



Department for  
Energy Security  
& Net Zero

# The Contracts for Difference Clean Industry Bonus

Consultation on regulatory reforms for  
Allocation Round 8

Closing date: 6 October 2025



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# General information

## Why we are consulting

Delivering clean power by 2030 is at the heart of our mission to transform the UK into a clean energy superpower. Reflecting the urgency of the challenge, the Government has taken early action to deliver this goal including ending the onshore wind ban and establishing GB Energy. The CfD is vital in securing the renewables deployment necessary to deliver clean power by 2030, and the Clean Industry Bonus (CIB) has been introduced to support that deployment with the development of more sustainable offshore and floating offshore wind supply chains.

The response to the CIB in AR7 was strong, with £544 million allocated to support the supply chain. Subject to the Contracts for Difference process, this could leverage up to £9 billion in private investment in cleaner manufacturers, new and upgraded factories, and port infrastructure. We committed to building on the early success of the CIB in the 'Clean Energy Industries Sector Plan' under 'The UK's Modern Industrial Strategy', and this consultation invites views on proposed changes to deliver that commitment.

The proposed changes include addressing operational issues identified in AR7, introducing new criteria on workforce protection and skills development, and extending the CIB to onshore wind, as per the manifesto commitment. Together, these changes aim to enhance the CIB's effectiveness in supporting the clean energy superpower mission, help to develop supply chains that are more environmentally sustainable and deliver economic and social value to the regions that need it most.

## Scope of this consultation

The consultation seeks views on proposed regulatory changes to the CIB in support of the aims outlined above. Specifically, we are considering:

- Introducing a new criterion aimed at improving minimum levels of workforce protection by encouraging developers and suppliers to commit to discussions on a new offshore wind fair work charter, which will help ensure offshore wind developers and their supply chains offer good jobs, terms and conditions.
- Introducing a new criterion aimed at improving minimum investment in skills, encouraging developers to invest either through a pooled fund targeting industry-wide needs or through project-level initiatives, to help build the skilled workforce needed to support the clean energy transition. Though this does not necessitate regulatory change, we are consulting due to the implications for both the CIB criteria and minimum standards.
- Expanding the CIB to include onshore wind, recognising its vital role in delivering clean power and the opportunity to support investments in cleaner and shorter supply chains.

- Rectifying minor issues from the initial implementation of the CIB in AR7. While the first round of the CIB was successful, we recognise the need to amend some of the processes and refine the scheme so it runs as smoothly as possible for government, developers and the supply chain.

To note, other non-regulatory matters will result in amendments to the CIB Allocation Framework. These will be tested with industry, trade bodies, unions and other relevant stakeholders during the summer.

## Consultation details

**Issued:** 23 August 2025

**Respond by:** 6 October 2025

**Enquiries to:**

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Consultation reference: The Contracts for Difference Clean Industry Bonus – Consultation on regulatory reforms for Allocation Round 8

**Audiences:**

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

**Territorial extent:**

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

## How to respond

Your response will be most helpful if it is framed in direct response to the questions we have asked, though further comments and evidence are also welcome. When responding, please state whether you are responding as an individual or representing the views of an organisation.

**Respond online at:** <https://energygovuk.citizenspace.com/clean-electricity/cfd-cib-regulatory-reforms-ar8/>

or

**Email to:** [renewableCIBs@energy.gov.uk](mailto:renewableCIBs@energy.gov.uk)

**Write to:**

Clean Industry Bonus team  
Department for Energy Security and Net Zero  
6th Floor, Renewable Electricity Directorate  
3-5 Whitehall Place  
London  
SW1A 2AW

## Confidentiality and data protection

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

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

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

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

## Quality assurance

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

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

# Clean Industry Bonus scheme description

The Clean Industry Bonus (CIBs) is part of the Contracts for Difference scheme, which is the government's main mechanism to support the deployment of new low-carbon electricity generation projects in Great Britain.

The Clean Industry Bonus rewards fixed and floating offshore wind developers who choose to invest in cleaner and more sustainable supply chains. The scheme does this by covering the difference in cost between more expensive but more desirable supply chain investments, compared to cheaper but less desirable investments. This is in effect the difference in cost between investing in cleaner or more sustainable facilities, or in a facility (e.g. blades, cables, ports) in a deprived UK area, versus dirtier or less sustainable facilities. By offering extra CfD revenue support for supply chain improvements, the CIB ensures that the "lowest price wins" aspects of the CfD does not inhibit the supply chain investments we need to support our renewables deployment targets and reduce our reliance on polluting suppliers.

The scheme currently features two sustainable criteria. An applicant may be considered to have met Criterion 1, 'Investment in shorter supply chains', if an investment is made in an offshore or floating offshore wind manufacturing facility, installation firm, or port located in a UK deprived area. An applicant may be considered to have met Criterion 2, 'Investment in cleaner supply chains', if an investment is made in offshore or floating offshore manufacturing facilities or installation firms owned or operated by firms that can evidence having set or committed to a Science Based Target.

To be able to enter a CfD auction, and to apply for extra funding through the CIB, an applicant must have met the CIB 'minimum standard' of investment in supply chain sustainability. Currently, this CIB Minimum Standard is for an applicant to have invested at least £100m per GW for fixed-bottom offshore wind farm or £50m per GW for a floating offshore wind farm into facilities meeting the CIB criteria. Once an applicant has met the minimum standard, they can apply for additional revenue support through a competitive process if they choose to invest further under either of these two criteria.

Projects awarded a Clean Industry Bonus will have their commitment written into their CfD contract to ensure delivery. Projects will be monitored at least twice a year to follow progress on delivery. Projects that do not deliver investments will not be paid the Bonus. Partial delivery will only be paid a portion of the CIB equivalent to the portion of their investment delivered. Failure to deliver the minimum standard will incur a corresponding penalty on a developer's CfD payment.



# Proposed reforms to the Clean Industry Bonus

## Workforce protection

Clean energy jobs represent the skilled, high-quality employment opportunities of the future, potentially offering good wages, stability, and the chance to build a varied and fulfilling career. These jobs are essential for boosting productivity and driving economic growth. However, there are persistent concerns about workplace standards across parts of the sector, challenges around workforce diversity and wider social inclusion, and there is a mixed picture on trade union access and recognition.

We estimate the offshore wind sector could support up to 100,000 direct and indirect jobs in Great Britain by 2030<sup>1</sup>. The CIB can play a role in ensuring that high-quality jobs are provided as a minimum, strengthening workforce protections by helping to improve the environment around pay, terms, and conditions. This will support the economic and social sustainability of offshore wind supply chains, encouraging companies that offer good jobs in the communities that need them most. Any CIB measure on workforce protection would be delivered either through CIB minimum standards (i.e. CfD entry requirements) or as a condition to receiving bonuses. The government does not believe that the CIB should offer additional ‘bonuses’ (i.e. more subsidy) for such interventions, as high quality jobs should be provided as a minimum by businesses and bonuses would be difficult to quantify in a way that provides good value for money. Strengthening workforce protection in offshore wind through the CIB may necessitate an addition to regulation 6(2B) of The Contracts for Difference (Allocation) Regulations 2014.

## Encouraging commitment to discussions on a new offshore wind fair work charter through the CIB

The government’s lead proposal for AR8 is to encourage commitment, through the CIB, to discussions on a new and ambitious offshore wind fair work charter that is co-developed between the offshore wind industry and trade unions, with government playing a convening role. Various local and devolved authorities across the UK have sought to develop such charters and the government encourages businesses to sign-up where they exist, especially in sectors or areas in receipt of government support, for example in Industrial Strategy Zones.

The development of a new offshore wind fair work charter presents an opportunity for government, industry, and trade unions to build a shared consensus on key issues such as pay, terms, and conditions. We expect an offshore wind fair work charter could include, but would not necessarily be limited to, commitments on pay, job security, health and safety, access to trade unions, and employee wellbeing.

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<sup>1</sup> <https://www.gov.uk/government/publications/renewable-technologies-future-job-estimates-methodology/job-estimates-for-wind-generation-by-2030-methodology-note>

We recognise that we cannot encourage sign-up to a full and ambitious fair work charter in time for AR8, as the lead-in times to negotiate the commitments are not compatible with our desire to publish a draft CIB Allocation Framework in the Autumn. To generate momentum in AR8, we would require commitment to participating in discussions on a fair work charter which would provide a first step towards full implementation of the charter in AR9. Incentivising commitment to discussions on a fair work charter through the CIB in AR8 could help focus industry and trade union collaboration, with the aim of building consensus around a set of meaningful minimum commitments that target some of the remaining challenges on workforce protection in offshore wind. Encouraging discussions on the development of a fair work charter will form part of DESNZ's Clean Energy Workforce Strategy, to be published in the coming months, and it will reiterate the government's commitment to exploring how we can encourage fair work through the CIB.

The measures we propose for AR8 are three-fold. First, either CIB minimum standards or bonus eligibility requirements would encourage commitment from developers to discussions on a fair work charter. Second, suppliers could be encouraged to commit to discussions on a fair work charter by making this a condition of their eligibility to be included in CIB investments. These commitments to discussions from developers and suppliers could be either a public commitment, a commitment made as part of CIB minimum standards or eligibility rules, or both. Third, the government would commit to convening widespread representation of all key interests in the discussions, beginning this summer. This would include representation from a range of supply chain firms, along with both offshore wind and floating offshore wind developers and relevant trade unions and workers' representatives.

This approach to AR8 could provide a genuine step towards implementation of a fair work charter in AR9 that offers commitment to the process from both government and industry. Importantly, it would avoid introducing one-off requirements for AR8 that may distract from, or undermine, discussions on the fair work charter. We could also consider incentivising sign-up to suitable early commitments if agreed by relevant parties prior to Autumn, which could then be reflected in the AR8 CIB Allocation Framework ahead of publication (subject to their design). Once a full fair work charter has been established, we could consider incentivising sign-up via the CIB in AR9, which would provide all parties with sufficient time to engage in meaningful discussions on its design. The government will review the contents of the charter before considering whether and how to incentivise sign-up to the full range of commitments.

## Options to incentivise developers to participate in fair work charter discussions

We are considering two options to incentivise developers to participate in discussions on a fair work charter in AR8. These are set out below.

Option one is to require developers to commit to discussions on the fair work charter as part of their CIB minimum standards and to sign up to suitable early commitments if agreed by all relevant parties prior to Autumn through a public commitment. This would require all developers to commit to discussions and any early commitments agreed, with an accompanying financial non-delivery disincentive should they not subsequently participate actively in the discussions and/or subsequently not meet any early commitments agreed. The

minimum standard amount (i.e. the financial liability) for developers could be increased, with performance related adjustments applied proportionately for non-delivery. This would align closely with the existing design of the CIB, but we recognise the challenge in determining an appropriate minimum standard amount reflective of commitment to a fair work charter.

Option two is to make developers' eligibility to apply for CIB bonuses conditional on their public commitment to discussions on the charter and any early commitments agreed. Upon application, there would be no financial non-delivery disincentive put in place for those developers that did not wish to commit, but they would not be able to apply for bonuses. If, however, a developer was to receive a CIB bonus but later withdrew their commitment to the discussions or any early commitments agreed, they would be denied their bonus payment as they would no longer meet the eligibility requirements. This option would avoid an increase to the minimum standard amount, but risks a negative impact on investment made through the CIB.

### Options to incentivise suppliers to participate in fair work charter discussions

With regard to suppliers, we are also considering two options to encourage commitment to discussions on, and the principle of, a fair work charter. These are set out below.

Option one is that, to be eligible to be included in a developer's CIB investment proposal under criterion 1, we could require some or all supply chain firms to make a public commitment to discussions and early commitments agreed on the fair work charter. To minimise resource and cost burdens, small and medium-sized enterprises (SMEs) – and / or firms with smaller contract values - could be exempted, though we would strongly encourage firms to commit to discussions on the charter where possible. New facilities may also be exempt from committing to discussions in acknowledgement they would face additional challenges to participation. This option has been designed to encourage commitment and sign-up to the charter across the supply chain, without increasing costs or burden for SMEs or new facilities. Again, we recognise new eligibility conditions may risk a negative impact on investment made through the CIB.

Alternatively, option two focuses on suppliers' eligibility to receive Industrial Growth Plan (IGP) funding via the CIB. Currently, suppliers can receive IGP funding from developers' contributions to the IGP Delivery Body (a role assumed by the Offshore Wind Growth Partnership<sup>2</sup>) as part of their CIB minimum standard obligations. Under option two, suppliers would only be eligible for this funding if they commit publicly to discussions on the fair work charter. However, suppliers who do not make this commitment would still be eligible to be included in CIB investments. While this may lead to less commitment to developing a fair work charter compared to option 1, it could have less impact on investments made through the CIB.

As set out above, ahead of AR9, the government could consider requiring sign-up to a full fair work charter subject to the result of the discussions and the commitments included. As part of its considerations, the government could utilise a tiered approach to sign-up across the supply chain as an eligibility condition to being included in CIB investments under criterion 1 or via the

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<sup>2</sup> <https://owgp.org.uk/>

IGP. In practice, this could mean that the largest firms are expected to sign-up to implementing the charter in its entirety and less-large firms expected to sign-up to the majority of the charter but not every aspect. SMEs – and / or firms with smaller contract values - may not be required to sign-up while new facilities could be provided with more time to sign-up.

### Consultation Questions

- 1. Do you agree with the government's proposal to strengthen workforce protection in offshore wind through the CIB in AR8?**
- 2. Do you agree that the proposed approach for AR8 and AR9 would effectively support the charter's creation and adoption?**
- 3. Which of the two approaches do you prefer for encouraging developer commitment to discussions on a fair work charter in AR8, option 1 or option 2? Please explain your preference and any concerns or suggestions you have about either option.**
- 4. Which of the two approaches do you prefer for encouraging supplier commitment to discussions on a fair work charter in AR8, option 1 or option 2? Please explain your preference and any concerns or suggestions you have about either option, including any suggestions on how SMEs and new facilities could be encouraged to participate in discussions.**
- 5. What proportion of project CapEx and OpEx currently goes towards labour costs? What proportion of the cost of componentry currently goes towards labour costs? Please provide any relevant evidence.**
- 6. Do you foresee any unintended consequences of the proposed minimum standard on workforce protections? Would it impact your overall investment into CIB- eligible suppliers, or your overall supply chain decisions? Please provide any relevant evidence.**

## Skills

The government is committed to driving an increase in the capacity of our domestic clean energy workforce to match the scale of clean energy deployment, and to ensure the UK has the skills needed to deliver the Clean Energy Mission.

The Office for Clean Energy Jobs ‘Assessment of the clean energy skills challenge’<sup>3</sup>, as part of the ‘Clean Power 2030 Action Plan’, provided a basis for government to better understand the 2030 workforce requirements and support targeted skills planning. It pointed to common challenges that cut across clean energy sectors, including competition for skills, awareness of opportunities, equality and diversity, an ageing and retiring workforce, and barriers to training. Despite the scale of the skills needs, there has been a steady decline in employer investment in training over the last decade, with real terms investment per employee down 19% since 2011.<sup>4</sup>

The government aims to create the right conditions and incentives for industry to invest in current and future skills requirements. Previously, the government requested developers to submit, for approval, Supply Chain Plans (SCPs) to be eligible to enter a CfD Allocation Round. These SCPs included a requirement for developers to give an overview of the skills commitments they were making to meet the aims and objectives of the Supply Chain Plan Policy.

### Encouraging investment in skills through the CIB

As set out in the ‘Industrial Strategy: Clean Energy Industries Sector Plan’<sup>5</sup>, the government is now considering introducing a skills criterion into the CIB for AR8, which could help accelerate investments in skills as part of wider government efforts to meet our 2030 targets. We recognise the work that many industry players already do on skills throughout the project lifecycle, including through community benefit funds, but we see a gap for the CIB to set some minimum requirements in this space given the scale of the clean energy superpower mission. The aim is that such requirements would complement rather than displace the offshore wind industry’s existing skills investments.

We see two alternative ways of introducing a skills criterion into the CIB, which we would like to test through this consultation. Both would form part of CIB minimum standards rather than offering CIB bonuses as we consider that investment in future capability should be provided as a minimum and bonuses would be difficult to quantify.

- Option 1: Developers could be incentivised to contribute towards a “skills investment fund” that encourages a more collaborative approach.
- Option 2: Developers could be incentivised to invest in skills at the project level.

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<sup>3</sup> [Clean Power 2030 Action Plan: A new era of clean electricity: Assessment of the clean energy skills challenge - evidence annex](#)

<sup>4</sup> Clean Power 2030 Action Plan: A new era of clean electricity: Assessment of the clean energy skills challenge - evidence annex

<sup>5</sup> <https://www.gov.uk/government/publications/clean-energy-industries-sector-plan>

## Option 1 – Incentivise contributions to a “skills investment fund”

In this option, the CIB would incentivise contributions from developers to a “skills investment fund”, to be administered and operated by a third-party. This could enable industry, with government partnership, to channel investment to where it is needed most and in ways that individual projects cannot manage alone. The government recognises the challenge to establish a GB-wide skills investment fund given the importance of regional and local interventions and note that education and skills policy is devolved to Scotland, Wales and Northern Ireland.

We engaged with stakeholders ahead of this consultation to examine how CIBs could be used to help address skills challenges in the sector. Our early engagement suggested that the CIB could be used as a mechanism to incentivise a more collaborative approach to skills investment. Such an approach would allow for interventions that target industry-level challenges, with the potential to align interventions with wider government skills policy as well as the ‘Offshore Wind Industry Council People and Skills Plan 2024’<sup>6</sup>. There is also an opportunity for a skills investment fund to support engagement with under-represented groups in the sector, which could help promote social mobility and attract a broader talent pool. Promoting industry leadership in this space, with government playing a convening role, could help to stimulate coordinated skills interventions that complement existing activities, avoid duplication and maximise impact.

The government recognises the challenge to establish a GB-wide skills investment fund given the importance of national, regional and local interventions, and it is essential that any such fund delivers for offshore wind projects and workers across GB. In recognition that skills is a devolved matter, we would continue to engage with the Scottish and Welsh governments to ensure they can input into the distribution of funds. We would aim to align with current and future strategy, including the upcoming ‘Offshore wind skills action plan’ which is being jointly developed by the Scottish Government, industry, public sector delivery partners and trade unions. The government would also continue to engage with industry to ensure that a skills investment fund complements – rather than replaces – developers’ ongoing work at the regional and local levels.

The IGP Delivery Body could be well-placed to administer a skills investment fund, particularly given the existing link with the CIB and its remit to make strategic, targeted investments. Currently, developers can choose to contribute part of their CIB minimum standard amount to the IGP Delivery Body, as long as it is used to support investments that meet the CIB criteria. In AR8, to cover the costs of a skills investment fund and to provide a level playing field among developers, the CIB could require that a proportion of developers’ minimum standard contributions are put towards the IGP Delivery Body. Alternatively, the voluntary approach could continue. If the IGP Delivery Body is responsible for administering both the skills and supply chain contributions, the amount of funding reserved for skills could either be decided by

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<sup>6</sup> <https://www.owic.org.uk/resources/owic-people-skills-plan/>



the strategy function of the Body itself, or the government could require that a minimum amount of funding is reserved for skills.

In terms of distributing funds, the CIB Allocation Framework would set guidance in relation to eligible investments that a skills investment fund could target. The government would look to engage extensively with the devolved governments, industry and expert bodies to provide a suitable list of eligible investments, which might include support for training programmes and materials, for career development programmes, or for new training facilities and equipment. This list is by no means exhaustive, and the skills investment fund could be used to support a range of investments, including those that benefit key regions for offshore wind such as coastal areas around the North Sea, Celtic Sea and Irish Sea.

The government would look to work with the IGP Delivery Body's Strategy Board, which includes representation from the devolved governments, to ensure there is sufficient skills expertise in place to identify high quality skills interventions that align with broader industrial strategy. Suitable expertise and experience would be needed to monitor the delivery and performance of the skills interventions taken forward. In practice, this could mean that a range of stakeholders would be involved in the distribution and delivery of a skills investment fund. We will look to align with - and utilise the expertise of - the Department for Education, devolved administrations and government agencies such as Skills England and Skills Development Scotland.

We recognise that developers contributing to the fund would be ceding control of how money is spent, and it is conceivable that some individual projects entering AR8 may not benefit directly. We would expect that contributing developers would be able to provide views on the investments to prioritise through industry forums, which could provide opportunity to prioritise initiatives where the benefits can be realised within AR8 projects' lifetimes.

## Option 2 – Incentivise investment in skills at the project level

A second option (option 2) would be to introduce a skills criterion into the CIB that requires investment in skills at the project level. This could mean setting an amount of a developer's CIB minimum standard contribution that needs to be spent on skills training activities for their own project. It would be for a developer to decide on how they would spend their minimum standard obligation to meet their skills requirements within an eligible list of skills activities. The eligible list of activities could include:

- Support for education attainment and upskilling
- Support for training providers
- Training facilities and equipment
- Work experience and internships

The above list could encompass a wide range of interventions that are impactful and for which it is straightforward to evidence financial spend, in keeping with the existing CIB framework. We have considered other activities, such as 'career progression', but found that it was either

more difficult to define tangible outcomes or more burdensome for developers to evidence spend and monitor outcomes.

The government would engage further with the sector before setting an appropriate minimum standard contribution level for skills training. Recognising that education and skills policy is a devolved matter, the relevant devolved governments will also be engaged in the process of agreeing on minimum standards. Should a developer fail to meet the minimum standard requirement for investments in the skills criterion, they would automatically have a Performance Related Adjustment applied, in the normal way, to their future CfD payments, proportional to the level of non-delivery.

A project-by-project approach would enable the CIB to set minimum standards on skills investment in a way that aligns closely with the existing framework. It may not produce the same level of impact that a more collaborative approach might do through economies of scale, however it would provide individual developers with greater control over the skills interventions they wish to invest in. This could allow developers to concentrate their investments in interventions and regions that produce direct benefits for current or future projects.

## Consultation Questions

- 7. Do you support option 1 to encourage contributions to a skills investment fund through the CIB? Or do you consider option 2, a project-by-project approach, to be a better means of supporting investments in skills? Please provide further comments to support your answer.**
- 8. Do you foresee any unintended consequences from the proposed changes to minimum standards? Would the introduction of either option 1 or option 2 impact your overall investment into CIB-eligible suppliers or your supply chain decisions? Please provide any relevant evidence.**
- 9. What level of contribution (i.e. £/GW) do you think should be allocated to skills through option 1 and option 2? For option 1, would you prefer contributions to remain voluntary? Please provide further comments and evidence to support your answer.**
- 10. Should option 1 be taken forward, do you consider the IGP Delivery Body to be the most appropriate body to administer a skills investment fund? If yes, are there any other bodies or organisations that should be involved in deciding how funds are distributed and delivered? Please provide further comments to support your answer.**
- 11. Should option 1 be taken forward, how could national and regional needs best be balanced with the proposal to develop a GB-wide skills investment fund?**
- 12. Should option 2 be taken forward, do you agree with the initial suggested list of eligible skills activities? Please provide any suggestions on further skills activities you think should be included that would be both impactful and simple to evidence.**



- 13. How much do you currently spend on skills investments such as those listed above? How many jobs do you believe these investments support, and what are their salaries? Please provide any relevant evidence.**

## Onshore wind

The government is examining whether and how Onshore Wind (ONW) could be included into future auction rounds.

### Eligibility

Onshore wind deployment is critical to the government's clean power mission. The Clean Power Action Plan set ambitious targets of near-doubling onshore wind capacity, from 16.3GW of currently installed capacity up to 29GW by 2030. The government has taken key steps to support accelerated deployment of this critical technology, including lifting the de facto onshore wind ban in England within 72 hours of taking office and establishing the Onshore Wind Taskforce bringing together government, industry and trade unions to set out ambitious reforms to planning, grid connections, and routes to markets.

A strong supply chain offer will be essential to support our onshore wind capacity targets and harvest the benefits of increased deployment. The Onshore Wind Strategy, published on 4 July this year, outlined key actions for ensuring strong and sustainable supply chains. This included improving the quality of onshore wind supply chain data to support future policy decisions, and in tandem, exploring what government can do now to support the onshore wind industry. Expanding the CIB to include onshore wind could create momentum for investment in the sector's supply chains.

We recognise the challenges of introducing this new technology in the scheme. The relatively smaller size of ONW projects means each has a comparatively small amount of market pull – often purchasing “off the shelf” for multiple projects at once rather than doing bespoke orders from Original Equipment Manufacturers (OEMs). There are also other barriers to greater investment such as the current trend of ONW OEMs rationalising (rather than expanding) their supply chains, regulatory differences between regions and concerns over rising costs. We recognise that the CIB needs to be one of several policies supporting the sector's growth, alongside other policies trailed in recent strategic documents. In developing this policy, we have been mindful of wider work in this space, including Scotland's onshore wind sector deal. This consultation includes proposals which, should onshore wind be included in the scheme, would aim to maximise opportunities for the sector while providing good value for money for the billpayer.

We welcome views on the opportunities and challenges of introducing onshore wind into the Clean Industry Bonus. This includes views on whether the scheme should be expanded for Allocation Round 8 or Allocation Round 9. While onshore wind in the CIB from AR8 would offer industry with a tangible opportunity to invest in cleaner and shorter supply chains, this may present a challenging timeline for developers and suppliers to familiarise themselves with the scheme and construct high-quality bids. Including onshore wind in the CIB from AR9 would

allow more time for industry to consider how they could capitalise on the opportunities offered by the scheme and create strong bids. However, as 2030 approaches we are aware introducing support later may limit its impact.

From a legal perspective, the proposal to include onshore wind in the scheme would result in regulatory amendments that would allow the Allocation Framework to set which technologies would apply during an applicable Clean Industry Bonus round. This would build flexibility into regulations, should the government wish to make further changes to the scheme at a later date.

- 14. Would you welcome the introduction of ONW into AR9, and do you think this is an appropriate timeline to construct quality bids? Are there benefits to introducing ONW into the CIB in AR8 instead?**
- 15. Were ONW to be included in the CIB, would you apply for additional funding? What value do you expect to gain from engaging with the scheme, and are there any improvements you would suggest to increase the potential value? Please provide any relevant evidence.**

## Components

As components for ONW and OFW are largely distinct, we are proposing using a separate bespoke list of components to be available for CIB extra funding:

<b>CIB eligible components ONW</b>
Blades
Towers
Hubs
Nacelles
Gearboxes
Generators
Cables
Other Electrical Infrastructure including Converters
Transformers
Wider Balance of Plant
Foundations

**16. Are there any key components missing? Are there any components listed you think should not be included?**

## Criteria

As laid out elsewhere in this consultation, we are also considering including further criteria on skills and workforce for OFW. As introducing ONW into the CIB would be new for the industry, we are currently proposing that if ONW is introduced it would only be required to meet either of the first two criteria introduced in AR7, namely short supply chains and sustainable supply chains.

### **Criteria 1: short supply chains**

Should we include ONW into the CIB we are currently planning to retain the same map of UK deprived areas that would qualify suppliers for additional CIB funding. This would remain consistent between OFW and ONW technologies and retains existing rationale for inclusion into the scheme, which is that funding should be channelled where it is needed most. We do acknowledge that fewer ONW suppliers currently exist within UK deprived areas, and this may have an adverse impact on the competitiveness of the auction. This is mitigated in part by the presence of a second criteria and budget revision mechanisms (see 'process improvements' section), which will ensure that the scheme only funds bids that are considered to provide value for money.

### **Criteria 2: sustainable supply chains**

Suppliers demonstrating that they have considered science-based targets towards decarbonising is a key part of creating sustainable supply chains across industries. By agreeing to let the Science Based Target Initiative (SBTi) review these targets suppliers demonstrate their commitment to implementing feasible decarbonisation strategies within their organisations.

Developers can meet their minimum standard commitment by investing in a supplier signed up to the Science Based Target Initiative. Developers can put forward a CIB extra proposal to request a bonus in return for investing in a proportion of suppliers that set SBTIs across the components listed above. For offshore wind, this proportion is set at 40%, which reflects what would be expected in a business-as-usual scenario. While the scheme is intended to encourage sign up to SBTi, we recognise that fewer ONW suppliers are signed up to the SBTi than for OFW. We propose that the minimum is set at 30% for onshore wind, which means that at least 4/11 of the components listed above will need to be sourced from suppliers that sign up to the initiative to obtain extra CIB funding. This was judged to be an appropriate minimum SBTi coverage from supply chain data which shows the suppliers available for each component which has signed up to SBTi.

**17. Do you agree with the proposed criteria? How does the proposed 30% minimum SBTi coverage compare to your anticipated SBTi coverage across tier 1 suppliers? Please provide any relevant evidence.**

## Portfolio-level bids

As laid out above, much of the procurement for ONW projects is done at the portfolio level due to the size of the projects. This enables economies of scale to significantly reduce project costs. To preserve developers' capacity to maintain these savings, we propose to allow applications to be placed at the portfolio level, matching the level which industry already conducts much of its procurement.

In practice, this means a developer owning several projects would only need to make one CIB application, reducing the administrative burden of the scheme for developers, suppliers and government alike. A similar proposal is put forward for offshore wind applications – please refer to the 'process improvements' section of this consultation, as details differ to reflect differences in size of projects.

An application would have to list all projects included in its portfolio application. However, the applicant would not have to specify which project would be delivering the applicable minimum standard and/or CIB extra proposals at the point of application. Instead, this would occur after the CfD auction, when CIB minimum standard and extra proposals could be attributed to winning projects upon contract signature.

For onshore wind, the following definitions would apply:

- **Portfolio:** A portfolio is a set of projects, to a minimum of one, owned by the same entity (or set of entities).
- **Project:** The totality of a leased/owned area of land for which the bidding entity/entities obtain, or will obtain, relevant planning permission. For onshore wind, a project is assumed to be a CfD unit.

### **18. Is the introduction of portfolio-level bid effective in enabling one application to be made for multiple projects? Do you agree with the definitions proposed above?**

## Minimum Standards

Minimum standards are set to ensure developers meet a baseline level of investment into the supply chain prior to applying for additional CIB funding. This is not set to act as a barrier to taking part in the scheme but to ensure that this scheme represents a good value for money investment for the Government.

To reflect differences in project costs and supply chains, the minimum standard for ONW could also be set lower than for OFW. Our current proposal is to set the minimum standards at £25m/GW, approximately 2% of project construction costs. Based on available supply chain information, this was judged to be a reasonable expectation of current business-as-usual investments into more deprived areas or cleaner supply chains, noting the lower number of eligible suppliers compared to the OFW supply chain, where minimum standards represent

approximately 6% of project construction costs. We believe this level will enable projects to meet the minimum standard as part of their natural project expenditure. We recognise that this was calculated using a limited evidence base and commercial expertise and welcome further evidence to inform this figure.

We recognise that ONW projects are a lot smaller than OFW projects and have taken this into consideration when designing this proposal. Smaller projects may find it difficult to shoulder the administrative burden of engaging with the minimum standards process. There is also a concern that applying the same minimum standard as offshore wind would be unreasonable, given the differences in supply chains.

To address the concern related to administrative burden, we are proposing to apply a minimum standard requirement only to projects above a certain threshold of generation capacity. Below this threshold, projects would not be required to meet the CIB minimum standards in order to enter the CfD round. However, if they choose to apply for additional funding through the CIB, they would need to meet the minimum standard as part of their application. We propose that the threshold be set at 100MW, in line with Nationally Significant Infrastructure Projects (NSIP) requirements which will be coming into effect at the end of 2025. This approach allows smaller projects to participate in the CIB scheme without imposing an undue barrier to entering a CfD round. In addition, the requirement for all projects to meet minimum standards if they wish to bid for CIB funding would help ensure that consumers pay for investments above and beyond 'business as usual'.

For developers placing portfolio-level bids, the minimum standards applied would be in relation to the total project capacity included in the portfolio. For example, three 50MW projects would have a combined generating capacity of 150MW and would be required to engage with the minimum standards as set out above. However, should only a subsection of projects within a portfolio be successful at the CfD auction round, developers would only be required to meet minimum standards proportional to the total capacity of the successful CfD bids.

### **Indicative examples:**

Example 1: A CIB application is placed by a developer for 1 project with 50MW capacity, the developer intends to apply for CfD funding for the whole project as a CfD Unit. This would constitute a portfolio with one project within it. The totality of the generation would be 50MW so this would not be required to meet the minimum standards in order to enter the CfD auction.

Example 2: A CIB application is placed by a developer for a portfolio with 5 projects, each project has a generation capacity of 25MW and the developer intends to apply for CfD funding for each project. The totality of the portfolio generation would be 125MW, this exceeds 100MW and therefore the developer would need to demonstrate that they have met the minimum standards. Following the CfD allocation round, only three projects are granted a CfD. The developer, if the bid in question contained extra proposals, will be required to demonstrate minimum standards amounting to the capacity of the successful projects – in this case the developer would need to demonstrate meeting the minimum standards against 75MW of capacity, or (calculated with £25m/GW) £1.875m. However, should the bid not include any

extra proposal then the developer would not be required to meet the minimum standards to unlock full CfD payments.

Example 3: A CIB application is placed for a portfolio of 5 projects, each with a generating capacity of 15MW. The totality of generation from this portfolio would be 75MW mean it wouldn't need to demonstrate meeting the minimum standards in order to enter the CfD auction.

- 19. Do you agree with applying a 100MW capacity threshold, above which portfolios of projects will be required to meet the minimum standards to be set at £25m/GW? Is the minimum standard of £25m/GW achievable through either criterion 1 or criterion 2?**

## Budget

The current budget of the CIB is set out as follows: there is one primary budget for all bids, within which there is a “sub-budget” for Floating Offshore Wind (FLOW). This sub-budget represents ringfenced funds for FLOW, beyond which any additional FLOW bids would need to compete with other OFW bids. This sub-budget is hidden in order to maintain competitive tension and can be adjusted at the budget revision stage by the Secretary of State.

To recognise the fact that OFW bids will benefit from greater economies of scale and more mature supply chains, we propose to create a separate sub-budget for onshore wind. This would ringfence funding for ONW, allowing for the Secretary of State to take advantage of any opportunities while also allowing funding to be transferred to OFW bids should there be a low number of bids, or to protect value for money if ONW bid quality is low. Similarly, in order to preserve competitive tension between ONW bids, we would keep the initial amount the sub-budget is set at hidden and retain the Secretary of State's ability to adjust the sub-budget at the budget revision stage, including not to fund any bids if value for money is deemed poor. This and other regulatory changes related to sub-budgets are explained in more details in the ‘process improvements’ section of this consultation.

- 20. Do you anticipate any unintended consequences with this approach?**

## Process improvements

The first round of the CIB received a large number of applications, with all stakeholders successfully applying and meeting eligibility requirements, and no applicant using the appeals process. However, we identified a number of improvements in the process, or areas that would benefit from clarifications. In this section, we are proposing to amend inefficiencies or ambiguities where they are set in the CIB regulations or in the contract. Others arising from the Allocation Framework will be resolved separately later this summer.

### Timelines

The current legislation governing the CIB process includes the following statutory deadlines:

- Publication of CIB framework notice (notice of CIB application window opening and provisional budget notice): 3 months before CIB application window opening.
- Final Allocation Framework published: 30 days before CIB application window opening.
- Final budget notice: 3 weeks after CIB application window closing.
- CIB results released: 50 working days after the CIB application window closing.
- CfD round able to launch: 4 months after CIB application window opening.

Assuming one month between the CIB opening to applications and closing, these statutory deadlines mean that the theoretical minimum amount of time between a notice of a CIB application window opening and the subsequent CfD application window opening is 7 months.

Statutory deadlines should aim to strike a balance between giving stakeholders appropriate lead-in times ahead of each CIB round, providing transparency in timings, and allowing for key government policy where high-value contracts are at stake to move rapidly. The interaction between CIB timelines and the government's commitment to deliver annual CfD rounds is particularly critical. The first round of the scheme highlighted timeline inefficiencies and constraints, which require fixing.

We are minded to amend the scheme's statutory timelines, with the aim to reduce overall time between a CIB round notice and a CfD round. This is to ensure that the government is able to deliver on its commitment to deliver annual CfD rounds, and that the CIB and CfD auctions run in a smooth sequence. Now that industry is more familiar with the CIB process, we are confident that industry can adequately prepare in shorter timescales.

We propose to amend the current legislative timelines in the following way:

- Publication of a notice of CIB application window opening and provisional budget notice: we propose that the Allocation Framework specify, round on round, when the notices related to a CIB application window opening and provisional budget would be published. We recognise the importance of communicating CIB application window timelines well in advance, as the success of a round is in part predicated on giving potential applicants sufficient lead-in times to prepare applications. Please find below a proposed timeline,



including circulating a draft Allocation Framework to industry stakeholders in Autumn 2025 and launching a CIB round in March 2026.

- Final Allocation Framework published: 5 days before CIB round opening. In practice, as set out below, we plan to share a complete draft of the Allocation Framework in Autumn 2025, which can be amended following engagement with stakeholders. Any amendments to the Allocation Framework following the publication of the Government Response to this consultation would be kept to fixing errors or clarifying policy.
- Final budget notice: as with the provisional budget notice, we propose that the Allocation Framework determine round on round when the final budget notice would be issued. This could include a backstop for the final budget notice to be issued by the time the first CIB statement is released. This would provide government flexibility to vary timelines to account for timing requirements of future rounds. For AR8, we propose that the final budget notice be issued 25 working days after the CIB application window closing date. Compared to AR7, this allows for more time for government to assess CIB bids and set a final budget, though it does not increase the overall results processing time (see next line).
- CIB results released: 35 working days after the CIB round closing.
- CfD window able to open: as soon as reasonably practicable.

While the aim of these proposals is for government to move quickly and flexibly between scheme delivery milestones, this does not come at the expense of early engagement with stakeholders and overall predictability in the timeline. For full transparency, if the above proposals are implemented, the provisional intended AR8 CIB timings are as follows:

- Engagement on a draft Allocation Framework: September 2025. Government will update and refine the framework iteratively following industry feedback.
- Publication of a government response and a complete Allocation Framework draft: November 2025.
- Government lays legislation on CIB AR8: December 2025.
- Government publishes a provisional budget and notice of CIB round opening: as soon as the regulations are in force, likely February 2026.
- Final Allocation Framework is published: as soon as the regulations are in force, likely February 2026.
- CIB round opens: early March 2026.
- CIB round closes: mid-March 2026 (two week long window).
- CIB results are released: by end of May 2026.
- CfD round is able to launch after CIB results are released.

**21. Do you agree with the proposed changes to the statutory timelines? Do you have views on the proposed indicative policy timelines?**



## Budget

According to current regulations, the Department must set a provisional budget available to applicants for a CIB allocation round, and communicate this with industry ahead of the round. This budget can be revised, with the final budget announced within 3 weeks of the CIB round closing.

The AR7 CIB Allocation Framework made provisions for a sub-budget, dedicated to supporting investments in floating offshore wind. This meant that bids for certain floating offshore wind components were able to compete against each other for a ring-fenced budget, instead of competing in the 'main pot' against fixed offshore wind bids. This recognised the specificities of the floating offshore wind industry, including different componentry and investment needs. The value of the ring-fenced budget was not communicated publicly in order to preserve competitive tension within this sub-budget and ensure applicants placed value for money bids.

We are proposing to formalise the creation and functioning of sub-budgets in regulations to remove any ambiguity between the regulations and the allocation framework. We propose to continue using sub-budgets for floating offshore wind at least for AR8. Should onshore wind be included in the scheme (see elsewhere in the consultation), an onshore wind sub-budget could also be created.

From a legislative perspective, we propose that amendments to the regulations grant powers to set budget structures, round on round, through the Allocation Framework. This would provide government with flexibility to apply different budget structures depending on upcoming round's design specificities (e.g. technologies included) and expected value for money. This would include:

- Powers to set a sub-budget, or a 'flexible minima', recognising the different needs of certain applicants, such as floating offshore wind or onshore wind applicants. The Allocation Framework could also clarify the interactions between the sub-budgets and the general budget, with any unused funds from sub-budget able to be used in the general budget.
- Powers to set separate budget 'pots': whilst we do not propose to use this power for AR8, the purpose of this proposal is to future-proof regulations against a variety of possible budget structures, which may be deemed to offer better value for money or be easier to administer in the future.
- Powers to set a 'maxima': this refers to a hard cap on the amount that can be spent on bids of a certain category, e.g. bids related to a particular technology.
- Powers to keep the value of the overall budget and/or of sub-budgets hidden, to preserve competitive tension if deemed appropriate.
- Powers to increase or decrease the value of the overall budget and of sub-budgets, including to zero, as part of the budget revision process occurring within the period after the CIB window closed and before the auction is run.

**22. Do you agree to using the Allocation Framework to set out the budget structure of CIB rounds? Please describe any unintended consequences which may arise.**

## Events outside a generator's control

The AR7 CIB Guidance describes the process to follow in the event that a generator cannot deliver a CIB commitment due to unforeseen circumstances outside of their control. This includes proposing one or several alternative minimum standard investments. As a last resort, it also allows for the Secretary of State to deem that a generator has met minimum standards when a commitment has not been delivered due to circumstances outside of the generator's control, when every reasonable effort to deliver the original or alternative commitments have been made.

We propose cementing this principle into regulations, with a clause stating that the Secretary of State may deem a generator to have met minimum standards even in the absence of an investment, due to events or circumstances outside of their control.

### **23. Do you agree with the proposal to include regulatory amendments related to non-delivery due to events outside of generator's control?**

## Budget notice

The provisional and final budget notices included a budget expressed in millions of pounds per gigawatt of capacity entering the auction. The original intent was to vary the budget to reflect the number of projects bidding into the auction. However, we note this created confusion amongst applicants that a project may not be able to win more than the £m/GW figure for its size.

To simplify this, we propose changing regulations to enable government to express the provisional and final budget in absolute terms rather than in £m/GW terms.

### **24. Do you agree with the proposal to amend regulations to allow for the budget to be expressed in absolute terms?**

## Sunset clause

Regulations currently stipulate that the Clean Industry Bonus may apply to the seventh, eighth, or ninth CfD allocation rounds. We propose to extend this sunset clause, so that the CIB may be applied to rounds opening prior to 31 December 2028. This would align the scheme's timeline with the government's clean power mission, by extending this support to the last projects receiving a CfD that could deliver renewable energy generation by 2030. Regulations would provide for government to apply the scheme to an upcoming CfD allocation round by issuing a notice.

### **25. Do you agree with the proposal to extend the scheme's sunset clause to any CIB rounds occurring before 31 December 2028?**

## Payment on delivery

The scheme currently allows for applicable CIB payments to be released to generators once the project has been successfully commissioned and CfD generation payments begin. In practice, these will appear as a 'reconciliation amount' in respect of a billing period as nominated by the Low Carbon Contracts Company (LCCC), which administers the CfD. Payment amount and frequency will be determined by the LCCC to ensure that generators receive the full amount owed for their CIB Extra Proposals by the end of the fourth year after either their Start Date (or of their extension if applicable) or the date at which the LCCC is satisfied that it is aware of the Secretary of State's determination that CIB Extra Proposals have been met.

This payment system means that an applicant is likely to receive CIB payments 1-3 years after relevant supply chain investments have been made, given these investments occur in the capital expenditure phase of a project. This means a debt-financed project carries the investment debt longer before CIB payments can offer financial relief, which is assumed to increase overall project financing cost and may increase the cost of the CIB bid itself.

To improve this payment timeline, we are considering the following options:

- Enable payments to be made before the CfD Start Date upon release of the Implementation Statement. This means payments can be made after all investments (towards minimum standards and CIB extra proposals) have been made, but before CfD generation starts. This would improve payment timelines for generators whilst ensuring all supply chain investments have been verified, with payments released corresponding to level of delivery.
- Enable payments to be made before the CfD Start Date, upon proof that the total share of the CIB extra proposals investments from the generator has been made, demonstrated through a conditional Implementation Statement. This would enable payments to be released once investments related to extra proposals have been made, but before those related to the minimum standards have been completed. This could significantly improve payment timelines for generators and may result in a more significant decrease of project financing costs and potentially the cost of CIB bids themselves. However, to protect against non-delivery of minimum standards, a claw-back mechanism would need to be designed for the LCCC to be able to retrieve funds from the generators.

In both cases, the benefits of earlier payments should be considered alongside the impact of bringing the cost of CIB for AR8 and future rounds forward on consumer bills.

For both options, we propose to maintain the current spread of payments, that is, that payments will have been fully paid to the generator by no later than the end of the 4th year after the date at which the LCCC has been made aware that the CIB Extra Proposals have been fulfilled. The government's position is that a four-year payment window continues to provide the right balance between rewarding developers for their CIB investments whilst mitigating impact of the scheme on consumer bills.

- 26. Which, if any, of the proposals related to earlier release of bonus payments do you support? Please describe any additional benefits or unintended consequences you foresee.**

### Project-level bids

The policy intention for the CIB was for each offshore or floating offshore wind project to prepare one application and be released with one CIB Statement. This would have mirrored the process under Supply Chain Plans (the CfD supply chain legacy policy), which developers are familiar with. As CIBs mapped themselves onto CfD units, and as it is not uncommon for developers to split a large offshore wind project into several CfD units, this resulted in developers being required to complete several CIB applications per project. This significantly increased the administrative burden for developers, suppliers and government alike.

To rectify this, we are considering creating the option for project-level bids. In regulatory terms, this means removing the limitation on applications per unit, with the Allocation Framework setting out the options for project-level bids. This would be available to both offshore (fixed and floating) and onshore wind projects should they be included but would work slightly differently to reflect the different project sizes and ownership structures. For a description of the onshore wind mechanism, please refer to the onshore wind section in this consultation on ‘portfolio-level bids’.

For fixed and floating offshore wind, this would mean multiple CfD units in the same leasing zone could put forward a single CIB application. The applicant would not have to specify number or size of units at CIB application stage; though they will have to communicate to DESNZ the names and sizes of all units prior to the CfD auction round opening, so these can be added to the CIB Statement, for NESO to be able to complete checks. Applicants would only have to specify which units would be delivering the project’s minimum standard and/or CIB extra proposals after the CfD auction, where CIB minimum standard and extra proposals could be attributed to winning units upon contract signature.

We would define key terms in the following way:

- **Project:** The totality of a leased area of sea for which the leasing entity (or entities) have obtained, or will obtain, relevant planning consent.
- **Unit:** as defined in the CfD regulations, the whole or part of an eligible generating station.

- 27. Do you agree with the proposal to allow project-level bids by CIB applicants, as described above? Do you agree with the definitions of a ‘project’ and a ‘unit’?**

## Changes to regulations relating to the Contracts for Difference scheme

The current CfD (Allocation) Regulations 2014 require any Contract Budget Revision Notice to be published as soon as practicable after the contract allocation process has been re-run. In order to clarify that Contract Budget Revision Notices do not need to be published before results are released, we intend to amend Regulation 13B to allow for the backstop for publishing a Contract Budget Revision Notice to be when the first CfD notification is given by the Delivery Body.

- 28. Please flag any unintended consequence of this change that government may need to consider.**

## Next steps

This consultation will be open to responses for 6 weeks. Responses will be used to finalise government policy on AR8 regulatory reforms to the CIB, which will be announced in a government response planned for November 2025. Legislation is expected to be laid in December 2025 and come into force by February 2026.

In parallel, the government will engage with industry on non-regulatory changes to the scheme over the summer and beyond. This includes engaging on Allocation Framework amendments and circulating a draft in September 2025, which will be updated iteratively through the Autumn.

This publication is available from: [www.gov.uk/government/consultations/contracts-for-difference-reforms-to-the-clean-industry-bonus-allocation-round-8](https://www.gov.uk/government/consultations/contracts-for-difference-reforms-to-the-clean-industry-bonus-allocation-round-8)

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