UK Government

**19 November 2026**

# Accompanying Note to the Contract Budget Notice for Allocation Round 8 (AR8), 2026

1. The Government is today publishing the Contract Budget Notice that the Secretary of State is required to give to the National Energy System Operator Limited for the Contracts for Difference (CfD) Allocation Round 8. The requirement for a Contract Budget Notice is set out in Regulation 11 'Contract Budget Notices' of the Contracts for Difference (Allocation) Regulations 2014 (as amended).

## CfD Budget

2. Table 1 in the Contract Budget Notice sets out the CfD budget for all technology groups (Pots 1 – 5) in monetary terms.

3. The available budget is presented by Delivery Year. The figures given are the total available for Applications bidding into any Delivery Year in Allocation Round 8. We have set budgets as follows for the Allocation Round (all budgets in 2024 prices):

    - Pot 1 (Solar PV): £1
    - Pot 2 (Onshore Wind/Remote Island Wind): £1
    - Pot 3 (Offshore Wind): £1
    - Pot 4 (Floating Offshore Wind/Other Deepwater Offshore Wind): £1
    - Pot 5 (Emerging technologies): £0

4. Capacity caps will not apply to Pots 1 - 5.

5. The Government is committed to lowering bills and delivering value for consumers as we transition to a secure, low-cost clean power system. We will therefore consider whether to set material budgets only after we have viewed wind and solar bids in AR8, with affordability being central to this consideration.

6. This is the first round where bid stack visibility will apply to multiple technologies, extending across solar and wind technology pots. Today's budget confirms that Government will view bids for Pots 1 – 4 on an anonymous basis before confirming final budget levels. Material budget will only be allocated if bid prices are in consumers' interests. Any final budgetary decisions will be made in conjunction with HM Treasury.

7. Bids are not visible for Pot 5 and so today's budget is final, the expected effect of which is that no assets will be supported in this pot. This decision reflects AR8's focus on strategic technologies which can deploy at scale and at lower cost in the

near term.

8. Final budgets across Pots 1 - 4 will be published alongside results. This will represent an estimate of maximum annual support in the first five years following deployment. This is not the actual cost of the subsidy, which depends on a range of factors including the auction clearing prices and future wholesale electricity prices. This also differs from the net impact of AR8 on energy bills, which reflects wider system impacts, including the impact of renewables in lowering wholesale electricity prices.

9. Following the closure of the bid window, CfD contracts will be allocated to the cheapest eligible projects first regardless of their Start Date, provided they fit within the Monetary Budget profile provided in the final budget. If the final budget is exceeded in any Delivery Year or subsequent Valuation Year, the relevant auction will close. At that point, a single clearing price will apply across the delivery window, subject to any rules around separate clearing prices.

10. Detailed rules about how the Allocation Round works are set out in the AR8 Allocation Framework.[1]

**Administrative Strike Prices (ASPs)**

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

12. The methodology used to determine these ASPs is set out in the 'Methodology used to set Administrative Strike Prices for CfD Allocation Round 7' note.[2] The Government confirmed in July the decision to maintain the level of AR7 ASPs for AR8. This provides stability between Allocation Rounds and reflects Government's central focus on competitive price outcomes in AR8. As the ASP levels are unchanged, a further ASP methodology note for AR8 was not published.

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

**Use of Separate Clearing Prices**

14. Following the approach taken in AR7, Offshore Wind projects that connect to the Transmission System in tariff zones 1-12 or a Distribution System in licence areas 17-18 will have a separate clearing price to Offshore Wind projects that connect to the Transmission System in tariff zones 13-27 or a Distribution System in licence areas 10-16 or 19-23. In practice, this means that Scottish Offshore Wind projects will have a separate clearing price to English and Welsh Offshore Wind projects.

15. This is to reduce the risk that annual fluctuations in distribution and transmission network charges lead to significant overcompensation for some projects.

1 Contracts for Difference (CfD) Allocation Round 8: allocation framework - GOV.UK
2 Contracts for Difference (CfD) Allocation Round 7: administrative strike prices methodology note - GOV.UK

16. No other separate clearing price rules apply in AR8.

**END**