



LOW CARBON CONTRACTS COMPANY

NEWSLETTER

CFD Allocation Round Announced

The Allocation Round Notice has now been published by DECC and specifies the closing date for the application window of **27th October 2014** for the first Allocation Round.

As a result, the window to apply for Minor and Necessary Modifications to CFD Standard Terms is now open and will close on **29th September 2014** for the first Allocation Round.

For all the information needed to submit your application for a Modification please go to: www.lowcarboncontracts.uk and follow the link to the Generator pages. These pages contain the final Standard Terms, CFD Notices and final guidance on Minor and Necessary Modifications.

Should you have any questions or want clarification on any Minor and Necessary issues, please contact us on:

minor.necessary@lowcarboncontracts.uk

Please note that the earlier you submit your application the more time you allow for any clarification requests from Low Carbon Contracts Company and we strongly recommend that you submit your application for a Minor and Necessary Modification as early as possible.

Surgeries for those thinking of submitting a Modification are being offered as part of the stakeholder event on 9th September, for further information and booking please see below.

Stakeholder Events

Every month the Low Carbon Contracts Company, National Grid, Elexon and Ofgem, will be holding Implementation workshops to support industry preparations for the Electricity Market Reform programme's Contracts for Difference (CFD) mechanism.

These events are designed to ensure that all renewable electricity generators are fully equipped to participate in CFD should they wish to, and that suppliers are prepared to fulfil their obligations.

The next event is scheduled for **9th September** and will include sessions on Application and Allocation, Contract Management and an update on the Supplier Obligation (both forecasting and settlement preparations).

To reserve your place for the 9th September workshop please email: cdfpreparations@lowcarboncontracts.uk

Supplier Obligation Forecasting Model

Lane Clark and Peacock LLP (LCP) is developing the Supplier Obligation Forecasting Model (SOFM) which will be implemented in several phases. The main release in November 2014 will help inform our setting of the Supplier Obligation payment-on-account rate and Reserve Fund for each Levy Period.

We have made considerable progress on the design of the model with help from the **Modelling Expert Group**, comprised of various representatives from the industry.

A later phase will deliver a Transparency Tool (December 2014) aimed at providing industry with sufficient visibility to have confidence in Low Carbon Contracts Company's forecasting capability.

We are due to start engagement with the industry on the design and implementation of the Transparency Tool by the end of September via a **Transparency Expert Group**.

Places are still available on the Transparency Expert Group. The group is open to:

- representatives from the supply (retail) business with responsibility for evaluating and pricing in the regulatory costs/ risks or wholesale costs areas
- investors who have experience in risk analysis and/or asset valuation, and are looking to invest under CFD
- consumer group representatives with experience in assessing the cost to consumers of government policies.

Members will be required to meet every two weeks for two hours from September to December 2014.

Anyone interested in joining should send their details, including a summary of experience, to cdpreparations@lowcarboncontracts.uk

Ofgem Renewables Obligation draft guidance

Ofgem has recently published a draft guidance document explaining how the Renewables Obligation (RO) will operate during the transition period from the RO to the CFD scheme.

Ofgem are inviting stakeholders to comment on this draft until **Tuesday 9th September**, a final version will be published in October.

If you would like to comment the draft guidance is available [here](#).

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