



LOW CARBON
CONTRACTS COMPANY

Guidance on Sustainability Criteria Reporting

Version 1.0

Issued on 23 May 2018

Applicable to Investment Contracts and to August 2014 and March 2017
Contracts for Difference

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Disclaimer

This guidance does not and is not intended to supersede or replace the provisions of the CFD. This guidance does not constitute legal or investment advice and should not be relied upon as such. Generators should consult their professional advisors where they require advice, whether legal or otherwise. LCCC further reserves the right to amend this guidance and any associated guidance from time to time.

This guidance should not be viewed as in any way restricting LCCC in the nature, type and/or amount of evidence, information and documentation it will require to satisfy itself of the Generator's fulfilment of the Operational Conditions Precedent, nor as to the nature, level and timing of our consideration or reconsideration of the evidence that is provided. LCCC reserves the right at any time to request further or additional evidence, and to review or reconsider the evidence already provided.

Section 1: Introduction

This guidance provides Generators with an overview of the reporting obligations in the Contract for Difference (CFD) in relation to the Sustainability Criteria (SC) elements of Part B and Part C of Annex 7 of the Conditions. The guidance also provides an overview of the criteria used by Low Carbon Contracts Company Ltd (“LCCC”) to assess compliance.

- 1.1 This guidance has been prepared by LCCC to support Generators in providing an overview of reporting obligations in respect of the SC contained in Annex 7, Part B and C of the Conditions.
- 1.2 LCCC has appointed a technical advisor (currently Ofgem) to support and advise LCCC on the sustainability aspects of the CFD scheme. LCCC will remain the CFD Counterparty; therefore all notices and relevant Supporting Information under the CFD should be submitted to LCCC. Any notices to be issued by the CFD Counterparty under the CFD will be issued by LCCC.
- 1.3 Generators are encouraged to consult and engage with LCCC. Furthermore, Generators should highlight any queries they have at the earliest opportunity. LCCC anticipates working closely with Generators in relation to SC reporting.

Section 2: Definitions

2.1 Defined terms used in this guidance and not defined herein have the meaning provided in the Investment Contract (comprised of the IC Agreement and the Conditions) as published by the Department of Energy and Climate Change (“DECC”, now known as the Department for Business, Energy and Industrial Strategy – “BEIS”) on 10 June 2014, or in the CFD (comprised of the CFD Agreement and the Conditions) as published on by DECC 29 August 2014 and by BEIS on 13 March 2017.

2.2 Generators are advised to review their relevant CFD Agreement (or IC Agreement, as applicable) and Conditions.

Section 3: Sustainability Criteria

3.1 The SC are detailed in Part B of Annex 7 of the Conditions.

3.2 As set out in table F of the CFD Standard Terms Notice,¹ the sustainability provisions of the CFD apply to the following technologies:

- Advanced Conversion Technology;
- Advanced Conversion Technology with CHP;
- Anaerobic Digestion, Anaerobic Digestion with CHP;
- Dedicated Biomass with CHP; and
- Biomass Conversion and Energy from Waste with CHP.

3.3 For each CFD, the applicability of the sustainability provisions will be specified in the CFD Agreement; and for Investment Contract, the equivalent clause in the IC Agreement.

3.4 Generators should note that compliance and non-compliance with the sustainability provisions will impact the Renewable Qualifying Multiplier (RQM). Part E, Annex 7 outlines penalties associated with non-compliance of the SC reporting obligations.

Components of SC

3.5 For the CFDs where sustainability provisions are applicable, the Sustainable Fuel RQM formula will be used to calculate the RQM.

“Sustainable Fuel RQM Formula” means the following formula:

$$RQM = \frac{A - C}{B}$$

where:

- A** is the Energy Content of all of the Fuels with Variable Renewable Content used in generating the Facility’s gross output during the relevant RQM Calculation Month, less the Energy Content of any Fossil Fuel from which those Fuels with Variable Renewable Content are in part composed;
- B** is the Energy Content of all of the fuels used in generating the Facility’s gross output during that RQM Calculation Month; and
- C** is the Energy Content of all of the Unsustainable Fuels used in generating the Facility’s gross output during the relevant RQM Calculation Month, less the Energy Content of any Fossil Fuel from which those Unsustainable Fuels are in part composed.

3.6 The Sustainable Fuel RQM formula is the sum of the Biomass energy content of renewable fuel less Biomass energy content of Unsustainable Fuel over the total energy content of all fuel. Unsustainable Fuel for the purposes of calculating the RQM is fuel that LCCC determines (acting reasonably) does not comply with Land Criteria, Woodfuel Sustainability Standards and GHG Criteria.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/348202/The_Contracts_for_Difference_Standard_Terms_Regulations_2014_-_CFD_Standard_Terms_Notice_29_August_2014_.pdf
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/598827/CFD_STANDARD_TERMS_NOTICE.pdf

3.7 The Greenhouse Gas (GHG) Emissions Criteria require Generators to undertake specified calculations to determine certain GHG Emissions. The CFD sets out the thresholds for the GHG Emissions Criteria that need to be complied with.

3.8 The Land Criteria concern the land from which the Biomass is sourced. There are specific criteria for:

- Bioliquids;
- Woodfuel; and
- solid and gaseous Biomass other than Woodfuel (non-woody Biomass criteria).

3.9 Figure 1 below provides an overview of the reporting applicable to various types of Fuel used by Generators.

Figure 1

Fuel Category	BIOLIQUID		SOLID BIOMASS / BIOGAS	
	Land Criteria	GHG Criteria	Land Criteria	GHG Criteria
Waste	Exempt	Emissions during and from the process of collection only	Exempt	Exempt
Biomass wholly derived from waste	N/A	N/A	Exempt	Exempt
Processing residues	Exempt	Emissions during and from the process of collection only	If not wood - exempt from land criteria	Emissions during and from the process of collection only
Residues from agriculture	Reporting required	Emissions during and from the process of collection only	Reporting required	Emissions during and from the process of collection only
Residues from forestry	Reporting required	Full life-cycle emissions	Reporting required	Emissions during and from the process of collection only
Residues from arboriculture	N/A	N/A	If not wood - exempt from land criteria If wood - deemed sustainable and meets the land criteria for woody biomass	Emissions during and from the process of collection only
Residues from aquaculture and fisheries	Reporting required	Full life-cycle emissions	Reporting required	Emissions during and from the process of collection only
Products, co-products	Reporting required	Full life-cycle emissions	Reporting required	Full life-cycle emissions

Source: *Renewables Obligation: Sustainability Criteria, Ofgem. © Crown copyright 2018*

Consignment

3.10 All Consignments of fuel should have the same “sustainability characteristics”. Sustainability characteristics refer to all of the following:

- A** all of the Biomass being of the same feedstock type;
- B** if the Biomass includes Biomass which is in solid form, all of the Biomass being of the same type of solid form – for example, woodchip and wood pellets which would be classed as different forms of solid Biomass;
- C** all of the Biomass having the same country of origin²;
- D** all of the Biomass being of the same fuel classification – e.g. whether it is waste, a product, a co-product, or a type of residue with each such type being a separate fuel classification); this aids Generators in determining how to report against certain fuels (as per Figure 1); and
- E** all of the Biomass being compliant with the Land Criteria. Note that, if a situation arises where some of the Biomass used is not compliant with the GHG Emissions Criteria, it would have to be split out into two different consignments – the consignment which is compliant and the consignment which is not. Generators should refer to the Mass Balance section for further information and GHG Emissions Criteria.

Land Criteria

3.11 Generators will need to demonstrate that all proportions of Woodfuel (solid and gaseous Biomass that is not Waste or wholly derived from Waste) meet the following criteria:

- legally harvested (Annex 7 Part B clarifies that legally harvested shall have the meaning given to that term in Article 2 of the EU Timber Regulation (EU) No. 995/2010³); and
- at least 70% of it was obtained from a sustainable source (or certified by an Environmental Quality Assurance Scheme which ensures the same) as detailed in Part B of Annex 7.

3.12 In respect of Bioliquids, the Land Criteria shall be deemed to have been complied with if LCCC is satisfied (and Generators have successfully demonstrated) that the Bioliquid used to generate electricity at the Facility was (i) Waste, (ii) a certain type of residue; or (iii) obtained from a Permitted Source.

3.13 When considering reporting and compliance, Generators should gather evidence in order to demonstrate compliance and this will need to be presented to the auditor as part of the SC Audit Report.

3.14 The woodfuel guidance⁴ (published on 22 December 2014), provided by DECC (now BEIS), is split into three documents and it explains how the Land Criteria for woody Biomass can be met:

- (i) The woodfuel advice note⁵ (published on 22 December 2014) sets out the Woodfuel land criteria as defined in the Timber Standard and describes how Generators can comply with the criteria. There are two types of evidence that will be considered in determining compliance –
 - a Category A evidence: through the use of Forest Stewardship Council (FSC) certificate scheme or the Programme for the Endorsement of Forest Certification (PEFC) certification scheme; and
 - b Category B evidence: through collecting bespoke evidence that demonstrates compliance with the criteria.
- (ii) The consignment and mass balance approach⁶ (published on 22 December 2014), sets out how to operate mass balance systems and how to determine consignments. This document should be reviewed in addition to how consignments are determined in accordance with the CFD as interpreted in Annex 7.

² The UK can be considered as a single country. Therefore, if Biomass is from England and Wales, they can be considered the same consignment (providing all other sustainability characteristics are the same).

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32010R0995>

⁴ <https://www.gov.uk/government/publications/Woodfuel-guidance>

⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/390145/141222_Woodfuel_Advice_Note_-_Guidance_final.pdf

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/390147/141222_Consignments_and_Mass_Balance_Approach_-_Guidance_final.pdf

- The risk based regional assessment: a checklist approach⁷ (published on 22 December 2014), provides guidance for Woodfuel buyers and suppliers to provide Category B evidence in order to comply with the Land Criteria without the use of certification. This guidance additionally serves as a tool to assess whether Generators have complied with the Land Criteria.

GHG

3.15 The CFD lists the GHG criteria that Generators must report against per consignment of Biomass and the GHG Threshold that must be met.

- (i) Currently, the GHG Thresholds in the CFD (see definition of “GHG Threshold” in Annex 7 of the Conditions) for the RQM Calculation Month or SC Audit Year that ends prior to 1 April 2020 are:
 - a 66.7gCO_{2eq}/MJ, if the Facility Generation Technology is Dedicated Biomass with CHP; or
 - b 79.2gCO_{2eq}/MJ, if the Facility Generation Technology is not Dedicated Biomass with CHP.
- (ii) In the event that the RQM Calculation Month or SC Audit Year within the period from 01 April 2020 to 31 March 2025 (inclusive), the threshold will be 55.6gCO_{2eq}/MJ.
- (iii) In the event that the RQM Calculation Month or SC Audit Year within the period from 01 April 2025 to the end of the Term (inclusive), the threshold 50gCO_{2eq}/MJ.

3.16 The GHG criteria account for the Biomass emissions specified in Figure 1.

3.17 On an annual basis, if the average of the GHG Emissions is below the threshold specified, then the RQM shall be recalculated for each of the months falling in the SC Audit Year where the GHG Threshold was not met by consignments in a month.

Mass Balance

3.18 Mass Balance System is relevant where Generators are using a mixture of consignments to generate electricity at the Facility. Where consignments of Biomass are not physically segregated, a Mass Balance System provides for the sustainability profiles of the consignments of Biomass added to a mixture to be attributed to the consignments withdrawn from that mixture.

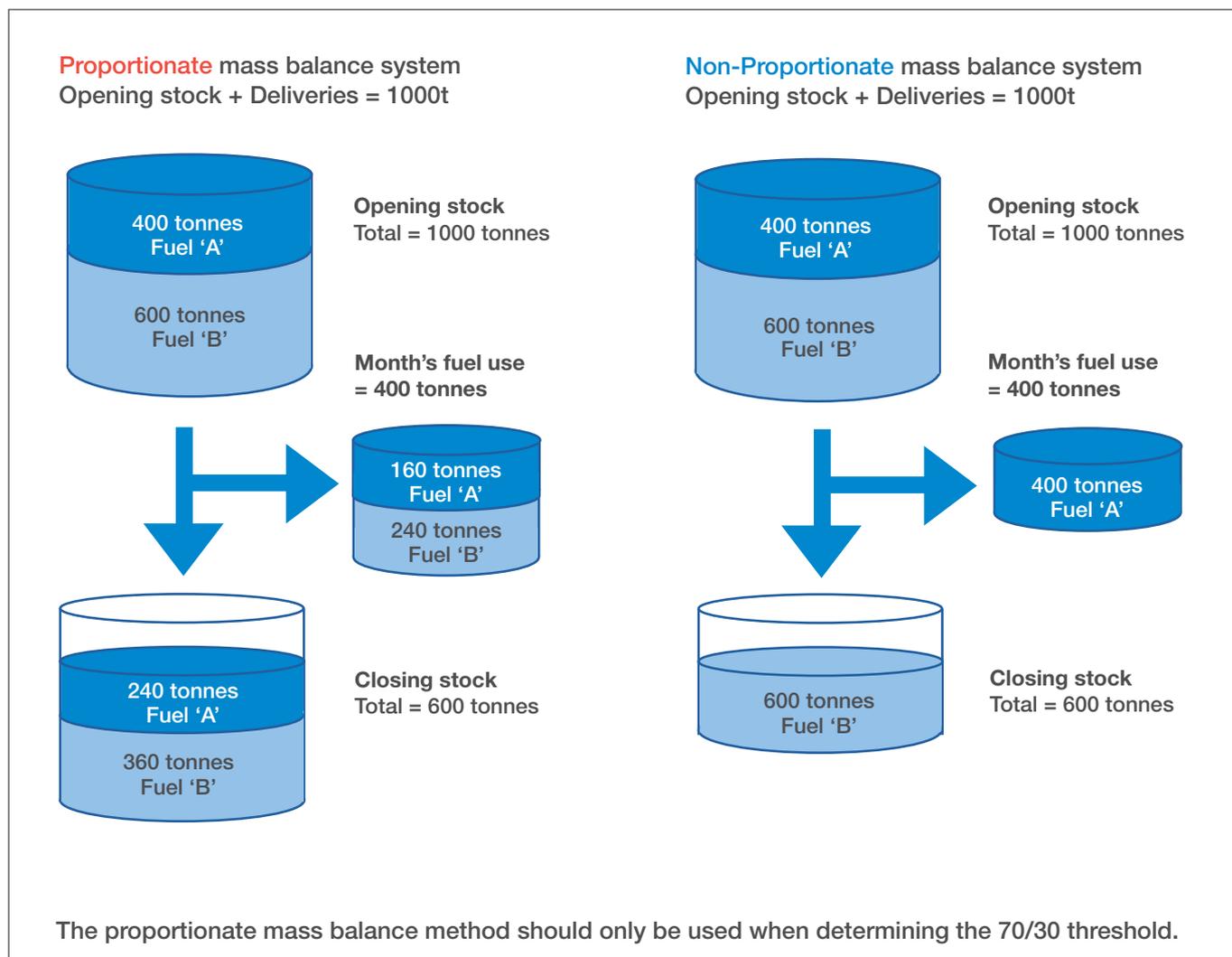
3.19 There are two ways of reporting through a Mass Balance approach. Figure 2 provides an example of how proportionate and non-proportionate mass balance systems are used to calculate opening and closing inventory of stocks.

⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/390148/141222_Risk_Based_Regional_Assessment_-_A_Checklist_Approach_-_Guidance_final.pdf

Figure 2 Proportionate and Non Proportionate Mass Balance

Generators may find it appropriate to operate a Mass Balance System approach if they:

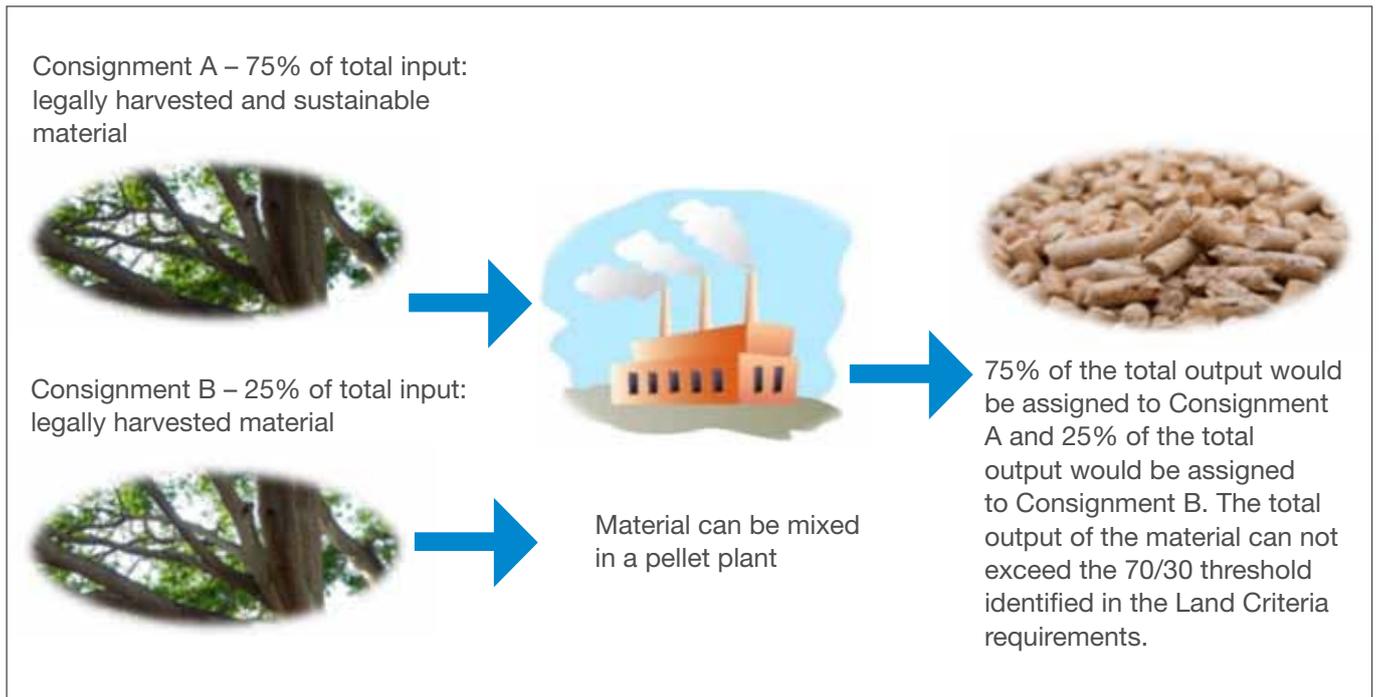
- do not have 100% or do not always source legally harvested and sustainable material;
- buy from many different sources of Woodfuel;
- have limited internal processes to avoid mixing of material from a legally harvested and sustainable consignments with legally harvested consignments; and
- they already account for some or all of Woodfuel using mass balance approaches.



Source: *Renewables Obligation: Sustainability Criteria, Ofgem. © Crown copyright 2018*

3.20 In order to comply with the 70/30 threshold as listed in the Land Criteria requirements, Generators must be able to account for the ratio between legally harvested and sustainable consignments and only legally harvested consignments of biomass accurately. The information must be traceable through the supply chain as this may be requested by LCCC for SC Purposes or required for the SC Annual Compliance Report and SC Audit. Generators should note that the 70/30 rule is not available to Bioliquid stations. A Mass Balance approach allows sources of Biomass with varying percentages of legally harvested and sustainable sources and legally harvested only sources to be mixed whilst ensuring that this is accurately reported to demonstrate compliance of the 70/30 threshold. This can be evidenced in Figure 3.

Figure 3 Mass Balance Approach



3.21 The Mass Balance System requires the sustainability profile attributed to the sum of all the consignments withdrawn from a mixture to be the same, and in the same quantities, as the sustainability profile of the sum of all the consignments added to that mixture.

3.22 When considering reporting and compliance, Generators should take the following in to account:

- A** the number of consignments of Biomass used at the Generating Station where the Project is a Dual Scheme Facility or, where there is only a Facility, then at the Facility. The number of consignments Generators report against will be agreed as part of their Fuel Measurement & Sampling (FMS) procedures;
- B** the Mass Balance System is to be used if different consignments of Biomass are mixed at the Generating Station if the Project is a Dual Scheme Facility (or, where there is only a Facility, at the Facility) or at any point in the supply chain; and
- C** gathering evidence, which may include the use of voluntary schemes, to demonstrate a mass balance chain of custody has been used, or that it is not required.

Section 4: Sustainability Criteria Reporting Requirements

- 4.1 All Generators (with a minimum Commissioned Installed Capacity of 1MW or above as referenced in Annex 7, Part C) are required to provide certain information monthly and annually to demonstrate compliance with Sustainability Criteria for each consignment of fuel.
- 4.2 The SC Reporting Obligations are set out in Part C, which covers Generators obligations to report performance to the LCCC and to allow audit of compliance by LCCC (and/or parties that LCCC nominates to perform such audit). The results of this SC reporting and auditing in turn feed into the calculation of the Renewable Qualifying Multiplier on the basis set out in Part E of Annex 7.

Monthly Reporting

SC Monthly Report

- 4.3 Generators are required from the Start Date to submit the SC monthly report which comprises of SC Monthly Information (and accompanying Directors' Certificates in accordance with Annex 7, Part C) directly to LCCC. Generators must submit the SC monthly reports by the RQM Submission Deadline, which is the final Business Day of the second calendar month falling immediately after the relevant RQM Calculation Month. The SC Monthly Information is included in the FMS Report template (please engage with LCCC to receive a copy of this). If the SC Monthly Information is not provided by the submission deadline, LCCC may deem the RQM to be zero for that RQM Calculation Month in accordance with Annex 7, Part E (RQM Calculation Methodology).

Content requirements

- 4.4 Each submission of SC Monthly Information shall include confirmation from the Generator as to whether it considers:
- the relevant Land Criteria has been fully complied with in respect of the relevant RQM Calculation Month; and
 - the relevant Greenhouse Gas Emissions Criteria has been fully complied with in respect of the relevant RQM Calculation Month by reporting the GHG emission figure.
- 4.5 The SC Monthly Information shall be provided in relation to each consignment of Biomass used to generate electricity at the Facility in respect of the relevant RQM Calculation Month; and, where there has been a mixture of consignments of fuel used to generate electricity at the Facility, by application of a Mass Balance System. As part of their FMS Procedures, we require Generators to outline the number of consignments and what type of Mass Balance System is in operation.
- 4.6 SC Monthly Information should be reported as part of a reporting template that will be provided to Generators by LCCC by way of the FMS Data, enabling them to report this information alongside their FMS Data (further information on this is contained in the Fuel Measurement and Sampling Guidance⁸) for each RQM Calendar Month.
- 4.7 Each submission of SC Monthly Information shall be accompanied by a Directors' Certificate certifying that, to the best of the Generator's knowledge and belief (having made all due and careful enquiries), such SC Monthly Information is true, complete and accurate in all material respects and is not misleading, in each case by reference to the facts and circumstances then existing. Please refer to the template provided in Annex 1 of this guidance.

⁸ <https://lowcarboncontracts.uk/sites/default/files/publications/FMS%20Guidance%2029032018.pdf>

4.8 As part of this submission, Generators do not need to provide the evidence that shows how they have complied with the SC requirements (unless requested to do so). However, this information should be kept in accordance with FMS Procedures⁹ agreed with LCCC as this information may be required to assess compliance with Annex 7 of the Conditions and may also be reviewed by the auditor as part of the SC Audit Report.

Annual Reporting

SC Annual Compliance Report

4.9 Generators are required from the Start Date to submit a SC Annual Compliance Report annually covering a period of 1 April – 31 March. Where requested in writing by LCCC the SC Annual Compliance Report will also be accompanied by a Directors' Certificates (see template in Annex 1 of this guidance). The SC Annual Compliance Report should be submitted directly to LCCC and our technical advisor, no later than the SC Annual Submission Deadline (i.e. 30 June immediately following the relevant SC Audit Year). If the SC Annual Compliance Report is not provided by the submission deadline, LCCC may apply penalties.

Content requirements

- 4.10 Each SC Annual Compliance Report submission shall include Profiling Information¹⁰ which requires Generators to identify the origins and characteristics of Biomass. Where the Generators are using other fuels such as Waste or wholly derived from Waste, Generators will be required to submit similar information (as detailed in Annex 7, Part C of the Conditions).
- 4.11 For Generators using Bioliquids, the Bioliquid Sustainability Audit Report and/or (where applicable) Solid and Gaseous Biomass Sustainability Audit Report is an additional content requirement (detailed in Annex 7, Part C of the Conditions).
- 4.12 The SC Annual Compliance Report provides information to LCCC as required by the CFD. Through the SC Audit report, it also provides an independent third party view as to whether Generators hold sufficient evidence in relation to the SC Monthly Information to demonstrate compliance with the SC.
- 4.13 A checklist (contained in Annex 2: SC Annual Compliance Report Checklist) has been developed to outline the content requirements and to assist Generators in checking that the SC Annual Compliance Report covers all of the relevant requirements. In addition to any responsibility held by the verifier, Generators have a responsibility to ensure they are satisfied that the sustainability audit report meets the contractual requirements before submitting it to LCCC and our technical advisor.

SC Audit Report

- 4.14 LCCC require a submission of the SC Audit Report (the content requirements detailed in Part C of Annex 7 of the Conditions) which can be submitted with the Profiling Information together to be included in the SC Annual Compliance Report.
- 4.15 The SC Audit report must be prepared by a person who is not a Generator and not a connected person¹¹ and be prepared in accordance with the requirements in respect of limited assurance engaged prescribed in ISAE 3000 or an equivalent standard.
- 4.16 The SC Audit report must contain content (content requirements expanded on below) satisfactory to LCCC, therefore we encourage Generators to get in touch at the earliest opportunity if they have any queries by writing to us at contractmanagement@lowcarboncontracts.uk. LCCC will review the SC Audit Report and raise any queries with the Generator if it doesn't include or comply with the requirements set out in Part C of Annex 7 of the Conditions.

⁹ <https://lowcarboncontracts.uk/sites/default/files/publications/FMS%20Guidance%2029032018.pdf>

¹⁰ <https://lowcarboncontracts.uk/sites/default/files/publications/LCCC%20Profiling%20data%20and%20audit%20subject%20matter%20template%20May%202018.xlsx>

¹¹ Connected person shall be construed in accordance with sections 1122 and 1123 of the Corporation Tax Act 2010

Content requirements

4.17 The SC Audit report must contain a detailed narrative identifying whether the systems used to produce the Relevant Sustainability Information are likely to produce information which is reasonably accurate and reliable. A further breakdown of this information is as follows:

- a detailed narrative identifying whether the systems used to produce the Relevant Sustainability Information are likely to produce information which is reasonably accurate and reliable;
- a detailed narrative identifying controls in place to avoid material misstatements due to fraud and or error relating to Relevant Sustainability Information;
- a detailed narrative on reporting and measurement methodologies on Relevant Sustainability Information relied on by Generators;
- a detailed narrative on the robustness of the data Generators have relied on to prepare the Relevant Sustainability Information;
- a detailed narrative on the selected information and reporting criteria;
- professional standards applied and level of assurance;
- work undertaken by auditors in order to provide the SC Audit Report;
- generators responsibilities;
- auditors responsibilities; and
- auditors conclusion which should state whether anything has come to the attention of the auditor which indicates that the Relevant Sustainability Information is not accurate.

Ancillary Reporting

4.18 In accordance with Annex 7, Part C of the Conditions, LCCC may request additional information for SC Purposes. This may be for a wide range of scenarios but related to assisting to verify and assess compliance in accordance with the obligations in the CFD. Generators are required to provide LCCC with the requested information.

Section 5: SC Audit

5.1 In addition to the audit reports, forming part of the SC Annual Compliance Reports, the CFD sets out a right for LCCC to perform SC Audits.

Scope of SC Audit Right

5.2 Generators shall grant LCCC (and persons nominated by the CFD Counterparty and considered by the CFD Counterparty to be suitably qualified) access to:

- A** the Facility; where the Facility is a Dual Scheme Facility, the Generating Station; any plant, machinery, processing or storage facility associated with the Facility or, where the Facility is a Dual Scheme Facility, the Generating Station; and any location at which fuel used or to be used at the Facility or, where the Facility is a Dual Scheme Facility, the Generating Station is located, in each case owned, occupied or controlled by Generators and to which Generators can lawfully grant access;
- B** the books and records of the Generators, insofar as they relate to matters pertinent to the SC Purposes;
- C** the directors, officers and employees of the Generators who will be instructed to give promptly all Supporting Information reasonably requested by the CFD Counterparty (and any persons nominated by it in accordance with the CFD)); and
- D** in each case as the CFD Counterparty considers to be reasonably necessary for the CFD Counterparty to fulfil the SC Purposes (the “SC Audit Right”).

5.3 LCCC shall give a notice to Generators if we intend to carry out an SC Audit. An SC Audit Notice shall specify that LCCC or any persons nominated by it intend to exercise the SC Audit Right and shall specify the date by which Generators must permit the exercise of the SC Audit Right.

5.4 On receipt of an SC Audit Notice, Generators shall permit LCCC or a nominated party to exercise the SC Audit Right at such time as LCCC may nominate, provided that it is no earlier than one (1) Business Day after receipt of the SC Audit Notice.

Failure to comply with SC Audit Right

5.5 If Generators fail to comply with its obligation to permit LCCC or a nominated party to exercise the SC Audit Right, LCCC may elect to suspend payment of any Net Payable Amounts which would otherwise be payable by LCCC to Generators in any period during which Generators are in non-compliance with such obligation.

Contact

5.6 Generators should get in touch at the earliest opportunity if they have any queries by writing to us at contractmanagement@lowcarboncontracts.uk.

Annex 1: SC Monthly Report Cover Letter and Directors Certificate

To: Low Carbon Contracts Company Limited (the “CFD Counterparty”)
Fleetbank House
2-6 Salisbury Square
London
EC4Y 8JX

From: [] (the “**Generator**”)

[date]

Dear Sirs
CFD ID []
SC Monthly Information

We refer to the agreement dated [XX XX XXXX] between you as CFD Counterparty and us as the Generator (the “**Agreement**”). Terms and expressions defined in or incorporated into the Agreement have the same meaning when used in this letter.

We further refer you to paragraph [XX] of Part C of Annex 7 of the Agreement.

We enclose the SC Monthly Information in relation to [month], being the relevant RQM Calculation Month.

We also confirm, in respect of [month] that the relevant Land Criteria and the relevant Greenhouse Gas Criteria have each been fully complied with.

We enclose a Director’s Certificate certifying that, to the best of our knowledge and belief (having made all due and careful enquiries), such SC Monthly Information is true, complete and accurate in all material respects and is not misleading, in each case by reference to the facts and circumstances then existing.

Yours faithfully,

.....

For and on behalf of
the **Generator**

Directors' Certificate

[Company Name]
[Unique Reference Number: [•]]
(the "Company")

CONTRACT FOR DIFFERENCE – DIRECTORS' CERTIFICATE

To: **[•]** (the "CFD Counterparty")

I, **[•]**, being a Director of the Company, refer to the contract for difference entered into by the Company and the CFD Counterparty on **[•]** (the "Agreement"). Terms defined in or incorporated into the Agreement have the same meanings when used in this Certificate.

I hereby certify that, having made all due and careful enquiries **[to insert description of matters being certified]**. This Certificate is governed by and construed in accordance with English law.

.....
Name: **[•]**
Position: Director
Dated: **[•]**

.....
Name: **[•]**
Position: Director
Dated: **[•]**

OR:

.....
Name: **[•]**
Position: Director
Dated: **[•]**
in the presence of:

.....
Witness's name: **[•]**
Occupation: **[•]**
Address: **[•]**
Dated: **[•]**

Annex 2: SC Annual Compliance Report Checklist

Director's Certificate (if requested by LCCC)	
Profiling data – to be completed using template provided by LCCC	
Audit Report shall include:	
	Title – clear title using the wording 'Independent Assurance Report'
	Date – include the date of the report.
	Addressee – this should set out the name and address of the organisation subject to the CFD which operates the Facility.
	Responsibilities of Generator and auditor – There should be a clear section setting out the responsibilities of the Generator and the responsibilities of the auditor.
	Statement confirming ISAE 3000 – the audit report should confirm that it has been performed in accordance with ISAE 3000 (revised).
	Statement of ISQC1 and IESBA – the auditor should outline whether they comply with ISQC1 – International Standard on Quality Control 1. and IESBA - International Ethics Standards Board for Accountants. If they do not comply with them directly, they should outline what they have in place which is equivalent and whether this includes any national or international standards.
	Identification of the assessment criteria – the report should set out the assessment criteria referring to the CFD Contract and the date it was signed. The assessment criteria may at times include guidance where it is relevant such as the BEIS Woodfuel guidance documents as referenced in the beginning of this document.
	Identification and description of subject matter – this should make clear reference to the Facility name, the annual period for which the audit is taking place and provide the data which is subject to audit. We recommend engaging with LCCC to determine if there is a preferred template to display this data within the audit report. A link to the Profiling Information template can be found [HERE] .
	Summary of work performed – this section should outline what the auditor has done as part of the assurance engagement and give an overview of the evidence reviewed. This should touch on consignment, fuel classification, evidence for compliance with the Land Criteria, greenhouse gas emission calculations and operation of any mass balance system. The FMS Procedures are fundamental to supporting the Generator demonstrate compliance by consignment and therefore we expect the auditor to have an understanding of these and be comfortable that the Generator is operating these as agreed.
	Limitations (where appropriate) – if the auditor has experienced any limitations when undertaking the audit, they should set these out within the report. If they have not experienced any limitations, it is acceptable not to include this section.
	Restrictions on use of the report (where appropriate) – the auditor may wish to include any restrictions on the use of the report. Where these are included they must not restrict viewing by LCCC and our technical advisor.
	Opinion (auditor's conclusion) – the audit report will set out a clear conclusion which is the auditor's opinion once they have completed the work as part of the assurance engagement.
	Recommendations given, as appropriate – the audit may include any additional remarks or recommendations for improvements. Such recommendations should not affect the opinion.
	Details of the verifier and signature – the audit should be signed by the auditor or auditing company and also the location the auditing company is based.

	Detailed narrative identifying systems and whether they will produce information which is reasonably accurate and reliable
	Detailed narrative identifying controls to protect against material misstatement due to fraud or error
	Detailed narrative specifying frequency and methodology of any sampling
	Detailed narrative as to the robustness of data
	Identification if environmental quality assurance certification (Bioliqoid only)
	Identification whether restored land bonus included (Bioliqoid only)
	Identification emission saving from soil carbon accumulation (Bioliqoid only)
	Any recommendations made for the previous reporting period have been addressed

© Low Carbon Contracts Company Ltd
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX
lowcarboncontracts.uk
e: info@lowcarboncontracts.uk
Company registration number: **08818711**

author: Shazia Hussain
e: Shazia.Hussain@lowcarboncontracts.uk
publication date: 23 May 2018