

Contracts for Difference Allocation Round 4: Allocation Guidance

Guidance by the EMR Delivery Body for Allocation Round 4

Final Version 1.1

November 2021

Legal Disclaimer and Copyright

Disclaimer

This guidance document has been prepared by National Grid Electricity System Operator Limited (NG ESO) and is provided voluntarily and without charge. Whilst NG ESO has taken all reasonable care in preparing this document, no representation or warranty either expressed or implied is made as to the accuracy or completeness of the information that it contains and parties using information within the document should make their own enquiries as to its accuracy and suitability for the purpose for which they use it. Neither NGENSO nor any other companies in the National Grid plc group, nor any directors or employees of any such company shall be liable for any error or misstatement or opinion on which the recipient of this document relies or seeks to rely other than fraudulent misstatement or fraudulent misrepresentation and does not accept any responsibility for any use which is made of the information or the document or (to the extent permitted by law) for any damages or losses incurred.

Capitalised terms used in this document shall have the same meanings given in the Contracts for Difference (Allocation) Regulations or the Allocation Framework, Schedule 1.

Please note that the rules outlined in Contracts for Difference (Allocation) Regulation and the Allocation Framework for AR4 take precedence over this guidance document and participants are encouraged to familiarise themselves with these rules, and if appropriate seek legal advice, before proceeding with an application.

Confidentiality

This guidance document, and its contents should be considered as confidential in nature, and this document is supplied on this basis. No part of this document may be reproduced in any material form (including photocopying and restoring in any medium or electronic means and whether or not transiently or incidentally) without the written permission of NG ESO.

Version control



The table below will record the page numbers of any new changes to the document for each version. The new general changes will be highlighted in **yellow** throughout the guidance document. Any changes updated due to policy changes are highlighted in **baby blue**.

#	Changes	Pages	Date
1.0	Original draft for customer comment	-	01/11/2021
1.1	Final Version		25/11/2021

Introduction



- National Grid Electricity System Operator Limited (NG ESO) is the Delivery Body for Electricity Market Reform (EMR). Part of this role includes administering the qualification process and running the allocation of Contracts for Difference (CfD), in accordance with the CfD legislative framework and Department for Business, Energy and Industrial Strategy (BEIS) documents, specific to each CfD Allocation round.
- This document is part of a suite of guidance documents prepared by NG ESO which is to be used in conjunction with the relevant [Allocation Framework](#). It is designed to assist you with the technical aspects of completing the application form and the subsequent allocation processes.
- There is a feedback form attached to this document (in the top right-hand corner of this document). Please use the feedback form to provide feedback on this guidance document.
- This guidance document outlines the pre-application activities that Applicants are required to complete, prior to submitting a full application. However, you will still need to familiarise yourself with the [Allocation Framework](#) and eligibility requirements of the scheme when applying for a CfD, as this guidance is a supplementary document and is not an exhaustive list of the rules and eligibility requirements.
- A general overview of the CfD mechanism and Delivery Partners can be found [here](#) on our combined website.
- The Contracts for Difference Delivery Partners are:

nationalgridESO



Department for
Business, Energy
& Industrial Strategy

ofgem


LOW CARBON
CONTRACTS COMPANY

For general enquiries or support in using this guidance, please contact us via:

Phone: 01926 655 300

Email: EMR.CfD@nationalgrideso.com

nationalgridESO

How to use this guide



Our guidance documents have been designed to walk prospective applicants through the application process in a clear, simple and transparent format.

A toolbar runs along the bottom of each page showing which stage in the CfD Journey you are currently in.



Click on the home icon to return to the contents page.



We welcome all feedback so click on the feedback icon to leave any comments you may have regarding this guidance document.



For general enquiries or support in using this guidance, please contact us via:

Phone: 01926 655 300

Email: EMR.CfD@nationalgrideso.com

Contents

1.0 Valuation

1.1 Valuation and allocation overview

1.2 Valuation formula

1.3 Valuation - process overview

2.0 Sealed bids

2.1 Sealed bids - overview

2.2 a Sealed bid validation rules

2.2(b) Phased offshore wind validation rules

2.2(c) Example bids (validation - general)

2.3 Creating sealed bids

2.4 Sealed bid validation (system view)

2.5 Withdrawing from the CfD Process

3.0 Allocation

3.1 Allocation scenarios

3.2 Auction Process Overview

3.3 Delays to Allocation

3.4 Auction - General Principles

3.5 Independent Audit

4.0 Notification

Contact details and feedback

1.0 Valuation



During application valuation, the Delivery Body assesses the aggregate value of all qualifying applications for each Delivery Year against the pot budget and the total capacity against any applicable capacity cap, and any applicable Maximum or Minimum, to determine if a competitive allocation process (auction) is required.

This section also covers the auction process and general principles

Select from the buttons opposite to find out more:

**1.1 Valuation
and allocation overview**

**1.2 Valuation
formula**

**1.3 Valuation process
overview**

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification



1.1 Valuation and allocation overview

Valuation – the Delivery Body values all applications to determine whether allocation is constrained or unconstrained. If constrained an auction is run.

Auction – following the sealed bids submission window, the Delivery Body shall run a closed auction using the sealed bids that have been submitted.

Independent Audit – an independent auditor carries out an audit of the auction and valuation processes to verify the results.

Secretary of State review – auction results are provided to the Secretary of State who undertakes an Allocation Process Review, deciding on whether to Proceed, Re-run or Cancel the Allocation Process.

Notification – applicants are notified as to whether they were successful or unsuccessful at auction. The Delivery Body also provides notification of successful qualifying applicants to the Low Carbon Contracts Company.

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

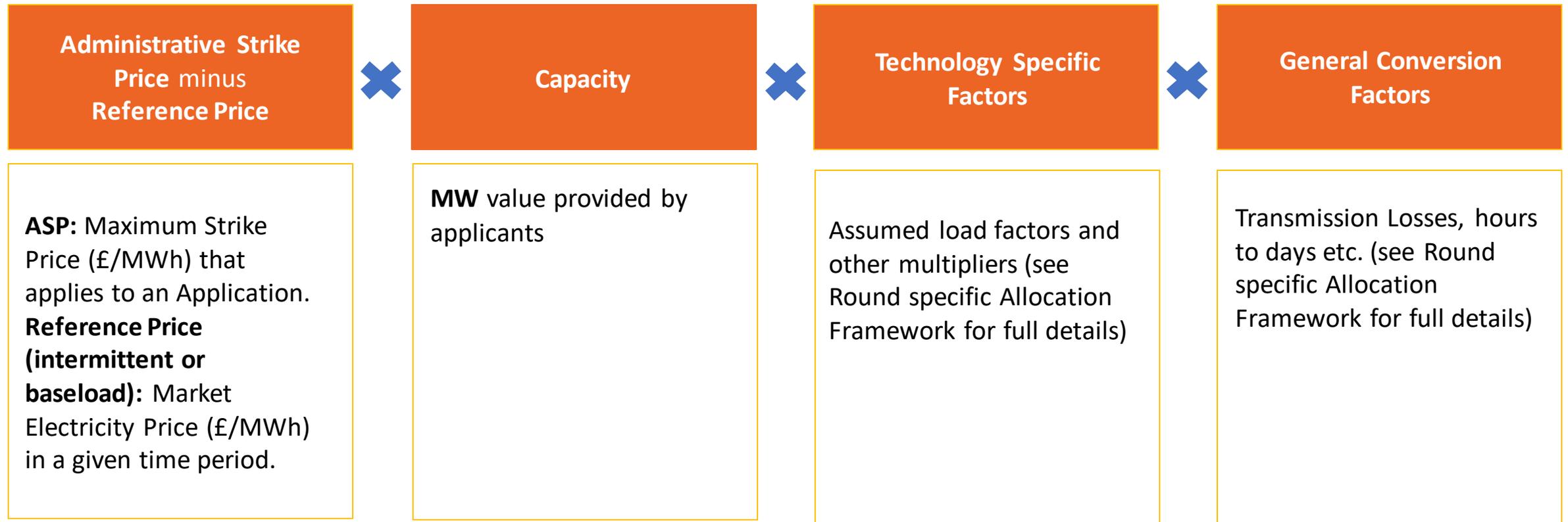
8. Allocation

9. Notification

1.2 Valuation formula



The Delivery Body uses a **Valuation Formula**, as stated in Schedule 2 of the Allocation Framework, to calculate the budget impact of each qualifying application. The variables used in this formula are published in the Round specific Allocation Framework and the same calculation is used for sealed bids, where an auction is required, using the Strike Price bid instead of the Administrative Strike Price (ASP).



1.3 Valuation - process overview



Valuation calculation - Following the assessment, data (capacity/TCD/TCW) is taken from each individual qualifying application and the valuation formula is applied to determine the budget impact of those applications.



Budget and capacity impact - The Delivery Body determines whether or not the valuation of all the qualified applications exceeds the overall pot budget. The total capacity for all qualifying applications is also used to determine whether the capacity limit for the round has been exceeded.



Unconstrained allocation - If both the budget and capacity cap are not exceeded, each qualifying application shall be offered a CfD at their technology specific Administrative Strike Price; this is known as unconstrained allocation.



Constrained allocation - If the budget and/or capacity limit is exceeded, then the Delivery Body shall run an auction between all qualifying applicants; this is known as constrained allocation.



2.0 Sealed bids



Where an auction (constrained allocation) is necessary ([see 1.0 Valuation](#)), in accordance with the Round specific Allocation Framework, the Delivery Body shall issue a Notice of Auction to all relevant qualifying and pending applicants, inviting the submission of sealed bids.

This section of the guidance document also covers sealed bid validation rules for both [general bids](#) and [multi-phased projects](#).

Applicants shall have 15 Working Days to submit their sealed bids from Notice of Auction.

Select from the buttons opposite to find out more:

2.1 Sealed bids - overview

2.3 Creating sealed bids

2.2(a) Sealed bid validation Rules

2.4 Sealed bid validation (System view)

2.2(b) Phased offshore wind validation rules

2.5 Withdrawing from the CfD Auction

2.2(c) Sealed bid validation examples

Auction Scenarios

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification

2.1 Sealed bids – overview



Who can submit sealed bids?

Where an Auction is necessary, in accordance with the Round specific Allocation Framework, the Delivery Body will issue a Notice of Auction to all **qualifying and pending applicants**, inviting them to submit Sealed Bids.

When can sealed bids be submitted?

Sealed bids must be submitted during **a 15 working day** sealed bids submission window, details of which shall be set out in the Notice of Auction. Once the window has closed the Delivery Body shall not be able to accept any further bids.

How are sealed bids submitted?

Sealed bids are submitted using the **EMR Delivery Body Portal**. A separate guidance video will be made available to explain how this process works in practice. Applicants can withdraw bids and resubmit during and up until the end of the sealed bids submission window. **Withdrawal of sealed bids** is also managed through the **EMR Delivery Body Portal**.

What changes can be made to sealed bids?

Applicants can vary the **Capacity**, **Target Commissioning Date (TCD)**, **Target Commissioning Window Start Date (TCWSD)** and **Strike Price** of each sealed bid. These changes can be submitted on or before the Submission Closing Date. Sealed bid validation rules are outlined in the [next section](#).

Consequences of not submitting or withdrawing sealed bids

Where no sealed bid is submitted, or if all sealed bids are withdrawn and not re-submitted by an applicant by the submission window closing date, the Delivery Body will assign the applicant a **single bid** with the **Administrative Strike Price**, **Target Commissioning Date**, **Target Commissioning Window Start Date** and **Capacity**, as specified in the original application.



2.2(a) Sealed bid validation rules



All sealed bids must be submitted using the EMR Delivery Body portal. The following criteria apply to sealed bids:

General

Applicants can submit a maximum of four sealed bids and up to two bids for the same Delivery Year.

Applicants may only submit a maximum of two sealed bids where the TCWSD of the original application is in the second delivery year.

Applicants may withdraw and re-submit sealed bids during the **15 working day** Sealed Bids Submission Window.

Only one sealed bid can have the same Target Dates (TCD and TCWSD) and Capacity as specified in the Original Application.

Each sealed bid must have a different combination of Strike Price, Capacity, and/or Target Dates (TCD and TCWSD).

Applicants who do not submit any sealed bids will be assigned a single bid using the ASP, the TCD, TCWSD and the Capacity, as specified in the original Application.

Strike Price

Strike Price in each sealed bid must be in pounds sterling (in 2012 prices).

The lowest Strike Price bid in each Delivery Year must be expressed to the nearest whole penny (i.e. £0.01), all flexible bids (in each Delivery Year) must be to a tenth of a penny (i.e. £0.001).

The Strike Price of each sealed bid cannot exceed the relevant Administrative Strike Price (ASP).

Capacity

The Capacity for each sealed bid cannot exceed the Capacity of the original application.

Where the technology type of any given CfD Unit must have a capacity greater than 5MW (i.e. including solar and onshore wind), sealed bids cannot be submitted below this threshold.

TCD and TCW

The Target Dates (TCD/TCWSD) cannot be earlier than the Target Dates specified in the Original Application, subject to Rule 12.2 (phased offshore).

The TCD for each sealed bid must fall within the TCW.

There should be a maximum of two TCWSDs per Delivery Year.

The TCW for most technologies is set at one year. Solar PV (>5MW) is set at 0.25 and Landfill Gas is set at 0.5.

Year 1 factor shall always be '1' in the final valuation year (VY2 – 2026/27 or 2028/29 depending on technology type) regardless of where the TCD or TCW is placed in any sealed bid.

Successful bids

Only one sealed bid per application may be a successful application. Contracts are awarded based on the information contained within the winning bid such as TCD, TCW and Capacity.

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification

2.2(b) Phased offshore wind validation rules



The following additional criteria apply to sealed bids for phased offshore wind projects (multi-phase):

General

All phases are taken into account when assessing budget impact against the budget profile.

The number of phases submitted for each sealed bid must match the number of phases specified in the original application.

Strike Price

A sealed bid must include a single Strike Price that shall apply to all phases.

The Administrative Strike Price cap for the Strike Price for each sealed bid applies from the Target Dates of the first phase.

Target Dates (TCD and TCW)

Target Dates for the first phase will be treated as the first TDs – each additional phase TD can not be earlier than this date.

TCD of the final phase can be no later than 2 years after the TCD of the first phase.

The TCD for each phase must be covered by the TCW for that phase.

TCWSD for phases 2 and 3 can be placed in either the Delivery or Valuation years, latest date 31 March 2029.

The first phase TCD must be targeted to complete by no later than 31 March 2027.

No phase of a phased project can have earlier TDs than the TDs of the first phase, as stated in the original application.

Capacity

Total Capacity of all phases in each sealed bid cannot be greater than 1500 MW.

Total Capacity of all phases in each sealed bid cannot exceed the total Capacity stated in the original application.

For each sealed bid, the Capacity of phase 1 cannot be greater than the Capacity of phase 1 of the original application.

The Capacity of the first phase must represent at least 25% of the total Capacity of the CfD Unit.

The Capacity of each phase must be greater than 5MW.

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification

2.2(c) Example bids (validation - general)



Below are examples of sealed bids that would either be accepted or rejected:

Original application (Application 'A')

Technology: AD
Admin Strike Price: £128.00
TCWSD: 01/02/2026 (DY1 2025-26)
TCD: 31/03/2026
Capacity: 50MW

Sealed bid 1 – Bid Accepted

Bid A1
Bid Strike Price: £90.42
TCWSD: 01/02/2026 (DY1 2025-26)
TCD: 31/03/2026
Capacity: 50MW

Sealed bid 2 – Bid Accepted

Bid A2
Bid Strike Price: £92.121
TCWSD: 01/02/2027 (DY2 2026-27)
TCD: 31/03/2027
Capacity: 25MW

Sealed bid 3 – Bid Rejected

Bid A3
Bid Strike Price: £200.01
TCWSD: 01/04/2025 (DY1 2025-26)
TCD: 30/04/2025
Capacity: 2MW

Sealed bid 4 – Bid Rejected

Bid A4
Bid Strike Price: £129.00
TCWSD: 01/04/2026 (DY2 2026-27)
TCD: 30/04/2026
Capacity: 55MW

Strike Price is greater than the ASP for DY1 (£128.00 for AD).

TCD is earlier than the TCD of the original application.

Capacity is less than 5MW (must be greater than 5MW for AD).

Strike Price is greater than the ASP for DY2 (£128.00 for AD).

Capacity is greater than that of the original application (50MW).

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification

2.2(c) Example bids (validation - offshore)



Below are examples of sealed bids for an offshore wind applicant, showing the original application and accepted/rejected bids:

Original application (Application 'A')

A – Phase 1	A – Phase 2	A – Phase 3
Admin Strike Price: £46.00	Admin Strike Price: £46.00	Admin Strike Price: £46.00
TCWSD: 01/04/2025 (DY1 2025-26)	TCWSD: 01/04/2026 (DY2 2026-27)	TCWSD: 01/06/2026 (DY2 2026-27)
TCD: 01/05/2025	TCD: 01/05/2026	TCD: 01/07/2026
Capacity: 500MW	Capacity: 500MW	Capacity: 500MW

Sealed bid 1 – Bid Accepted

Bid A1 – Phase 1	Bid A1 – Phase 2	Bid A1 – Phase 3
Bid Strike Price: £40.42	Bid Strike Price: £40.42	Bid Strike Price: £40.42
TCWSD: 01/09/2025 (DY1 2025-26)	TCWSD: 01/03/2026 (DY1 2025-26)	TCWSD: 01/07/2027 (VY1 2027-28)
TCD: 01/10/2025	TCD: 29/03/2026	TCD: 01/08/2027
Capacity: 200MW	Capacity: 600MW	200MW

Sealed bid 2 – Bid Rejected

Bid A2 – Phase 1	Bid A2 – Phase 2	Bid A2 – Phase 3
Bid Strike Price: £55.00	Bid Strike Price: £55.00	Bid Strike Price: £55.00
TCWSD: 01/04/2026 (DY2 2026-27)	TCWSD: 01/09/2026 (DY2 2026-27)	TCWSD: 01/02/2029 (VY2 2028-29)
TCD: 01/05/2026	TCD: 01/10/2026	TCD: 31/03/2029
Capacity: 2MW	Capacity: 2000MW	10MW

Strike Price is greater than the DY2 ASP (£46.00)

TCD of final phase is more than 2 years after the TCD of phase 1

Total capacity of all phases exceeds that of the original application.

Capacity is less than 5MW

Capacity exceeds 1500MW limit



2.3 Creating sealed bids (1 of 5)



Qualifying Applicants and applicants with Pending Status shall be notified as to when the sealed bid submission window is open. The window shall be open for a period of **15 working days**, after which no more bids will be accepted.

All sealed bids are submitted on a sealed bid submission form which is created in the EMR Delivery Body Portal.

Where no sealed bid is submitted by the Applicant by the Submission Closing Date, the Delivery Body must assign the Application a bid of the relevant Administrative Strike Price for its Technology Type, and the Target Dates and capacity, as specified in the Original Application.

Applicants do not directly participate in the actual auction process. The auction process is run on the Delivery Body auction system, based on the submitted sealed bids. Applicants will be notified of the results once the process has concluded.

The following slides in section 2.3, 2.4 and 2.5 explain, with screenshots, how to create, submit and withdraw sealed bids within the EMR Delivery Body Portal, once the submission window is open.

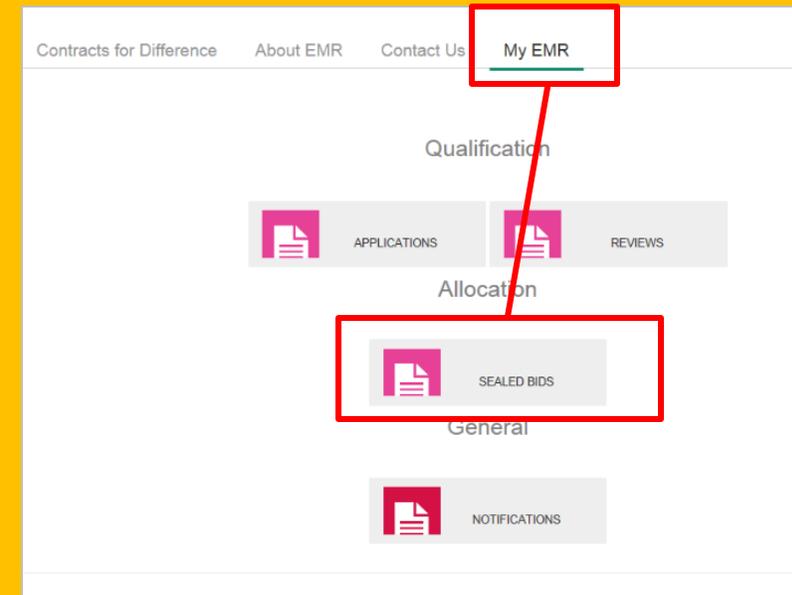


2.3 Creating sealed bids (2 of 5)



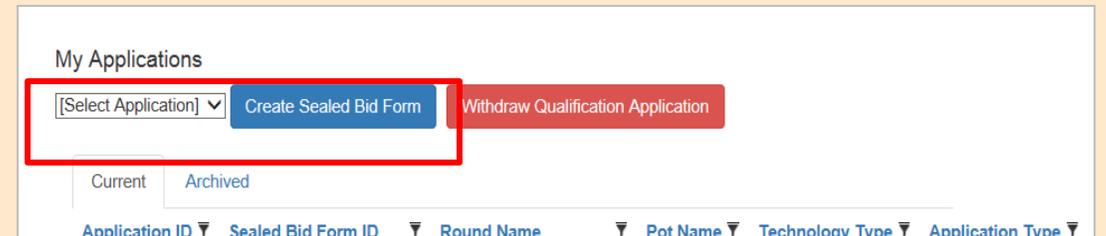
1) Accessing the sealed bids form

- Log in to the EMR Delivery Body Portal and navigate to My EMR.
- Select the sealed bids icon.



2) Creating a sealed bid form

- Select your CfD Application from the drop down
- Click on Create Sealed Bid Form



1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification

2.3 Creating sealed bids (3 of 5)



3) Editing the sealed bid form

- Select your newly created sealed bid form. You can View or Edit the form here.
- Click on Edit.

Created On | Status | Last Modified By | Last Modified On

08/11/2021 13:49:40	Saved			View	Edit	Withdraw SB
------------------------	-------	--	--	----------------------	----------------------	-----------------------------

4) Adding a sealed bid

- Scroll down to Flexible Bids
- Click on Add sealed bid

Flexible Bids
Created on 08/11/2021 13:49:40 by george.huntcfep

Action	Sealed Bid ID	TCW - Start Date	TCW - End Date	TCD	Delivery Year	Administrative Strike Price (£/MW)	Lowest Strike Price Bid for Delivery Year	Lowest Strike Price for Delivery Year (£/MW)	Strike Price Bid (£/MW)	Initial Installed Capacity Estimate (MW)
		Single Phase	Single Phase	Single Phase	Single Phase					Single Phase

[Add Sealed Bid](#)

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification

2.3 Creating sealed bids (4 of 5)



5) Editing an individual sealed bid by updating the values;

- Strike Price Bid (£/MW)
- Capacity (MW)
- TCW Start Date
- TCD

- Click on Save

The screenshot shows a web interface with a modal dialog box titled "Add New Sealed Bid". The dialog contains the following fields:

- Strike Price Bid (£/MW): 46.00
- Capacity (MW): 300.00
- TCW Start Date: 01/04/2025
- TCD: 01/06/2025

At the bottom of the dialog are "Save" and "Cancel" buttons. The background shows a table with columns for "Action", "Sealed Bid ID", "TCW Start Date", "Administrative Strike Price (£/MW)", "Lowest Strike Price Bid for Delivery Year", and "Lowest Price Delivered (£/MW)".

6) Submit the sealed bid form

- Click on Submit once you have created all of your sealed bids

The screenshot shows a table with the following data:

Round Name	Pot Name	Technology Type	Application Type	Name of CfD Unit	TCW - Start Date	TCW - End Date
				Single Phase	Single Phase	Single Phase
Sealed Bids Guidance 2	Pot 41	Offshore Wind	Min1	OW Sealed Bid Guidance	01/04/2025	31/03/2026

Buttons: Submit, Withdraw SB, Print

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification

2.3 Creating sealed bids (5 of 5)



7) Clearing Validation Errors

- Validation errors occur when sealed bid requirements have not been met.
- To clear Validation errors click on the pen icon to edit the sealed bid parameters.
- Repeat this process for all bids containing errors and re-submit until you receive a successful notification.

Validation Errors

- Sealed Bid CFD-2025-Sealed Bids Guidance 2-CFD-2021-22-7437-SB02-04 has a TCD which is after the end date of the delivery period (31/03/2027)
- Sealed Bid CFD-2025-Sealed Bids Guidance 2-CFD-2021-22-7437-SB02-02 has a total capacity of 400.00, which is greater than the total application capacity of 300.00.
- Sealed Bid CFD-2025-Sealed Bids Guidance 2-CFD-2021-22-7437-SB02-03 has a bid of 46.000 which is the same value as Sealed Bid CFD-2025-Sealed Bids Guidance 2-CFD-2021-22-7437-SB02-01
- Sealed Bid CFD-2025-Sealed Bids Guidance 2-CFD-2021-22-7437-SB02-04 has a bid of 46.000 which is the same value as Sealed Bid CFD-2025-Sealed Bids Guidance 2-CFD-2021-22-7437-SB02-01
- Sealed Bid CFD-2025-Sealed Bids Guidance 2-CFD-2021-22-7437-SB02-04 has the TCD outside the TCW window.



8) Withdrawing a sealed bids form

- Click on Withdraw SB to remove your bids from the process. Note – you will have to create a new sealed bid form once you have withdrawn.
- To complete the process, click on Withdraw SB from the sealed bids form.
- Then click Back to My Applications to return to the previous screen. The status will now be withdrawn.
- You can now submit a new sealed bid form if required.

Created On	Status	Last Modified By	Last Modified On			
08/11/2021 17:04:15	Submitted	george.huntcfdep	08/11/2021 17:09:38	View	Edit	Withdraw SB

Sealed Bids CFD-2025-Sealed Bids Guidance 2-CFD-2021-22-7437-SB02

[← Back to My Applications](#)

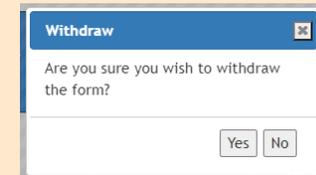
Original Application

Status: Submitted

Submit

Withdraw SB

Print



1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification

2.4 Sealed bid validation (system view)



Below are examples of how the EMR Portal system displays sealed bids once they have been saved in the system.

Strike price and capacity

Opposite is an example of two sealed bids for the same application, both submitted for the same delivery year.

In this example you can see that the system has validated the lowest strike price bid for the Delivery Year by highlighting it in green.

The highest strike price bid must be to the nearest tenth of a penny.

Delivery Year	Administrative Strike Price (£/MW)	Lowest Strike Price Bid for Delivery Year	Lowest Strike Price Bid for Delivery Year	Strike Price Bid (£/MW)	Initial Installed Capacity Estimate
Single Phase					Single Phase
2023/2024	121.00	Yes	25.12	25.12	60.50
2023/2024	121.00	No	73.97	25.12	45.75

TCD and TCWSD

Opposite is an example of four sealed bids for the same application that have been submitted across two delivery years.

This example shows the validation rules for the TCD and TCWSD. The TCD for each bid sits within the TCWSD start and end dates.

The system will automatically determine whether the TCWSD is in the first or second delivery year.

Sealed Bids ID	TCW - Start Date	TCW - End Date	TCD	Delivery Year
	Single Phase	Single Phase	Single Phase	Single Phase
CFD 2023-Sealed Bids- CFD-2021-17-4414-SB01-01	15/06/2023	14/06/2024	22/07/2023	2023/2024
CFD 2023-Sealed Bids- CFD-2021-17-4414-SB01-02	15/06/2023	14/06/2024	08/12/2023	2023/2024
CFD 2023-Sealed Bids- CFD-2021-17-4414-SB01-03	13/04/2024	12/04/2025	15/05/2024	2024/2025
CFD 2023-Sealed Bids- CFD-2021-17-4414-SB01-04	15/06/2024	14/06/2025	22/11/2024	2024/2025

Validation rules – full validation rules can be found in **2.2(a)** and **2.2 (b)**



2.5 Withdrawing from the CfD Process



Qualifying Applicants have the opportunity to withdraw their Application from the CfD process in the sealed bids window, without incurring the [Non-Delivery Disincentive](#).

WARNING

If you withdraw from the CfD process at this sealed bid submission stage your Application cannot be recovered.

1) Select Application to Withdraw

- Select Application and click on Withdraw Qualification Application.

2) Confirm Application to Withdraw

- Read the disclaimer and click on **Withdraw**.
- Click on **Yes** to confirm Withdrawal.
- WARNING** – Selecting Yes shall **Withdraw the Qualifying Application from the CfD Process** including Auction, this final stage is irreversible.

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification

3.0 Allocation



Once the Qualification Process has been completed, the Delivery Body shall proceed with CfD Valuation ([see 1.0 Valuation](#)).

In the case of a Constrained Allocation, an auction will then be held ([see 2.0 Sealed Bids](#)).

If no auction is required, contracts shall be issued based on the details provided within the original application and at the technology specific Administrative Strike Price (Unconstrained Allocation).

Select from the buttons opposite to find out more about the allocation process:

3.1 Allocation scenarios

3.2 Auction Process Overview

3.3 Delays to Allocation

3.4 Auction - General Principles

3.5 Independent Audit

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

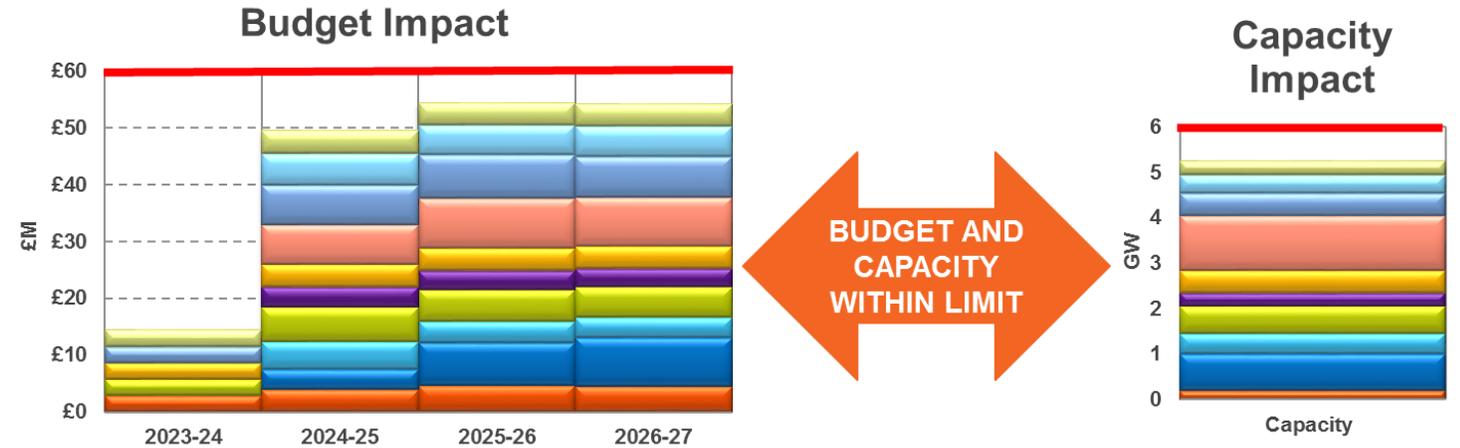
9. Notification

3.1 Allocation scenarios



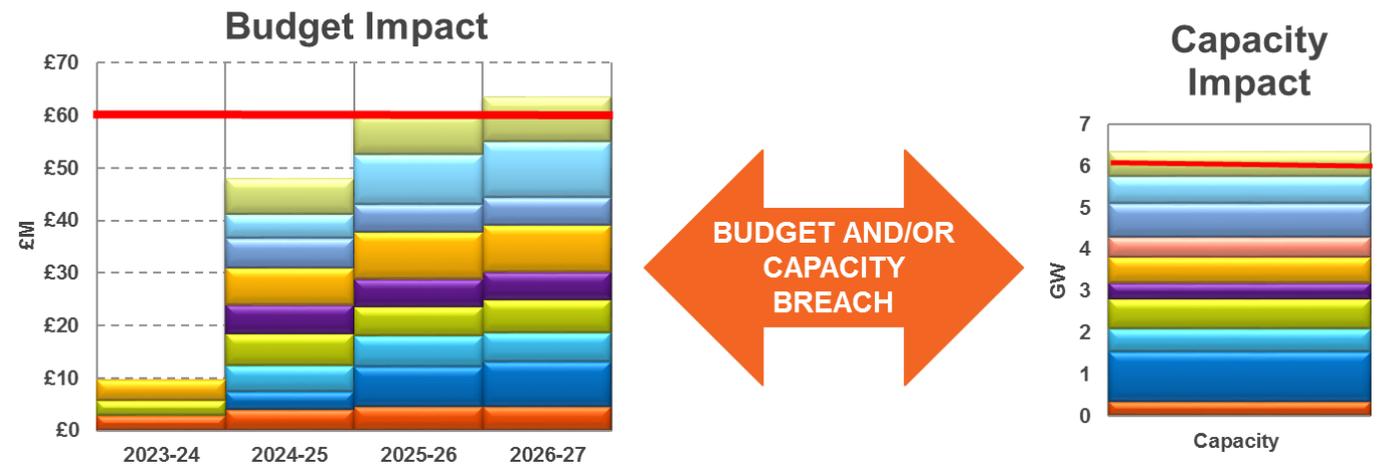
Unconstrained Allocation

Opposite is an example of unconstrained allocation, where all qualifying applications fit within both the budget and capacity limits. This would result in no auction and all applications shall be awarded a CfD at the technology specific Administrative Strike Price.



Constrained Allocation

Opposite is an example of constrained allocation, where the Delivery Body determines that qualified applications exceed the pot budget and/or the overall capacity limit. This scenario would trigger the requirement to hold an auction to competitively allocate CfDs.



1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification

3.2 Allocation - auction process overview



Auction requirement — the Delivery Body runs the application value process and determines constrained allocation is required.



Sealed bid submission window — qualifying applicants and pending applicants are invited to submit sealed bids via the EMR Portal within a **15 Working Day window from Notice of Auction.**



Auction assessment — the Delivery Body uses all submitted sealed bids to run the competitive allocation process. Bids compete on a strike price basis.



Auction clearing — successful applications receive a pot clearing price set by the highest priced successful bid across both Delivery Years (subject to a cap of any technology specific Administrative Strike Price and separate maximum clearing prices).





3.3 Delays to Allocation

Impact of Process Delays

Where there is a delay in the Allocation Process, pursuant to Regulation 40, and a direction has been given by the Secretary of State, the Delivery Body will issue all relevant Applicants with a Variation Notice.

The Variation Notice allows Applicants to adjust the relevant Target Commissioning Date (TCD) and Target Commissioning Window Start Dates (TCWSD) of their Application.

The Delivery Body will perform the Application Valuation and Allocation in respect of all Qualifying Applications or Sealed Bids and where new TCD and/or TCWSD were submitted, the Delivery Body will consider the new TCD and/or TCWSD and use the Administrative Strike Price of the relevant Application or Sealed Bids, as was submitted prior to the Process Delay.



3.4 Auction – general principles



An auction is **run using sealed bids** from applicants who have successfully qualified and are deemed as Pending Applicants (maximum of 4 sealed bids).

Sealed bids are **submitted via the EMR Portal** and are assessed from **lowest to highest Strike Price**.

All application sealed bids **compete on a Strike Price** basis and only one bid from each application can be successful.

Sealed bids **tied on the same Strike Price** are handled by tiebreaker rules set out in the Allocation Framework.

Auction is **pay as clear**. Successful bids receive a clearing price, set by the most expensive successful bid across both Delivery Year (subject to a cap at ASP and separate maximum clearing price).

Interleaving rules are used to ensure best use of the overall budget, allowing flexible bids to be considered where an original bid was rejected.

Auction closure

During the auction, if a bid exceeds (breaches) either the budget or capacity limits and does not exceed a minimum or maximum, the interleaving rule comes into effect, other than in minimum auctions, where flexible bids are only accepted if there are no interleaving bids. Here, the auction system shall look for a flexible bid from the same applicant and shall attempt to allocate this bid along with any other bids that are between this and the bid that originally caused the breach. If all of the bids can be allocated, interleaving is successful and the auction continues. If any of the bids in the interleaving loop cannot be allocated then the auction shall close.



3.5 Independent Audit



Delivery Body Independent Audit Requirements

Regulation 36 sets out the obligations placed on the Delivery Body to ensure an Independent Audit (Process Audit) of the Valuation and Allocation calculations is carried out. Immediately following completion of the Allocation Process, the Delivery Body will instruct the Independent Auditor to conduct a Process Audit.

The Independent Auditor will verify if the Delivery Body has used the Valuation Rules, Allocation Rules and Applicants details, appropriately, to determine the outcome of the Allocation Process. The Independent Auditor will provide an Audit Report which sets out:

- (i) whether or not the auditor considers that calculations have been made correctly and accurately; and
- (ii) where applicable, identifies any calculations which the auditor considers were not correctly or accurately made and identifies the consequences of those calculations.

Secretary of State Allocation Review

The Secretary of State will have two days from receipt of notification from the Delivery Body, to review the Auditors' Report with the Delivery Body's recommendation, to determine if the Allocation Process must proceed to Notification, Re-Run, or be Terminated.

If the Secretary of State does not respond within two working days, the Delivery Body will proceed with its recommendation.



4.0 Notification



At the end of an Allocation Round, the Delivery Body will give written notice to each Qualifying Applicant setting out whether or not that Applicant is a Successfully Qualifying Applicant.

Notifications will be provided to registered Applicants through the Delivery Body Portal. Notification information includes:

Auction Outcome

- Whether or not the Applicant was successful in securing a CfD

For Successfully Qualifying Applications:

- The awarded CfD Strike Price
- Successful allocation capacity
- Target Commissioning Date

The Low Carbon Contracts Company (LCCC) will be informed of successfully Qualifying Applications

LCCC Contract Support/Guidance 

1. Pre-Application activities

2. Application

3. Qualification

4. Reviews

5. Appeals

6. Valuation

7. Sealed Bids

8. Allocation

9. Notification



Contact details and feedback

Your feedback is important to us. We are interested in your thoughts regarding this guidance document and how we can meet your customer requirements. So that we can learn more, please remember to fill out the feedback survey.



The CfD Delivery Partners are:



For support using this guide or for general enquiries please contact:

Phone: 01926 655 300

Email: emr.cfd@nationalgrideso.com





- nationalgrideso.com
 - Faraday House, Warwick
Technology Park,
Gallows Hill, Warwick, CV346DA

nationalgridESO