

CfD and CM Bulletin

29 September 2021

ILR and TRA determinations for Q1 2022

Low Carbon Contracts Company (LCCC) has determined the Interim Levy Rate (ILR) and Total Reserve Amount (TRA) for the Quarterly Obligation Period 1 January 2022 to 31 March 2022. The amounts are:

- **ILR = £1.908/MWh**
- **TRA = £303,432,348.09**

In making this determination, LCCC notes the high volatility of power market prices. It will continue to monitor market prices closely, and

considers that there is a high chance of an adjustment to the ILR or TRA or both, either upwards or downwards, prior to the start of the quarter. Market prices for this calculation were taken as closing mid-prices on 10 September 2021.

To support Suppliers, EMRS have provided further details on their website via a [news item](#). All EMRS news items can be viewed via their designated [news webpage](#).

Before Period Adjustment for Q4 2021

LCCC has reduced the Interim Levy Rate (ILR) for the Quarterly Obligation Period 1 October 2021 to 31 December 2021. The adjusted amount is:

- **ILR = £0.000/MWh**

Market prices for this determination were taken from 17 September 2021. Please note that LCCC cannot set an ILR of less than £0.000/MWh.

LCCC will be monitoring market prices closely during the quarter, and will make an upward adjustment to the ILR if market prices move in such a way as to lead LCCC to expect that the TRA will be insufficient to cover any increase in CfD costs.

For further detail on the calculations performed to set the ILR and the TRA for Q4 2021 and Q1 2022, please see LCCC's online [CfD Levy Dashboards](#).

CfD portfolio: net negative cost in September 2021

Q3 2021 was a period of firsts: the first day of net negative generator payments on 6

September, as well as the first full week of net negative generator payments for the period between 8 and 14 September.

The CfD scheme is designed so that when market prices are higher than strike prices, generators will pay back the difference to LCCC. When a quarter is settled, the amount collected from generators is reconciled with suppliers. Any overcollection of funds is put towards the TRA paid for the next quarter, effectively reducing the amount suppliers have to pay. If the sum of the overcollection and the current TRA is higher than the next quarter's TRA, the difference is returned to suppliers.

As we are approaching the end of the month, it is likely that September 2021 will also become the first full month of net negative payments, according to our latest projections. Any overcollection will reduce the burden on suppliers during these challenging times. This comes in addition to the reduction of ILR to £0.000/MWh from 14 September, as it became clear that no additional payments would be required for the rest of the quarter. In this way, the CfD works to blunt the impact of high prices.

We will discuss the outcome of Q3 2021 in more detail in our quarterly webinar on 25 October at 10am; please see below for registration details.

Project updates: IPIF Fort Industrial REC

IPIF's Contract for Difference (CfD) has been terminated by mutual consent. The 10.2MW Advanced Conversion Technology project was awarded a CfD in Allocation Round 2. Further details of the project are available via its CfD register entry [here](#).

The team at IPIF have been in regular contact with the Contract Management team at Low Carbon Contracts Company (LCCC) for the duration of the project's contract to date.

Unfortunately, the project has been unable to secure an off-taker for the power since the collapse of arrangements with the original off-taker, and will therefore be unable to commission the Facility before the Long Stop Date.

For further detail on the current CfD portfolio, please refer to the relevant dataset within [LCCC's Data Portal](#).

Upcoming LCCC events

Capacity Providers Webinar **10-11am, Thursday 14th October**

The second in a series of regular webinars from ESC covering the current operational requirements and upcoming activity for Capacity Providers. Register for this event [here](#).

CfD ILR and TRA: Q1 2022 **10-11am, Monday 25th October 2021**

Our Forecasting team will discuss the Q1 2022 forecasts and the out-turn of Q3 2021. Register for this event [here](#).

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