

G24 – CfD Generator Payments

Public

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Change Amendment Record

| Version | Date | Description |
|---------|------------------|--|
| 1.0 | 20 January 2022 | Go-Live Version |
| 2.0 | 14 October 2022 | Resolve the issue with the Late Payment Notice references for CfD Generators |
| 3.0 | 10 July 2023 | Reference added to Termination Fees in the CfD Contract |
| 4.0 | 26 October 2023 | Annual Review |
| 5.0 | 28 March 2024 | Link Update for Strike Price Adjustment spreadsheet location |
| 6.0 | 2 October 2024 | Annual Review |
| 7.0 | 29 January 2025 | Updates based on LCCC notes |
| 8.0 | 20 February 2025 | Link update for Market Reference Price location |
| 9.0 | 24 July 2025 | Updates to reflect new LCCC and EMRS visual identities |
| 10.0 | 27 October 2025 | Annual Review and breakdown of ad-hoc payment types added |

1. Introduction

The Contracts for Difference (CfD) scheme is designed to incentivise investment in low-carbon generation by offering Difference Payments to Generators. Suppliers are required to fund the CfD arrangements through the Supplier Obligation.

The CfD Scheme ensures that Generators receive a fixed, pre-agreed price for producing low-carbon electricity throughout the contract duration. This pre-agreed price is referred to as the ‘Strike Price’. As shown in the diagram below, if the Market Reference Price rises above the Strike Price, Generators repay the difference between the Strike Price and the Market Reference Price. The CfD allows Generators to stabilise revenues at the pre-agreed Strike Price for the duration of the contract. The CfD Allocation Round sets the Strike Price through a competitive auction. The “Difference Amount” is calculated by EMRS on behalf of the Low Carbon Contracts Company (LCCC), which is in turn funded by Licensed Suppliers within the GB Electricity Market based on their market share as per the “The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014”.¹

Please refer to the EMRS Settlement Calendar on the EMR Settlement Ltd (EMRS) website for more information on when payments for CfD Generators are invoiced and due, as well as on the Settlement Date and the Settlement Run².

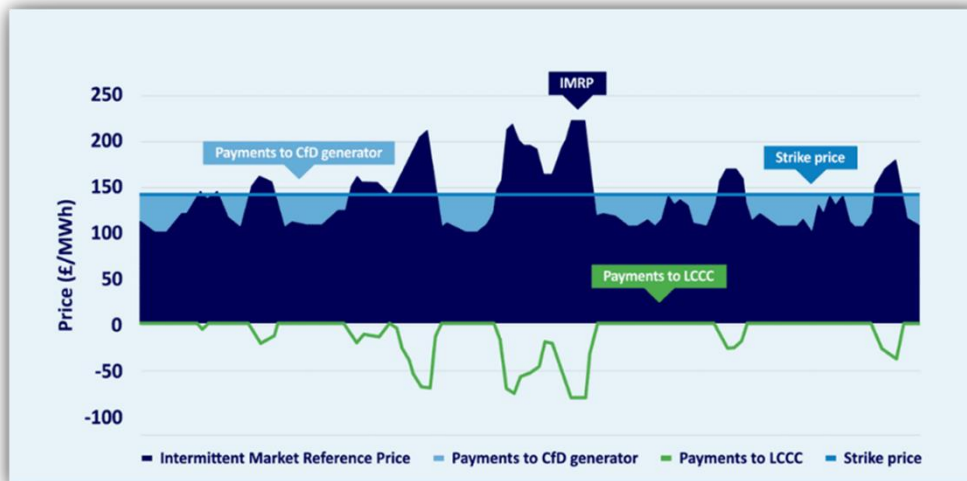


Figure 1: Strike Price Example

2. Purpose

The purpose of this document is to answer the following questions:

- What are the different CfD Generator Payments?
- What is a Strike Price Adjustment?
- How are CfD Generator Payments calculated?
- I am a new CfD Generator, when will my first payment be?
- How do I validate my Billing statement?
- What is the Standard Maximum Contract Capacity?
- What happens if I do not pay?
- What are Termination Events and Fees?

3. Who is this document for?

This guidance is relevant to CfD Generators.

¹ <https://www.legislation.gov.uk/ukdsi/2014/9780111116784/contents>

² <https://www.emrsettlement.co.uk/publications/settlement-data/>

4. Associated documents

This document should be read alongside the following:

- WP1 – Overview of EMR Settlement
- WP24 – CfD Settlement Required Information
- WP43 – CfD Generator Collateral

5. What are the different CfD Generator Payments

CfD Generator Payments are based on the Difference Amount between the appropriate Market Reference Price and the CfD's Strike Price. There are two Market Reference Prices, the Baseload Market Reference Price and the Intermittent Market Reference Price. The CfD Contract specifies which Market Reference Price applies, as well as the prices at which Generators sell their electricity under their usual power trading arrangements. Where the Strike Price (within the CfD Generator's Contract) is greater than the Market Reference Price, the Difference Payment is calculated and LCCC pay the Generator. Where the Generator's contracted Strike Price is less than the Market Reference Price, the Difference Amount will be negative, and so the Generator will owe money to LCCC. The Strike Price differs for each contract.



6. What is a Strike Price Adjustment?

The 'Strike Price' is the price at which Generators have bid in the CfD Allocation Round and is set out in the CfD Agreement. This agreement, together with the CfD Standard Terms and Conditions, forms the CfD. To protect the future value of the CfD, the Strike Price is adjusted annually by 1 April, for all CfDs to account for the following changes:

- **CPI:** The Consumer Price Index (CPI) is adjusted once per year to account for inflation.
- **Balancing System Charges:** The Strike Price can be adjusted to reflect changes resulting from the baseline values of the Allocation Round to the Residual Cashflow Reallocation Cashflow (RCRC).
- **Transmission Losses:** The Strike Price can be adjusted based on changes resulting from the baseline values for the Allocation Round from which the CfD arose, to the Transmission Loss Multiplier (TLM).

The Strike Price may also be adjusted for a Qualifying Change in Law or dispute resolution.

For more information on the Strike Price Adjustment and the Strike Price Adjustment spreadsheet, which is updated annually and shows how the Strike Price is calculated, please see the Strike Price Adjustment webpage on the LCCC website.³ In addition, the Strike Price Adjustment guidance can also be found on LCCC's website⁴. [Appendix 1](#) is a diagram showing how the Strike Price Adjustment is calculated for a Generic CfD Contract.⁵

³ <https://www.lowcarboncontracts.uk/our-schemes/contracts-for-difference/strike-price-adjustments/>

⁴ <https://www.lowcarboncontracts.uk/resources/guidance-and-publications/strike-price-adjustment-spa-guidance-march-2023/>

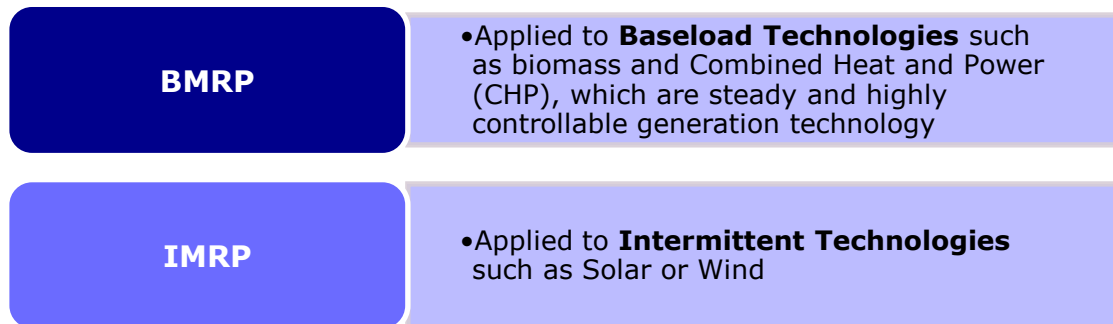
⁵ <https://www.gov.uk/government/publications/contracts-for-difference-standard-terms-and-conditions>

7. How are CfD Generator Payments calculated?

There are two forms of Market Reference Price, which may be used to calculate the Difference Payment. The type of Market Reference Price per technology is set out in Schedule 3 of the Allocation Framework for each Allocation Round.⁶

Information on the Baseload Market Reference Price (BMRP) and Intermittent Market Reference Price (IMRP) is based on standard terms but may vary by contract or technology.

How are BMRP Payments calculated?



BMRP is calculated on a seasonal basis using a traded volume weighted average based on forward season data. This data is received daily from the London Energy Brokers' Association (LEBA) and the resultant BMRP is published in April and October of each year on the EMRS website⁷.

EMRS calculate the daily Difference Amount per CfD Generator for each Settlement Day (Billing Period). The Difference Amount is the CfD Generator's loss-adjusted metered volumes (subject to any meter capping), subtracted by any dual scheme facilities Imported Electricity Allowance and is capped by MCC. Please see Section 10 for further information on MCC and [Appendix 2](#) for further information on BMRP and IMRP calculations.

Offshore Wind Farms that intend to build in a modular phased way over a multi-year period must meet the requirements of a single or apportioned metering phasing agreement. Further information on phased metering is available in G8 - Contracts for Difference Metering.⁸

The Difference Payments that CfD Generators are required to pay to LCCC are referred to as negative Net Payable Amounts in the CfD Standard Terms and Conditions. Please note, values of Net Payable Amounts (data item J1971⁹) in the backing data (D0365 – CfD Generator Invoice Backing Data¹⁰) will follow the sign convention specified in the contract but will appear as a positive amount on the invoice if the CfD Generator is required to pay.

i – Net Payable Amount is the Aggregate Difference Amount in respect of a Billing Period, plus any Reconciliation Amount and any Compensatory Interest.

How are Intermittent Technologies payments calculated?

Where the Generator plant uses Intermittent Technologies, the Market Reference Price is referred to as the IMRP. This is calculated using the GB day-ahead hourly price published by the intermittent day ahead indices, EPEX Spot and N2EX, which is used to derive the initial Difference Amount.

⁶ <https://www.gov.uk/government/publications/contracts-for-difference/contract-for-difference>

⁷ <https://emrs-beta.elexonhostings.co.uk/settlement-data/settlement-data-roles/>

⁸ <https://www.emrsettlement.co.uk/publications/guidance/>

⁹ <https://www.electralink.co.uk/dtc-catalogue/> - click View Items and enter J1971

¹⁰ <https://www.electralink.co.uk/dtc-catalogue/> - click View Flows and enter D0365

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Negative Intermittent Market Reference Price

There are two versions of negative pricing provisions that may apply in CfD Contracts for both Baseload and Intermittent Generators. However, not all CfD Contracts contain one of these provisions.

For contracts with a negative pricing provision, the difference, and hence the Difference Amount, is set to zero during a Rolling Negative Price Period.

The contract terms will indicate which of the two definitions of a Rolling Negative Price Period applies:

- i. Under the first version, a Rolling Negative Price Period applies when the IMRP has been below £0/MWh for six or more consecutive hours.
- ii. Under the second version, a Rolling Negative Price Period applies when the IMRP has been below £0/MWh for an hour or more.

For a CfD Contract without a negative pricing provision, the difference is capped to the Strike Price during settlement units with a negative IMRP:

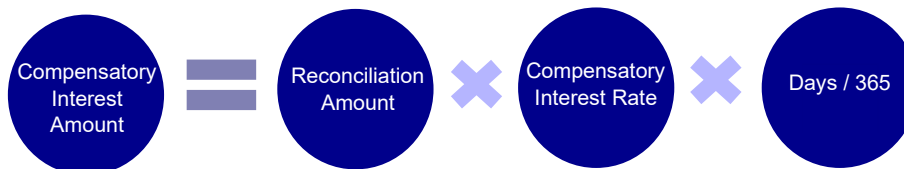


If the IMRP is ever £0/MWh, this is treated as a non-negative value and Intermittent Generators will be topped up to their Strike Price.

Please note that in current backing data the J2000¹¹ will show £0 for negative IMRP. The Market Reference Prices are available on LCCC's website.¹²

Reconciliation Amount

Reconciliation Amounts will include Compensatory Interest calculated for any positive or negative changes, where:



Other CfD Payment Types

In addition to the regular Difference Payments described above, several ad-hoc payments may arise under the CfD. These payments are not part of routine Settlement calculations but may occur in specific circumstances as defined in the CfD Agreement or supporting procedures.

| Payment Type | Description |
|--|--|
| Generator Tax Compensation | Compensation payable to a Generator to offset a Generation Tax liability, where applicable under the CfD Agreement. |
| Curtailment Compensation | Payment made where a Generator's output is curtailed under qualifying system-operation events, in accordance with CfD contract provisions. |
| QCIL Compensation (Qualifying Change in Law) | Adjustment arising from a Qualifying Change in Law event as set out in the CfD Standard Terms and Conditions. |
| SCIL Compensation (Sustainability Change in Law) | Payment or adjustment triggered by a Sustainability Change in Law event, as defined in the CfD Agreement. |
| Termination Amount | Amount payable to LCCC or to the Generator following termination of a CfD, in line with the contract's termination provisions. |
| Non-Settlement Payment | Ad-hoc payment outside the normal Settlement process (for example, a payment resulting from a dispute resolution outcome). |
| Historical Difference Payment | Adjustment to previously settled Difference Payments (for example, an update to the Historic Strike Price within the past ten quarters). |

¹¹ <https://www.electralink.co.uk/dtc-catalogue/> - click View Items and enter J1971

¹² <https://www.lowcarboncontracts.uk/our-schemes/contracts-for-difference/market-reference-prices/>

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These ad-hoc payments are administered by EMRS on behalf of LCCC and follow the same invoicing and settlement timetable principles set out in the EMRS Settlement Calendar, unless otherwise specified by LCCC.

8. I am a new CfD Generator, when will my first payment be?

LCCC will provide EMRS with the CfD Generator's notified Start Date and confirmed Start Date. These can be the same day but usually the notified Start Date is earlier as LCCC may need to carry out some additional checks. If the confirmed Start Date is after the notified Start Date, the first Billing statement will contain all Settlement Dates from notified Start Date to confirmed Start Date inclusive. Subsequent Billing Statements follow the EMRS Settlement Calendar.¹³

The invoice will be dated two Working Days (WDs) after the Settlement Administration Agent (SAA) Run Date for the Interim Information (II) Settlement Run Type and will cover any Settlement Dates for which that SAA Run included II data, e.g., Friday/Saturday/Sunday.

Payments due from EMRS to the CfD Generator are made 28 calendar days from the earliest relevant Settlement Date for which II data is included in the credit note, for example Friday + 28 calendar days. Payments due from the CfD Generator to LCCC will be due 10 WDs from the invoice date. After 10 WDs LCCC will set-off the invoice amount against any credit amount due to the CfD Generator.

CfD Generators receive either an invoice or a credit note depending on the difference between the Strike Price and Market Reference Price, including any Reconciliation Amounts and Compensatory Interest.

[Appendix 3](#) contains a simplified timeline of payments.

9. How do I validate my Billing statement?

Depending on the method selected at registration, CfD Generators will receive an email containing a PDF of the billing statement and CfD Generator Invoice Backing Data in two formats:


- .CSV (T025)
- .txt format (D0365)¹⁴

You can update how you receive backing data via My EMRS.¹⁵ Full details of both types of backing data with a complete break-down of the data items can be found in the EMRS 'Interface Definition Documents' found on the EMRS website¹⁶.

If you opted to receive backing data via the Data Transfer Network (DTN), the D0365 'CfD Generator Invoice Backing Data' flow will be sent over the DTN¹⁴. CfD Generators will still receive an email containing the PDF billing statement and .CSV backing data file. CfD Generators can find their billing statement and backing data on My EMRS¹⁵.

CfD Net Payable Amount payments are processed based on a Generator's volume of generated energy. Revenue received by Generators is a combination of the wholesale energy price or Power Purchase Agreement and the CfD Net Payable Amount (i.e., the difference between the Strike Price and the reference price). The backing data items' names and further details of the D0365 data flow can be found within the Data Transfer Catalogue (DTC)¹⁴.

During reconciliation, discrepancies may occur between invoiced and expected values. Reconciliation Amounts (RA) happen because of a recalculation of the Difference Amount due to updated information. For example, there may be an updated Renewable Qualifying Multiplier or Combined Heat and Power Qualifying Multiplier, etc., as well as any related Compensatory Interest on the Reconciliation Amount.

 **My EMRS** is a digital solution for CfD Generators to register, maintain and view their registration details.

¹³ <https://www.emrsettlement.co.uk/settlement-data/settlement-data-roles/>

¹⁴ <https://www.electralink.co.uk/dtc-catalogue/>

¹⁵ <https://my.emrsettlement.co.uk/>

¹⁶ <https://www.emrsettlement.co.uk/publications/interface-definitions/>

10. What is the Standard Maximum Contract Capacity?

The Final Installed Capacity (FIC) refers to the level of capacity commissioned at the Generator's Start Date. The FIC is used to set the Maximum Contract Capacity (MCC) under the CfD. Each Allocation Round will have its own budget that will include a capacity cap as well as the monetary budget. Details will typically be announced four to five months before an Allocation Round opens.

The MCC of an existing contract can be increased or decreased. This may occur for reasons such as, but not limited to, the adjustment of the Installed Capacity Estimate because of: a Permitted Reduction; a Relevant Construction Event; or LCCC acceptance of a Final Installed Capacity Notice. Any retrospective MCC changes will trigger a recalculation of the impacted Billing Periods.

Bids for Allocation Rounds are stacked in Strike Price order, starting with the lowest price. The EMR Delivery Body will allocate CfDs on this basis, noting total project valuations, until the Budget or Capacity Cap is breached. Successful participants will receive the clearing price for the relevant year as the auction utilises a pay as clear approach. This means that each Delivery Year will have a clearing price and successful applicants will be uplifted to the Strike Price level of the last affordable project in that Delivery Year. The Administered Strike Price for the applicable technology of the successful Applicant caps the uplift.

11. What happens if I do not pay?

CfD Generators must ensure appropriate payment run systems are in place that align with their CfD obligation to ensure payment due dates are not missed. Please contact EMRS for advice on late payments or payment due dates.

If a CfD Generator fails to pay, and this is the first instance where payment in full has not been received, EMRS will issue a Late Payment Advice Notice. An example of a Late Payment Advice Notice, along with detailed steps on the late payment process, can be found in Appendix 3 of WP41 - Late Payment Advice Procedure¹⁷. The Late Payment Advice Notice details the payment type, invoice number, total default payment amount and payment due date. Where any payment is not received in full by the due date, interest will be accumulated (where applicable, depending on the CfD Contract).

The amount of interest is calculated and invoiced when the outstanding amount has been paid in full. The total interest amount will be shown on the next invoice.

A second payment failure notice is sent after two missed payments. If there are three payment failures, then the Collateral process is triggered. Collateral must be lodged within set timescales and maintained for the duration of the requirement, even if the CfD Generator makes a subsequent payment. The requirement is normally to maintain the collateral for 12 months until a specified date, known as the Collateral Repayment Date. Further information on the CfD Generator Collateral process, as well as a diagram explaining when collateral is needed, can be found in WP43 - CfD Generator Collateral¹⁷.

Please note, if an invoice and a credit note are due on the same day, EMRS will net the invoice against the credit note. If there is a surplus remaining on the invoice, the CfD Generator must pay that amount to EMRS. Likewise, if there is a surplus on the credit note, EMRS will pay that amount to the CfD Generator.

EMRS will net-off any overdue invoices by offsetting against any credit amounts due to the CfD Generator. If there are no credit amounts due to the CfD Generator or if the Net Payment Amount or any Non-Net Payable invoices have not been paid on time, then this will lead to a payment failure. Examples of a Non-Net Payable Amount invoice include Qualifying Change in Law Decisions (QCIL), Generator Tax Compensation (GTC) or Curtailment Compensation.

12. What are Termination Events and Fees?

LCCC may instruct a Termination Event under the CfD for several reasons, including:

- Failure to meet milestone requirements in full and by the stated deadlines;
- Insolvency of the Generator;

¹⁷ <https://www.emrsettlement.co.uk/publications/working-practices/>

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- Non-payment by the Generator to LCCC (any Net Payable Amount that has not been paid by the 10th Business Day, or any Non-Net Payable Amount that has not been paid by the 20th Business Day);
- Fraudulent activity by the Generator;
- Failure to declare transfer arrangements; and
- Failure to comply with metering requirements.

If any of the above scenarios occur, a Termination Amount Notice will be sent to the Generator. The Termination Amount is due no later than 30 WDs from when the Termination Amount Notice was sent by LCCC. Interest will be applied (where applicable, depending on the CfD Contract) to the Termination Amount Notice from the day after the payment due date¹⁸.

There is a Net Payable Amount Cure Period to allow a CfD Generator the time to submit payments. The Net Payable Amount Payment Cure Period is 10 WDs from when the first Late Payment Advice was sent. The Non-Net Payable Amount Cure Period is 20 WDs from when the first Late Payment Advice was sent. The Late Payment Advice will be sent one day, six days and ten days after the payment due date.

If a CfD Generator's contract is terminated, other CfD Generators will not incur additional costs¹⁹.

13. Need more information?

For more information, please visit our website www.emrsettlement.co.uk or email us at contact@emrsettlement.co.uk. Designated information for CfD Generators is available on our Stakeholder Support webpage²⁰.

14. Acronyms and Definitions

A list of acronyms and definitions is available in our glossary on our website.

¹⁸https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/348142/Generic_CfD_TCs_29_August_2014_.pdf Section 53 Termination Events

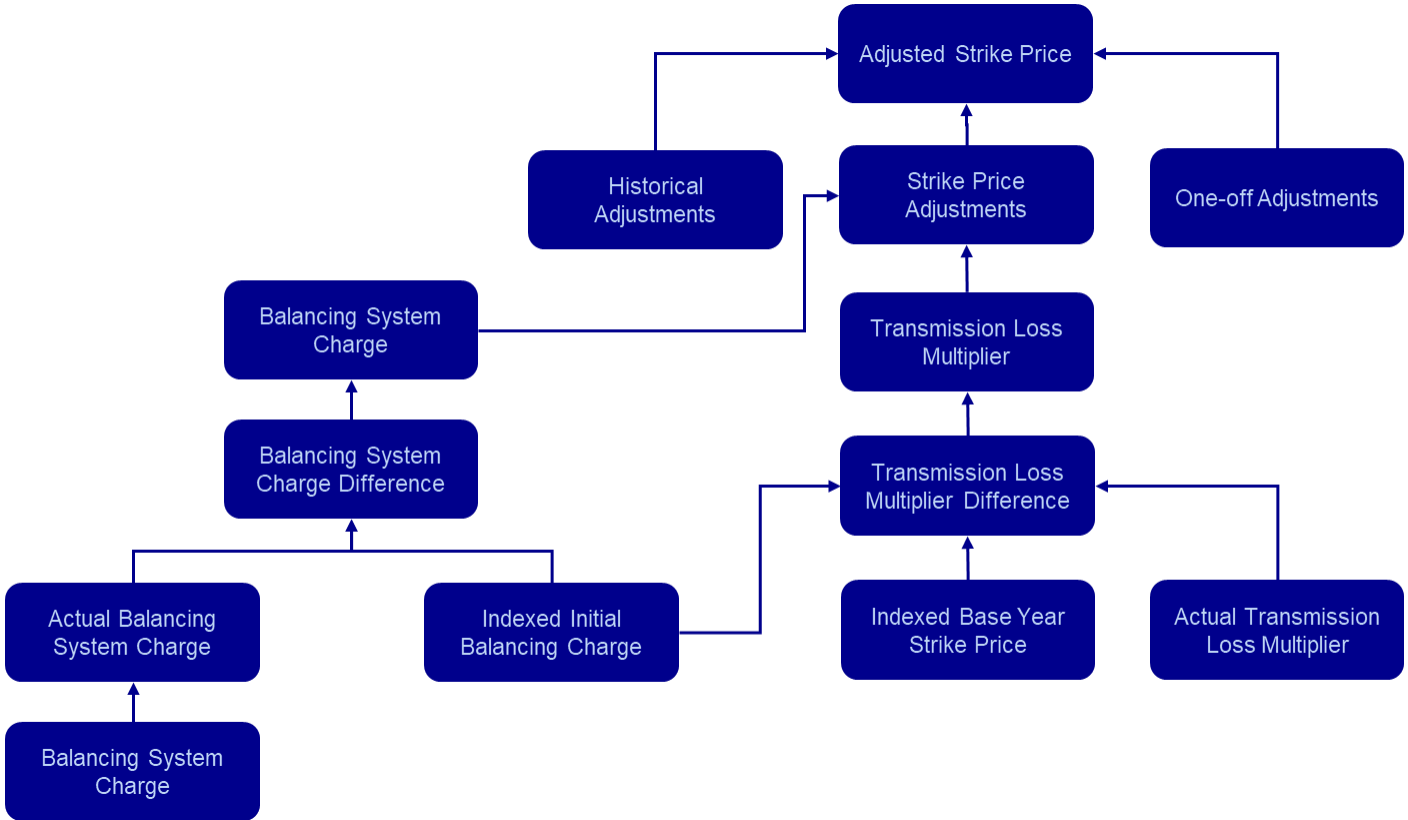
¹⁹Termination fee amounts are found in the annex of the CfD Standard Terms and Conditions

²⁰ <https://www.emrsettlement.co.uk/stakeholder-support/stakeholder-support-cfd-generators/>

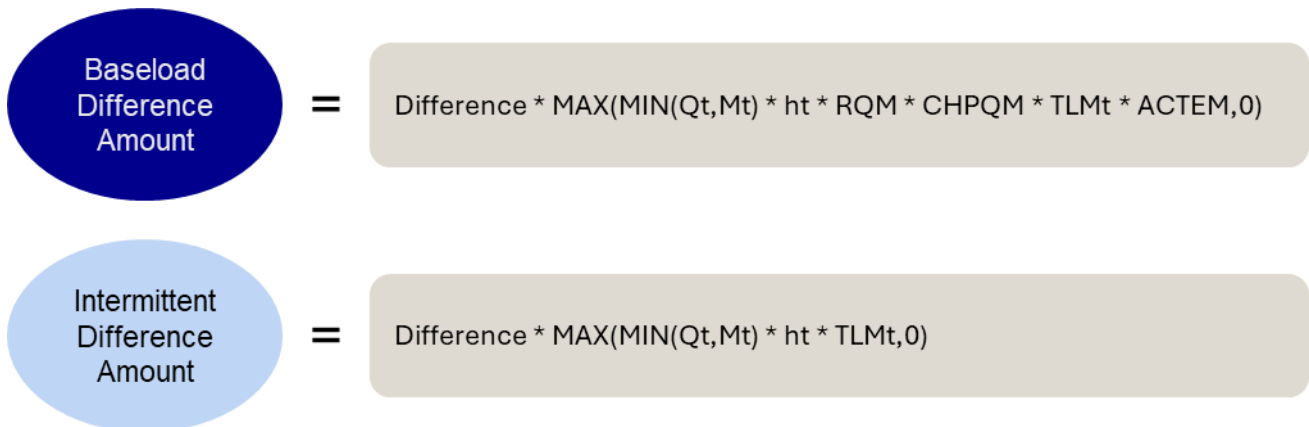
15. Appendices

15.1. Appendix 1: Calculating Strike Price Adjustment for a Generic CfD

The diagram below provides an overview of the factors in the Adjusted Strike Price calculation. Further information on this can be found on the LCCC website²¹.



15.2. Appendix 2: Baseload Market Reference Price and Intermittent Technologies Payment Calculations



Difference = $\text{Min}(SP_t - MRPt, SP_t)$.

Qt: Maximum Contract Capacity applicable to a Settlement Unit (t).

ht: Number of hours in a Settlement Unit (t).

SPt: is the Strike Price in Settlement Unit (t).

²¹ <https://www.lowcarboncontracts.uk/our-schemes/contracts-for-difference/strike-price-adjustments/>

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MRPt: is the Market Reference Price applicable to Settlement Unit (t).

RQM: The Renewable Qualifying Multiplier (RQM) is calculated for each month of electricity generation and is applied to any 'Settlement Units' falling in that calendar month. The RQM determines the payments made to Generators based on the renewable content of their fuels, as determined by Fuel Measurement and Sampling (FMS). Generators are required to provide monthly output data and FMS details to allow RQM calculations. LCCC also have the right to perform FMS audits. If LCCC intend to carry out an FMS Audit, then they will give an FMS Notice to the Generator that will include the date by which the Generator must permit the exercise of the FMS Audit Right.

CHPQM: Combined Heat and Power Qualifying Multiplier (CHPQM) ensures only generated output from low carbon sources that provide good quality Combined heat and Power are provided with CfD payments. Generators must maintain their Combined Heat and Power Quality Assurance certification annually once operating and for the duration of any CfD offered in order to continue to receive support.

TLM: The Transmission Loss Multiplier (TLM) is allocated in accordance with the Balancing and Settlement Code (BSC), or any new or substituted multiplier or factor which is in the nature of, or similar to, a TLM in Settlement Unit.

ACTEM: is the ACT Efficiency Multiplier in the Settlement Unit (t) if the ACT Efficiency Multiplier is expressed to apply to the Contracts for Difference in the CfD Agreement or, otherwise, one (1).

M: Metered Output during Settlement Unit (t).

15.3. Appendix 3: Payments Timeline

The timeline below shows at a high level when CfD Generators can expect to be paid and a Billing statement is issued.

