



08 December 2025

Accompanying Note to the Contract Budget Notice for Allocation Round 7a (AR7a), 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 7a for Pot 1 and Pot 2, 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"): Established Technologies (Pot 1) and Emerging Technologies (Pot 2). The CfD budget for Pot 3 and Pot 4 was published on 27 October 2025, although the Offshore Wind budget (Pot 3) could be revised subject to sight of bids.
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 have set 2027/28 and 2028/29 as Delivery Years for Pot 1 and 2028/29 and 2029/30 as Delivery Years for Pot 2. 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, 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. At that point, a single clearing price will apply (subject to Maxima and Minima in Pot 1 – see paragraph 9 and 11 below).
6. The detailed rules about how the Allocation Round works are set out in the AR7 and AR7a Allocation Framework.¹
7. The Overall Budget of £310 million (in 2024 prices) is the maximum total amount of support available to be allocated to Pots 1 and 2. The Overall Budget is an

¹ <https://www.gov.uk/government/publications/contracts-for-difference-cfd-allocation-round-7-allocation-framework>

estimate of annual support in the first four years following deployment. Actual 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 15 years, except Onshore Wind, Remote Island Wind and Solar PV which will receive support for 20 years, subject to contract terms.

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

- Pot 1: £295m (in 2024 prices) for projects for which the relevant Delivery Year is 2027/28 or 2028/29. A capacity cap will not apply to this Pot.
- Pot 2: £15m (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 1, there will be a non-constraining Maximum on Solar PV projects of £295m (2024 prices). The level of the Maximum is purely technical. The Maximum will allow for a separate clearing price for Solar PV.

10. A detailed description of how Maxima operate within the CfD Allocation Process is set out in the Allocation Framework.

Minima

11. The Minimum allows projects of Onshore Wind and Remote Island Wind (totaling up to £160m in 2024 prices) first access to the Pot 1 budget of £295m (in 2024 prices), protected from competition from other technologies. However, if the budget assigned to the Minimum is not used fully, any remaining budget will be available to all technologies (including those subject to the Minimum) in the general Pot 1 auction.

12. A detailed description of how Minima will operate within the CfD Allocation Process is set out in the Allocation Framework.

Administrative Strike Prices (ASPs)

13. Table 2 in the Contract Budget Notice sets out ASPs applicable to Applications in the Allocation Round.

14. The methodology used to determine these ASPs is set out in the note on 'Methodology used to set Administrative Strike Prices for CfD Allocation Round 7' published alongside the Price and Pot Notice (where details of the Pots and the ASPs were first published) and Allocation Framework in July 2025.²

² <https://www.gov.uk/government/publications/contracts-for-difference-cfd-allocation-round-7->

15. An ASP applies to each technology within its relevant applicable Delivery and Valuation Years.

Price Base

16. The budgets presented have 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. 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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