STATUTORY INSTRUMENTS

# 2025 No. 903

# ELECTRICITY

## The Contracts for Difference (Miscellaneous Amendments) (No. 3) Regulations 2025

*Made - - - - 21st July 2025*

*Coming into force in accordance with regulation 1(2)*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 6(1) and (6), 9, 12, 13, and 19 of the Energy Act 2013(**1**).

The Secretary of State has consulted the persons listed in section 24(1), and had regard to the matters listed in section 5(2), of that Act.

In accordance with section 6(8)(b) of that Act, a draft of this instrument was laid before, and approved by a resolution of, each House of Parliament.

## Part 1

### Introductory

**Citation, commencement and extent**

**1.**—(1) These Regulations may be cited as the Contracts for Difference (Miscellaneous Amendments) (No. 3) Regulations 2025.

(2) These Regulations come into force on the day after the day on which they are made.

(3) An amendment made by these Regulation has the same extent as the provision it amends.

(**1**) 2013 c. 32. Section 6(1) was amended by section 18(2)(a) of the Energy Prices Act 2022 (c. 44).

# Part 2

## Amendment of the Contracts for Difference (Allocation) Regulations 2014

## Chapter 1

## Introduction

**Amendment of the Contracts for Difference (Allocation) Regulations 2014**

**2.** The Contracts for Difference (Allocation) Regulations 2014(**2**) are amended in accordance with this Part.

## Chapter 2

## Budgets applicable to allocation rounds

**Amendment to regulation 2 (interpretation)**

**3.** In regulation 2(1), in the appropriate places, insert—

"“estimated budget” means the total—

(a) estimated sum of money potentially payable by the CFD counterparty under CFDs to eligible generators in a delivery year, excluding sustainable industry rewards;

(b) estimated capacity of electricity which may be generated by generating stations subject to a CFD in a delivery year; or

(c) a combination of (a) and (b);";

"“estimated budget notice” means a notice required by regulation 10B(2);";

"“pot notice” means a notice referred to in regulation 10A(3);";

"“price notice” means a notice required by regulation 10A(1);";

"“sustainable industry reward budget notice” means a notice required by regulation 13A(1);".

**Amendment to regulation 10 (application)**

**4.** In regulation 10, omit paragraph (2).

**Insertion of regulations 10A and 10B**

**5.** After regulation 10, insert—

“**Price and pot notices**

**10A.**—(1) The Secretary of State must by notice (“a price notice”) specify the administrative strike prices applicable to applications in an allocation round.

(2) Where the administrative strike prices in the price notice are stated by reference to a price which is not current at the date of that notice, the price notice must include a factor which, when applied to the administrative strike prices, converts the administrative strike prices into administrative strike prices current at that date.

(3) The Secretary of State may by notice (“a pot notice”) specify descriptions of applications for the purpose of regulation 11(2)(c) (contract budget notices: pot).

(**2**) S.I. 2014/2011; relevant amending instruments are S.I. 2016/784, 2021/758, 2024/710.

(4) The Secretary of State may revise a pot notice where that revision has effect more than 10 working days before the application opening date.

(5) A price notice, pot notice and a revision to a pot notice must—

(a) be given to the delivery body,

(b) identify the allocation round to which the notice applies, and

(c) be given no later than 10 working days before the application opening date.

**Estimated budget notices**

**10B.**—(1) This regulation applies where the Secretary of State makes a direction under regulation 54 (allocation reports) to the delivery body to make available details of the matters specified in regulation 54(2)(e) but the delivery body cannot provide the details without an estimated budget notice.

(2) The Secretary of State must by notice ("an estimated budget notice") specify as many of the following as the delivery body needs to make available the details referred to in paragraph (1)—

(a) an estimated budget which is available for each delivery year applicable to an allocation round either for—

(i) the whole allocation round, or

(ii) a description of applications specified in any pot notice in respect of the allocation round;

(b) budgets which are reserved for descriptions of applications specified in the estimated budget notice ("estimated minima");

(c) maximum budgets which apply to descriptions of applications specified in the estimated budget notice ("estimated maxima").

(3) Where estimated maxima or estimated minima are specified, they may be expressed as—

(a) a sum of money;

(b) an amount of capacity of electricity generation; or

(c) a combination of (a) and (b).

(4) Where any budget referred to in paragraph (2) is expressed as an amount of capacity of electricity generation, the Secretary of State may specify in the estimated budget notice that a soft constraint(**3**) applies to that amount, and in such a case, the amount of capacity of electricity generation may be exceeded, but only in accordance with the provisions of the contract allocation framework that applies to that allocation round.

(5) The estimated budget notice must—

(a) be given to the delivery body as soon as practicable; and

(b) identify the allocation round to which it applies.".

**Amendment to regulation 11 (contract budget notices)**

**6.** In regulation 11—

(a) omit "and" after paragraph (1)(a);

(b) omit paragraph (1)(b);

(**3**) A soft constraint is distinct from a hard constraint. A hard constraint is one that if breached the bid is unsuccessful. In contrast a soft constraint allows the bid (which would breach the budget) to succeed (subject to conditions).

(c) in paragraph (2)(c), for "notice" substitute "pot notice";

(d) in paragraph (4A), for "that a "soft constraint" applies" substitute "that a soft constraint applies";

(e) for paragraph (5)(a) substitute—

"(a) be given to the delivery body at such time as is set out in the contract allocation framework; and";

(f) omit paragraph (5)(c) and the "and" before it.

**Amendment to regulation 12 (contract budget revision)**

**7.** In regulation 12—

(a) for paragraph (2) substitute—

"(2) The Secretary of State—

(a) may revise a contract budget notice ("a contract budget revision")—

(i) in the period after the contract budget notice has been given but before the first CFD notification(**4**), further to the allocation round to which the contract budget notice applies, has been given; and

(ii ) in accordance with paragraph (5); but

(b) must only effect a contract budget revision by a notice ("a contract budget revision notice") which complies with regulation 13.".

(b) omit paragraphs (3) and (4);

(c) in paragraph (5) omit "Where this paragraph applies,".

**Insertion of regulation 13B (publication)**

**8.** After regulation 13A insert—

"**Publication**

**13B.**—(1) As soon as practicable after they are given to the delivery body, the Secretary of State must make the following publicly available—

(a) the price notice;

(b) the pot notice and a revision to that notice where it is revised;

(c) the sustainable industry reward budget notice in its indicative, draft and final form.

(2) Before, or no later than is reasonably practicable after, being given notice under regulation 35(1) (completion of the contract allocation process), the Secretary of State must make publicly available—

(a) the contract budget notice; and

(b) the contract budget revision notice, where such notice is given.".

(**4**) "CFD notification" is defined in section 12(1) of the Energy Act 2013 (c. 32).

## Chapter 3

## Auditing

### Amendment to regulation 36 (auditing)

**9.** In regulation 36—

(a) for paragraph (1) substitute—

"(1) The delivery body must obtain an audit of the calculations—

(a) likely to be made by it in the contract allocation process in relation to an estimated budget as soon as reasonably practicable after an estimated budget notice has been given to the delivery body; and

(b) made by it in the contract allocation process as soon as reasonably practicable after a notice is given under regulation 35(1) (completion of the contract allocation process).";

(b) in paragraph (2), for "A process audit" substitute "An audit under paragraph (1)".

### Amendment to regulation 37 (provision of audit report to the Secretary of State)

**10.** In regulation 37(1)(b), for "having regard to the report" substitute "only where a report is obtained under regulation 36(1)(b), having regard to that report".

## Chapter 4

## Allocation Reports

### Amendment to regulation 54 (allocation reports)

**11.** In regulation 54, for paragraph (3), substitute—

"(3) The Secretary of State may only direct the delivery body to provide information in respect of bids of strike prices in an anonymised form.".

# Part 3

## Amendment of the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014

### Amendment of the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014

**12.** The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014(**5**) are amended in accordance with this Part.

### Amendment to regulation 2 (interpretation)

**13.** In regulation 2(1), in the appropriate place, insert—

"“sustainable industry reward” has the meaning given in regulation 2(1) of the Contracts for Difference (Allocation) Regulations 2014 as amended from time to time;".

(**5**) S.I. 2014/2014; relevant amending instruments are S.I. 2020/709, 2024/1159.

**Amendment to regulation 4 (CFD daily contributions)**

**14.** In regulation 4—

(a) in paragraph (1), in both the definition of "GP" and "CP", after sub-paragraph (f), insert—

"(g) the sustainable industry reward which arose on that day;";

(b) in paragraph (2)—

(i) in the definition of "generation counterparty payment", after sub-paragraph (f) insert—

"(g) the sustainable industry reward;";

(ii) in the definition of "generation party payment", after sub-paragraph (f) insert—

"(g) the sustainable industry reward.".

**Amendment to regulation 7 (estimated cost, income & electricity supply)**

**15.** In regulation 7, in paragraph (5), in both the definition of "TCPR" and "TGPR", after sub-paragraph (f), insert—

"(g) the sustainable industry reward;".

*Michael Shanks*
Parliamentary Under-Secretary of State
Department for Energy Security and Net Zero

21st July 2025

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations are made under Chapter 2 of Part 2 of the Energy Act 2013 (c. 32) ("the Act"), which enables the Secretary of State to make regulations about "contracts for difference" (defined in section 6(2) of the Act), for the purpose of encouraging low carbon electricity generation.

Contracts for difference ("CFDs") are between a "CFD counterparty" which is a person designated under section 7 of the Act and an "eligible generator" (defined in the Contracts for Difference (Definition of Eligible Generator) Regulations 2014 (S.I. 2014/2010)). They award subsidies accessed through a private law contract normally secured in an allocation round.

Part 2 amends the Contracts for Difference (Allocation) Regulations 2014 (S.I. 2014/2011) as follows:

- Chapter 2: introduces price, pot and estimated budget notices; defers the timing of the contract budget notice to the allocation framework and revises the timing of the contract budget revision notice.
- Chapter 3 expands the auditing provisions to the estimated budget.
- Chapter 4 amends regulation 54 (allocation reports) so a delivery body may now be directed to provide the Secretary of State with: (a) the bids of strike prices; and (b) information about those bids before the first "CFD notification" (defined in section 12(1) of the Act, as a notification containing certain information for the purpose of making an offer to contract with an eligible generator).

Part 3 amends the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 (S.I. 2014/2014). It incorporates the Sustainable Industry Reward (also known as the Clean Industry Bonus) into the calculation for: (a) the interim levy rate; and (b) the "CFD period contribution", payable to the CFD counterparty by an "electricity supplier" in respect of a day in the "quarterly obligation period" (all defined in regulation 2(1) of S.I. 2014/2014).

A full impact assessment of the effect that this instrument will have on the costs of the business, voluntary and public sector is available from the Department for Energy, Security and Net Zero, 3-8 Whitehall Place, London, SW1A 2HH, and is available alongside this instrument on www.legislation.gov.uk.