



UK Government

Contracts for Difference: Contract amendments to implement Clean Industry Bonus reforms

Government response



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Context

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 has been critical in supporting renewables deployment, with 8.4GW of new offshore and floating offshore wind capacity secured in AR7. The Clean Industry Bonus (CIB) has been introduced through the CfD to further support deployment by encouraging the development of more sustainable fixed and floating offshore wind supply chains.

The first round of the CIB ran in 2025 as part of Allocation Round 7, with £204 million of public investment expected to leverage up to £3.4 billion of private investment in manufacturing, factories and ports.

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 expand 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.

A further consultation was issued in March 2026. This consultation invited views on proposed changes to the CfD contract that would need to be made in order to implement some of the positions set out in the AR8 CIB government response. The policy changes that would require contract changes are: introducing project level bids, the addition of skills and workforce protection to the CIB minimum standards, and payment on delivery. The consultation also sought views on hybrid metering, and the government response to these changes will be published in due course.

Overview of consultation proposals

The consultation proposed the following additions and amendments to Schedule 2 of the CfD contract:

- The addition of “CIB Financial Minimum Standards”, “Non-Financial CIB Minimum Standards” and “Reward Amount Notice Day” to the Schedule 2 definitions.
- Amending the definitions of “CIB Extra Investment”, “CIB Extra Investment Reward Amount”, CIB Minimum Standards”, and “Facility CIB Requirements Statement” in Schedule 2.
- Removing ‘in relation to the FiT CfD Application’ from the ‘Facility CIB Requirements Statement’ definition.

- Amending the applicability of Schedule 2 to enable the inclusion of other technologies other than Offshore Wind.
- Amending Section 6 of Schedule 2 which outlines the payment system for fulfilling CIB Extra Commitments.
- Amending Section 7 of Schedule 2 which outlines the instances where the Secretary of State’s determination is conclusive and final.
- The addition of Section 11 to Schedule 2 which specifies the four types of payment that can either be received by the Generator or CfD Counterparty’s account.
- Contract amendments to enable hybrid metering. These proposals will be covered in due course in the government response to the proposed CfD refinements for AR8 and future rounds, as consulted on in December 2025¹, alongside the hybrid metering policy response.

Engagement with consultation proposals

The consultation was published online on 4 March 2026 and was open until 1 April 2026. Responses could be submitted through an online response tool (Citizen Space) or by email. The consultation received 4 responses. The government is grateful to stakeholders for taking the time to engage with the consultation.

In reporting the overall response to each question, the term “majority” indicates a clear view from 3 or more respondents in response to that question, and “minority” indicates fewer than 2. The term “a few responses” indicates two or more answering a particular question. Not all respondents answered all questions, therefore any indication as laid out above refers to the amount of the responses to each particular question.

Next steps

The finalised CfD contract in so far as it relates to CIB changes will be published alongside this government response. Further changes may arise to the contract that are unrelated to the CIB, and these will be addressed separately.

The CIB application window will open on 13 May and will close on 21 May.

The Contracts for Difference Allocation Round 8 will open in July.

¹ [Proposed refinements for Allocation Round 8 and future rounds - GOV.UK](#)

Section 1 – Definitions: Schedule 2

The consultation proposed a number of additional definitions to Schedule 2 which is the section of the CfD Contract that outlines the Clean Industry Bonus. The proposed addition of definitions had consequential applications and impacts across Schedule 2. The new concepts included:

- **“CIB Financial Minimum Standards”** is the minimum investment a generator must make in more sustainable supply chains, without subsidy, set at the value of £100m/GW for fixed-bottom offshore wind or £50m/GW for floating offshore wind, and the contribution to the Offshore Wind Growth Partnership to £10m/GW). The introduction of this definition has resulted in proposed changes to Section 5 of Schedule 2 so that the differing consequences for failing to deliver financial and non-financial minimum standards are clearly articulated.
- **“Non-Financial CIB Minimum Standards”** have been proposed to encapsulate the requirements associated with the Fair Work Charter. This is a tripartite agreement between unions, business and government which aims to ensure clean energy jobs are always good jobs. The consequences for non-delivery of non-financial minimum standards differ from financial minimum standards because no performance related adjustments will be applied to CfD payments; instead, the generator will not receive CIB Payments. This does mean that a CIB Implementation Statement can be issued even if Fair Work Charter conditions are breached, but any CIB payments would be forfeited.
- **“Reward Amount Notice Day”** has been proposed as enables clarification in Section 6.7(B) of Schedule 2 that payment can commence prior to the CfD Start Date.

There are also a number of definitions which we proposed small amendments to in the consultation, these include:

- Amending the title of the definition of ‘CIB Extra Investment’ to ‘CIB Extra Commitment’
- Amending the title of the definition of ‘CIB Extra Investment Reward Amount’ to ‘CIB Extra Commitment Reward Amount’
- Amending the ‘CIB Minimum Standards’ definition
- Amending the title of the definition of ‘Facility CIB Requirements Statement’ definition

The applicability of Schedule 2 (Section 2) has also been amended so that in future Allocation Rounds, the contract could allow for the inclusion of technologies besides fixed and floating offshore wind.

Summary of Responses

Question 1 – Do you agree that the current contract definitions, the additional definitions and the applicability of Schedule 2 are sufficient to implement the CIB changes for AR8? If not, please state your reasons and an alternative proposal.

Half of the responses agreed that the current contract definitions and the applicability of Schedule 2 are sufficient for implementing the CIB reforms for AR8. The remaining responses supported the approach but highlighted areas where the government could provide additional clarity, in particular, clarifying that non-financial minimum standards only relate to the Fair Work Charter obligations. One response also queried whether further clarification will be needed within this section of the contract to capture other scenarios such as partial delivery, supplier insolvency, phased project changes and force majeure.

Question 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.

Half of the responses agreed that the amendments to Section 5 are clear and capture all reasonable scenarios. The remaining responses supported the intent of the amendments to this section however concerns were raised that it did not reflect the intent of the Fair Work Charter, that the current drafting could expose generators to loss of bonus payments due to supplier actions outside of their control, and that the contract should capture all reasonable scenarios such as partial non-delivery. One response requested that the government explicitly outlines in the contract the consequences for not meeting the non-financial minimum standards.

Government response – Question 1

The government will take forward the proposed amendments to the definitions and applicability of Schedule 2.

The government believes that the Fair Work Charter definitions and processes are clearly set out in the CIB Allocation Framework, Guidance and the Charter itself. Duplication within the contract is not necessary and is likely to cause confusion given that the Charter’s effects are felt mostly outside of the CfD Contract.

One response requested that the government amends the non-financial minimum standards definition so that it specifies that this will only relate to the Fair Work Charter. The government will not take forward this proposal because it wishes to retain flexibility within the Contract. If in future rounds the non-financial minimum standards change, whether this be the addition of a new minimum standard or a change to the existing standards, the government will not need to issue new bespoke definitions for each

new minimum standard. For the avoidance of doubt, there are no other non-financial minimum standards for CIBs in AR8.

Government response – Question 2

The government will take forward the proposals to amend Section 5 relating to the non-delivery of financial minimum standards.

Two responses raised concerns about the remit of Section 5, particularly surrounding the consequences for non-delivery of the Fair Work Charter obligations. The government understands the importance that contract should account for all reasonable scenarios. The government also understands that the consequences for non-delivery of all types of minimum standards should be covered at some point within the contract.

The provisions for undelivered non-financial minimum standards sit within Section 6.5 of the contract. Furthermore, the provisions for unmet non-financial minimum standards are also outlined in Section 11 of the AR8 CIB Guidance. This section of the Guidance outlines that in the instance that there are non-financial minimum standards that are undelivered, then for Generators, CIB extra proposal payments will not be released. It also outlines that if the supplier/port/installer does not deliver then they will be ineligible to participate in the next CIB round. The government believes that these sections cover most scenarios. While the Secretary of State has an element of discretion regarding Fair Work Charter disputes, the ultimate contractual consequences are limited to the two scenarios above. Other consequences (e.g. arbitration etc) sit outside of the contract.

Section 6 – Payment for fulfilling CIB Extra Commitments

Section 6 outlined the payment system for fulfilling CIB Extra Commitments. The proposed additions to Section 6 allowed for a payment on delivery approach to be introduced. This would mean that CIB payments could be made prior to the CfD Start Date providing the generator has obtained a Facility CIB Implementation Statement, meaning they have delivered their minimum standards and any applicable extra proposals. We proposed to implement a payment on delivery system because the AR7 payment system meant that an applicant was likely to start receiving CIB payments 1-3 years after all relevant supply chain investments have been made. We proposed to amend this section of the Contract so that it:

- Outlined the payment conditions and processes (Paragraph 6.2).
- Outlined how and where reward amounts are decided (Paragraph 6.2).
- Outlined that the consequences for non-delivery of financial minimum standards are not the same as non-delivery of non-financial minimum standards.
- Removed references to 'Reconciliation Amounts' as the LCCC can no longer refer to these if payment has commenced prior to the CfD Start Date.
- Outlined the process that the LCCC must follow if the CfD contract is terminated by the Start Date but the generator has received a CIB Implementation Statement (Paragraph 6.10).

Summary of Responses

Question 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.

All responses to this question agreed that the proposed amendments to Section 6 are clear and capture all reasonable scenarios.

Question 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.

The majority of responses to this question provided a mixed view. The common concern in these responses was that whilst the drafting allows the possibility of payment on delivery in theory, it may not be able to achieve the policy intent in practice. One response highlighted that the LCCC retains discretion over both the timing and size of CIB payments and that the current drafting does not provide certainty that payment on delivery will happen in practice. Another response requested additional

clarity on the mechanism that will be used to administer payments. One response reiterated their support for taking forward the payment on delivery policy and agreed that the proposed amendments are sufficient to implement the policy.

Government response - Question 3

The government will take forward the consultation proposal to make the amendments to Section 6 of Schedule 2.

Government response - Question 4

The government will take forward the consultation proposal to make the amendments to Paragraph 6.10 to implement the payment on delivery policy proposal.

As flagged above, all responses agreed that the proposed changes to Schedule 2 would allow for a payment on delivery system to be delivered, however two respondents raised concerns that the current drafting could impede the reform's efficiency to an extent. As a result, DESNZ has engaged with CfD Counterparty (the LCCC) on these concerns.

The government is of the view that the current proposed contractual drafting strikes the appropriate balance between providing certainty to generators that payment on delivery can occur and retaining the necessary operational flexibility for the LCCC. As outlined in the STCs, payments may be made following confirmation that CIB Extra Proposals have been delivered, with the LCCC retaining discretion over the timing and profile of instalments, subject to payments being made no later than the end of the fourth year following the relevant contractual milestone. This is to help manage the bill impact of various CfD and CIB payments.

Introducing a more prescriptive payment deadline for the LCCC as suggested by some respondents could create unintended consequences. This includes reducing the LCCC's ability to manage payment flows efficiently, increasing settlement volatility or driving complexity where projects' timings and delivery profiles vary. In particular, defining payment windows by a CIB fixed milestone would mean that the timing of that milestone dictates payment timelines. If this milestone occurs earlier or later than expected, it could inadvertently risk extending or compressing payment timelines in ways not intended by the policy.

The proposed approach that the government is taking forward will provide generators with confidence that all eligible payments will be made within a clearly defined maximum timeframe, while allowing the LCCC discretion to determine payment schedules that are workable in practice. It also remains the case that payment timelines have been brought forward compared to the AR7 counterfactual.

Phased Units and Payment on Delivery

The consultation outlined that the current position for phased units and payment on delivery means these projects could be unable to receive the CIB Implementation Statement until the final phase has met its minimum standards and extra proposals. The consultation proposed that no changes should be made to this for AR8 because phased units would still be able to benefit from earlier payments compared to the system that was in place for AR7.

Summary of Responses

Question 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.

There were two responses to this question. One response disagreed with the proposal to make no changes to the phased unit requirements. They suggested that the proposal conflicts with the Payment on Delivery policy intent and would disadvantage phased projects relative to non-phased projects. The remaining response provided a mixed view. They agreed with maintaining the existing approach but requested further information on the rationale behind placing obligations on the final phase. They proposed that units should be able to apply for an Implementation Statement providing their obligations have been met.

Government response - Question 5

The government recognises respondents' concerns about differences in how the payment on delivery approach functions for phased projects compared to non-phased projects.

After further consideration, the government can confirm that in the instance of a phased project, once the financial minimum standards have been met, the project can apply for a CIB Implementation Statement for the whole unit. This will mean that payment can commence after the all phases Milestone Delivery Date when the generator is in receipt of an Implementation Statement which states extra obligations have partially or wholly been met. The requirements on obligations being placed on the final phase is a back stop to ensure delivery and does not mean that the applicant has to wait until the final phase before applying for an Implementation Statement. Contractually, the provisions are in the final phase of the contract, but it need not delay a CIB Implementation Statement application should the applicant already have met all the relevant requirements.

Section 7 – Secretary of State Determinations

Section 7 outlines the instances where the Secretary of State's determination is conclusive and final. The consultation proposed an addition to Section 7 to allow for the determination of Performance Related Adjustment and CIB Extra Commitment Reward amounts to be binding on both the Generator and CfD Counterparty. This addition would clarify the instances whereby the final decision would sit with the Secretary of State.

Summary of Responses

Question 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.

The majority of responses agreed that all reasonable scenarios are captured by the proposed amendments to Section 7. One response provided a mixed view. They recognised the benefits of consistency with the approach for Allocation Round 7 and supports the key role of the Secretary of State in decision-making but urged that there could be additional transparency in the decision-making process provided by DESNZ. They proposed that further transparency could be given by the Secretary of State on what they take into account when making a CIB determination, requested that DESNZ provide feedback to developer after each monitoring meeting or introduce an appeals mechanism for Secretary of State determinations.

Government Response – Question 6

The government will take forward the proposed changes to Section 7 of Schedule 2 relating to the Secretary of State's final and conclusive determination scenarios.

In relation to the feedback on greater transparency around monitoring meetings and SoS' determination on CIB implementation following those meetings, DESNZ holds monitoring meetings at least twice a year with the Generator and a clear record of feedback will be kept and shared. The monitoring meetings will be based on the Generator's CIB commitments, including minimum standards. During these meetings, each commitment will be discussed individually, and generators will be required to present evidence each meeting on commitment progress or difficulties. If the Generator engages with these meetings correctly, they will have a clear understanding of any corrective actions that they can take. This does not require a contractual clause to implement.

One response also proposed that an appeals process should be in place for Secretary of State determinations. The government will not be taking this proposal forward because if an appeals process was introduced, then Secretary of State determinations will no longer be conclusive and final. If generators fully engage with the monitoring systems established by the government, an appeals process should be unnecessary,

as the monitoring meetings encourage transparency and progress updates to DESNZ will give insight into the likely outcome of funding decisions.

Section 11 – Payment of Amounts

The consultation proposed an administrative adjustment by introducing Section 11 ('Payment of Amounts') to Schedule 2 of the CfD contract. This was proposed to ensure that the contract is consistent with the payment mechanics outlined in Condition 27 of the contract's Standard Terms and Conditions. The proposed addition outlines four types of payment mechanisms, two of which are where the CfD Counterparty receives funds (Minimum Standards Performance Related Adjustment and Minimum Standards Performance Related Instalment) and the other two are where the Generator receives funds (Extra Commitment Reward Amount and Extra Commitment Reward Amount Instalments).

Question 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.

Summary of responses

All three responses to this question agreed that the addition of Section 11 is clear and captures all reasonable payment scenarios.

Government Response – Question 7

The government will take forward the consultation proposal to introduce Section 11 ('Payment of Amounts') to Schedule 2 of the CfD contract.

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