



UK Government

The Contracts for Difference Clean Industry Bonus

Consultation on contract changes for
Allocation Round 8

Closing date: 1 April 2026



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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. The Contracts for Difference (CfD) scheme 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 by supporting more sustainable offshore and floating offshore wind supply chains.

The CIB was introduced from CfD Allocation Round 7, with strong industry engagement, so 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'. From August 2025, we consulted on proposed changes to be introduced ahead of AR8. These include addressing operational issues identified in AR7, introducing criteria on workforce protection and skills development, and testing whether to extend the CIB to onshore wind. This consultation closed on 6 October 2025. The government set out the final policy positions in a government response which was published on 4 February.

This consultation sets out the proposed changes to the CfD contract that result from the 2025 consultation. It does not introduce or propose new policy, instead this consultation focuses on how these policies are implemented in the CfD contract itself. The policy changes that require contract changes are: introducing project level bids, the addition of skills and workforce protection to CIB minimum standards, and payment on delivery.

The contract changes are being consulted under section 24(2) of the Energy Act 2013, as the government is proposing to amend the standard terms and conditions of CfDs made under section 11 of the Energy Act 2013. The government wants to ensure that stakeholders have the opportunity to comment on the contractual changes, consider how they will operate in practice, and highlight any unintended consequences before the agreement is finalised and published.

The CIB regulations are set out in the Contracts for Difference (Allocation) Regulations 2014 and the Electricity Market Reform (General) Regulations 2014 and is known in the regulations as 'Sustainable Industry Rewards' (SIRs). For the avoidance of doubt, the Sustainable Industry Rewards (the legacy name) and the CIB are the same policy.

Scope of this consultation

This consultation invites views on the proposed amendments to the contract that forms the basis of the CfD. We are inviting views specifically on the contract changes that need to be made to deliver project level bids and payment on delivery, and implement skills and workforce protection measures to the CIB minimum standards.

The attached contracts are based on the AR7 Standard Terms and Conditions and have been updated to include both the changes consulted on in December 2025 and the further draft amendments proposed in this consultation. The proposals from the December consultation are included here for convenience only and remain subject to change pending the government's final response. Tracked changes in this draft show the differences between the December consultation version and the additional amendments now proposed for the CIB and hybrid metering.

Consultation details

Issued: 4 March 2026

Respond by: 1 April 2026

Enquiries to:

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

Email: renewableCIBs@energysecurity.gov.uk

Consultation reference: The Contracts for Difference Clean Industry Bonus – Consultation on contract changes 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 renewable energy projects in Great Britain, electricity traders and suppliers, businesses involved in the 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

Respond online at: energygovuk.citizenspace.com/clean-electricity/cib-implementation-reforms-ar8/

or

Email to: renewableCIBs@energysecurity.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

When responding, please state whether you are responding as an individual or representing the views of an organisation.

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

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 may use Artificial Intelligence (AI) to summarise consultation responses, this will be followed by human verification.

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.

Clean Industry Bonus context

The Clean Industry Bonus (CIB) 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 CIB was introduced in Allocation Round 7 and it 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. By offering extra CfD revenue support for supply chain improvement, the CIB rewards fixed and floating offshore wind developers who choose to invest in the UK's poorest communities, or in cleaner manufacturing facilities. As a result of the record AR7 renewables auction, £204 million of CIB investment could leverage up to £3.4 billion of private investment, which will flow into British manufacturing and ports, supporting up to 7,000 jobs.

Prior to a CfD Allocation Round opening, generators are invited to submit proposals to DESNZ on how they could deliver the supply chain investments the government is offering CIB support for, along with their estimated cost of delivering such investments. These proposals must comply with either of the following criteria:

- Investment in shorter supply chains.
- Investment in more sustainable means of production.

There is a set minimum investment amount that applicants must meet to gain entry into the CfD round (known as CIB minimum standards). Only those proposals that exceed the minimum standards can unlock additional CfD Bonus payments (known as CIB extra proposals). The allocation of funds takes place through a competitive auction process, following rules set out in the CIB Allocation Framework.

After the CIB allocation round, generators will be notified if and to what extent they have been successful (i.e. which of the CIB extra proposals have been successful). Generators will then begin working towards the delivery of the proposals. Once generators believe they have met their requirements, they must apply for a CIB Implementation Statement in order for the Secretary of State to confirm delivery of the CIB minimum standard and CIB extra proposals, if applicable. The Secretary of State will refuse to issue such a Statement if the financial minimum standards have not been delivered, which would trigger 'Performance Related Adjustments'. These adjustments would take the form of a reduction in a generator's CfD payments proportional to the level of non-delivery of the financial minimum standard. If a generator has delivered on their extra proposals, but not on their financial minimum standard, they will not be entitled to any bonus payments given that they did not meet the minimum standard required and will still face Performance Related Adjustments.

An Implementation Statement can be issued if the non-financial minimum standards have not been met however no bonus payments will be made (CfD payments will not be affected).

The first round of the CIB received a large number of applications, with all stakeholders successfully applying and meeting eligibility criteria, and no applicants using the appeals process. We committed to build on the early success of the CIB in the 'Clean Energy Industries Sector Plan' which was part of the 'UK's Modern Industrial Strategy'. In order to deliver on this commitment, we consulted between August and October 2025. The Government Response to this consultation was published on 4 February. The government response confirmed our intention that:

- Strengthen workforce protection in offshore wind in AR8 by requiring CIB applicants to adopt and implement an offshore wind Fair Work Charter.
- Offshore wind developers would need to sign up to the Fair Work Charter as a minimum entry requirement into the CfD. Developer withdrawal of a signature before the award of a CIB Implementation Statement would result in ineligibility to receive CIB bonuses.
- Offshore wind suppliers under Criterion 1 would only be eligible for CIB investments if they sign up to the Fair Work Charter. Withdrawal of a signature will result in a supplier being deemed ineligible for the subsequent CIB round but would not impact a developer's CIB bonus payment in the current round.
- Developers will be required to contribute to a skills investment fund. The government will work with the offshore wind industry throughout 2026 to consider how it can best implement a skills investment fund. The aim would be to establish an operational skills investment fund in 2027, and the fund could be delivered within the framework of the Industrial Growth Plan Delivery Body (the Offshore Wind Growth Partnership OWGP).
- Implement the proposed timelines in the consultation to reduce the overall length of the CIB round.
- Implement pay on delivery so that payments can be released as soon as Implementation Statements have been released. If the CfD contract is terminated prior to the Start Date but the generating station has still received the Implementation Statement, they will be able to retain and receive all bonus payments.
- Allow for project-level bids to be submitted for Offshore Wind projects. The AR7 system meant that applicants needed to define CfD units in time for CIB applications, and in the instance of a project with multiple CfD units, applicants had to submit one CIB application for each unit despite being part of the same project. This was problematic for larger Offshore Wind projects which can be made up of several CfD units. The contract amendments proposed for AR8 would provide the applicant with a route to submit a single CIB application covering their entire project, with any constitutive units to be defined at a later stage.
- To formalise powers via regulations to clarify that different kinds of budget mechanisms (e.g., sub-budgets, maxima, minima and pots) can be set.
- The process for generators to be granted a CIB bonus in case of non-delivery due to events outside of their control (known as Force Majeure) should be formalised into regulations.
- The CIB scheme should be extended to all rounds before 31 December 2028.

This consultation will consult on the contract changes needed to execute some of the proposals.

The main proposed additions to the CfD contract pertaining to CIBs in Schedule 2

The proposed contract changes are needed to implement certain proposals set out in the consultation described in the section above. The relevant contract changes are mostly in Schedule 2 of the CfD Standard Terms and Conditions (STCs). Schedule 2 requires the generator to comply with the terms of their CIB Statement, including the obligations in respect of CIB commitments, and allows the CfD counterparty, the Low Carbon Contracts Company (LCCC), to act on the contents of the generator's CIB Implementation Statement. This includes payments in the case of delivery, and the application of Performance Related Adjustments in the case of non-delivery. The Schedule also sets out any necessary contractual drafting needed to implement the CIB process improvement changes and new or amended minimum standards criteria.

Section 1 – Definitions: Schedule 2

Context

There is a list of key terminology within Schedule 2 located under paragraph 1 (p.267-269) in the draft contract). To implement some changes to the CIB scheme, we are proposing that some existing definitions are to be amended and for new definitions to be added to this section.

Proposed additions to definitions in Schedule 2 and consequential applications across Schedule 2

The following new concepts are set out in Schedule 2. The purpose of these additions is to outline key terms in the contract and cross-reference these to the terms employed in the CIB Allocation Framework and Guidance.

- **“CIB Financial Minimum Standards”** means financial minimum standards, as defined in the Electricity Market Reform (General) Regulations 2014’. The definition in these Regulations sets out that ‘financial minimum standards means minimum standards of financial contribution to the development and sustainability of supply chains as set out in the sustainable industry reward allocation framework’. Specifically, the Financial Minimum Standards refer to:
 - The total sum invested across all CIB minimum standards proposals must be equal to at least of £100m/GW for fixed-bottom offshore wind or £50m/GW for floating offshore wind.
 - A contribution to the Offshore Wind Growth Partnership to the agreed sum of £10m/GW (this can count towards the total minimum standards investment but is at the applicants discretion).

Paragraph 5 of Schedule 2 (p.271-274) outlines the process for when the CIB financial minimum standards have not been fulfilled. This includes the liability to pay the Facility CIB Minimum Standard Performance Related Adjustment, the determination and notice of payment instalments, the impact that CfD contract termination has on payments, and the indexation of payment amounts. Specifically, Paragraph 5.2 now outlines that the CIB Refusal Statement shall set out the value of the Performance Related Adjustment.

This paragraph will now be titled ‘Consequences of not fulfilling CIB Financial Minimum Standards’. All appropriate references to minimum standards have now been amended to include ‘financial’ in this paragraph. In the previous contract, this paragraph was not specific to financial minimum standards because there was only one type of minimum standard. This amendment has been made so that the contract is able to specify the consequences and processes that must be followed when financial minimum standards have not been fulfilled whilst distinguishing between the two types of minimum standards – financial and non-financial.

- **“Non-Financial CIB Minimum Standards”** means CIB Minimum Standards other than CIB Financial Minimum Standards;’ This definition will encapsulate the requirements

associated with the Fair Work Charter. The consequences of non-compliance with non-financial minimum standards are different to non-compliance with financial minimum standards. This definition has been added so that whilst the Electricity Market Reform (General) Regulations 2014 will allow for implementation statements to be issued where there is non-compliance with non-financial minimum standards, the contract will ensure that (1) there will be no performance related adjustments to be applied to CfD payments; and (2) no CIB Bonus payments will be issued, regardless of whether they would be otherwise due.

- **“Reward Amount Notice Day”** has the meaning given to that term in paragraph 6.7(B).’ The associated paragraph clarifies that this date can be before the CfD Start Date which will enable the appropriate CIB payments to also commence before then. This is in line with the Payment on Delivery process set out in the government response.

Proposed amendments to existing definitions in Schedule 2

The following concepts have been amended in Schedule 2. The definitions below already exist in some form in the previous contract used for Allocation Round 7 but we are proposing to amend them in order to implement the government response to the consultation.

- Amending the definition of “CIB Extra Investment” to “CIB Extra Commitment” to allow for the fact that the obligations that a generator must commit to in order to secure a “sustainable industry reward statement” under Regulation 28C(a)(iii) of the Contracts for Difference (Allocation) Regulations 2014 are not all financial investments. This allows for non-financial minimum standards to be included within the scope of the CIB Extra Commitment, which would not naturally have fitted within the concept of “investment”.
- Amending terminology that includes or refers to the “CIB Extra Investment Reward Amount” to “CIB Extra Commitment Reward Amount”. This amendment has been made to reflect the amendment from “CIB Extra Investment” to “CIB Extra Commitment”, described above.
- Adding ‘including CIB Financial Minimum Standards’ to the ‘CIB Minimum Standards’ definition. This is to clarify that CIB Minimum Standards as a term that is inclusive of both the non-financial and the financial minimum standards. Additionally, paragraph 1.2 has been amended from ‘CIB Minimum Standards’ to ‘CIB Financial Minimum Standards’ to say that for the purposes of Schedule 2, these criteria will be confirmed to have been met in full when a generator receives a Facility CIB Implementation Statement.
- Removal of ‘in relation to the FiT CfD Application’ from the ‘Facility CIB Requirements Statement’. This amendment has been proposed to reflect the amended wording in Regulation 27B as the Requirements Statement now relates to the CIB Allocation Framework.

Applicability of Schedule 2

The applicability of Schedule 2 has been amended in Section 2 from when ‘Facility Generation Technology is Offshore Wind’ to when the ‘Clean Industry Bonus is expressed to apply in the

CfD Agreement'. This amendment has been made so that in future Allocation Rounds (AR9 and onwards) the contract would enable the inclusion of other technologies aside from Offshore Wind.

Consultation questions

1. Do you agree that the current contract definitions, the additional definitions and applicability of Schedule 2 are sufficient to implement the CIB changes for AR8? If not, please state your reasons and an alternative proposal.
2. Do you agree that the amendments to Section 5 relating to the non-delivery of financial minimum standards as a consequence of introducing 'CIB Financial Minimum Standards' are clear and capture all reasonable scenarios? If not, please state your reasons and an alternative proposal.

Section 6 – Payment for fulfilling CIB Extra Commitments

Context

Section 6 (p.274-278) outlines the payment system for fulfilling CIB Extra Commitments. CIB applications may contain between one and fifteen CIB extra proposals.

Developers are able to unlock CIB bonuses on top of their CfD payments if they choose to make further investments aimed at developing more sustainable supply chains. These are known as Extra Commitments or Proposals.

- For Criterion 1, if an extra commitment (in the form of investment) is made in a UK deprived area then it may be eligible for a bonus.
- For Criterion 2, if an extra commitment (in the form of an investment) is made in suppliers that set Science-based targets then they may be eligible for a bonus.

This section is not always applicable to every CIB application, only the ones which have applied for and achieved the CIB extra commitment/proposal.

Proposed additions to Section 6

- The government response set out a payment on delivery approach will be taken forward. CIB payments can be made when a generator submits a CIB Implementation Statement by the Investment Final Date and obtains a Facility CIB Implementation Statement from the Secretary of State. This means that CIB payments can be made prior to the CfD Start Date if those conditions are met, which enables one aspect of the payment on delivery approach. Paragraph 6.2 outlines this process by setting the conditions that must be met which are that the Generator has obtained a CIB Implementation Statement which confirms both types of Minimum Standards have been met and that Extra Commitments have been wholly or partially fulfilled. The LCCC shall then pay the generator the appropriate award amount for each commitment that has been fulfilled by the generator (either in whole or part). Paragraph 6.2 also establishes when and how the CfD Counterparty (the LCCC) must pay the Generator for fulfilling these commitments.
- Paragraph 6.2 also establishes that the Facility CIB Extra Commitment Reward Amount is to be determined by the Secretary of State and set out in the Facility CIB Implementation Statement, not calculated by the CfD Counterparty in accordance with the provision made in the contract.
- If minimum standards have not been met, the consequences differ according to whether the minimum standard that has not been fulfilled is a financial or non-financial one. If a generator does not fulfil a financial minimum standard, the system that was in place for the CIB in AR7 where performance related adjustments will be applied proportionally to CfD payments will be applied. If a generator does not fulfil their non-financial minimum standards, they will not be entitled to CIB bonus payments but their CfD payments will be unaffected. The rationale for the difference is that it would be challenging to calculate

the proportion of the Fair Work Charter that has not been fulfilled, which would be needed to inform the Performance Related Adjustments that should be applied to CfD payments. Paragraph 6.5 sets the instances where no extra commitment bonus amounts shall be paid therefore distinguishing between the processes for when financial and non-financial minimum standards have not been met.

Proposed amendments to Section 6

- Due to the implementation of Payment on Delivery, some payments may be made before the Start Date. Consequently, a reference to CIB Extra Investment Amount Instalments being a Reconciliation Amount has been removed from Section 6 (although this does not preclude instalments being Reconciliation Amounts in appropriate cases).
- In AR7, generators were only able to receive CIB payments after the CfD Start Date, and they would appear as Reconciliation Amounts. Furthermore, if the CfD contract was terminated prior to Start Date, the generator would not be able to receive the relevant CIB payments irrespective of whether requirements have been met. The introduction of payment on delivery means that providing a Generator has obtained a Facility CIB Implementation Statement, they will be able to retain any CIB funding that they have received and the LCCC will pay the remaining funding that they are entitled to. This is irrespective of whether or not the CfD contract has been terminated prior to the Start Date. This approach aligns more closely with the initial policy intention. Paragraph 6.9 outlines the impact that CfD contract termination prior to the Start Date has on CIB payments. This paragraph has also been amended so that it specifies that the LCCC shall pay the remaining amount to the generators according to the notified instalments. This is so to allow the LCCC flexibility when significant payments are due.

Consultation questions

3. Do you agree that the amendments to Section 6 relating to payment for fulfilling CIB Extra Commitments are clear and capture all reasonable scenarios? If not, please state your reasons and an alternative proposal.
4. Do you agree that the amendments to Paragraph 6.10 will account for implementing Payment on Delivery as set out in the government response to the consultation on regulatory reforms to the Clean Industry Bonus for Allocation Round 8? If not, please state your reasons and an alternative proposal.

Phased Units and Payment on Delivery

Each phase of a phased unit has its own CfD contract but for the purpose of the CIB, they are treated as a single CfD unit. This means that the phased unit will have one CIB application, one CIB Statement and one CIB Implementation Statement. As it is treated as a single CfD unit, the CIB Statement and contract will show that all liabilities will be on the last phase.

The government response set out that a payment on delivery system will be implemented so that when a generator receives a CIB Implementation Statement, the LCCC can begin to

release payments. The current position for phased units means that they will not receive their CIB Implementation Statement until the final phase has met the minimum standards and extra proposals.

The proposal for AR8 is to make no changes to the requirement for phased units to have their minimum standards and extra proposals obligations placed on the last unit, as it is anticipated that phased units would still be able benefit from earlier payments than the system that was in place in Allocation Round 7. Phased units are not expected to be significantly disadvantaged compared to non-phased units in that regard.

Consultation questions

5. Do you agree with the proposal to make no changes to the phased unit requirement to have their minimum standards and extra proposal obligations placed on their last unit? If not, please state your reasons and an alternative proposal.

Section 7 – Secretary of State Determinations

Context

Section 7 (P.278) outlines the instances where the Secretary of State's determination is conclusive and final. This section also outlines what the Secretary of State will consider when making decisions on Implementation Statements.

Proposed addition to Section 7

- In paragraph 7.1, sub-paragraph (C) has been inserted so that the Secretary of State's determination of both the Performance Related Adjustment amount and CIB Extra Commitment Reward amount are binding on both the Generator and the CfD Counterparty under the contract. This adjustment clarifies the instances whereby the final decision sits with the Secretary of State.

Consultation questions

6. Do you agree that Section 7 captures all reasonable scenarios where the Secretary of State's determination should be conclusive and final? If not, please state your reasons and an alternative proposal.

Section 11 – Payment of Amounts

This section has been added to the contract since the AR7 version. It specifies the four types of payment that can either be received by the Generator or CfD Counterparty's account. This is an administrative adjustment consistent with payment mechanics in Condition 27 and it clarifies the types of payment mechanisms available. The four types of payments are:

- A facility CIB Minimum Standards Performance Related Adjustment (CfD Counterparty would receive)
- A CIB Minimum Standards Performance Related Instalment (CfD Counterparty would receive)
- The Aggregate Facility CIB Extra Commitment Reward Amount (Generator would receive)
- CIB Extra Commitment Reward Amount Instalments (Generator would receive).

Consultation questions

7. Do you agree that the addition of Section 11 relating to Payment of Amounts is clear and captures all reasonable payment scenarios? If not, please state your reasons and an alternative proposal.

Hybrid Metering

Context

The consultation¹ published on 16 December 2025 invited views on the proposal to allow hybrid metering for single technology/multiple commercial arrangements for Allocation Round 8 (AR8) and future rounds. The consultation closed on 30 January 2026 and received a range of responses. In the event that the policy to allow hybrid metering for single technology/multiple commercial arrangements is taken forward, the government wishes to share the contract amendments that would be required to enable this policy so that stakeholders can see how the proposed policy change would be reflected in the CfD contract. The government will set out its final policy position on hybrid metering – and other proposals consulted on in December – in due course.

At present, the contract does not permit such arrangements or provide a clear process for generators to seek approval for them, which creates operational risk for both generators and the LCCC. The government proposes introducing a formal mechanism through amendments to the CfD contract terms to enable generators to request the LCCC's approval for hybrid metering arrangements. To ensure generators have clarity on what is expected for projects who wish to implement hybrid metering, LCCC will publish guidance to assist generators in preparing proposals. This guidance is expected to evolve as experience with hybrid metering develops.

Proposals

Hybrid Metering Approval

Generators who wish to put forward a hybrid metering arrangement will be able to do so at any time during the CfD contract term. In order to request approval for a hybrid metering arrangement, the generator will be required to submit a “Hybrid Metering Notice”, as defined under **Condition 89 – “Hybrid Metering Approval”**. A Hybrid Metering Notice shall include the generator's proposal for the Adjusted Facility Description. The Adjusted Facility Description will set out details of the proposed updated Facility – including but not limited to the Facility, the proposed Related Facility (including distinguishing Merchant Capacity Assets and any Related CfD Facility Assets), and the location of BM Units and metering equipment. This will enable a generator to propose changes so that the BM Unit can include additional generating assets that are not part of the original Facility.

The “Related Facility” refers to any additional generating assets that a project will or intends to run alongside its CfD-supported Facility – merchant assets or another CfD Facility's assets – where those assets share the same BM Unit. The Related Facility may include assets that formed part of the original CfD Facility that have been released within the same allocation round under the permitted reduction mechanics. The Related Facility must be detailed in the

¹ [Proposed refinements for Allocation Round 8 and future rounds: consultation document](#)

Adjusted Facility Description to ensure metering and allocation of generation remain clear and auditable for LCCC. The contract terms will introduce various definitions related to the Related Facility, such as “Related Facility Capacity” and “Related Facility Owner”.

LCCC would then review this submission against defined criteria before granting approval. This process will help ensure that hybrid metering arrangements do not undermine the integrity of CfD payments and that accurate allocation of generation volumes can be maintained. Where additional information is required, LCCC may request additional information it considers necessary to review the submission. The criteria are set out in Condition 89.4 and 89.5:

89.4 The CfD Counterparty shall approve the Hybrid Metering Notice if it is satisfied that it does not:

(A) adversely affect the operation of the Agreement;

(B) reduce the accuracy and reliability of the calculation of Difference Amounts by the CfD Counterparty;

(C) adversely affect the revenues and/or costs of the CfD Counterparty;

(D) alter the overall balance of risks, benefits and liabilities of the CfD Counterparty, in each case, pursuant to the Contract for Difference;

(E) involve more than one Facility Generation Technology sharing any of the Facility BM Units; or;

(F) except where the Facility Generation Technology is Tidal Stream, involve any Generating Unit(s) being connected to or forming part of the Facility BM Unit(s), where such Generating Unit(s):

(i) do not form part of the Facility; and

(ii) are subject to another FiT Contract for Difference which relates to the allocation round in which the FiT CfD Application was made

This process will help ensure that hybrid metering arrangements do not undermine the integrity of CfD payments, and that accurate allocation of generation volumes can be maintained. Condition 89.4(F) means that multiple CfD facilities from the same allocation round are not eligible for hybrid metering (i.e. are not permitted to share a BMU), with exemptions for tidal projects. This is to mitigate the risk of generators exploiting this flexibility in a way that is detrimental to consumer value for money.

In respect of phased projects, this safeguard is adapted so that the equivalent test is applied at the level of the Phased Facility. For apportioned phased agreements, this is achieved through the replacement Condition 89.4(E), which refers explicitly to the Phased Facility (comprising all three phases). For single-metering phased agreements, where each phase has its own BM

Unit, a parallel modification of Condition 89.4(E) is included so that capacity may move between phases where required for hybrid metering.

LCCC will publish guidance to assist generators in preparing proposals, and this guidance will evolve as experience with hybrid metering develops.

No later than 40 Business Days after the receipt of a Hybrid Metering Notice and receipt of any additional supporting information, LCCC will provide a “Hybrid Metering Response Notice”, setting out whether the request has been approved or rejected.

If approved by LCCC, the terms as defined in Annex 9 of the Standard Terms and Conditions (STCs) will apply. **Annex 9** of the STCs sets out the process for approving, transitioning to, and implementing hybrid metering, including the associated notice, commissioning and verification requirements. Details of these provisions have been set out below.

Consultation questions

8. Do you agree with the criteria set out in Condition 89.4 for assessing a Hybrid Metering Notice? If not, please explain why.

Hybrid Metering Transition

Hybrid Metering Physical Transition

Once and if a Hybrid Metering Notice has been approved, the generator will be required to notify LCCC of the date on which it expects to transition to the new metering configuration; otherwise referred to as the “Hybrid Metering Physical Transition Date”, as set out in **Part A of Annex 9**. Part A sets out the approval, notification and transition process for hybrid metering, including the steps a generator must complete and the conditions it must satisfy before the transition can occur. Details of Part B, which takes effect after hybrid metering is implemented, are below.

The Hybrid Metering Physical Transition Date must fall at least six months after LCCC’s approval, allowing sufficient time for the generator to complete the necessary technical and commercial steps and for LCCC to begin to receive the necessary monitoring and metering information to ensure that the proposed configuration is technically sound ahead of formal transition.

Hybrid Metering Commissioning Window

Following approval, the generator will be expected to work towards meeting a set of defined Hybrid Metering Conditions (HMCs), which must be satisfied before the transition can take effect. In the existing CfD terms, an Operational Condition Precedent (OCP) is a condition a generator must fulfil before they can start receiving CfD payments. Similarly, HMCs are conditions that a generator must fulfil before it can transition to an approved hybrid metering configuration. These will be incorporated into the hybrid metering transition process, requiring generators to demonstrate that their Information and Monitoring System is fit for purpose and

that the data it provides can be relied upon for CfD settlement and monitoring. In particular, generators will be required to provide evidence of the following:

- Accuracy Measurement

This requirement is focused on ensuring that the measurement equipment used behind the boundary are appropriate and capable of producing accurate and reliable data. The intention is to provide confidence that the measurement approach aligns with the equivalence principles set out under the BSC and supports robust and dependable outcomes.

- Communication and Transmission

This requirement is concerned with ensuring that operational data is communicated in a clear, consistent, and transparent way. It seeks to provide assurance that data definitions and structures are applied consistently, that information flows are well-understood and controlled, and that generators can demonstrate appropriate arrangements to support secure, reliable, and cyber-secure data transfer.

- Integrity and Processing

This requirement focuses on ensuring that data derived from operational systems is managed in a controlled and reliable manner. The intention is to provide confidence that data is traceable, appropriately governed, and processed consistently, with suitable controls in place to support trust in the data for downstream assurance and settlement purposes.

These conditions must be satisfied before LCCC can confirm that the Hybrid Metering Conditions have been completed. To support this, a new OCP has been introduced (Schedule 2, Part B, 2.1(L)) to ensure all HMCs have been satisfied in cases where the Hybrid Metering Physical Transition Date is before the Start Date.

Upon the generator confirming that they have fulfilled the relevant HMCs, LCCC will then issue a formal response confirming whether the transition can proceed. All HMCs must be fulfilled no later than the Hybrid Metering Longstop Date, which is six months after the Hybrid Metering Physical Transition Date or the date agreed by the generator and LCCC. LCCC may request additional supporting information where needed to assess whether these conditions have been met.

On the day the transition occurs, generators will also be required to notify LCCC that the transition date has taken place and confirm the installed capacity of the Related Facility. If a generator does not complete the transition within six months of approval or the agreed date between itself and LCCC (i.e. in line with the Expected Physical Transition Date and no earlier than six months after approval), that approval will lapse. Generators must also inform LCCC if the transition does not occur on the date they had originally notified, enabling LCCC to determine whether the approval remains valid or whether the six-month approval period has lapsed. If that period has lapsed, generators would still be able to submit a new Hybrid Metering Notice should they wish to proceed at a later point.

Where the Hybrid Metering Physical Transition Date occurs before the Start Date, the STCs shall be amended with effect from that date to reflect the hybrid metering arrangements, together with any specific amendments agreed for this section. The OCP referenced for pre-Start Date transitions shall apply accordingly. As such, if a generator has met all Hybrid Metering OCPs by the Hybrid Metering Longstop Date, the STCs will be updated in line with **Part B of Annex 9**. Part B introduces the relevant amendments to the STCs that will take effect once hybrid metering is implemented (i.e. from the Hybrid Metering Implementation Date). Provisions relating to metering, monitoring, settlement and audit for Hybrid Metering have also been incorporated more broadly across the STCs, ensuring that the necessary operational and assurance requirements apply once hybrid metering is implemented.

Where the Hybrid Metering Physical Transition Date occurs after the Start Date, LCCC will have the ability to temporarily suspend CfD payments during the commissioning window, to ensure that settlement remains accurate while the metering changes are implemented. Any suspended payments will be released once LCCC confirms that all hybrid metering OCPs have been met, and no Compensatory Interest or Default Interest will accrue on these amounts while they are suspended.

Consultation questions

9. Do you agree with the government's proposed Hybrid Metering Conditions? If not, please tell us why.

Changes to the Related Facility

Once and if a hybrid metering arrangement is approved, a generator may subsequently request an amendment or expansion to the Related Facility. In these cases, the generator must provide an updated Adjusted Facility Description, and LCCC will review the proposed changes against the same criteria applied at initial approval. If satisfied that the revised configuration does not alter the original assessment, LCCC will approve the amendment, and the updated Adjusted Facility Description will take effect either immediately (if before transition) or upon implementation (if after transition).

Ensuring separation of the CfD and Related Facility

Hybrid metering introduces complexity in allocating generation volumes between CfD-supported and non-CfD assets. While metering for BSC purposes at BM Unit level will remain integrated, to support the effective operation of hybrid metering, the government believes that behind the BSC metering system, the CfD Facility must remain clearly separated from any Related Facility for the purposes of metering, monitoring, and settlement. We propose clarifying compensation rules to avoid cross-subsidisation and ensure fairness where multiple assets share infrastructure.

As such, a new Undertaking will be introduced under Condition 31.1(G) to require generators to ensure the Related Facility remains substantially the same as the Approved Related Facility, to avoid any material alterations or additions without LCCC's prior approval, and to ensure that

no additional Generating Units are connected to the Facility BM Unit unless they form part of the Facility or the Approved Related Facility. The government believes that as such unapproved changes or additions risk comprising accurate metering, apportionment or settlement. Accordingly, breach of Condition 31.1(G) will provide LCCC with a termination right.

Metering Output and Apportionment

To ensure CfD payments reflect only the generation attributable to the CfD Facility, the government proposes introducing a new definition of “Apportionment Factor” to be incorporated into Condition 10.3 of the Fully Adjusted Metered Output (see ‘definitions’ section below) calculation for both intermittent and baseload technologies. The Apportionment Factor is a mechanism used to fairly allocate generation volumes between CfD-supported assets and other assets within a Hybrid Metering arrangement.

The Apportionment Factor reflects the share of total BM Unit output that comes from the CfD Facility. It is calculated by dividing the electricity generated by the Facility’s own units by the electricity generated by all units within the BM Unit. This means that the Loss Adjusted Metered Output (LAMO) for each Settlement Unit will be scaled to reflect only the Facility’s share of total BM Unit output. This approach ensures that any Related Facility generation sharing the same BM Unit does not affect CfD payments. This calculation will apply both to actual and estimated outputs, maintaining consistency even when data is incomplete.

Any dispute or part of a dispute relating to the Apportionment Factor shall be resolved in accordance with expert determination, as set out in Condition 23.8. These changes aim to safeguard payment accuracy and reduce administrative uncertainty for hybrid metering projects.

Metering Undertakings and Audit Rights

To protect the accuracy of CfD settlement payments and ensure the accurate separation of electricity output, the government proposes to apply Facility Metering Equipment undertakings that are consistent with the existing CfD metering framework, while introducing additional controls needed to support hybrid metering. As such, the government proposes to amend **Condition 31.1** to include the following provisions:

- **Condition 31.1(B)(i)(2), 31.1(B)(ii) and 31.1(H)** – require generators, following any Hybrid Metering transition, to ensure the Facility Metering Equipment captures all relevant data in line with the approved Adjusted Facility Description, including electricity generated and used by both the Facility and the Related Facility.
- **Condition 31.1(E)-(F)** – permit generators to co-locate a Hybrid Facility with an electricity storage facility provided they are associated with separate BM Units. Condition E(ii) and F will also be removed to better reflect how co-location works in the CfD and also ensure clarity around BSC requirements.
- **Condition 31.1(G)** – prohibit any unapproved alterations or additions to the Related Facility after hybrid metering has gone live, and ensure metering data remains accurate and clearly distinct from other assets so that BM Unit Metered Volumes can be calculated correctly.

Information and Monitoring System Undertakings

To ensure accurate settlement and verification, the government intends for provisions regarding Information and Monitoring for hybrid metering projects to mirror the existing metering oversight arrangements. As such, the government proposes to introduce Information and Monitoring System Undertakings under **Condition 31.21** to require generators to provide LCCC with reliable data and access. LCCC may request any missing information needed to calculate apportionment factors and Net Payable Amounts. Where LCCC considers there may be a breach, it may issue a notice requiring the generator to investigate and, if necessary, implement a remediation plan.

The proposed drafting under **Condition 31.22-31.34** gives LCCC the right to suspend payments during any period of noncompliance. Additionally, as per the proposed drafting under **Condition 31.30-31.36**, failure to remedy a confirmed breach – or to permit an audit – will result in a termination event, in line with the existing CfD metering approach.

Consultation questions

10. Do you agree with the government's proposal – consistent with the existing CfD metering framework – to suspend payments for non-compliance and termination for the reasons outlined? If not, please explain why.

Interaction with Relief and Compensation Provisions

Where assets share infrastructure, it is important that compensation and other excluded losses apply only to costs and savings attributable to the CfD Facility. To ensure all forms of relief and compensation remain focused on the CfD Facility and are not influenced by the operation or performance of assets outside of the CfD Facility, the government proposes excluding any costs or savings linked to the Related Facility from relief and compensation provisions. This will include QCiL Compensation and Curtailment compensation.

Any such relief and compensation may solely apply to the CfD Facility, meaning any curtailment, impacts, costs, revenues or savings relating to the Related Facility will not be included when assessing eligibility for any such relief or determining associated adjustments. As such, only costs and savings relating solely to the CfD Facility may be taken into account. Where Shared Assets are involved, only the CfD Facility's proportion – based on Estimated Facility Generation – may be used.

As for the existing Force Majeure provisions, such relief only covers the 'Project' as defined in the contract, and as such, would exclude the Related Facility.

Consultation questions

11. Do you agree with the government's proposed amendments to ensure the separation of the CfD and Related Facility? If not, please tell us why.

Hybrid metering for phased projects

Phased offshore wind projects using a shared BMU and apportioned metering will operate as hybrid-metered projects from Day 1. Because phases share infrastructure, the enhanced data, metering and monitoring requirements in the STCs apply immediately, ensuring accurate allocation of generation across phases from the start of the contract. Under this model, the Hybrid Metering Conditions become Conditions Precedent to the Start Date. These upfront requirements give LCCC early assurance that data quality, monitoring systems and cyber-security standards are robust before CfD payments begin.

A shared BMU phased projects will also be able to request approval for adding non-CfD capacity to the shared BMU hybrid-metering arrangements, using the same Notice, Adjusted Facility Description and approval criteria as non-phased projects. Any approval applies across all phases, reflecting that the Phased Facility – made up of all CfD phases – is treated as a single metering configuration with one Related Facility.

Phased apportioned agreements refine the calculation of Fully Adjusted Metered Output by applying both the LAMO Apportionment Factor (between the Phased Facility and the Related Facility) and each Phase Apportionment Factor (between the individual CfD phases). This ensures that, once hybrid metering is introduced, apportionment occurs cleanly between the multiple CfD phases that together form the Phased Facility and the Related Facility. To support this, information and monitoring system requirements apply from Day 1, providing a single, consistent system and reducing administrative complexity.

Consultation questions

12. Do you agree with the government's proposed approach to facilitate hybrid metering for phased projects? If not, please tell us why.

New definitions

To support the implementation of the proposed hybrid metering arrangements, several new or updated definitions may be included in the CfD contract. These definitions are intended to provide clarity on the operation of hybrid metering, ensure consistency across metering and settlement requirements, and support transparent interactions between CfD-supported and non-CfD assets. Some definitions have already been mentioned above and so are omitted from the following list. Some of the key definitions are listed below:

- 'Approved Related Facility' means the Related Facility approved by the CfD Counterparty pursuant to Condition 89 (Hybrid Metering Approval) and as may be amended in accordance with paragraph 12 of Part A of Annex 9 (Hybrid Metering).
- 'Related Facility' means all assets (including all Generating Units but excluding all assets forming part of an Electricity Storage Facilities) which are used (or intended to be used) to generate or deliver electricity and which connect to or form part of the Facility BM Unit(s) but excluding the Facility.

- ‘Head End System’ means the CfD Counterparty’s system for monitoring Electrical Energy Output and collecting Information and Monitoring System Data produced and made available by the Generator.
- ‘Hybrid BM Unit’ means a BM Unit (or BM Units) comprising: (A) the Facility; and (B) assets (including Generating Units) which are used (or intended to be used) to generate and deliver electricity which are not part of the Facility.
- ‘Hybrid Facility Generating Unit(s)’ means all the Generating Units that form part of the Facility and the Related Facility.
- “Facility BM Unit(s)” means the BM Unit or BM Units related to the Facility;
- ‘Facility Metering Equipment’ means (i) the Metering Equipment measuring the electricity flows associated with the Whole Facility, its Metering Systems and its associated BM Unit(s); and (ii) in the case of a Dual Scheme Facility, the Metering Equipment used to measure the Imported Input Electricity of the Generating Station.
- ‘Information and Monitoring System’ means a SCADA system and related metering and associated metering and data-processing equipment capable of collecting Information and Monitoring System Data for the Facility and the Related Facility, and enabling the Head End System to remotely access such data within one (1) Business Day after the relevant Billing Period.
- ‘Information and Monitoring System Data’ means data about Electrical Energy Output in respect of each Settlement Unit that is suitable for the purpose of calculating the LAMO Apportionment Factor applicable to such Settlement Unit.
- ‘Fully Adjusted Metered Output’ has the meaning given to that term in: Condition 10.1 (provided that this paragraph (A) shall apply only if Part 5A (Payment calculations: Baseload Technologies) is expressed to apply to the Contract for Difference in the CfD Agreement); or Condition 18.1 (provided that this paragraph (B) shall apply only if Part 5B (Payment calculations: Intermittent Technologies) is expressed to apply to the Contract for Difference in the CfD Agreement);
- For clarity, the term “Further Conditions Precedent” has been replaced with “Operational Conditions Precedent”.

We have also made a number of minor and technical amendments throughout the contracts to improve clarity, ensure consistency across provisions, and support better understanding of how the updated terms operate in practice

Consultation questions

- 1. Do you agree that the current contract definitions, the additional definitions and applicability of Schedule 2 are sufficient to implement the CIB changes for AR8? If not, please state your reasons and an alternative proposal.**
- 2. Do you agree that the amendments to Section 5 relating to the non-delivery of financial minimum standards as a consequence of introducing a ‘CIB Financial Minimum Standards’ are clear and capture all reasonable scenarios? If not, please state your reasons and an alternative proposal.**
- 3. Do you agree that the amendments to Section 6 relating to payment for fulfilling CIB Extra Commitments are clear and capture all reasonable scenarios? If not, please state your reasons and an alternative proposal.**
- 4. Do you agree that the amendments to Paragraph 6.10 will account for implementing Payment on Delivery as set out in the government response to the consultation on regulatory reforms to the Clean Industry Bonus for Allocation Round 8? If not, please state your reasons and an alternative proposal.**
- 5. Do you agree with the proposal to make no changes to the phased unit requirement to place their minimum standards and extra proposal obligations on their last unit? If not, please state your reasons and an alternative proposal.**
- 6. Do you agree that Section 7 captures all reasonable scenarios where the Secretary of State’s determination should be conclusive and final? If not, please state your reasons and an alternative proposal.**
- 7. Do you agree that the addition of Section 11 relating to Payment of Amounts is clear and captures all reasonable payment scenarios? If not, please state your reasons and an alternative proposal.**
- 8. Do you agree with the criteria set out in Condition 89.4 for assessing a Hybrid Metering Notice? If not, please explain why.**
- 9. Do you agree with the government’s proposed Hybrid Metering Operational Conditions Precedent? If not, please tell us why.**
- 10. Do you agree with the government’s proposal – consistent with the existing CfD metering framework – to suspend payments for non-compliance and termination for the reasons outlined? If not, please explain why.**
- 11. Do you agree with the government’s proposed amendments to ensure the separation of the CfD and Related Facility? If not, please tell us why.**
- 12. Do you agree with the government’s proposed approach to facilitate hybrid metering for phased projects? If not, please tell us why.**

Next steps

We will publish the government response to this consultation in due course alongside any necessary contract amendments. Further information on when the Contracts for Difference Allocation Round 8 will open will be published in due course.

This publication is available from: www.gov.uk/government/consultations/contracts-for-difference-contract-amendments-to-implement-clean-industry-bonus-reforms

Any enquiries regarding this publication should be sent to us at:
renewableCIBs@energysecurity.gov.uk

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