a supply chain company to deliver an SIR investment on their behalf, so long as they deliver proof of this contractual obligation, and that the contract clearly meets the SIR criteria.
 - For example, if a developer were to ask the turbine manufacturer to make a specific investment in the tower manufacturer used for the turbine, that investment can feature as an SIR proposal, so long as there is sufficient proof that the developer has specifically contracted the turbine manufacturer to make the investment according to the SIRs rules, and the developer is incurring the stated costs for that investment.

3. SIR budget (note this will become separate budget notice)

- 3.1 The budget available for CfD Sustainable Industry Rewards (SIR) will be as set out in the SIR budget notice.
- 3.2 The Secretary of State will issue an indicative SIR budget when the SIR Allocation Framework is published.
- 3.3 The Secretary of State can issue a new draft budget no less than 3 months before the SIR allocation process begins.
- 3.4 The Secretary of State can revise the draft budget within the [three-week](#) period beginning with the day after the last day that SIR applications can be submitted.
- 3.5 [The budget will include a minima dedicated to supporting investments in floating offshore wind components. This minima will be set at the value of [X]. This minima will only apply to investments in facilities and components [xv, xvi and xvii](#) as set out in section 5 of this document].

3.6 Placeholder for indexation

Explanatory notes (all explanatory notes will be red and are to aid comprehension, they are not formal legal text).

- Paragraph 3.4 means that the Secretary of State can alter the size of the budget upon receipt of developers' SIR applications, to adjust the budget according to the quality of applications.
- This adjustment will subsequently impact which proposals are allocated funding.
- [There will be a budgetary minima dedicated to investment in some components and facilities specific to Floating Offshore Wind].

4. SIR allocation process

- 4.1 Pursuant to regulation 6(2A)(a), within the 5 working days before the opening of the SIR application window, eligible generators should contact the Department for Energy Security and Net Zero (DESNZ) indicating their intention to submit an SIR application for assessment.
- 4.2 Eligible generators must submit a single SIR application per project during the application window. If that project is to be split into several CfD units, the eligible generator may still submit a single application but must specify which proposals relate to which CfD unit.
- 4.3 [Placeholder text – policy intention not final text]: SIR applications can include SIR proposals that cover the needs of the wider offshore wind farm, including future phases of that same wind farm that are not yet being put through a CfD application, but will do so in future Allocation Round. SIRs will only cover investments made for projects that go through the CfD].
- 4.4 A single SIR application can contain multiple proposals against the SIR criteria as set out in **section 8** of this SIR Allocation Framework.
- 4.5 The application window will be open for [X] working days after which it will be closed. The Secretary of State must assess all applications within [40] working days, starting from the day after the application window closes.
- 4.6 Applications must meet the minimum standard described in section 13 of this Allocation Framework.
- 4.7 Applications must also contain one or more proposals relating to any of the SIR criteria as described in sections **5, 6 and 7** of this SIR Allocation Framework. These are as follows:

- a) Investment in shorter supply chains
- b) Investment in more sustainable means of production
- c) Investment in shorter supply chains that use more sustainable means of production

4.8 Proposals relating to each SIR criterion must contain all of the relevant information listed in parts [5.5](#), [6.6](#) and [7.5](#) and [13.12](#) of this SIR Allocation Framework.

4.9 Applications may include up to three variants of the same proposal, as set out in [section 8](#) of this SIR Allocation Framework.

4.10 If during the application window, it becomes apparent to DESNZ that an application contains material omissions or the information provided is thought to be insufficient/inaccurate, DESNZ will endeavour to notify the eligible generator as soon as is reasonably practicable. However, responsibility to submit an application which contains the necessary information remains with the eligible generator. No responsibility will be taken by DESNZ for failure to submit a completed application which subsequently fails to obtain an SIR statement.

4.11 Eligible generators may provide further information in response to such a notification from DESNZ.

4.12 DESNZ will consider further information supplied at any time during the SIR application window or by no later than [six](#) working days after the eligible generator has been notified. DESNZ will not consider information provided by eligible generators outside of these timeframes.

4.13 DESNZ may seek clarification from an eligible generator in respect of their SIR application during the period in which applications are assessed. In such instances, DESNZ will seek clarification by sending a request for additional information. Eligible generators should respond by no later than [six](#) working days following the request.

4.14 Following the closure of the SIR application window, DESNZ will [score](#) submitted SIR proposals in accordance with the method given in [section 9](#) of this SIR Allocation Framework.

4.15 The Secretary of State can revise the draft budget within a [three week period](#) beginning with the day after the last day that SIR applications can be submitted, as set out in paragraph [3.4](#) of this SIR Allocation Framework.

4.16 Eligible generators will only be eligible for the relevant CfD round if they meet the minimum standard set out in [section 13](#) of this SIR Allocation Framework.

4.17 Eligible generators will only be eligible to receive SIR payments if they exceed the minimum standard, as set out in [section 13](#) of this SIR Allocation Framework.

4.18 DESNZ will assess the submitted SIR proposals on the reward being sought in accordance with the [method given in section 10](#) of this SIR Allocation

Framework. DESNZ may seek verification of any information submitted from the Department for Business and Trade, or where relevant, other parts of HM Government and the Devolved Administrations.

- 4.19 Each proposal will be given a score, based on its quality and the reward which is sought, in accordance with the method given in [section 11](#).
- 4.20 DESNZ will communicate the score of each proposal to each applicant before the proposals are ranked.
- 4.21 Applicants will have **X** working days to dispute the score assigned to each proposal by DESNZ, as set out in [section 14](#) of this SIR Allocation Framework.
- 4.22 Each proposal will be ranked in accordance with the method given in [section 12](#).
- 4.23 Stage One of the SIR allocation will then begin, in which DESNZ will allocate the budget in line with the order in which proposals are ranked until the budget is exhausted.
- 4.24 If the reward sought through the next highest-ranking proposal is of greater value than the amount remaining in the budget, no funding will be allocated to that proposal.
- 4.25 Stage One of the SIR allocation will close at the point when the amount remaining in the budget is of less value than the lowest cost proposal/s yet to be allocated funding.
- 4.26 As per regulations 27B(2) and 28C, the Secretary of State will then notify eligible generators, through a SIR statement, whether their SIR application has met the minimum standards, as set out in [section 13](#) of this SIR Allocation Framework, and which of their proposals have been awarded SIRs. This will happen within [40] working days of the SIR application window closing.
- 4.27 Eligible generators must provide an SIR statement in relation to the relevant CFD unit in order to take part in the CfD Allocation Round. The Secretary of State will also confirm to the Low Carbon Contracts Company, and National Grid Electricity System Operator Limited, which projects are in receipt of an SIR Statement.
- 4.28 As per regulation 28E, the Secretary of State may withdraw or amend an SIR statement where it is apparent:
- a) The statement contains an error;
 - b) the information included in, or in support of, an SIR application was materially incorrect; or
 - c) a change in circumstances occurs after the SIR statement is given.
- 4.29 Any amount allocated to generators unsuccessful in the CfD round will remain in the SIR budget and can be re-allocated in a second stage of the SIR

allocation process (“Stage Two of the SIR allocation process”) at the discretion of the Secretary of State and HM Treasury.

- 4.30 Stage Two of the SIR allocation process may occur, upon the decision of the Secretary of State and HM Treasury, if both of the following transpire:
- a) more than [1.5]GW of capacity is lost through the CfD auction, and
 - b) the aggregate cost of SIR proposals that were successful in Stage One of the SIR allocation process but are no longer eligible as the relevant eligible generators were not successful in the CfD allocation round, is greater than or equal to [£50] million.
- 4.31 The remainder of the budget that can be re-allocated in Stage Two of the SIR allocation process will be the unused portion of the budget in its final form, as set by the Secretary of State during Stage One of the SIR allocation process.
- 4.32 DESNZ will notify eligible generators that submitted unsuccessful SIR proposals in Stage One of the SIR allocation process, who had met the minimum standards and have been successful in the CfD allocation round, that they may bid for the remaining budget in Stage Two of the SIR allocation process.
- 4.33 Eligible generators must notify DESNZ of the proposals they wish to be considered in Stage Two of the SIR allocation within X working days of receipt of the notification outlined in paragraph 4.30 of this SIR Allocation Framework.
- 4.34 Stage Two of the SIR allocation process will then begin. The proposals considered will be those put forward by eligible generators in accordance with paragraph 4.31 of this SIR Allocation Framework.
- 4.35 Proposals will only be eligible to receive funding in Stage Two of the SIR allocation process if their score is greater than or equal to [90%] of the score of the lowest scoring, successful proposal in Stage One of the SIR allocation process, and if the benefits of such proposals (as articulated in paragraphs 5.2, 6.2 and 7.2 of this document) are deemed to make a material contribution to the development and sustainability of supply chains by the Secretary of State.
- 4.36 A Stage Two application can include a proposal to replace a successful SIR proposal with a variant of that same proposal, if that variant formed part of the generator’s application in Stage 1, subject to the rules set out in Section 8.²
- 4.37 The remaining budget will be allocated among these proposals in the same way as originally allocated in Stage One of the SIR allocation process, as set out in paragraphs 4.16 to 4.25 of this SIR Allocation Framework.
- 4.38 Stage Two of the SIR allocation process will close at the point when the amount remaining in the budget is of less value than the lowest cost, eligible,

² The purpose of this is to allow more ambitious variants to be reconsidered in Stage 2, if sufficient budget becomes available again.

proposal/s yet to be allocated funding, or after [5] working days upon notification of the second SIR allocation process opening, whichever comes first.

4.39 Eligible generators who are successful in Stage One, and/or Stage Two of the SIR allocation round, and who are successful in the CfD allocation round, will be eligible to receive SIR payments.

4.40 Eligible generators who are unsuccessful in the CfD allocation round, will not be eligible to receive SIR payments.

4.41 Note that for the purposes of this Allocation Framework, any investment made through the Strategic Investment Model (SIM) in Scotland can be put forward as a means of achieving SIR minimum standards, or can be put forward as an SIR proposal. The full SIR framework will apply to any such proposals.

4.42 All investments must relate to a Generator's project or future projects if part of the same deployment zone³, except where investments are made through the SIM and [IGP placeholder]. If investments are made through the SIM and [IGP placeholder], they do not need to directly relate to the project.

4.43 Any investment made as part of an SIR proposal is eligible if made after the SIR application window opens, up to the CfD Start Date, or if it was demonstrably made up to 6 months prior to the SIR application window opening.

Explanatory notes

Put simply, the allocation will run as follows:

1. The application window

- Developers submit their SIR applications. Applications may be "bundled" where multiple CfD units for a single project are being sought, but each application should make clear how much funding each CfD unit is seeking from SIRs.
- For the purposes of SIRs only, a CfD unit doesn't need to limit its SIR investments to the needs of that CfD unit – it can carry investment proposals for other parts of the wind farm that aim to obtain CfDs in future allocation rounds.
- Developers' SIR applications must meet the minimum standard, and must contain at least one SIR proposal relating to at least one of the three SIR criteria on 'investment in shorter supply chains', 'investment in more sustainable means of production', and 'investment in shorter supply chains that use more sustainable means of production'.

³ E.g. A single "project" in the sense of being spread out over the same large deployment area, area but carved up into multiple phases / CfD units over several allocation rounds.

2. Formatting

- Applicants should submit their SIR applications and supporting documentation to the following DESNZ email address: [placeholder for email address]
- All data that is to be scored should be set out in an excel sheet.
- Sustainable Industry Reward proposals and supporting documentation can be submitted either as Word documents or as a PDF file.
- Explanatory text accompanying proposals should be completed in a minimum font size of 11 point and using 1.5 line spacing. All pages and paragraphs should be numbered.
- The use of embedded hyperlinks and footnotes is permitted. A 'cross referencing tool' is also permitted within the full document as long as there is no need for downloading any specialist software to enable it.
- Applicants can use their own file naming conventions for supporting annexes.

3. Assessment of applications and the dispute resolution window

- DESNZ assess each proposal under each application and assigns it a score. That score is calculated using the checks and formula in [section 11](#).
- DESNZ notify developers the score each proposal has been assigned. Developers can raise a dispute against the score assigned by DESNZ within **X** days of receiving the notification.
- DESNZ will rank proposals using the method set out in [section 12](#).

4. Stage One of the SIR allocation

- Funding is allocated to SIR proposals in the order in which they have been ranked by DESNZ until the SIR budget is exhausted.
- The Secretary of State will notify developers, through an SIR statement, that they either have, or have not, met minimum standards. Developers will need an SIR statement confirming they have met minimum standards to be eligible to enter the CfD allocation round. The SIR statement will also set out which proposals the eligible generator has been awarded SIR funding for, if any.
- Minimum standards must be delivered by all eligible generators who obtain a CfD, regardless of whether additional SIR revenue support is obtained through the SIR competition.

5. Stage Two of the SIR allocation

- Stage Two of the SIR allocation process will take place if decided by the Secretary of State and HM Treasury and both of the two events outlined in paragraph 4.28 transpire.
- Developers who were successful in stage one of the SIR allocation, but unsuccessful in the CfD allocation round will no longer be eligible to receive SIR payments. The funding originally allocated to these developers' proposals will remain in the SIR budget.
- ~~Developers who were unsuccessful in Stage One of the SIR allocation, but who were successful in the CfD allocation round can resubmit SIR proposals they did not get funding for subject to the conditions set out below.~~ A developer can also resubmit a variant of a proposal in the second stage of the allocation round, even if it is a variant of a bid that already obtained SIR support in the first stage. If they obtained funding for that variant, it will replace the original variant that obtained funding in stage 1. For example:
 - Stage 1: Applicant submits three variants of a bid in a tower facility: one for £20, £30 and £40. The applicant wins funding for the £20 variant.
 - Stage 2: Applicant resubmits the £30 variant of the above bid, in an attempt to obtain funding for a £30 investment. If eligible and it clears the ranking, the £30 investment can replace the £20 variant.
- To ensure that only applications of a certain quality are considered in Stage Two of the allocation, only proposals that are within a 10% margin of the lowest scoring proposal that obtained funding in the first stage of the SIR allocation will be considered. For example, if the lowest scoring proposal in the first SIR allocation was 5, then only proposals that score at or above 4.50 will be considered (as 10% of 5 is 0.5).
- Funding is allocated to remaining eligible SIR proposals in the order in which they have been ranked by DESNZ according to the methodology in this document, until the remaining SIR budget is exhausted.

Award and payment of SIRs

- Developers successful in either stage of the SIR allocation, as well as the CfD allocation round, will have the commitments outlined in their SIR proposal written into their CfD contract. Developers will be obliged to deliver these proposals.
- Should a developer subsequently award a contract to a different supplier than originally stated in the SIR application, but the scope of work will deliver the same elements of the original proposal (at least the same investment and outcomes), and the proposal continues to meet the same SIR criteria, the developer may seek agreement from the DESNZ monitoring team to amend the supplier details and keep the SIR award. The SIR award may not increase.

- If a developer does not “win” an SIR proposal, they are still contractually obliged to deliver the minimum standard.

5. Criterion 1 - Investment in shorter supply chains

- 5.1 SIRs are limited to addressing the challenges faced in the development and capital expenditure (DevEx and CapEx) phase of projects. The only exceptions where expenditure related to the Operations phase of a project will be permissible relates to port infrastructure upgrades, as defined in paragraph 5.7.
- 5.2 Shorter supply chains means that SIR applicants are taking action to reduce the footprint of their supply chains by investing in Ports⁴ and supply chain capacity closer to deployment zones. Where investments are made closer to deployment zones, such investments should be concentrated where they are needed most from a socio-economic perspective.
- 5.3 SIR applications can contain one or more proposals, linked to the project, that will encourage low carbon electricity generation through investment in shorter supply chains in UK deprived areas. Investments must relate to the allocation round the application is being prepared for, or future allocation rounds. The investment cannot relate to past allocation rounds.
- 5.4 Only investments in tangible assets or activities qualify, investments in intangible assets, e.g. skills programmes, R&D programmes, etc, do not qualify.
- 5.5 Specifically, each proposal relating to this criterion must include:
- a) Project Name and gross size of the project in MWs.
 - b) The project’s proposed expenditure, expressed to the nearest £0.01, on an investment in a manufacturing facility or installation firm for offshore wind and floating offshore wind key components [as defined in paragraph 5.8 of this SIR Allocation Framework], or port, located in UK deprived areas [as defined in paragraph 5.9 of this SIR Allocation Framework]⁵.
 - c) The form of the proposed investment.⁶
 - d) The purpose of the proposed investment⁷.

⁴ For the purposes of this SIR Allocation Framework, Ports are defined as a harbour or access to navigable water where ships load or unload. ‘Wet storage areas’ outside of Statutory Harbour Authority are nonetheless deemed to be part of the broader ‘port’ that services the wet storage area

⁵ “Investment” does not automatically mean or require that the manufacturer or port in question is or should be a client of the applicant.

⁶ All forms of investment. For example, whether a direct investment, a loan, an order, an equity stake, etc

⁷ For example, to facilitate shorter supply chains by increasing capacity or capability, improving infrastructure nearer to deployment zones, etc

- e) The location of the recipient of the investment, in the form of a full postal address, with proof of that address (e.g. an official document bearing the address in question). If the recipient of the investment is an organisation with multiple addresses, the address where the purpose of the investment will be realised must be used.⁸
- f) The amount required by the eligible generator through a Sustainable Industry Reward to make the investment/s proposed, expressed to the nearest £0.01.
- g) The estimated delivery date for the full value of the investment, which will become the target delivery date of commitment in the relevant CfD contract. The estimated delivery date must be a date that precedes [the Start Date of the generating station under the Contract](#).
- h) An investment benefit statement that includes measurable outcomes the eligible generator aims to achieve through the investment to be made as part of the SIR proposal. These outcomes should include: the total number of [direct jobs created and/or existing jobs](#) within the offshore wind / floating offshore wind sector by virtue of the investment, expected quantifiable benefits for supply chain sustainability (e.g. reducing emissions, increasing production capacity), and any other quantifiable benefit that the eligible generator may identify. The investment benefits statement must not exceed 2 pages per proposal.
- i) A delivery plan setting out the key milestones to meet the estimated delivery date. This must also include a short list of known risks and dependencies to the successful delivery of the investment and any other information that is pertinent to the proposal and that the eligible generator believes DESNZ should be aware of.
- j) Evidence of the total amount of investment proposed for a key component type or port. This should include a signed statement from the relevant manufacturer or port that confirms the [total](#) investment figure under paragraph [5.5.\(b\)](#) and claims made in the investments benefit statement are true at time of application. In addition, this evidence can be supported by a contract (including conditional contracts) or memorandum of understanding between the eligible generator and relevant supply chain company or port confirming agreement on the investment to be made as part of the SIR proposal and the total investment needed to realise the purpose of the SIR proposal.
- k) A statement [or letter](#) from the board of the eligible generator that confirms their agreement on the investment to be made as part of the SIR proposal. [The statement may also set out any conditions that need to be fulfilled before the investment is made, such as the project securing SIR funding, taking FID or contract signature.](#)

5.6 Information provided in paragraph [5.5](#) may be used when drawing contractual obligations or used to inform the monitoring process. Eligible generators must provide all of the information listed in paragraph [5.5](#) for their proposal to be scored. The information provided must be truthful and accurate to the best of the

⁸ For example, if the eligible generator is investing in a manufacturing facility belonging to a corporate group, the address of the intended facility should be used, not that address of the corporate group's headquarters.

applicant's knowledge to be scored. Eligible generators may also need to update the information they provide as part of the monitoring process.

5.7 Proposals must relate to either ports⁹, and / or facilities or firms manufacturing, assembling or installing the following key components¹⁰:

- i. Blades
- ii. Nacelles
- iii. Towers
- iv. Foundations
- v. Export cables
- vi. Array/inter-array cables (including dynamic cables)
- vii. Electrical infrastructure (includes all aspects of OFTO/network)
- viii. Structural infrastructure
- ix. Onshore infrastructure (includes all aspects of OFTO/network)
- x. Turbine installation (Includes assembly and laydown areas)
- xi. Foundation installation (Includes assembly and laydown areas)
- xii. Electrical / Cable installation (export, inter-array and onshore installation) (Includes assembly and laydown areas)¹¹
- xiii. Vessels (manufacturing or upgrading in a yard)
- xiv. Transition Pieces
- xv. Mooring and Anchoring Systems
- xvi. Floating Substructures, including but not exhaustively, fabrication, assembly, primary input materials, secondary steel, concrete aggregates and concrete batching plants
- xvii. Floating assembly and marshalling facilities

⁹ Including the following investments related to the OpEx phase: investment in ports aimed at accommodating SOV vessels; or investments in ports aimed at servicing "green" vessels. Only these OpEx related investments are permitted, all other investments must pertain to CapEx.

¹⁰ This can include any testing facility explicitly designed for the purpose of testing the component listed

¹¹ Note: for onshore electrical installation, for the service to be deemed to take place in a 'deprived area' as defined in this allocation framework, the location where the installation works are been carried from will need to be in a deprived area, in other words, the location where equipment is stored and operational headquarters are placed. The location where the works are taking place does not count.

- 5.8 For greater clarity, the list above refers to investments in facilities that manufacture or assemble finished products except where otherwise specified¹²; and in the case of installation, refers to investments in assets or infrastructure necessary for such installation activities, or firms that conduct such installation activities.
- 5.9 Applications can include multiple proposals for different components listed above. Eligible generators must clearly state to which key component or port each proposal relates.
- 5.10 An application can include up to a maximum of 10 proposals related to any of the three SIR criteria listed in this SIR Allocation Framework.
- 5.11 Applications can include up to three variants on each proposal (see Section 8 for further details).
- 5.12 For the purposes of this SIR Allocation Framework, ‘manufacturing facilities for offshore wind and floating offshore wind key components’ are defined as those facilities that have already been built, and those facilities that will be built or significantly upgraded in the future (so long as investments described above are made by the CfD Start Date).
- 5.13 For the purposes of this SIR Allocation Framework, ‘UK deprived areas’ includes only:
- a) Local authorities in England with between 2 and 4 measures of deprivation in the bottom quartile of Department for Levelling Up, Housing and Communities’ ‘Levelling Up the United Kingdom’ dataset¹³.
 - b) Data zones in Northern Ireland in deciles 1 – 5 on overall deprivation, as defined within the Northern Ireland Multiple Deprivation Measure 2017¹⁴.
 - c) Data zones in Scotland in deciles 1 – 5 on overall deprivation, or data zones in deciles 1-2 on the geographic access to services indicator¹⁵, as defined within the Scottish Index of Multiple Deprivation 2020¹⁶.
 - d) Data zones in Wales in deciles 1 – 5 on overall deprivation, as defined within the Welsh Index of Multiple Deprivation 2019¹⁷.

Explanatory notes

All evidence provided as part of a proposal, such as delivery date, location, known risks and total level of investments may be use in either drawing up contractual requirements to ensure what is being proposed is delivered or will be used to support or inform the monitoring process to track delivery of a proposal.

¹² There are exceptions under components that relate to floating offshore wind.

¹³ Levelling Up the United Kingdom, p.18 <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

¹⁴ <https://www.nisra.gov.uk/statistics/deprivation/northern-ireland-multiple-deprivation-measure-2017-nimdm2017>

¹⁵ Data zones in deciles 1-2 on the “geographic access to services” indicator in Scotland have been included as deprived to help capture its most sparsely populated regions.

¹⁶ <https://www.gov.scot/collections/scottish-index-of-multiple-deprivation-2020/>

¹⁷ <https://www.gov.wales/welsh-index-multiple-deprivation>

When considering investment in ports or the items listed under paragraph 5.7 above, an eligible generator may consider a range of potential interventions. This can include, for the sake of example, investment in port / quay side preparation including some limited infrastructure for the operations and maintenance phase (notably to accommodate SOV or green vessels); in testing components; in expanding production capacities; in cleaner forms of manufacturing etc. The list is not exhaustive.

6. Criterion 2 – Investment in more sustainable means of production

6.1 SIRs are limited to addressing the challenges faced in the development and capital expenditure (DevEx and CapEx) phase of projects.

6.2 More sustainable means of production means that CfD applicants are using suppliers that have proven credential in terms of reducing their overall greenhouse gas emissions, evidenced by having committed, set, validated and communicated Science Based Targets¹⁸ for the reduction of such emissions, or evidenced by having committed to such targets by the time the SIR application windows, and who will validate and communicate such targets by the generator's Milestone Delivery Date.¹⁹ Note that this can include near-term and long-term targets for the reduction of emissions. Any target that is not validated and communicated within the timeframe above will automatically prevent the fulfilment of the linked SIR commitment.

6.3 Applications can contain one or more proposal, linked to the project, that will encourage low carbon electricity generation through investment that will help to increase the environmental sustainability of offshore wind and floating offshore wind deployment. Investments must relate to the allocation round the application is being prepared for, or future allocation rounds. The investment cannot relate to past allocation rounds.

6.4 Only investments in tangible assets or activities qualify, investments in intangible assets, e.g. skills programmes, R&D programmes, etc, do not qualify.

6.5 Proposals must relate to key components outline in paragraph 5.7 of this document.

6.6 Specifically, proposals relating to this criterion must include:

- a) Project Name and gross size of the project in MWs.

¹⁸ <https://sciencebasedtargets.org/>

¹⁹ Note: this means that the manufacturer in question must clearly appear on the Science Based Targets dashboard as either having set, or committed to that target. No other form of commitment to that target will be accepted other than that featured by the Science Based Targets initiative.

- b) The project's proposed expenditure, expressed to the nearest £0.01, on investments in manufacturing facilities for offshore wind and floating offshore wind components that are owned or operated by a manufacturer [that can evidence having set or committed to a Science Based Target as set out in paragraph 6.2 of this document](#).²⁰.
- c) The form of the proposed investment.
- d) The purpose of the proposed investment²¹.
- e) The amount required by the eligible generator through a Sustainable Industry Reward to make the investment/s proposed, expressed to the nearest £0.01.
- f) The estimated delivery date for the full value of the investment, which will become the target delivery date of the commitment in the relevant CfD contract. The estimated delivery date must be a date that precedes the [Start Date of the generating station under the Contract](#).
- g) An investment benefit statement that includes measurable outcomes the eligible generator aims to achieve through the investment to be made as part of the SIR proposal. These outcomes should include: how the investment contributes to reducing emissions, the total number of [direct jobs created and/or existing jobs](#) within the offshore wind / floating offshore wind sector by virtue of the investment, expected quantifiable benefits for supply chain sustainability (e.g. reducing emissions, increasing production capacity), and any other quantifiable benefit that the eligible generator may identify. The investment benefits statement must not exceed 2 pages per proposal.
- h) A delivery plan setting out the key milestones to meet the estimated delivery date. This must also include a short list of known risks and dependencies to the successful delivery of the investment and any other information that is pertinent to the proposal and that the eligible generator believes DESNZ should be aware of.
- i) Evidence of the total amount of investment proposed. This should also include a signed statement from the relevant manufacturer that confirms the investment figure under paragraph [6.6\(b\)](#) and claims made in the investments benefit statement are true at time of application. In addition, this evidence can be supported by a contract (including conditional contracts) or memorandum of understanding between the eligible generator and relevant supply chain company confirming agreement on the investment to be made as part of the SIR proposal and the total investment needed to realise the purpose of the SIR proposal.
- j) A statement [or letter](#) from the board of the eligible generator that confirms their agreement on the investment to be made as part of the SIR proposal. [The statement should also set out any conditions that need to be fulfilled before the](#)

²⁰ For the purposes of this SIR Allocation Framework, a validated science-based target can be considered to have been 'communicated' once the target has been published by the manufacturer on a public forum (e.g. website).

²¹ For example, to facilitate the upgrade of a manufacturing facility owned or operated by a manufacturer that has set and is pursuing a science-based target that has been validated and communicated.

investment is made such as the project securing SIR funding, taking FID or contract signature.

- k) Confirmation from the Science Based Targets initiative that the manufacturer invested in has set and is pursuing a science-based target that has been validated. Evidence that the manufacturer has published the validated science-based target on a public forum (e.g. website) must also be provided.

6.7 Information provided in paragraph 6.6 may be used when drawing contractual obligations or used to inform the monitoring process. Eligible generators must provide all of the information listed in paragraph 6.6 for their proposal to be scored. The information provided must be truthful and accurate to the best of the eligible generator's knowledge to be scored. Eligible generators may also need to update the information they provide as part of the monitoring process.

6.8 Applications can include multiple proposals for different components listed in paragraph 5.7 of this SIR Allocation Framework. Eligible generators must clearly state to which key component each proposal relates.

6.9 An application can include up to a maximum of 10 proposals across the three SIR criteria listed in this SIR Allocation Framework.

6.10 Applications can include up to three variants on each proposal.

6.11 'Manufacturing facilities for offshore wind and floating offshore wind key components' has the meaning given in paragraph 5.7 and 5.8 of this SIR Allocation Framework.

Explanatory notes

All evidence provided as part of a proposal may be used in either drawing up contractual requirements to ensure what is being proposed is delivered or as part of the monitoring process to track delivery of a proposal.

7. [Combined criteria/Criterion 3] - Investment in shorter supply chains that use more sustainable means of production

7.1 SIRs are limited to addressing the challenges faced in the development and capital expenditure (DevEx and CapEx) phase of projects.

7.2 Shorter supply chains has the meaning given in paragraph 5.2 of this document. More sustainable means of production has the meaning given in paragraph 6.2 of this document.

7.3 Pursuant to regulation 6(2A)(b), SIR applications can contain one or more proposal, linked to the project, that will encourage low carbon electricity generation through investment in more environmentally sustainable, shorter supply chains located in UK deprived areas as defined in paragraph 5.9 of this SIR Allocation Framework. Investments must relate to the allocation round the application is being prepared for, or future allocation rounds. The investment cannot relate to past allocation rounds.

7.4 Only investments in tangible assets or activities qualify, investments in intangible assets, e.g. skills programmes, R&D programmes, etc, do not qualify.

7.5 Specifically, each proposal relating to this criterion must include:

- a) Project Name and gross size of the project in MWs.
- b) The project's proposed expenditure, expressed to the nearest £0.01, on an investment in a manufacturing facility for offshore wind and floating offshore wind key components [as defined in paragraph 5.7 of this SIR Allocation Framework] located in UK deprived areas [as defined in paragraph 5.13 of this SIR Allocation Framework]²², that is also a manufacturing facility owned or operated by a manufacturer that has set or is committed and will set pursuing a science-based target as set out in paragraph 6.2 of this document.
- c) The form of the proposed investment.
- d) The purpose of the proposed investment.
- e) The location of the recipient of the investment, in the form of a full postal address, with proof of that address (e.g. an official document bearing the address in question). If the recipient of the investment is an organisation with multiple addresses, the address where the purpose of the investment will be realised must be used.²³
- f) The amount required by the eligible generator through a Sustainable Industry Reward to make the investment/s proposed, expressed to the nearest £0.01.
- g) The estimated delivery date for the full value of the investment, which will become the target delivery date of the commitment in the relevant CfD contract. The estimated delivery date must be a date that precedes the Start Date of the generating station under the Contract.
- h) An investment benefit statement that includes measurable outcomes the eligible generator aims to achieve through the investment to be made as part of the SIR proposal. These outcomes should include: the total number of

²² "Investment" does not automatically mean or require that the manufacturer or port in question is or should be a client of the applicant.

²³ For example, if the eligible generator is investing in a manufacturing facility belonging to a corporate group, the address of the intended facility should be used, not that address of the corporate group's headquarters.

direct jobs created and/or existing jobs within the offshore wind / floating offshore wind sector by virtue of the investment, expected quantifiable benefits for supply chain sustainability (e.g. reducing emissions, increasing production capacity), and any other quantifiable benefit that the eligible generator may identify. The investment benefits statement must not exceed 2 pages per proposal.

- i) A delivery plan setting out the key milestones to meet the estimated delivery date. This must also include a short list of known risks and dependencies to the successful delivery of the investment and any other information that is pertinent to the proposal and that the eligible generator believes DESNZ should be aware of.
- j) Evidence of the total amount of investment proposed for a key component type This should also include a signed statement from the relevant manufacturer that confirms the investment figure under paragraph 7.5(b) and claims made in the investments benefit statement are true at time of application. In addition, this evidence can be supported by a contract (including conditional contracts) or memorandum of understanding between the eligible generator and relevant supply chain company or port confirming agreement on the investment to be made as part of the SIR proposal and the total investment needed to realise the purpose of the SIR proposal.
- k) A statement or letter from the board of the eligible generator that confirms their agreement on the investment to be made as part of the SIR proposal. The statement should also set out any conditions that need to be fulfilled before the investment is made such as the project securing SIR funding, taking FID or contract signature.
- l) Confirmation from the Science Based Targets initiative that the manufacturer invested in has set and is pursuing a science-based target that has been validated. Evidence that the manufacturer has published the validated science-based target on a public forum (e.g. website) must also be provided.

7.6 Information provided in paragraph 7.5 may be used when drawing contractual obligations or used to inform the monitoring process. Eligible generators must provide all of the information listed in paragraph 7.5 for their proposal to be scored. The information provided must be truthful and accurate to the best of the applicant's knowledge to be scored. Eligible generators may also need to update the information they provide as part of the monitoring process.

7.7 Applications can include multiple proposals for different components listed in paragraph 5.7. Eligible generators must clearly state to which key component or port each proposal relates.

7.8 An application can include up to a maximum of 10 proposals across the three SIR criteria listed in this SIR Allocation Framework.

7.9 Applications can include up to three variants on each proposal.

- 7.10 Definitions of manufacturing facilities, and UK deprived areas, are as stated in **section 5** of this allocation framework.

Explanatory notes

This criterion combines the criteria set out in sections 5 and 6 into one, in effect: making an investment with a greater impact that *both* shortens supply chains, *and* proposes investment in a cleaner firm while doing so.

8. Proposals and multiple variants of a proposal

- 8.1 Applications must include a minimum of one SIR proposal relating to at least one of the three SIR criteria listed in this SIR Allocation Framework. Applications can include up to 10 proposals across all of the SIR criteria.
- 8.2 Applications can include a maximum of three variations of each proposal, through which an eligible generator can alter the deliverable and cost of a proposal. *In effect this could mean a total of 30 proposals & variants.*
- 8.3 Eligible generators should clearly identify which variant is their preferred option, their second-choice option and their third-choice option when submitting multiple variants of a proposal.
- 8.4** Each proposal and each variant will be scored in accordance with the methods set out in parts **10.1, 10.2 and 10.3** of this SIR Allocation Framework.
- 8.5** Each proposal and each variant will be ranked alongside all other submitted proposals, including proposals relating to differing SIR criteria and other variants of the same proposal, in accordance with the method set out in **section 11** of this SIR Allocation Framework.
- 8.6 A maximum of one variant of each individual SIR proposal will be supported if successful in the SIR allocation round. The variant supported will be the most preferred option, as designated by the applicant, that can be awarded an SIR based on the method to rank proposals and the available budget.

Explanatory notes

Applicants can, should they wish, submit up to three variations of a principal proposal. Applicants can alter the value of an investment, the level of the Sustainability Reward sought, and/or the measurable outcomes of a principal proposal.

Each variant should come with an order of preference from the eligible generator, so that in the event that several variants of the same proposal can be supported by the overall

budget, only the most preferred option is awarded an SIR, allowing other variants to be discounted.

Example 1:

An Applicant submits a principal SIR proposal for a significant investment in a tower facility that is operated by a manufacturer that has set a science-based target. They require £30m through an SIR to make a proposed total investment of £375m.

Alongside this proposal, they submit 2 additional variant bids to support their CfD bidding strategy:

Variant 2 – Medium-impact investment: £26.25m required through an SIR to make a proposed total investment of £318m.

Variant 3 – small-impact investment: £22m required through an SIR to make a proposed total investment of £260m.

Variants should relate to the same supplier and component of the principal proposal. Different targeted investments should come as different proposals.

9. Method to determine the quality of an SIR application

9.1 Pursuant to regulation 6(2A)(b), each proposal under each application relating to the 'UK deprived areas' SIR criterion will be assessed on quality in accordance with the following formula:

Quality = Value of investment in shorter supply chains in UK deprived areas

where 'value of investment in shorter supply chains in UK deprived areas' means the value provided by applicants in relation to paragraph 5.5(b) of this SIR Allocation Framework²⁴.

9.2 Each proposal under each application relating to the 'Investment in lower emission supply chains' SIR criterion will be assessed on quality in accordance with the following formula:

Quality = Value of investment in lower emission supply chains

where 'value of investment in lower emission supply chains' means the value provided by applicants in relation to paragraph 6.6(b) of this SIR Allocation Framework²⁵.

²⁴ Note: this is not the value that the eligible generator is bidding for, but the total value of the investment to be made.

²⁵ Note: this is not the value that the eligible generator is bidding for, but the total value of the investment to be made.

9.3 Each proposal under each application relating to the 'Investment in lower emission, shorter supply chains' SIR criterion will be assessed on quality in accordance with the following formula:

Quality = Value of investment in lower emission, shorter supply chains

where 'value of investment in lower emission, shorter supply chains' means the value provided by applicants in relation to paragraph 7.5(b) of this SIR Allocation Framework²⁶.

9.4 Only parts 5.5(b), 6.6(b), 7.5(b) of this SIR Allocation Framework will be scored. However, if an eligible generator fails to provide any of the information listed in 5.5, 6.6 and 7.5 of this SIR Allocation Framework for one of their proposals, that proposal's quality will be judged to be zero. If any of this information provided is inaccurate then the proposal's quality will be judged to be zero.

10. Method to assess the reward which is sought in an SIR application

10.1 Pursuant to regulation 6(2A)(d), each proposal under each application will be assessed on the reward which is sought in accordance with the following formula:

The reward which is sought in an SIR application = Cost of SIR proposal

where 'cost of SIR proposal' is the amount of money an eligible generator states they require through the SIR to make the investment proposed as required under paragraphs 5.5(f), 6.6(e) and 7.5(f) of this SIR Allocation Framework. This is not the value of the investment to be made, but the value of revenue support the eligible generator requires through the SIR scheme to make their total investment possible.

11. Method to score SIR applications

11.1 A proposal will only be scored if information provided under paragraphs 5.5, 6.6 and 7.5 have been submitted, and as per paragraphs 5.6, 6.7 and 7.6 if DESNZ is satisfied that the information presented is complete and accurate. Any proposal that does not meet these conditions will be given a score of zero.

²⁶ Note: this is not the value that the eligible generator is bidding for, but the total value of the investment to be made.

11.2 Pursuant to **regulation 6(2A)(e)**, each proposal under each application will be scored in accordance with the following formula:

$$\text{Score} = \frac{(S)(\text{Value of investment})}{\text{Cost of SIR proposal}}$$

Where S = 1 for investment in shorter supply chains;

where S = 1 for investment in lower emission supply chains;

where S = **1.[X]** for investment in shorter and lower emission supply chains;

~~where S = 1.[X] for investment in [TBC floating offshore wind components] as set out in paragraph **5.4 of this allocation framework.**²⁷~~

11.3 Upon receipt of applications, if applicants fail to meet the conditions in paragraph 11.1, DESNZ will notify eligible generators within [X] working days of the application window closing.

11.4 At no point will DESNZ communicate an applicant's place in the SIR ranking until SIR results are formally released through by the Secretary of State issuing an SIR statement.

Explanatory notes - example SIR proposals

Below we outline some example SIR proposals. These are purely for illustrative purposes.

Criterion 1 – Investment in shorter supply chains

Proposal A –

- £52 million investment in a port in a UK deprived area, pricing this in their SIR proposal at £20 million.

Criterion 2 - Investment in more sustainable means of production

Proposal B –

- £45 million investment in a tower facility, to a firm that has set a science-based targets, pricing this in their SIR proposal at £17 million.

²⁷ The government recognises that most floating offshore wind manufacturing firms are at too early a stage of product development to have set and validated science based targets, and therefore a temporary score modifier has been applied to prevent the industry from being disadvantaged.

[Combined criteria/Criterion 3] - Investment in shorter supply chains that use more sustainable means of production

Proposal C –

- £92 million investment in a cable facility from a facility that is located in a UK deprived area and has set a science-based target, pricing this in their SIR proposal at £34 million.

Scoring Proposal A – Investment in shorter supply chains

Quality

The quality formula for this SIR criterion is as follows:

$$\text{Quality} = \text{Value of investment in shorter supply chains in UK deprived areas}$$

Proposal A unlocks an investment of £52 million for a port development in a UK deprived area. Therefore, the quality of the proposal is **£52 million**.

Cost

The cost formula for all SIR criteria is as follows:

$$\text{The reward which is sought in an SIR application} = \text{Cost of SIR proposal}$$

The example developer has proposed that they need a SIR payment of £20 million to make the investment in the port development in a UK deprived area. Therefore, the cost of the proposal is **£20 million**.

Overall score

When we input the relevant quality and cost values for proposal A into the overall score formula, we get:

$$\text{Proposal A score} = \frac{1(52,000,000)}{20,000,000}$$

$$\text{Proposal A score} = 2.6$$

Scoring Proposal B – Investment in more sustainable means of production

Quality

Proposal B features a £45 million investment in a towers facility to a firm that has set a science-based target. Therefore, the quality of the proposal is **£45 million**.

Cost

The example developer has proposed that they need a SIR payment of £17 million to make the investment in manufacturing facility that has set a science-based target. Therefore, the cost of the proposal is **£17 million**.

Overall score

When we input the relevant quality and cost values for Proposal B into the overall score formula, we get:

$$\text{Proposal B score} = \frac{1(45,000,000)}{17,000,000}$$

$$\text{Proposal B score} = 2.65$$

Scoring Proposal C – Investment in shorter supply chains that use more sustainable means of production

Quality

Proposal B features a £92 million investment in a cable manufacturing facility that is located in a UK deprived area and has set a science-based target. Therefore, the quality of the proposal is **£92 million**.

Cost

The example developer has proposed that they need a SIR payment of £34 million to make the investment in a manufacturing facility that is located in a UK deprived area and has set a science-based target. Therefore, the cost of the proposal is **£34 million**.

Overall score

When we input the relevant quality and cost values for Proposal C into the overall score formula, we get:

$$\text{Proposal C score} = \frac{1.2(92,000,000)}{34,000,000}$$

$$\text{Proposal C score} = 3.25$$

Note that here the S multiplier has been given a purely illustrative value of 1.2.

Ranking Proposals A, B and C

Based on the scores above, the example proposals would be ranked – and therefore draw down from the budget – in the following order:

1. Proposal C: 3.25
2. Proposal B: 2.65
3. Proposal A: 2.6

12. Method to rank SIR applications

- 12.1 Pursuant to regulation 6(2A)(e), all proposals will be ranked in accordance with their total score. Proposals with higher scores will be ranked above proposals with lower scores.
- 12.2 Each proposal will be ranked against all other eligible proposals received, even if they relate to different SIR criteria or are submitted by the same eligible generator.
- 12.3 In the event that two or more proposals achieve the same total score, the following tiebreaker rules will apply:
 - a) proposals will be ranked in accordance with their quality, with proposals of higher quality ranked above proposals of lower quality.
 - b) if two or more proposals achieve the same total score and the same quality score, proposals will be ranked in accordance with the delivery date of their investment. Proposals with the most imminent delivery dates will rank above proposals with less imminent delivery dates.
 - c) If two or more proposals achieve the same total score, the same quality score and have the same delivery date for their investment, DESNZ must determine the ranking between these proposals at random, using an electronic random assignment process.

13. Minimum standards

- 13.1 Pursuant to **regulation 6(2A)(f)**, all eligible generators must make a proposal, or several proposals, that meet the minimum standard required to obtain a SIR Statement from the Secretary of State, and enter the CfD round. Investments must relate to the allocation round the application is being prepared for, or future allocation rounds. The investment cannot relate to past allocation rounds.
- 13.2 Only investments in tangible assets or activities qualify, investments in intangible assets, e.g. skills programmes, R&D programmes etc, do not qualify.
- 13.3 The minimum standard required to obtain an SIR statement from the Secretary of State, necessary to enter the CfD round is as follows:
- 13.3.1 The total sum invested under proposals made under paragraph **13.6 and 13.7** of this document must be at least of **£100m** per GW for a fixed bottom offshore wind farm.
- 13.3.2 The total sum invested under proposals made under paragraph **13.6 and 13.7** of this document must be at least of **£50m** per GW for a floating offshore wind farm.
- 13.4 The minimum standard applicable to a Generator's project will be calculated on the basis of the size of the CfD unit entered into a CfD application. The total value of the minimum standard will be adjusted if the size of the CfD unit is varied by the time of the Milestone Delivery Date, but not thereafter.
- 13.5 When making an SIR application, if a Generator does not yet know the size of the CfD unit entered into a CfD application, they may make an estimate.
- 13.6 Minimum standard proposals may be made as part of proposals submitted under sections **5, 6 and 7** of this document. Where this is the case, such proposals must be clearly labelled as including an investment value that contributes to the eligible generator's minimum standard requirement. If one or several of such proposals do not obtain SIR revenue support throughout the SIR allocation process, the eligible generator must:
- 13.6.1 Either deliver the minimum standard element of the relevant proposal(s), though not the full value of the proposed investment.
- 13.6.2 Or rely on separate, successful SIR proposals (i.e. that have obtained revenue support) that in aggregate, meet the minimum standard requirements.
- 13.7 Alternatively, a generator may submit one or several minimum standard proposals that are separate to their SIR proposals ("standalone minimum standard proposals"), and such proposals may not seek revenue support.
- 13.8 In the event that proposals made under paragraph **13.6** obtain revenue support, the applicant can rely on these to deliver their minimum standard, and will not be required to deliver proposals made under paragraph **13.7** (i.e. standalone minimum standard proposals).

13.9 Minimum standard proposals may be met by investing in **at least two** of the criteria set out in sections **5, 6 and 7** of this document, the eligible generator may choose how to organise their investment, so long as the total of all proposals for minimum standard investments is equal to or greater than the sums expressed under paragraph **13.2.1 and 13.2.2** of this document. For greater clarity, investing in the Combined Criterion ‘3’ under Section 7 of this documents counts as investing in two criteria.

13.10 At the time of application, a generator does not have to specify in which eligible facility or port the minimum standard investments are to be made, so long as the applicant clearly commits to meeting the total minimum standard as part of their application. However, an applicant must nonetheless produce a shortlist of likely facilities or ports they are considering to invest in as part of their application.

13.11 If a generator has not specified which eligible facility or port they are investing in to meet the minimum standard at the point of application, they must notify the Secretary of State no later than the Milestone Delivery Date set out in their contract as to which facilities they have or plan to invest in to meet the minimum standard and how the investment meets the relevant SIR criteria. When the generator does specify the investment, they must provide the information required under paragraph **13.12** below.

13.12 At the point at which an applicant specifies their minimum standard proposals, whether at application or before the Milestone Delivery Date set out in their contract, the generator should:

- a) Provide the project name and gross size of the project in MWs.
- b) Includes the project’s proposed expenditure, expressed to the nearest £0.01, on:
 - i. an investment in a **facility, firm or installer** for offshore wind and floating offshore wind key components [as defined in section 5 of this SIR Allocation Framework], or port, located in UK deprived areas as defined in section 5 of this SIR Allocation Framework²⁸;
 - ii. and/or investments in **facilities, firms or installers** for offshore wind and floating offshore wind key components as defined **in section 5** owned or operated by a manufacturer that has set and is pursuing a science-based target that has been validated and communicated as defined in **section 6**;
 - iii. and/or investments in **facilities, firms or installers** for offshore wind components, or port, located in UK deprived areas, where that facility is also owned and operated by a manufacturer that has set and is pursuing a science-based target that has been validated and communicated, as set out in **section 7**.
- c) The form of the proposed investment.

²⁸ “Investment” does not automatically mean or require that the manufacturer or port in question is or should be a client of the applicant.

- d) The purpose of the proposed investment.
- e) The location of the recipient of the investment, in the form of a full postal address, with proof of that address (e.g. an official document bearing the address in question). If the recipient of the investment is an organisation with multiple addresses, the address where the purpose of the investment will be realised must be used.²⁹
- f) The estimated delivery date for the full value of the investment, which will become the target delivery date of the commitment in the relevant CfD contract. The estimated delivery date must be a date that precedes [the Start Date of the generating station under the Contract](#).
- g) An investment benefit statement that includes measurable outcomes the eligible generator aims to achieve through the investment to be made as part of the minimum standard proposal. These outcomes should include: the total number of [direct jobs created or maintained](#) within the offshore wind / floating offshore wind sector by virtue of the investment, and expected quantifiable benefits for supply chain sustainability (e.g. reducing emissions, increasing production capacity), and any other quantifiable benefit that the eligible generator may identify. The investment benefits statement must not exceed 2 pages per proposal.
- h) A delivery plan setting out the key milestones to meet the estimated delivery date. This must also include a short list of known risks and dependencies to the successful delivery of the investment and any other information that is pertinent to the proposal and that the eligible generator believes DESNZ should be aware of.
- i) Evidence of the total amount of investment proposed for a key component type or port. This should also include a signed statement from the relevant manufacturer or port that confirms the investment figure under [paragraph 13.7.a](#) and claims made in the investments benefit statement are true at time of application. In addition, this evidence can be supported by any of the following other documents: contract (including conditional contracts), memorandum of understanding between the eligible generator and relevant supply chain company or port confirming agreement on the investment to be made as part of the minimum standard proposal and the total investment needed to realise the purpose of the proposal.
- j) A statement [or letter](#) from the board of the eligible generator that confirms their agreement on the investment to be made as part of the minimum standard proposal. [The statement may also set out any conditions that need to be fulfilled before the investment is made, such as the project securing SIR funding, taking FID or contract signature.](#)

²⁹ For example, if the eligible generator is investing in a manufacturing facility belonging to a corporate group, the address of the intended facility should be used, not that address of the corporate group's headquarters.

- k) If applicable, confirmation from the Science Based Targets initiative that the manufacturer invested in has set and is pursuing a science-based target that has been validated.

13.13 If a minimum standard and SIR proposal are being merged, information provided in paragraph 13.12 of this document may be presented alongside the information required under sections 5.5, 6.6 and 7.5 of this document, but the eligible generator must split how the information required under these sections is attributable to the minimum standard, versus the full value of the proposed investment.

13.14 Information provided in paragraph 13.12 may be used when drawing contractual obligations or used to inform the monitoring process. Eligible generators must provide all of the information listed in paragraph 13.12 for their proposal to be scored. The information provided must be truthful and accurate to the best of the applicant's knowledge to be scored. Eligible generators may also need to update the information they provide as part of the monitoring process.

13.15 Minimum standard expenditure must be delivered, regardless of whether an applicant obtains any SIR funding for successful SIR proposals.

13.16 [IGP placeholder]

Explanatory Notes

The purpose of introducing minimum standards is to maintain a level playing field for all applicants in the main CfD Allocation Round. Projects that do not obtain extra SIR funding will still need to make investments up to the value on the minimum standard as this will be written into the CfD contract.

Applicants should submit their minimum standard proposals based on the size of their projected CfD bid. Should a project be awarded a CfD, the minimum standard value will automatically adjust to the size of the CfD unit.

Minimum standard proposals do not need to be fully specified by the time of the application, so long as the applicant commits clearly in writing to meeting the required standard as part of their application and provides a shortlist of likely candidates for investment. This has been done to give applicants more time to prepare the compulsory minimum standard bids. Full minimum standard proposals must be received and approved by DESNZ by the project's Milestone Delivery Date. Failure to do so will automatically trigger a performance related adjustment.

The required minimum standard spend can be proposed as part of one or several SIR proposals. However, the eligible generator must be confident that they can deliver the share of the minimum standard expenditure required under their proposals, even if they do not win funding for those SIR proposals.

For example, in a scenario where the minimum standard is £100, an applicant may

make an SIR proposal setting out a proposed £75 investment in a cable factory, requiring £25 in revenue support. The applicant can state that £50 in that proposal goes towards delivering their minimum standard (i.e. half the minimum standard).

The applicant still needs to commit to another £50 to meet the minimum standard. The applicant makes a second SIR proposal, setting out a proposed £75 investment in a tower factory, requiring £25 in revenue support. The applicant states that £50 in that proposal goes towards delivering their minimum standard (i.e. the other half of the minimum standard).

Alternatively, the applicant may choose to make minimum standard commitments that are not linked to their SIR proposals. These cannot claim revenue support. Using the examples above, the applicant may make a third proposal, setting out £50 investment in a port, and £50 on a blade testing facility, as standalone proposals that do not require revenue support, and are designed to meet the minimum standard.

In a scenario where the applicant's above bids do not obtain SIR funding through the SIR allocation process, they must:

- a. Either at least deliver £50 of investment against the cable factory, and £50 towards the tower factory. They would not be required to investment the full £75 in each case, as that share depended on obtaining revenue support;
- b. Or rely on other successful SIR bids that meet the minimum standard;
- c. Or rely on a separate minimum standard proposal, separate from their original SIR bids.

The applicant must specify in their application which of their proposals they will rely on to deliver their minimum standards, in the event that they do not any obtain revenue support for their bids. In the event that the applicant has successful SIR bids that meet the minimum standards, the applicant will not be required to deliver separate minimum standard proposals.

The minimum standard can either be met by investing in a single SIR proposal or by investing in several SIR proposals, as long as the cumulative total of investments adds up to the minimum standard listed in the SIR Allocation Framework, and that the proposal address [at least two] of the SIR criteria.

14. Process to request a review of a decision determining the quality of an SIR application

- 14.1 Pursuant to **regulation 6(2A)(c)**, applicants may dispute the score assigned to their proposal by DESNZ in accordance with the methods given in **Section 11** of this document.
- 14.2 In the first instance, eligible generators may ask DESNZ to review the assessment of its proposals, setting out the grounds for the review, within [2] working days of receiving the assessment. DESNZ must return its decision on the review within [3] working days.
- 14.3 If, following the review, the eligible generator wishes to dispute the assessment made of their proposal(s), applicants must ask an expert panel to review to review the proposal. This expert panel will be referred to as the “dispute body”.
- 14.4 An eligible generator may invoke the dispute body on the following grounds:
- a) They wish to challenge any factual errors by DESNZ in the interpretation of the proposals put forward by the applicant.
 - b) They wish to challenge that the information provided is insufficient/inaccurate.
 - c) They wish to challenge any material errors in the calculation of the quality of each proposal.
- 14.5 The dispute body must be requested within **5 working days** of receiving notification from DESNZ of its opinion on the review of results requested under **14.X**.
- 14.6 Eligible generators should outline where they believe DESNZ inaccurately assessed the information received, for consideration by the expert panel.
- 14.7 Applicants must submit for review, the day that they request a review from the dispute body, the following:
- a) a concise statement identifying the relevant part of the DESNZ’ assessment in dispute;
 - b) a concise statement of the facts on which the applicant relies;
 - c) a summary of the grounds for disputing DESNZ’ assessment;
 - d) a succinct presentation of the arguments supporting each of the grounds for dispute; and,
 - e) a schedule listing the documents submitted with the dispute notice.
- 14.8 Following the request for the dispute body to review an eligible generator’s scores, DESNZ must acknowledge receipt of such a request within 2 working days. Eligible generators may withdraw their request within 5 working days of submitting. DESNZ must refer the matter to the dispute body within 2 working days.

- 14.9 DESNZ will not accept dispute resolution requests after the 5 working days allocated for applicants to request a dispute, nor will it accept a request for the deadline to be extended.
- 14.10 The dispute body will make decisions on the basis of written submissions alone.
- 14.11 The dispute body must notify all parties of their recommendation within 10 working days of receiving all the relevant information they may require.
- 14.12 The dispute body may exceed the target of 10 working days if they determine this to be necessary, including but not limited to situations relating to the assessor or applicants' personal circumstances, or situations in which there is a large volume of evidence or applicants. DESNZ will inform all parties to the dispute whether, and to what extent, the dispute body needs more time to make a recommendation.
- 14.13 The Secretary of State will take the expert panel's recommendations into account before SIR applications are ranked and before SIR statements are issued or refused.

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