



27 October 2025

THE CONTRACTS FOR DIFFERENCE (ALLOCATION) REGULATIONS 2014 CONTRACT BUDGET NOTICE FOR ALLOCATION ROUND 7, 2025

From: Secretary of State for Energy Security and Net Zero

To: National Energy System Operator Limited

This notice is given pursuant to Regulation 11 of the Contracts for Difference (Allocation) Regulations 2014 (as amended). A copy of the regulation is included in schedule 1 to this notice.

This notice applies to the Contracts for Difference (CfD) allocation round for Offshore Wind and Floating Offshore Wind known as AR7, which opened to applications on 7 August 2025. It should be read in conjunction with the accompanying note.

Technology Groups

The technology groups ('Pots') are as follows:

- Pot 3: Offshore Wind
- Pot 4: Floating Offshore Wind

CfD Budget Allocation

The Overall Budget¹ applicable to this CfD allocation round and its division amongst the technology groups ('Pots') is set out in Table 1. The Overall Budget, in monetary terms, for the allocation round is the value given in respect of each Delivery Year² and subsequent Valuation Years. A project has a budgetary impact (in monetary terms) in the Delivery Year in which its Target Commissioning Window Start Date falls (or the first applicable Delivery Year if that is later) and all applicable subsequent Delivery and Valuation Years.

¹ Overall Budget as defined in Regulation 2 of the Contracts for Difference (Allocation) Regulations 2014 as amended.

² Delivery Year as defined in Regulation 2 of the Contracts for Difference (Allocation) Regulations 2014 as amended.

Table 1: CfD budget, in monetary terms, for AR7, 2025

	2028/29	2029/30	2030/31	2031/32	2032/33
Overall Budget (£ million in 2024 prices)	1,080	1,080	1,080	1,080	900
Pot 3	900	900	900	900	900
Pot 4	180	180	180	180	-

Key:

Delivery Year
Valuation Year

Use of Maxima

Maxima will be applied on a capacity (GW) basis and operate as ‘hard’ constraints.

Two separate Maxima, each totalling 30GW, will be applied to Offshore Wind Scotland projects³ and Offshore Wind projects in Pot 3. The level of the Maxima is purely technical. It has been set to ensure the auction separates the clearing prices of Offshore Wind Scotland projects and Offshore Wind projects while still awarding contracts in merit order.

Administrative Strike Prices

The Administrative Strike Prices applicable to technologies in this allocation round are:

Table 2: CfD Administrative Strike Prices (£/MWh, in 2024 prices)

Technology Type	Administrative Strike Price
Offshore Wind	113
Floating Offshore Wind	271

Rebasing CfD Budgets

The overall Monetary Budget presented has been calculated in real terms on the basis of a 2024 price level. The price base has been updated to 2024 prices from previous allocation rounds where budgets were presented in 2011/12 prices.

³ An explanation of Offshore Wind Scotland projects is provided in the accompanying note.

To convert between price bases, a Consumer Price Index^{4,5} (CPI) can be used. To convert from 2024 into a more recently available price base, the following formula can be used:

$$CPI\ Adjustor\ £_{2024} \rightarrow £_{current} = CPI_{current} / AverageCPI_{2024}$$

For stakeholders to convert the overall Monetary Budget from 2024 prices into the most recently available price base (September 2025 at time of publication), the following CPI inflator should be used: 1.0403.

To note, this is purely for information and **all bids for AR7 should be submitted in 2024 values**. The 2024 price for bids should reflect the base year in the relevant version of the CfD contract.

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

SIGNED



Sarah Redwood,

Director, Renewable Electricity
Department for Energy Security and Net Zero
For and on behalf of the Secretary of State

DATED: 27 October 2025

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.

Schedule 1

11 - Contract Budget Notices

- (1) The Secretary of State must by notice (“a contract budget notice”) specify—
 - (a) the contract budget which is available for each delivery year applicable to an allocation round;
- (2) The Secretary of State may in a contract 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 contract budget such that a different part (“pot”) of the contract budget applies to the description of applications specified in the pot 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 contract 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 contract budget notice, the contract 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 contract 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 contract 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 contract allocation framework that applies to that allocation round.
- (5) A contract budget notice must—
 - (a) be given to the delivery body at such time as is set out in the contract allocation framework; and
 - (b) identify the allocation round to which the contract budget notice applies.

END