
STATUTORY INSTRUMENTS

2015 No. 1425

ELECTRICITY

The Contracts for Difference (Standard Terms) (Amendment) Regulations 2015

<i>Made</i>	- - - -	<i>23rd June 2015</i>
<i>Laid before Parliament</i>		<i>29th June 2015</i>
<i>Coming into force</i>	- -	<i>20th July 2015</i>

The Secretary of State has before making these Regulations—

- (a) consulted the persons listed in section 24(1)(a) to (g) of the Energy Act 2013⁽¹⁾ and such other persons as the Secretary of State considered it appropriate to consult; and
- (b) had regard to the matters in section 5(2) of that Act.

The Secretary of State, in exercise of the powers conferred by sections 6(1), 11(3), 14(2)(a) and 19(1) of the Energy Act 2013, makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Contracts for Difference (Standard Terms) (Amendment) Regulations 2015 and come into force on 20th July 2015.

Amendment of the Contracts for Difference (Standard Terms) Regulations 2014

2.—(1) Regulation 3 (provision to be included in standard terms) of the Contracts for Difference (Standard Terms) Regulations 2014⁽²⁾ is amended as follows.

(2) Renumber regulation 3 as paragraph (1) of that regulation.

(3) In paragraph (1)(a), after “the difference between the strike price and the reference price”, insert “, except during a period of negative pricing”.

(4) After paragraph (1) insert—

“(2) In paragraph (1)(a), “period of negative pricing”, in relation to a CFD, means a period determined under the CFD in which a market price of electricity is less than £0.”.

(1) 2013 c.32.
(2) S.I. 2014/2012.

3.—(1) Regulation 9 (preparation of a CFD) of the Contracts for Difference (Standard Terms) Regulations 2014 is amended as follows.

(2) After paragraph (2), insert—

“(2A) The Secretary of State may issue a replacement notice (a “replacement CFD standard terms notice”)—

- (a) for the purpose of correcting an error in the CFD standard terms notice;
- (b) for the purpose of updating a reference in the CFD standard terms notice to a version of the standard terms which has been superseded by revised standard terms issued in accordance with section 11(2) of the Act.

(2B) A replacement CFD standard terms notice may not be issued later than 20 working days before the commencement date stated in the allocation round notice.

(2C) A replacement CFD standard terms notice must be published on the CFD counterparty’s website as soon as reasonably practicable after it is received.”

(3) In paragraph (3)(a), after “notice” insert “or any replacement CFD standard terms notice”.

23rd June 2015

Andrea Leadsom
Minister of State
Department of Energy and Climate Change

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under the powers contained in Chapter 2 (contracts for difference) of Part 2 (electricity market reform) of the Energy Act 2013 (c. 32). They make amendments to the Contracts for Difference (Standard Terms) Regulations 2014 (S.I. 2014/2012) (“the 2014 Regulations”).

The contracts for difference scheme is subject to state aid approval from the European Commission, which imposed a condition⁽³⁾ on the contracts for difference scheme requiring that contracts for difference signed from 1st January 2016 should not permit payments to be made to generators during periods of negative electricity prices (where the price of electricity on the day-ahead power auction falls to less than £0).

Regulation 3 amends regulation 3 of the 2014 Regulations to enable the Secretary of State to issue standard terms which comply with the European Commission’s requirements and provides a definition of “negative price periods” which is linked to the provisions of the specific CFD contract.

Regulation 9 of the 2014 Regulations provides that, at the same time as issuing an allocation round notice, the Secretary of State must issue a standard terms notice specifying the terms which must be included in contracts for difference for a particular allocation round. Regulation 4 of these Regulations amends regulation 9 of the 2014 Regulations to enable the Secretary of State to issue a replacement CFD standard terms notice to the CFD counterparty where this is required for the purpose of correcting errors in the standard terms notice or updating a reference to a version of the standard terms where a new version of the standard terms has been issued after publication of the CFD standard terms notice. A replacement CFD standard terms notice can only be issued where twenty working days remain before the commencement date specified in the allocation round notice.

A full impact assessment of the effect that the CFD regime will have on the costs of business and the voluntary sector is available from the Department of Energy and Climate Change at 3 Whitehall Place, London, SW1A 2AW and is published with the Explanatory Memorandum alongside this instrument on www.legislation.gov.uk.

(3) EU Commission State aid decision SA.36196 (2014/N).