



## LOW CARBON CONTRACTS COMPANY

By Email to: [Generator]

[Insert email address of Generator]

[11 September 2017]

Dear Sirs,

### **Process, Timetable and Key Dates relating to your CFD contract**

We have received the CFD notification referred to in Regulation 9(3) of the Contracts for Difference (Standard Terms) Regulations 2014 (the “**Regulations**”) (as amended) and accordingly will be offering you a Contract for Difference (“**CFD contract**”).

The timetable and process for the issue of and entry into a CFD contract is set out in the Regulations and is of critical importance. **If you do not return your signed CFD contract by the time and date required by the Regulations, the offer of the CFD contract will automatically lapse and you will not obtain a CFD contract.**

We have set out below the timetable and process which will apply to our offer of a CFD contract.

It is also important as a preliminary that we remind you of the meaning of “working day” as defined in the Regulations.

*“working day” means 9 am to 5 pm on Mondays to Fridays excluding bank holidays in any part of the UK, Good Friday and Christmas Day.*

We attach a Key Dates Table in Annex A for your ease of reference. This Key Dates Table can also be found at <https://lowcarboncontracts.uk>.

#### **1. Our offer of a CFD Contract (10 working day period from 11 September – 25 September 2017)**

In accordance with Regulation 10 of the Regulations we have 10 working days from 11 September 2017 to offer you a CFD contract. We must therefore make our offer on or before 25 September 2017. We propose to take the full 10 working days and therefore will be formally making our offer to all generators effective on 25 September 2017.

The process during the 10 working days will be as follows:-

- A. **11 September 2017** – the CFD notification is received by LCCC from National Grid. The CFD notification gives the details of the generators to be offered CFD contracts. These details are those given by you in your application for a CFD contract.

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- B. **13-14 September 2017** – LCCC will email a draft CFD contract to you in order for you to check the accuracy of the contract specific details we have inserted. The contract details specific to you are highlighted yellow, for your ease of reference. You will be asked to acknowledge receipt of this email by return. The email will be sent to the email address of the authorised contact set out in the CFD notification we receive from National Grid, with the contract specific details also being derived from the CFD notification. The email draft CFD contract is **not** an offer of the CFD contract and **is not capable of acceptance**. You should not sign this document. It is provided to you only for checking.

Please note that the CFD contract comprises the CFD Agreement (being the front section) and the standard Conditions (March 2017)<sup>1</sup>, which the CFD Agreement will incorporate by reference. In other words it is not necessary for the Conditions also to be provided to you as they are legally incorporated by reference by the wording in the CFD Agreement. We will therefore email to you only the CFD Agreement. This comprises the “CFD contract” we refer to herein.

- C. **Within 48 hours** - you will be asked to check and confirm the accuracy of the contract specific details, highlighted yellow, in the draft CFD contract as soon as practicable, and in any event within 48 hours of receipt. If you do not respond within this period, we shall assume that the details are correct. Please note that you cannot ask for any amendments of the standard template terms. You can only inform us of corrections to the contract specific details.

**Your obligations:-**

- **to acknowledge receipt of the emailed draft CFD contract**
  - **to review the draft and respond to LCCC within 48 hours.**
- D. **22 September 2017 (between 5.30 pm - 7.30 pm)** – LCCC will email the formal CFD contract (in duplicate) to you. This CFD contract (in duplicate) will be signed by LCCC and will constitute the formal offer of the CFD contract made by LCCC to you pursuant to Regulation 10 of the Regulations. Please note that Regulation 13 (and the Schedule to the Regulations) permits the use of email.

As mentioned above, the CFD Agreement incorporates the standard Conditions (March 2017) by reference. The CFD Agreement therefore comprises the “CFD contract”. You will receive the CFD contract (i.e. the CFD Agreement section) by attachment to the said email, with the final page being the cover sheet of the standard Conditions, for identification purposes only.

You will be asked to acknowledge safe receipt of this email. It is our sending of the electronic version of the CFD contract to you that starts the clock running on the time period in which you must sign and date it and return it to us (ensuring that we have **received** it by the due date).

LCCC currently plans to send this formal offer of a CFD contract to you by an email which is sent after 5 pm on 22 September 2017. This will result in the document being deemed to have been sent on 25 September 2017. The formal time period you have to sign and return the countersigned CFD contract will therefore commence on the first working day after 25 September 2017. Accordingly, your 10 working days to sign the CFD contract will expire at 5

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<sup>1</sup> <https://www.gov.uk/government/publications/contracts-for-difference-standard-terms-and-conditions-version-2-march-2017>

pm on 9 October 2017. **You must therefore return the countersigned CFD contract to us by 5pm on 9 October 2017.**

For record keeping purposes, LCCC also plans to send the CFD contract (in duplicate) to you by post. This document will be bound and will include the Conditions and is provided to you only so that, for your records and ease of reference, you will have the CFD Agreement and CFD standard Conditions in bound form. You will receive these documents one or two days after the formal emailed offer of the CFD contract. As mentioned, these documents will be provided in order for you and LCCC to each have a hard bound copy CFD contract with original signatures for our respective records. LCCC will therefore be asking you to sign and return this document (retaining the duplicate for your records). We must stress, however, that this document is **not** the formal offer of the CFD contract which starts the clock running on your 10 working day period to sign and return the CFD contract to us. The formal offer will be that sent electronically by email, which will be deemed to have been made on 25 September 2017. It is that emailed offer that will start the clock running on this 10 working day period.

**2. Generators must return signed CFD contract (10 working day period from 25 September 2017 – 5 pm on 9 October 2017)**

Regulation 11 of the Regulations states that if LCCC does not receive the signed CFD contract from the generator within 10 working days of the offer being made, the offer lapses. In other words, if LCCC does not receive the signed CFD contract from you by 5 pm on 9 October 2017, you will have lost the opportunity to receive a CFD contract. Signed contracts received after 5 pm on 9 October 2017 will not be valid nor accepted by LCCC.

Please note that LCCC must actually **receive** the signed CFD contract by 5 pm on 9 October 2017. It is not enough that LCCC is sent the CFD contract before this time and date if it does not receive the document into its possession until after this time and date.

It is therefore recommended that you countersign and return your CFD contract as soon as practicable after receipt.

It may assist you to be aware that LCCC will accept the CFD contract countersigned by you in any of the following forms or methods of return, **provided** that we receive such countersigned CFD contract by 5 pm on 9 October 2017:-

- you can print off the electronic version of the CFD contract you receive from us by email and sign, date and scan such document and email it back to us at [contractmanagement@lowcarboncontracts.uk](mailto:contractmanagement@lowcarboncontracts.uk).
- you can print off the electronic version of the CFD contract you receive from us by email and sign and date such document and return it to us by hand or by post. If you intend to return the document by hand, we would be grateful if you could contact us in advance so that we may make arrangements for you to be received by a member of the contract management team. For this purpose, our business hours will be 9am to 5pm.
- you can await the posted version and sign and date it and return it to us by hand or by post.

### **Your obligations:-**

- **to acknowledge safe receipt of our email offer attaching the CFD contract**
- **to sign and date the CFD contract (and, for identification purposes, sign and date the cover page of the Conditions that will be sent with it)**
- **to ensure that LCCC receives a signed and dated CFD contract by 5 pm on 9 October 2017. Receipt of this CFD contract by 5 pm on 9 October 2017 will mean that you have a CFD contract. Receipt of it later will mean that you do not.**
- *Unless already received by LCCC in accordance with the preceding bullet point, to in due course return the original signed and dated CFD contract which LCCC sent to you by post. This is not time critical as the first signed CFD contract we receive within the required time period is effective for the purposes of the Regulations. However, even so, we would be grateful to receive this document as soon as conveniently possible.*

In accordance with Regulation 10 (3)(b) of the Regulations we will acknowledge receipt of the signed CFD Contract.

### **3. The CFD Register**

Regulation 12 of the Regulations requires us to establish and maintain a CFD Register containing information relating to your CFD contract, including the details you provided to National Grid as part of your application for a CFD contract. Regulation 12 requires LCCC to publish the CFD Register on its website. The template CFD Register (which may be amended from time to time) can be found at <https://lowcarboncontracts.uk>

LCCC plans to publish the CFD Register, populated with details of all CFD contracts, on its website on 16 October 2017 (or very shortly thereafter). We will email to you a copy of your entry prior to publishing the CFD Register. We expect to be in a position to email this to you in the week commencing 18 September 2017. We would be grateful if you would respond with any comments as soon as possible and in any event within 5 working days of receipt. If we do not receive any comments within this period, we will assume that you do not have any comments.

### **4. CFD contract - Initial Conditions Precedent (10 working day period)**

You are required under Condition 3.3 of the CFD contract to use reasonable endeavours to fulfil or procure the fulfilment of the Initial Conditions Precedent as soon as reasonably practicable, and in any event no later than **ten (10) Business Days<sup>2</sup>** after the **Agreement Date**. The Agreement Date is that set out in your CFD contract (and will be the date when you countersigned the CFD contract).

We also remind you that Condition 51.1(D) provides that if any of the Initial Conditions Precedent are not fulfilled within 10 Business Days of the Agreement Date, LCCC has the right to terminate the CFD contract.

We suggest that you provide us with the information and other matters required by the Initial Conditions Precedent as soon as possible, but in any event, no later than 10 Business Days from the date when you signed the CFD contract.

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<sup>2</sup> "Business Day" under the CFD contract means a day (other than a Saturday or a Sunday) on which banks are open for general business in London.

A copy of the Initial Conditions Precedent is attached to this letter as Annex B for your ease of reference. Please also note as follows:

- *Initial Condition Precedent (A) – Legal Opinion*

To assist you in satisfying your obligations in relation to Initial Condition Precedent (A) we have published on our website a template for the required legal opinion – <https://lowcarboncontracts.uk/contract-management-process>.

We require the signed legal opinion to be provided to us within the permitted 10 Business Days in original form or by email to [contractmanagement@lowcarboncontracts.uk](mailto:contractmanagement@lowcarboncontracts.uk). Where the signed legal opinion is provided by email, the original must be received by us within 2 Business Days thereafter.

- *Initial Condition Precedent (B) – Know your Customer*

To assist you in satisfying your obligations in relation to Initial Condition Precedent (B) we have published on our website a template for the “know your customer” information.

The completed “know your customer” information form together with all documentation and certified copy documentation must be returned within the permitted 10 Business Day period. We are willing to accept the completed form and all documentation and certified copy documentation by email. However, if this documentation is sent by email, a hard copy of all original certified documents must be provided to us within 2 Business Days of our receiving the emailed version.

Please also note that, depending on the information or documentation provided in the “know your customer” form, we may need to seek further information or documentation. We therefore recommend that you complete and return the form promptly in order to ensure that you have sufficient time within the 10 Business Day period to provide any further required information or documentation. This will help to avoid any issues relating to your fulfilment of Initial Condition Precedent (B) to our satisfaction within the required 10 Business Day period.

- *Initial Condition Precedent (C) – Facility information*

The description of the Facility and the assets comprising the Facility may be provided to us by email. However, we must receive a hard copy of the aerial view and map of the Facility providing us with the information required by Initial Condition Precedent (C)(ii). We remind you that Initial Condition Precedent (C) must be fulfilled within 10 Business Days of the Agreement Date.

- *Initial Condition Precedent (D) - Description of Electricity Storage Facility*

The description of any Electricity Storage Facility which is intended to be located within the Facility site or be used by or be associated with the Facility, can be provided to us by email. We remind you that Initial Condition Precedent (D) must be fulfilled within 10 Business Days of the Agreement Date.

If you have any questions relating to this matter please do not hesitate to contact us.

Yours faithfully,

**Low Carbon Contracts Company Limited**

**Annex A**  
**Key Dates in the CFD Contract Process**

These key dates are calculated on the assumption that we receive the CFD notification from National Grid on 11 September 2017. If we receive it later than this we shall update the dates in this table on our website and elsewhere - <https://lowcarboncontracts.uk>.

Date	Generator	LCCC	Complete
<b>11 September 2017</b>		LCCC receives CFD notification <sup>3</sup> from National Grid setting out details of all Generators to be offered a CFD contract.	
<b>11 September 2017</b> <i>(10 working days<sup>4</sup>)</i>		LCCC issues proforma letter to Generators setting out the process. LCCC prepares each draft CFD contract by incorporating the contract specific details relating to the relevant Generator.	
<b>13-14 September 2017</b>		LCCC issues draft CFD contract to Generators for checking.	
<b>15-18 September 2017</b>	Generators promptly acknowledge receipt of the draft CFD contract by return of email.  Generators promptly check draft CFD contract and contact LCCC with details of any inaccuracies. Generators to do so asap and in any event no later than 48 hours after receipt.		
<b>Week commencing 18 September 2017</b>		LCCC emails Generators with the text of their CFD Register entry i.e. with the entry relating to their CFD contract which will be published in the CFD Register. Generators are given 5 working days to respond.	

<sup>3</sup> When we receive the CFD notification from the National Grid (the “Delivery Body”), we have, as prescribed in Regulation 10 (2) of the Regulations, **10 working days** to make an offer of a CFD contract to the relevant Generator. The Regulations can be found at: <http://www.legislation.gov.uk/uksi/2014/2012/contents/made>

<sup>4</sup> “working day” for the purposes of the Regulations means 9 am to 5 pm on Mondays to Fridays excluding bank holidays in any part of the UK, Good Friday and Christmas Day.

Date	Generator	LCCC	Complete
<b>25 September 2017</b>	Generators acknowledge receipt of the CFD contract as soon as they receive it into their inbox.	LCCC emails signed CFD contract <sup>5</sup> to Generators. This is the formal offer of the CFD contract <sup>6</sup> . It triggers the Generator's 10 working day signing period ( <b><u>which terminates at 5 pm on 9 October 2017</u></b> ).  <i>NB Shortly after 25 September 2017 LCCC will also send the signed CFD contract (in duplicate) by post. This is <u>not</u> the formal offer which triggers the 10 working day period and is provided for the parties' records.</i>	
<b>25 September 2017 - CFD Register</b> <i>(This is the probable end date applicable to all Generators for responses to CFD Register).</i>	Generators should respond to the proposed CFD Register entry, and no later than 5 working days of receipt of LCCC's email setting out the entry. If no response is received, LCCC will assume Generators have no comments.		
<b><u>By 5pm on 9 October 2017</u></b>	Generators have 10 working days from receiving the emailed CFD contract to countersign <sup>7</sup> , date and return CFD contract to us i.e. LCCC must actually receive the fully signed CFD contract <b><u>by 5pm on 9 October 2017</u></b> .	LCCC must receive the countersigned CFD contract <b><u>by 5pm on 9 October 2017 or the offer will lapse</u></b>  LCCC shall then issue you with a notice stating that we have entered into a binding CFD Contract.	
<b>As soon as convenient after 9 October 2017</b>	For record keeping purposes, the fully (originally) signed and dated version of the CFD contract sent by post should be returned to LCCC (unless it has already been returned under the immediately preceding requirement).  LCCC will only accept such a document after 5 pm on 9 October 2017 if it has first received a countersigned CFD contract by email, hand or post by 5 pm on 9 October 2017.		

<sup>5</sup> As explained in the covering letter explaining the process, the CFD contract comprises the CFD Agreement (being the front section) and the standard Conditions (March 2017), which the CFD Agreement will incorporate by reference. In other words it is not necessary for the Conditions also to be provided to Generators as the Conditions are legally incorporated by reference by the wording in the CFD Agreement. We will therefore email to Generators only the CFD Agreement. This comprises the "CFD contract" referred to herein. Contract for Difference Standard Terms and Conditions <https://www.gov.uk/government/publications/contracts-for-difference-standard-terms-and-conditions-version-2-march-2017>.

<sup>6</sup>The 10 working day period for the Generator to sign the CFD contract is triggered when we email the Generator with the **electronic signed version** of the CFD contract.

<sup>7</sup> **Instructions for signing** - You may print, sign and date the electronic version of the CFD contract you receive via email from us and return it to us via email to [contractmanagement@lowcarboncontracts.uk](mailto:contractmanagement@lowcarboncontracts.uk). You may also print, sign and date this electronic version and return it by hand or by post. You may also await the posted version and sign and return that version either by hand, email or post. However, if we do not **actually receive** a countersigned CFD contract by any of these means

Date	Generator	LCCC	Complete
16 October 2017		LCCC publishes the populated CFD Register on its website.	
10 Business Days <sup>8</sup> from countersigning	Generators must, within 10 Business Days of countersigning the CFD contract, fulfil the Initial Conditions Precedent.	LCCC has published templates for the relevant Initial Conditions Precedent on its website at <a href="https://lowcarboncontracts.uk">https://lowcarboncontracts.uk</a> .	

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**by 5 pm on 9 October 2017, you will have lost the opportunity to have a CFD contract.** In accordance with the Regulations, our offer of a CFD contract will have lapsed.

<sup>8</sup> "Business Day" under the CFD contract means a day (other than a Saturday or a Sunday) on which banks are open for general business in London. Condition 3.3 of the CFD contract requires Generators to use reasonable endeavours to fulfil or procure the fulfilment of the Initial Conditions Precedent as soon as reasonably practicable, and in any event no later than ten (10) Business Days after the Agreement Date. The Agreement Date will be the date when the Generator countersigns the CFD contract. Condition 51.1(D) provides that if any of the Initial Conditions Precedent are not fulfilled within 10 Business Days of the Agreement Date, LCCC has the right to terminate the CFD contract.

**Annex B**  
**Copy of Initial Conditions Precedent**

**Schedule 1**  
**Conditions Precedent**

**Part A**  
**Initial Conditions Precedent**

Delivery to the CfD Counterparty of the following:

- (A) a legal opinion addressed to the CfD Counterparty, in form and content satisfactory to the CfD Counterparty (acting reasonably), from the legal advisers to the Generator confirming that the Generator:
  - (i) is duly formed and validly existing under the laws of the jurisdiction of formation; and
  - (ii) has the power to enter into and perform, and has taken all necessary action to authorise its entry into and performance of, the Contract for Difference and the other CfD Documents;
  
- (B) evidence, in form and content satisfactory to the CfD Counterparty, acting reasonably, of compliance by the Generator with “know your customer” or similar identification procedures or checks under all applicable laws and regulations pursuant to the transactions contemplated by the Contract for Difference and the other CfD Documents;
  
- (C) a description of the Facility, in form and content satisfactory to the CfD Counterparty (acting reasonably), including:
  - (i) details of the assets comprising the Facility; and
  - (ii) an aerial view of the unique geographical location of the Facility, whether an extract from the Ordnance Survey map or equivalent, showing the proposed locations of: (a) the Facility; (b) the Facility Metering Equipment; and (c) (if the Facility Generation Technology is Offshore Wind) the Offshore Transmission System; and
  
- (D) a description of any Electricity Storage Facility, in form and content satisfactory to the CfD Counterparty (acting reasonably), including details of any assets relating to Electricity Storage or Electricity Storage Facilities which are intended to be located within the Facility site or be used by or be associated with the Facility.