



Department for Energy Security & Net Zero

23 July 2025

THE CONTRACTS FOR DIFFERENCE (ALLOCATION) REGULATIONS 2014 POT AND PRICE NOTICE

This notice is given pursuant to Regulation 10A of the Contracts for Difference (Allocation) Regulations 2014 (as amended) and is given to:

- (a) National Energy System Operator Limited; and
- (b) Low Carbon Contracts Company Limited (“The CfD Counterparty”).

A copy of the regulation is included in Schedule 1 to this notice.

This notice applies to both allocation round 7 for offshore wind and floating offshore wind (known as “AR7”) established on 12 November 2024¹ and to allocation round 7a for all other eligible technologies (known as “AR7a”) established on 23 July 2025.

AR7 and AR7a apply to eligible generators² in respect of the following types of eligible generating stations in the following technology groups (known as “pots”):

Table 1: CfD AR7 and AR7a Pot Structure

Allocation Round 7a (AR7a)		Allocation Round 7 (AR7)	
Pot 1	Pot 2	Pot 3	Pot 4
<ul style="list-style-type: none">Onshore Wind (>5MW)Remote Island Wind (>5MW)Solar PV (>5MW)Landfill GasHydro (>5MW and <50MW)Energy from Waste with CHPSewage Gas	<ul style="list-style-type: none">Tidal StreamGeothermalAdvanced Conversion TechnologyAnaerobic Digestion (>5MW)Dedicated Biomass with CHPWave	<ul style="list-style-type: none">Offshore Wind	<ul style="list-style-type: none">Floating Offshore Wind

¹ The Contracts for Difference Allocation Round 7 (AR7) notice is available here: [The Contracts for Difference \(Allocation\) Regulations 2015: Allocation Round notice for the seventh Allocation Round](#)

² As defined at regulation 3 of the Contracts for Difference (Definition of Eligible Generator) Regulations 2014 (as amended).



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Use of Maxima in Pot 3

In Pot 3, Maxima will be applied to separate the clearing prices of Offshore Wind Scotland projects and Offshore Wind projects.

For the purpose of the Maxima only, 'Offshore Wind Scotland' projects are those that will connect to the Transmission System in Generation Use of System Tariff Zones 1-12 or a Distribution System in Distribution Network Operator Licence Areas 17-18. 'Offshore Wind' projects are those that will connect to the Transmission System in Generation Use of System Tariff Zones 13-27 or a Distribution System in Distribution Network Operator Licence Areas 10-16 or 19-23.

Related requirements, definitions and application checks have been added to Section 4 and Schedules 1 and 5 of the AR7 and AR7a Contract Allocation Framework.

Maxima and minima for other Pots

Full details of these Maxima, and any other Maxima or Minima applying to AR7 and AR7a, will be provided in the Contract Budget Notice, which will be published after the Delivery Body has valued all Qualifying Applications.



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Illustrative comparison of Administrative Strike Prices to AR6, in a 2012 price base

For information only, the following table compares the AR7 and AR7a Administrative Strike Prices (ASPs) to those that were set in AR6 using a 2012 price base. This is purely for information, and **all bids for AR7 and AR7a should be submitted in 2024 prices, as set out in the Contract Allocation Framework**. Please see table 3 for the ASPs in 2024 prices which will be applicable to AR7 and AR7a.

Table 2: Comparison of AR6 and AR7 and AR7a Administrative Strike Prices in 2012 prices (as per prior rounds, £/MWh, 2012 prices)

Technology Type	ASPs in 2012 prices <u>Not for use in allocation</u>	
	AR6	AR7 / AR7a
Advanced Conversion Technology	210	220
Anaerobic Digestion (>5MW)	144	140
Dedicated Biomass with CHP	179	171
Energy from Waste with CHP	181	206
Floating Offshore Wind	176	194
Geothermal	157	157
Hydro (>5MW and <50MW)	102	121
Landfill Gas	69	67
Offshore Wind	73	81
Onshore Wind (>5MW)	64	66
Remote Island Wind (>5MW)	64	66
Sewage Gas	162	164
Solar PV (>5MW)	61	54
Tidal Stream	261	266
Wave	257	277



Administrative Strike Prices applicable in AR7 and AR7a, compared to AR6 in a 2024 price base

The ASPs applicable to technologies in AR7 and AR7a are presented below as set out in the Contract Allocation Framework. These are presented alongside a comparison to the equivalent AR6 ASPs in 2024 prices, with the AR6 values presented for comparison only. Please see a later section with information on how to convert between price bases.³

Table 3: Comparison of AR6 and AR7 and AR7a Administrative Strike Prices in 2024 prices (£/MWh, 2024 prices)

Technology Type	ASPs in 2024 prices	
	AR6 (for comparison only)	AR7/AR7a (as applicable in allocation)
Advanced Conversion Technology	293	307
Anaerobic Digestion (>5MW)	201	195
Dedicated Biomass with CHP	249	238
Energy from Waste with CHP	252	287
Floating Offshore Wind	245	271
Geothermal	219	219
Hydro (>5MW and <50MW)	142	168
Landfill Gas	96	94
Offshore Wind	102	113
Onshore Wind (>5MW)	89	92
Remote Island Wind (>5MW)	89	92
Sewage Gas	226	228
Solar PV (>5MW)	85	75
Tidal Stream	364	371
Wave	358	386

³ Due to rounding, ASP figures in this document may not align when converting between price bases using the provided CPI series.



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ASPs for AR7 and AR7a have been set to ensure that they remain an auction backstop and do not constrain participation in the auction. They are a technical construct and do not represent the Government's central view of the cost of each of these technologies. The Government recognises that the frequent schedule for annual auctions and lead-in time for research means that not all updates reflect a 'true cost' change from AR6 levels across technologies, and these figures should not be interpreted as such.

In particular, net load factors for Offshore Wind, Onshore Wind (inclusive of Remote Island Wind) and Floating Offshore Wind are lower than in AR6 due to updated internal departmental modelling, which has driven an increase in those ASPs. This is purely an update to the evidence base and does not reflect a 'real-world' change in generation or costs.

In addition, amending the information that Government sees in the auction ('seeing the bidstack') means that Government has greater control over the price of Offshore Wind projects procured, hence the ASP will not play a meaningful role for AR7 beyond allowing National Energy System Operator (NESO) to run the auction.

As with prior CfD allocation rounds, Government expects a competitive auction that clears significantly below the ASPs. After the budget is published the auction will run. The Secretary of State will have access to anonymised bid information for Offshore Wind in AR7. An increase to the budget value will only be considered if procuring greater capacity is considered to be good value for billpayers. Internal metrics will be used to determine good value, such as the discount of the bid on the ASP, and the full marginal cost of procuring any extra bids on the costs of securing other bids, with the Department working with HM Treasury to agree any budget increase.

Re-basing Administrative Strike Prices

The Administrative Strike Prices have been presented in real terms on the basis of a 2024 and 2012 price base. The price base has been updated to 2024 prices from previous allocation rounds where 2012 prices were presented.

To convert between price bases, a Consumer Price Index^{4,5} (CPI) can be used. To convert from 2024 to 2012 prices, the following CPI deflator should be used: 0.7177.

To convert into a more recently available price base, the following formula can be used.

⁴ Published by the Office for National Statistics (ONS):

<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt>

⁵ Please note that CPI index values are subject to the ONS CPI Revisions Policy and may change in future.



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$$CPI\ Adjustor_{\pounds 2024 \rightarrow \pounds current} = CPI_{current} / AverageCPI_{2024}$$

For stakeholders to convert the Administrative Strike Prices from 2024 prices into the most recently available price base (June 2025 at time of publication), the following CPI inflator should be used: 1.0373.

To note, this is purely for information and **all bids for AR7 and AR7a should be submitted in 2024 values.**

Further questions and answers can be found on the Contracts for Difference microsite:
<https://www.cfdallocationround.uk/>

SIGNED

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

For and on behalf of the Secretary of State
DATED: 23 July 2025



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Schedule 1

Contracts for Difference (Allocation) Regulations 2014 (as amended), regulation 10A

10A – Pot and Price Notice

(1) The Secretary of State must by notice (“a price notice”) specify the administrative strike prices applicable to applications in an allocation round.

(2) Where the administrative strike prices in the price notice are stated by reference to a price which is not current at the date of that notice, the price notice must include a factor which, when applied to the administrative strike prices, converts the administrative strike prices into administrative strike prices current at that date.

(3) The Secretary of State may by notice (“a pot notice”) specify descriptions of applications for the purpose of regulation 11(2)(c) that refers to contract budget notices.

(4) The Secretary of State may revise a pot notice where that revision has effect more than 10 working days before the application opening date.

(5) A price notice, pot notice and a revision to a pot notice must:

- (a) be given to the delivery body,
- (b) identify the allocation round to which the notice applies, and
- (c) be given no later than 10 working days before the application opening date.