STATUTORY INSTRUMENTS

2026 No. 411

ELECTRICITY

The Contracts for Difference (Sustainable Industry Rewards and Contract Budget Notice Amendments) Regulations 2026

Made - - - -	*14th April 2026*
Coming into force - -	*15th April 2026*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 6(1) and (6), 12(1) and (3), 13(1) to (3) and (5) to (7), 14(2) and 19(1) of the Energy Act 2013(**1**).

The Secretary of State has consulted the persons listed in section 24(1) of that Act and has had regard to the matters 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 (Sustainable Industry Rewards and Contract Budget Notice Amendments) Regulations 2026, and come into force on the day after the day on which they are made.

(2) An amendment made by these Regulations has the same extent as the provision amended.

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

Part 2

Amendment of the Contracts for Difference (Allocation) Regulations 2014

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.

Amendment to regulation 2 (interpretation)

3. In regulation 2(1)—

(a) in the appropriate places, insert—

"“sustainable industry reward flexible minima” has the meaning given by regulation 13A(1A)(b);";

"“sustainable industry reward maxima” has the meaning given by regulation 13A(1A)(c)"";

"“sustainable industry reward minima” has the meaning given by regulation 13A(1A)(a)";

(b) in the definition of “sustainable industry reward”, for “in the seventh, eighth or ninth allocation round” substitute “in an allocation round established by an allocation round notice given before 31st December 2028”;

(c) in the definition of “sustainable industry reward budget” omit “expressed as a sum of money payable per gigawatt of electricity generated by such generators”.

Amendment to regulation 4A (establishing application windows)

4. In regulation 4A(3)(b), for “four” to the end, substitute “the day after the day the sustainable industry reward allocation process concludes.”.

Amendment to regulation 5A (varying application windows)

5. In regulation 5A(5), for “four” to the end, substitute “the date which is the day after the day the sustainable industry reward allocation process concludes.”.

Amendment to regulation 6 (allocation frameworks)

6. In regulation 6—

(a) in paragraph (1)—

(i) in sub-paragraph (c), for “the seventh, eighth and ninth allocation rounds”, substitute “an allocation round established by an allocation round notice given before 31st December 2028”;

(ii) in sub-paragraph (d), for the words “the seventh” to the end, substitute “an allocation round established by an allocation round notice given before 31st December 2028, apply that framework to more than one such allocation round”;

(b) after paragraph (2A)(a), insert—

(**2**) S.I. 2014/2011; relevant amending instruments are S.I. 2024/710 and 2025/903; there are other amending instruments but none is relevant.

"(ab) the classes of eligible generators that will be required, or permitted, to make a sustainable industry reward application;";

(c) in paragraph (2A)(b)—

(i) for "establishment or alteration of an offshore wind CFD unit", substitute "sustainable industry reward applicant";

(ii) omit ", which must" to the end;

(d) in paragraph (2B), for "The matters referred to in this paragraph are", substitute "For the purposes of setting out how the determination mentioned in paragraph (2A)(b) is to be made, the Secretary of State must have regard to how the development and sustainability of supply chains is supported by";

(e) in paragraph (2B)(c), after "workforce", insert ", implementing fair work practices".

Amendment to regulation 7 (framework notices)

7. In regulation 7(4)(b), omit the words from ", which" to "notice".

Amendment to regulation 8 (framework revisions)

8. In regulation 8—

(a) in paragraph (2B), for "30", substitute "10";

(b) in paragraph (5)(d), omit the words from ", which must not" to the end.

Amendment to regulation 13A (sustainable industry reward budgets)

9. In regulation 13A—

(a) after paragraph (1), insert—

"(1A) The Secretary of State may, in a sustainable industry reward budget notice, specify any of the following—

(a) budgets which are reserved for the sustainable industry reward applications described in the notice ("sustainable industry reward minima");

(b) budgets which must be prioritised for the sustainable industry reward applications described in the notice, and where those budgets are not exhausted, the remaining budgets may be used for the other sustainable industry reward applications ("sustainable industry reward flexible minima");

(c) maximum budgets which apply to the sustainable industry reward applications described in the notice ("sustainable industry reward maxima").

(1B) The sustainable industry reward allocation framework must set out—

(a) the time by which the sustainable industry reward budget notice must be published, which must be no later than the day before the day a notice under regulation 28C which includes a sustainable industry reward statement is given; and

(b) whether any draft forms of the sustainable industry reward budget notice must be published, and the time by which they must be published.

(1C) A draft form of the sustainable industry reward budget notice need not set out the Secretary of State's intentions as to the use of the description of budget mentioned in paragraph (1A).";

(b) omit paragraphs (2) to (6);

(c) in paragraph (7), omit "its indicative, ".

Amendment to regulation 13B (publication)

10. In regulation 13B—

(a) omit paragraph (1)(c);

(b) in paragraph (2), for "being given notice under regulation 35(1) (completion of the contract allocation process)", substitute "the first CFD notification being given".

Amendment to regulation 26 (statements in relation to supply chains)

11. In regulation 26(3A), for the words from "the application" to the end, substitute "the applicant does not provide a copy of a sustainable industry reward statement that applies to the relevant CFD unit in respect of the allocation round.".

Amendment to regulation 27B (statements in relation to sustainable industry rewards)

12. For regulation 27B, substitute—

"**Statements in relation to sustainable industry rewards**

27B. If required by a contract allocation framework or a sustainable industry reward allocation framework, the applicant must provide a copy of a sustainable industry reward statement that applies to the relevant CFD unit in respect of the allocation round.".

Amendment to regulation 28A (sustainable industry reward application)

13. In regulation 28A—

(a) for paragraph (1), substitute—

"(1) An eligible generator may make a sustainable industry reward application to the Secretary of State if required or permitted by a sustainable industry reward allocation framework.";

(b) omit paragraph (2)(a);

(c) in paragraph (2)(b), for "establishment or alteration of the offshore wind CFD unit", substitute "sustainable industry reward application".

Amendment to regulation 28B (particulars of sustainable industry reward application)

14. In regulation 28B—

(a) for paragraph (1), substitute—

"(1) A sustainable industry reward application must comply with the requirements set out in the sustainable industry reward allocation framework in relation to that round.";

(b) in paragraph (2)(a), for "the offshore wind CFD unit", substitute "a generating station".

Amendment to regulation 42 (timing and content of CFD notifications and notices)

15. In regulation 42, after paragraph (3), insert—

"(3A) The delivery body must, when it gives a CFD notification, inform—

(a) the relevant applicant; and

(b) the Secretary of State,

of the CFD unit to which the CFD notification relates.

(3B) The delivery body must inform the Secretary of State when it gives the final CFD notification for an allocation round.”.

Insertion of regulation 42A

16. After regulation 42, insert—

“**Updating the sustainable industry reward statement**

42A.—(1) This regulation applies where an applicant has a sustainable industry reward statement that applies to two or more CFD units, one or more of which is the subject of a CFD notification.

(2) The Secretary of State must make any amendments to the sustainable industry reward statement that the Secretary of State considers are necessary to make clear how the statement applies in respect of each of the CFD units that is the subject of a CFD notification.

(3) The Secretary of State must take account of any representations made by the applicant by the end of the period of 5 working days beginning with the notification date.

(4) By the end of the period of 10 working days beginning with the notification date, the Secretary of State must give notice of any amendments made pursuant to paragraphs (2) and (3) to the applicant and the CFD counterparty.

(5) In this regulation, “the notification date” means the date on which the Secretary of State receives notification from the delivery body that it has given its final CFD notification in relation to the allocation round.”.

Part 3

Amendment of the Electricity Market Reform (General) Regulations 2014

Amendment of the Electricity Market Reform (General) Regulations 2014

17. The Electricity Market Reform (General) Regulations 2014(**3**) are amended in accordance with this Part.

Amendment to regulation 2 (interpretation)

18. In regulation 2, in the appropriate place, insert—

““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 (within the meaning of regulation 2(1) of the Contracts for Difference (Allocation) Regulations 2014);”.

Amendment to regulation 12D (application for sustainable industry reward implementation statements)

19. In regulation 12D(2)(b), for the words “, fully” to the end, substitute “met the financial minimum standards.”.

(**3**) S.I. 2014/2013, amended by S.I. 2024/710; there are other amending instruments but none is relevant.

Amendment to regulation 12E (particulars of sustainable industry reward implementation applications)

20. In regulation 12E(1)(b), at the end, insert ", or state the generator party applicant's intention to rely on regulation 12G.".

Amendment to regulation 12F (providing sustainable industry reward implementation statements)

21. In regulation 12F(1)(b), for the words "minimum standards" to the end, substitute "financial minimum standards.".

Insertion of regulation 12G

22. After regulation 12F, insert—

"**Effect of unforeseeable circumstances**

12G.—(1) This regulation applies where —

(a) a generator party applicant has failed to meet the financial minimum standards; and

(b) the generator party applicant has, with its sustainable industry reward application, provided evidence that its failure to do so is to any extent attributable to unforeseeable circumstances.

(2) If the Secretary of State is satisfied that the failure mentioned in paragraph (1)(a) is to any extent attributable to unforeseeable circumstances, the Secretary of State may to that extent treat the financial minimum standards as met for the purposes of regulation 12D(2) or 12F(1).

(3) For the purposes of this regulation, "unforeseeable circumstances" are circumstances that—

(a) were not reasonably foreseeable by the generator party applicant at the time the generator party applicant applied for its sustainable industry reward statement, or at the time it most recently applied for the statement to be amended by virtue of regulation 28E(1)(c) of the Contracts for Difference (Allocation) Regulations 2014; and

(b) are outside the generator party applicant's reasonable control.

(4) A failure is "attributable" to unforeseeable circumstances if the generator party applicant took all reasonable steps to avoid the failure (including applying for its sustainable industry reward statement to be amended by virtue of regulation 28E(1)(c) of the Contracts for Difference (Allocation) Regulations 2014 where it would be reasonable to do so).".

Part 4

Amendment of the Contracts for Difference (Standard Terms) Regulations 2014

Amendment of the Contracts for Difference (Standard Terms) Regulations 2014

23. The Contracts for Difference (Standard Terms) Regulations 2014(**4**) are amended in accordance with this Part.

(**4**) S.I. 2014/2012; amended by S.I. 2024/710 and 2015/1425; there are other amending instruments but none is relevant.

Amendment to regulation 2 (interpretation)

24. In regulation 2, in the appropriate place, insert—

"“sustainable industry reward statement” has the meaning given by regulation 2(1) of the Contracts for Difference (Allocation) Regulations 2014;”.

Amendment to regulation 3 (provision to be included in standard terms)

25. In regulation 3(1)(ja), omit “(within the meaning” to the end.

Amendment to regulation 9 (preparation of a CFD)

26. In regulation 9(3)—

(a) omit the “and” after sub-paragraph (a);

(b) after sub-paragraph (b), insert “; and

“(c) where regulation 42A of the Contracts for Difference (Allocation) Regulations 2014 applies, the information contained in any amended sustainable industry reward statement.”.

Amendment to regulation 10 (offer to contract)

27.—(1) In regulation 10(2), for “within 10 working days of receiving a CFD notification” substitute “in relation to a CFD unit within 10 working days of the later of—

(a) the date the CFD counterparty receives a CFD notification in relation to that CFD unit; and

(b) the date that the Secretary of State gives notice to the CFD counterparty of amendments made to the sustainable industry reward statement in relation to that CFD unit under regulation 42A(4) of the Contracts for Difference (Allocation) Regulations 2014.”;

(2) After regulation 10(5), insert—

“(6) In this regulation, “CFD unit” has the meaning given by regulation 2(1) of the Contracts for Difference (Allocation) Regulations 2014.”.

Michael Shanks
Minister of State
14th April 2026 Department for Energy Security and Net Zero

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Contracts for Difference (Allocation) Regulations 2014 (S.I. 2014/2011) ("Allocation Regulations"), the Electricity Market Reform (General) Regulations 2014 (S.I. 2014/2013) ("EMR Regulations") and the Contracts for Difference (Standard Terms) Regulations (S.I. 2014/2012) ("Standard Terms Regulations"). Those Regulations form part of the legislative framework underpinning the Contracts for Difference ("CFD") scheme under section 6 of the Energy Act 2013 (c. 32).

Part 2 amends the Allocation Regulations. Regulations 4 and 6 to 8 reduce the time required to open the application window and permit a sustainable industry reward round to be opened by the Secretary of State before 31st December 2028. Regulation 9 allows the Secretary of State to set a sub-budget which can be flexible and include minima and maxima. Regulations 11 to 14 enable the Secretary of State to specify which technologies must, or are permitted to, apply for a sustainable industry reward statement, and the requirements an applicant must meet. Regulation 15 makes provision for the delivery body to issue CfD notices to those specified and to inform the Secretary of State when it gives the final CfD notification for an allocation round. Regulation 16 requires the Secretary of State to update a sustainable industry reward statement which applies to two or more CfD units, one or more of which is the subject of a CfD notification.

Part 3 amends the EMR Regulations. Regulations 18 and 19 provide that a sustainable industry reward implementation statement cannot be awarded by the Secretary of State unless the financial minimum standards have been met. Regulation 22 provides that the Secretary of State may deem an applicant has fulfilled the financial minimum standards where they have been unable to fulfil those financial minimum standards due to unforeseeable events or circumstances.

Part 4 amends the Standard Terms Regulations. Regulation 24 inserts a definition of "sustainable industry reward statement". Regulation 26 requires the CFD counterparty to apply or complete the standard terms in accordance with any updated sustainable industry reward statement. Regulation 27 requires the CFD counterparty to make an offer of a CFD within the time frame specified.

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.