



Department for  
Energy Security  
& Net Zero

**30 July 2024**

Contracts for Difference (CfD): Budget Revision Notice for the sixth Allocation Round

**From: Secretary of State for Energy Security and Net Zero**

**To: National Grid Electricity System Operator Limited, EMR Delivery Body**

This notice is given pursuant to Regulation 12 of the Contracts for Difference (Allocation) Regulations 2014 (as amended). A copy of that regulation is included in Schedule 2 to this notice.

This notice applies to the sixth Contracts for Difference (CfD) Allocation Round, as established by the allocation round notice given by the Secretary of State on 6 March 2024.

**CfD Budget**

1. The Budget for CfD Allocation Round 6 (as set out in the Budget Notice given by the Secretary of State on 6 March 2024) has been revised. The final overall Budget for AR6 is £1.555 billion, which is an overall increase of £530 million. This is an increase of £65 million in Pot 1; £165 million in Pot 2; and £300m in Pot 3.
2. The table in Schedule 1 shows the revised Budget for CfD Allocation Round 6 following the revision made by paragraph 1. There is no capacity budget for AR6.

**SIGNED**

Sarah Redwood, Director Renewable Electricity, Department for Energy Security and Net Zero

For and on behalf of the Secretary of State



**DATED:** 30 July 2024

## Schedule 1 Revised Budget for the sixth CFD Allocation Round

Table 1: Budget, in monetary terms, for the sixth CFD Allocation Round

	2026/7	2027/8	2028/9	2029/30	2030/31
<b>Overall Budget (£ million in 2011/12 prices)</b>	<b>185</b>	<b>1,555</b>	<b>1,555</b>	<b>1,555</b>	<b>1,370</b>
Pot 1	185	185	185	185	-
Pot 2	-	270	270	270	270
Pot 3	-	1,100	1,100	1,100	1,100

**Key:**

	Delivery Year
	Valuation Year

### Use of Maxima or Minima

Three separate Maxima, each of £185 million, will be applied to Solar PV, Onshore Wind, and Remote Island Wind in Pot 1. All Maxima will be applied on a monetary budget (£ million) basis, to operate as ‘hard’ constraints.

A Minimum of £15 million will be applied in respect of Tidal Stream in Pot 2. The Minimum will be applied on a monetary budget (£ million) basis, to operate as a ‘hard’ constraint. A Maximum of £8 million will be applied to Geothermal in Pot 2. The Maximum will be applied on a monetary budget (£ million) basis, to operate as a ‘hard’ constraint.

Two separate Maxima, each of £1,100m, will be applied to Offshore Wind Permitted Reduction projects and new Offshore Wind projects in Pot 3. The Maxima will be applied on a monetary budget (£ million) basis, to operate as ‘hard’ constraints.

## Schedule 2 to the Budget Revision Notice for CfD Allocation Round 6

Regulations 11 – 13 of the Contracts for Difference (Allocation) Regulations 2014 (as amended)

### 11 Budget notices

- (1) The Secretary of State must by notice (“a budget notice”) specify—
  - (a) the overall budget which is available for each delivery year applicable to an allocation round; and
  - (b) the administrative strike prices applicable to applications in an allocation round.
  
- (2) The Secretary of State may in a budget notice specify any of the following—
  - (a) budgets which are reserved for the descriptions of applications specified in the notice (“minima”);
  - (b) maximum budgets which apply to the descriptions of applications specified in the notice (“maxima”);
  - (c) a division of the overall budget such that a different part (“pot”) of the overall budget applies to the description of applications specified in the notice.
  
- (3) Where maxima or minima are specified, they may be expressed as—
  - (a) a sum of money;
  - (b) an amount of capacity of electricity generation; or
  - (c) a combination of (a) and (b).
  
- (4) Where—
  - (a) the overall budget is expressed as a sum of money; and
  - (b) that sum is stated by reference to a price which is not current at the date of the budget notice,

the budget notice must include a factor which, when applied to that sum, converts that sum into a price which is current at that date.
  
- (4A) Where any budget referred to in paragraph (1)(a) or (2) (that is to say, the overall budget, a minimum, a maximum or a pot) is expressed as an amount of capacity of electricity generation, the Secretary of State may specify in the budget notice that a “soft constraint” applies to that amount; and in such a case, the amount of capacity of electricity generation may be exceeded, but only in accordance with the provisions of the allocation framework that applies to that allocation round.
  
- (5) A budget notice must—
  - (a) be given to the delivery body;
  - (b) identify the allocation round to which the budget notice applies; and
  - (c) be given no later than 10 working days before the commencement date of the allocation round.

### 12 Budget revision

- (1) This regulation applies where the Secretary of State has given a budget notice in respect of an allocation round.
  
- (2) Subject to the application of paragraph (5), the Secretary of State—

- (a) may amend, add to, or remove any of the matters listed in regulation 11(1)(a) or (2) for the allocation round (in either case “a budget revision”); but
  - (b) must only affect a budget revision by a notice (“a budget revision notice”) which complies with regulation 13.
- (3) The Secretary of State may make any budget revision where that revision has effect more than 10 working days before the commencement date of the allocation round.
- (4) Paragraph (5) applies where the Secretary of State intends to make a budget revision which is to have effect—
  - (a) 10 or fewer working days before the commencement date of the allocation round; or
  - (b) on or after the commencement date of the allocation round.
- (5) Where this paragraph applies, the Secretary of State may increase the overall budget but must not—
  - (a) decrease—
    - (i) the overall budget;
    - (ii) any maxima; or
    - (iii) any minima; or
  - (b) increase any maxima or minima, unless the overall budget is increased by at least the same amount; or
  - (c) remove the application of a soft constraint to a budget (see regulation 11(4A)).

### **13 Budget revision notices**

A budget revision notice must—

- (a) be given to the delivery body;
- (b) identify the allocation round to which the budget revision notice applies;
- (c) describe the budget revision; and
- (d) be given at least one working day before the date on which the revision set out in the notice is to have effect.

**END**