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| Ensuring value for money in the allocation of CfDs is central to Government’s objective of decarbonising the electricity system at least cost to consumers. Government has set out a process where CfDs for renewables will be allocated on lowest price where demand exceeds availability, and a vision for CfD allocation seeing increasing competition within and between low-carbon technologies. In August 2013, Government set out its intention that future CfD allocation for nuclear and CCS projects would come within this framework. A workshop with CCS and Nuclear developers and other interested parties was held on 9 October 13 to discuss how CfD allocation could work for nuclear and CCS and the potential for using competitive allocation models. The slides presented at the workshop have been published alongside this request for feedback. We are now seeking more detailed feedback on the issues discussed from those that attended the meeting, as well as inviting comments from others that may have an interest. Below, is a list of the areas on which we would particularly welcome feedback, although please don’t feel constrained to these areas if there are other related points you would like to make.Feedback provided, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).If you want information that you provide to be treated as confidential please say so clearly in writing when you send your feedback. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.Any feedback should be supported with evidence and emailed to emrcfddesign@decc.gsi.gov.uk **by 1700 on 31 October 2013**. |

**Respondent’s details**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name:** |  |  | **Company:** |  |
| **Role / Position:** |  |  | **Business address:** |  |
| **Email:** |  |  |  |
| **Telephone:** |  |  | **Industry sector:** |  |

## Questions

In answering the questions below, it may be helpful to refer to the Allocation Methodology for Renewable Generation, published in August 2013[[1]](#footnote-1). Please justify your responses with reference to the specific characteristics of nuclear and CCS technologies relative to renewable technologies.

### General allocation issues

1. The Allocation Methodology sets out a system of eligibility checks, milestones and target commissioning windows and longstop dates that are intended to provide developers with certainty of CfD award at earlier stage while ensuring that successful applicants are those with a strong chance of progressing to commissioning. Is the proposed system suitable for nuclear and CCS projects?
2. Would the proposed eligibility criteria work for nuclear or CCS? What additional eligibility checks might be needed?
3. What might demonstrate suitable evidence of financial commitment for nuclear and CCS projects? How does DECC/CfD Counterparty ensure developers make progress towards getting the necessary approvals (and eventually commission)?
4. What variations to target commissioning windows and longstop dates might be needed for nuclear/CCS?
5. Is the proposed structure for adjustments to capacity appropriate or necessary for nuclear / CCS?
6. How might the system of eligibility, milestones, target commissioning windows and longstop dates need to vary under a competitive allocation process?

### Competitive allocation models

1. What are the barriers to further improvements in underlying competitive conditions for nuclear and CCS? What steps can industry and Government take to resolve these barriers?
2. What options for competitive allocation should Government be considering?
3. Does the structure of evaluation and price-setting of the “constrained allocation” process in the Allocation Methodology work for nuclear and CCS?
4. Are there criteria other than price that are important in selecting nuclear and CCS projects? If so, which? How can these criteria be assessed? How can delivery against these criteria be monitored?
5. Does the position in the Allocation Methodology on adjustments to the Strike Price reflect an efficient balance of risks, given the specifics of nuclear and CCS projects?
6. Can contract terms for nuclear or CCS projects be largely fixed ahead of launching the allocation process?
1. <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/226976/Allocation_Methodology_-_MASTER_-_6_Aug_v_FINAL.pdf> [↑](#footnote-ref-1)