



27 October 2025

Accompanying Note to the Contract Budget Notice for Allocation Round 7 (AR7), 2025

1. The Government is today publishing the Contract Budget Notice that the Secretary of State is required to give to the National Energy System Operator Limited for the Contracts for Difference (CfD) Allocation Round for Offshore Wind and Floating Offshore Wind known as AR7, which opened to Applications in August 2025. The requirement for a Contract Budget Notice is set out in Regulation 11 'Contract Budget Notices' of the Contracts for Difference (Allocation) Regulations 2014 (as amended).

CfD Budget

2. Table 1 in the Contract Budget Notice sets out the CfD budget (in monetary terms) for two technology groups ("Pots") Offshore Wind (Pot 3) and Floating Offshore Wind (Pot 4). The CfD budget for other technologies will be set out in due course.
3. The available budget is presented by Delivery Year. The figures given are the total available for Applications bidding into any Delivery Year in this Allocation Round.
4. We are opening 2028/29, 2029/30 and 2030/31 as Delivery Years for Pot 3¹ and 2028/29 and 2029/30 as Delivery Years for Pot 4.² Broadly speaking, a Delivery Year is the year (running April to March) when it is expected that a project will start receiving payments under its CfD contract.
5. CfD contracts will be allocated to the cheapest eligible projects first, regardless of their Start Date, if they fit within the Monetary Budget profile provided. If the Monetary Budget is exceeded in any Delivery Year or subsequent Valuation Year, the relevant auction will close (subject to the consideration of Flexible Bids in Pot 4). At that point, a single clearing price will apply across the delivery window (subject to Maxima in Pot 3 – see paragraph 10 below).
6. The detailed rules about how the Allocation Round works are set out in the AR7 Allocation Framework.³
7. The Overall Budget of £1,080 million (in 2024 prices) is the maximum total amount of support available to be allocated to Pots 3 and 4. The Overall Budget is an estimate of annual support in the first four years following deployment. Actual

¹ Offshore Wind

² Floating Offshore Wind

³ <https://www.gov.uk/government/publications/contracts-for-difference-cfd-allocation-round-7-allocation-framework>

annual figures will depend on a range of factors including the auction clearing prices and future wholesale electricity prices, both of which are uncertain. Projects that are successful in the round will receive support for 20 years, subject to contract terms.

8. We will release budget as follows for the Allocation Round:

- Pot 3: £900m (in 2024 prices) for projects for which the relevant Delivery Year is 2028/29, 2029/30 or 2030/31. A capacity cap will not apply to this Pot.
- Pot 4: £180m (in 2024 prices) for projects for which the relevant Delivery Year is 2028/29 or 2029/30. A capacity cap will not apply to this Pot.

Maxima

9. In Pot 3, there will be Maxima of 30GW on both Offshore Wind Scotland projects and Offshore Wind projects. The level of the Maxima is purely technical, bearing no relationship to actual AR7 capacity or Government targets. The Maxima will allow for separate clearing prices, while maintaining the merit order, and help ensure competitive tension between technology groupings in the Pot.
10. 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.
11. A detailed description of how the Maxima will operate within the CfD Allocation Process is set out in the Allocation Framework.

Administrative Strike Prices (ASPs)

12. Table 2 in the Contract Budget Notice sets out ASPs applicable to Applications in the Allocation Round.
13. The methodology used to determine these ASPs is set out in the 'Methodology used to set Administrative Strike Prices for CfD Allocation Round 7' note published alongside the Price and Pot Notice (where details of the Pots and the ASPs were first published) and Allocation Framework in July 2025.⁴
14. An ASP applies to each technology within its relevant applicable Delivery and Valuation Years.

Price Base

15. The budgets presented have been calculated in real terms on the basis of a

⁴ <https://www.gov.uk/government/publications/contracts-for-difference-cfd-allocation-round-7-administrative-strike-prices-methodology-note>
<https://www.gov.uk/government/publications/contracts-for-difference-cfd-allocation-round-7-statutory-notice>

2024 price level. The price base has been updated to 2024 prices from previous Allocation Rounds where budgets were presented in 2011/12 prices. However, only converting budgets between price bases will not give budget figures which are directly comparable to previous Allocation Rounds. There are round-specific changes in assumptions used in the Valuation Formula, such as Load Factors and Reference Prices, which are also reflected in the budget set in any specific round.

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