



UK Government

# Contracts for Difference for Low Carbon Electricity Generation

Government response to the legislative proposals in the consultation on proposed refinements for Allocation Round 8 and future rounds



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# Context

Delivering clean power by 2030 is at the heart of the Government's mission to transform the UK into a clean energy superpower. Contracts for Difference (CfD) is the Government's flagship policy for incentivising new low carbon electricity generating projects in Great Britain and is therefore central to the Clean Power mission.

Prior to Allocation Round 7 (AR7), the CfD and its predecessor investment contracts had already delivered around 9GW of operational renewable generation, with a further 26GW of contracted capacity to become operational by 2030. Since we published our consultation in December, the country has taken another significant leap towards energy independence and lower bills as a result of the record-breaking capacity secured through AR7.

On 14 January this year, the Government announced<sup>1</sup> that a record 8.4GW of new offshore wind had been secured in the UK's and Europe's biggest ever offshore wind auction. This was followed on 10 February by the announcement<sup>2</sup> that Government had secured an additional 6.2GW of new onshore wind, solar and tidal stream projects. Taken together the two auctions have secured 14.7GW of clean, homegrown generating capacity, across 201 new projects, enough to power the equivalent of 16 million homes. These new developments will unlock some £27 billion in private sector investment, support several thousands of new good jobs and put the country firmly on track to deliver the mission for Clean Power by 2030. Once built and generating, the new clean generating capacity secured through the AR7 auctions will reduce bills for households and drive down wholesale prices.

## Overview of consultation proposals

The Government published a consultation<sup>3</sup> on 16 December 2025 inviting views on a package of proposed refinements to the CfD scheme to ensure the CfD continues to deliver at scale and pace, while maintaining value for money for consumers. The proposed changes focussed on continuity and improving scheme efficiency, enabling innovative technologies and supporting timely deployment for Allocation Round 8 (AR8). The proposals also provided greater clarity on obligations and enforcement mechanisms as reflected through the CfD Standard Terms and Conditions. The consultation was open until 30 January 2026.

This document sets out the Government's response to the questions in Chapter 5 of the consultation which sought views on proposed legislative amendments to improve the efficiency of the CfD scheme in certain respects. Chapter 5 invited views on:

- allowing the National Energy System Operator (NESO) to correct errors they make during the assessment of CfD applications;

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<sup>1</sup> [Record breaking auction for offshore wind secured to take back control of Britain's energy - GOV.UK](#)

<sup>2</sup> [New auction delivers unprecedented clean, homegrown power - GOV.UK](#)

<sup>3</sup> [Proposed refinements for Allocation Round 8 and future rounds - GOV.UK](#)

- giving NESO discretion to consider new documentary evidence to help resolve non-material errors and omissions in applications;
- refining the regulations concerning the handling of pending applications.

A separate government response will be published in due course setting out our decisions on the other measures proposed in the December 2025 consultation.

## Responses to the consultation

Responses to the consultation were submitted through an online response tool (Citizen Space) or by email. The consultation received 79 responses to the questions on proposed legislative amendments in Chapter 5. The majority of responses were from developers, with several responses from other stakeholders, including trade associations, investors, supply chain companies, public bodies, individual members of the public and others interested in the renewables sector. Not all respondents engaged with every question in Chapter 5. The number of respondents to each question is indicated in accordance with the terms described below. The Government is grateful to stakeholders for taking the time to engage with the consultation.

In reporting the overall response to each question, the **‘majority’** indicates the clear view of more than 50% of respondents in response to that question, and **‘minority’** indicates fewer than 50%. The following terms have been used in summarising additional points raised in the responses: **‘most respondents’** indicates more than 70% of those answering the particular question; **‘a few respondents’** means fewer than 30%; and **‘many’** refers to the range in between 30% and 70%.

## Summary of decisions

The Government has decided to amend the Contracts for Difference (Allocation) Regulations 2014 (the “Allocation Regulations”) in respect of the proposals in Chapter 5 of the December 2025 consultation to:

- allow NESO, if provided for in the Contract Allocation Framework, to correct delivery body errors during the assessment of applications and issue a new or amended non-qualification determination notice to affected applicants;
- pause the allocation process for individual projects only to allow for an additional Tier 1 appeal stage where NESO issues an amended non-qualification determination notice to correct an error in their original qualification decision; and retain the two-stage appeal process for affected projects;
- allow NESO, in the circumstances specified in the Contract Allocation Framework, to consider new documentary evidence or information during the Tier 1 review. The Contract Allocation Framework will set out the types of errors and omissions made by applicants in their applications that additional evidence or information can help resolve,

including by considering new documentary evidence or information provided by applicants to help resolve such errors;

- allow for the detailed administrative rules for these changes to be put into the Contract Allocation Framework, including where mentioned above; and
- refine the pending application rules as proposed in the consultation.

# Changes to improve scheme efficiency – proposed legislative amendments

## Policy Context

As the CFD scheme has grown in popularity, the number of applications has increased significantly, with several hundred applications received in recent allocation rounds. While NESO's assessment procedures are robust and errors are likely to be very rare, these high numbers increase the potential for administrative errors to occur during the application and assessment stages of the allocation process, impacting the scheme's efficiency and raising the risk of unintended outcomes. Our consultation proposed several changes to the Allocation Regulations to allow for certain types of errors to be corrected during the assessment and appeal stages, and to refine the Pending Applications process.

## Correcting Delivery Body errors at the assessment stage

### Proposals

The consultation invited views on amending the Allocation Regulations to require NESO to correct administrative errors promptly. This included where an applicant qualified but should have been disqualified, or where some, but not all, of the grounds for disqualification were communicated to the applicant in the Delivery Body's original non-qualification decision notice. Views were also sought on how such errors should be corrected and the proposal to allow for the administrative arrangements around these new provisions to be set out in the Contract Allocation Framework.

### Summary of consultation responses

**Question 14 - Do you agree that the Government should amend the Allocation Regulations to require NESO to correct administrative errors promptly when they come to light? If not, please tell us why.**

A significant majority of respondents supported the proposal. A few respondents said they needed more information about the proposals and were concerned that the changes put forward in the consultation document appear to give NESO more leeway to make errors. Many welcomed the proposals as a sensible and pragmatic refinement to the scheme, which should lead to greater efficiency. The need to address the growing complexity and volume of applications was acknowledged as an important justification for the changes.

A few respondents said that the new measures should be time-limited and enable NESO to make corrections promptly. Among the views expressed were that new notices should be issued and processes completed as quickly as possible to avoid delaying applications or the round. NESO should be required to include details of the correction, the right to appeal and to

whom, as well as associated timelines. In addition, a few respondents said that the proposals should not compromise an applicant's right to appeal.

A few respondents, some of whom agreed with the proposals overall and some who did not, disagreed that NESO should be allowed to disqualify applications after they have been deemed eligible. The main reasons for their position were that this would create uncertainty for applicants, mean they could no longer rely on a qualification notice as a definitive outcome, and disrupt an applicant's decision-making and future plans.

**Question 15 - Would you support a general pause to the allocation process to allow affected applicants more time to consider appealing and NESO to determine a Tier 1 appeal, or should the pause be limited to affected projects only? Please give reasons for your answer.**

A majority of respondents who addressed this question supported limiting a pause to affected project(s). A minority supported applying a general pause to the allocation round. Many respondents supported neither proposal, expressed a neutral view or did not address this question.

Those who favoured a project-specific pause did so mainly because they believe this would avoid introducing unnecessary delays or uncertainty into the process for unaffected applicants. Several said that pausing the whole allocation process for just one or a small number of applicant appeals would be disproportionate as well as disruptive to other developers' plans, who depend on reliable timelines. A few respondents said that the project-specific pause should be balanced with procedural safeguards for affected projects. Some said that NESO should determine new Tier 1 appeals quickly to allow affected applicants the chance to rejoin the process at Tier 2 should they remain disqualified. Some respondents suggested that second Tier 1 appeals should be expedited and affected applicants given a 'protected window' to ensure they are not disadvantaged for an error by NESO.

A few respondents who preferred a general pause felt that it would promote fairness by allowing all affected applicants equal opportunity and time to appeal to NESO. Some emphasised the importance of predictability and said they would only support a general pause if it was strictly time-limited, short and a clearly defined and predictable part of the allocation process. Others viewed the arrangement more flexibly and advocated having clear principles for when a general pause would be used, and that the threshold for doing so should be high and triggered only when absolutely necessary.

**Question 16 - What is your view on removing the ability of an affected applicant to appeal at Tier 1 in favour of allowing them to submit a Tier 2 appeal directly to Ofgem? Please give reasons for your answer.**

The consultation document invited views on an alternative to a project-specific or general pause as the route for addressing 'human error' cases. In this alternative option, the applicant would by-pass the Tier 1 appeal stage and instead dispute NESO's 'human error' decision by

appealing directly to Ofgem at Tier 2. A majority supported retaining the Tier 1 appeal step and the two-stage appeal process over implementing this alternative option. A sizeable minority preferred allowing an applicant to by-pass Tier 1 and appeal directly to Ofgem at Tier 2.

Many who supported retaining Tier 1 did so because they did not want the applicant's right to access both appeal stages to be constrained. For some respondents, reducing an applicant's opportunity to appeal from two stages to one would be detrimental, especially given that the need to appeal against a NESO error has come about through no fault of the applicant. A few respondents felt that removing the Tier 1 appeal stage would remove an important safety net for the applicant and leave them with no further recourse if the Tier 2 appeal was unsuccessful. A few respondents pointed out that the Tier 1 process is often a simple and effective way to resolve relatively minor issues, without requiring escalation to Ofgem, which can be lengthy and costly for the applicant.

A few respondents who supported by-passing Tier 1 in favour of appealing directly to Tier 2 did so because they believe it will facilitate more timely resolution of issues, compared to two-stage appeals, while maintaining the applicant's right to appeal (i.e. procedural fairness).

**Question 17 - Do you agree that the administrative arrangements around the process to correct Delivery Body errors can be set out in the Contract Allocation Framework to allow for flexible implementation? If not, please tell us why.**

A significant majority of respondents agreed that the administrative arrangements for the 'human error' correction process should be set out in the Contract Allocation Framework. Many respondents welcomed this as a flexible approach which will allow the process to be updated quickly in future without the need for regulations to be amended. No respondents disagreed with this approach.

Various suggestions and caveats were put forward. A few respondents said that the rules need to be clear and transparent. Giving NESO too much discretion to reinterpret decisions could create uncertainty for applicants and undermine confidence in the qualification process. A few respondents suggested that the Contract Allocation Framework changes should be published with sufficient notice to give potential applicants time to familiarise themselves with the new rules before the allocation round opens. Several respondents suggested that the new procedures should be supported by government guidance outlining objective thresholds for "administrative errors" and projects' right to appeal decisions.

## Policy response

The Government intends to amend the Allocation Regulations to enable NESO, if provided for in the Contract Allocation Framework, to issue a new or amended non-qualification determination to applicants who have received a determination notice under regulation 19 following NESO's assessment of their application. The intention is that the circumstances and timeframe in which NESO can give amended or new non-qualification determinations will be set out in greater detail in the Contract Allocation Framework for each round, and will include, but not be limited to:

- applicants who have received non-qualification determinations where NESO has communicated only some, but not all, of the grounds for disqualification in its original determination, and
- applicants who were qualified in error.

The Government wishes to remind potential applicants that it is their responsibility to request a non-qualification review (i.e. a Tier 1 appeal) if they have received a non-qualification determination from NESO. We do not intend to place a general obligation on NESO to review or second-guess any of its original decisions in the absence of an appeal by a non-qualifying applicant.

The Government notes the arguments put forward by several respondents who disagreed that NESO should be able to disqualify applications after they have been deemed to have qualified. We acknowledge that receiving news that a qualification determination has been reversed could be somewhat inconvenient for the affected applicant. The Government believes that enabling NESO to reverse a qualification determination is appropriate to ensure greater consistency and fairness in how the eligibility requirements are applied. It should also prevent projects that should have been disqualified, winning out in an auction over fully compliant projects. Applicants will have the right to appeal an amended determination and to submit documentary evidence or information to support an appeal. Decisions to correct errors and associated appeals will have to be resolved promptly, so we would expect that any delays experienced by applicants should be relatively short-lived, i.e. a matter of a few weeks at most. We would expect this to be a very rare occurrence.

Our policy proposal was to enable NESO to correct administrative errors promptly and many respondents supported this proposal. The Allocation Regulations will be amended so that the Contract Allocation Framework can provide for the timeframe in which NESO can issue an amended determination. Our working assumption is that the timeframe in the Contract Allocation Framework will be no later than the last day that a non-qualification review notice (i.e. a Tier 1 decision) can be given.

A new or amended non-qualification determination will have to specify which eligibility criteria have not been met and give reasons for the decision. Receipt of a new or amended non-qualification determination will give the applicant the right to a Tier 1 appeal in respect of the new determination, and then to a Tier 2 appeal if NESO uphold their revised decision to disqualify the application. The current two-tier appeal mechanism will be retained. The Government confirms that the rules will be amended to apply a project-specific pause to accommodate appeals as we believe that this would be less disruptive to an allocation round than a general pause.

The Government will use the Contract Allocation Framework to set out these administrative arrangements around the process to correct delivery body errors. We will provide further clarity on the detailed administrative arrangements in the Contract Allocation Framework before the AR8 application window opens.

## Discretion to consider additional evidence and information to rectify non-material errors and omissions in CfD applications

### Proposals

The consultation invited views on the proposal to amend the Allocation Regulations to allow NESO to consider new documentary evidence to correct non-material errors or omissions at the Tier 1 appeal stage. The consultation proposed that the legislative drafting would be along similar lines to that in the Capacity Market scheme and that the administrative arrangements would be set out in the Contract Allocation Framework.

### Summary of consultation responses

**Question 18 - Do you agree that Government should amend regulation 20(2)(c) of the Allocation Regulations to allow NESO to consider new documentary evidence to correct non-material errors or omissions at the Tier 1 appeal stage? If not, please tell us why.**

The vast majority of respondents supported this change. The main reasons given were that allowing NESO to consider new documentary evidence will avoid projects being disqualified for minor or trivial omissions, save time and resources by reducing the number of Tier 2 appeals, improve fairness and enhance scheme efficiency. Many also said that it would increase competition by allowing more applications to proceed to auction stage. Several respondents suggested that this change should not significantly impact auction timelines.

Many respondents agreed that allowing new evidence should not be seen as an extension to the application deadline and that only documentation available before the application deadline, and which is not material, should be accepted. The onus should remain on the applicant to submit applications that meet requirements. Many agreed that applications should continue to be disqualified where essential documentary evidence and information has not been submitted by the application deadline. Several respondents said that government should provide clear guidance on what constitutes a non-material error or omission.

**Question 19 - Do you agree that the key elements of the legislative changes should be as outlined above? If not, please tell us why. Should the Government consider any additional or alternative changes to achieve the policy objective?**

A significant majority of respondents agreed that the legislative drafting should follow a similar approach to the provisions on the acceptability of new documentary evidence in the Capacity Market scheme, as set out in the consultation document. Many respondents believe the changes as proposed will materially improve scheme efficiency and fairness. A few respondents said that government should provide guidance on what constitutes non-material errors and omissions to ensure that applicants have clear information. Others stressed that changes should be limited to correcting genuine administrative errors and not revisiting eligibility decisions or permit eligibility requirements to be substantially altered mid-stream.

**Question 20 - Do you agree that the administrative arrangements around the submission and consideration of the new evidence, and guidance on what would constitute acceptable new documentary evidence, can be set out in the Contract Allocation Framework to allow for flexible implementation? If not, please tell us why.**

A significant majority of respondents supported setting out the administrative arrangements for the submission and consideration of new documentary evidence in the Contract Allocation Framework. No respondents disagreed with this approach. As in responses to question 17, many respondents welcomed the flexibility this approach would provide. Several also emphasised the importance of guidance to support clear, consistent and fair implementation.

### Policy response

The Government intends to amend regulation 20 of the Allocation Regulations to allow applicants to submit additional documentary evidence and information with their Tier 1 reviews to NESO. The regulation will provide that the types of documentary evidence and information that can be submitted will be set out in the Contract Allocation Framework.

The main purpose of permitting applicants to submit new documentary evidence or information is to allow for non-material errors or omissions to be corrected and to help avoid projects being disqualified for minor or trivial mistakes in their applications. The Government agrees that this change should allow more projects to qualify for auctions, increase competition and deliver better value for money outcomes for consumers. The Government reaffirms its position that applications should continue to be disqualified where essential documentary evidence and information has not been submitted by the application deadline (provided that the evidence or information existed and was in the applicant's possession at the time of submission), and will draw up the new rules to achieve this.

The Government will use the Contract Allocation Framework to set out the administrative arrangements around the submission and consideration of the new evidence, and guidance on what would constitute acceptable new documentary evidence or information. This may be supplemented by NESO guidance.

## Revising Pending Applications regulations

### Proposals

The consultation invited views on any unintended consequences of amending the “Pending Applications” section of the Allocation Regulations to address delivery issues for both the Delivery Body (NESO) and the Government.

### Summary of consultation responses

#### **Question 21 – Please flag any unintended consequence of this change that the Government may need to consider.**

Half of the respondents agreed to make the necessary changes, with the other half of respondents being neutral about the changes. Most of the neutral responses outlined concerns how pending applications could interfere with bid stack visibility and the overall timeline of the allocation round. Some respondents wanted further clarification on the changes being made. The respondents that agreed with the proposal said it would make the process more efficient.

### Policy response

The Government intends to make amendments to the Pending Applications regulations (Part 8 of the Allocation Regulations) to address delivery issues.

In response to questions on how pending bids would interact with bid stack visibility, the second government response, to be published later this year, will confirm how bid stack visibility will be used in AR8. This will make clear if there are any interactions between the two areas.

In response to requests for further clarification on the changes being made, the Government is looking to:

- Amend Regulation 49 to include appeals to the Courts and to provide further clarity on when an application is deemed to be ‘pending.’ Given the period of time between Ofgem making a determination and for an applicant to make an appeal to the Courts, the Government’s position is that it would be better for all of the following applicants to be considered ‘pending applicants’:
  - Applicants who have requested a Tier 2 appeal and Ofgem has not made its decision;
  - Applicants who have requested a Tier 2 appeal, Ofgem has upheld the non-qualification, and the timeframe to file an appeal in the High Court or Court of Session has not expired; and
  - Applicants who have made an appeal to the High Court or Court of Session and that appeal has not been determined.

This would allow the above categories of ‘pending applicants’ to submit a sealed bid during the sealed bid window (a ‘pending bid’).

- Amend Regulation 50(2)(c) to remove the requirement for the Delivery Body not to become aware of the content of a pending bid, given that in practice, the Delivery Body does receive and process pending bids. The Government proposes to amend regulation 54 to clarify that the Secretary of State cannot direct the Delivery Body to provide it with the content of pending bids.
- Amend Regulation 51 to clarify what should happen if an applicant becomes qualifying after the proceed notice has been given, but before CFD notifications have been sent. In this scenario, regulation 51(3) will stipulate that if a proceed notice has been issued, and the Secretary of State does not issue a re-run direction or a halt direction in the 2 day window following the proceed notice, the Delivery Body must then determine whether the pending application would have been a successful application had it participated in the allocation process.

## Next Steps

The Government will bring forward secondary legislation to amend the Allocation Regulations as set out in this government response. Subject to Parliamentary approval, we aim to have the regulations in force before AR8 opens to applications.

We will provide further clarity on the detailed administrative arrangements in the Contract Allocation Framework before the AR8 application window opens. We will also work with NESO on guidance for potential applicants to support the application of the new legislative requirements.

The Government continues to analyse the responses to the other proposals in the December 2025 consultation and will publish a government response setting out its decisions in due course.

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This publication is available from: [www.gov.uk/government/consultations/proposed-refinements-for-allocation-round-8-and-future-rounds](https://www.gov.uk/government/consultations/proposed-refinements-for-allocation-round-8-and-future-rounds)

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