
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made further to the powers contained in Chapter 2 (contracts for difference) of Part 2 (electricity market reform) of the Energy Act 2013 (c. 32). The Regulations are concerned with the provision to be included in standard terms issued or revised by the Secretary of State; the modification of standard terms before the allocation of a CFD; and the making of an offer to contract on standard terms. The Regulations also provide for the publication of information by the CFD counterparty in the form of a CFD register.

Regulation 3 sets out the kind of provision to be included in standard terms. Where standard terms are revised, regulation 4(1) requires the Secretary of State to publish an explanation as to why the revisions have been made. Pursuant to regulation 4(2), the Secretary of State may require the CFD counterparty to provide information or advice before the Secretary of State issues or revises standard terms.

Regulation 5 sets out the requirements for an application to modify the standard terms. An application must be made at least 20 working days before the application closing date specified in an allocation round notice given under the Contracts for Difference (Allocation) Regulations 2014. Regulation 6 requires the CFD counterparty to determine an application to modify standard terms at least 5 working days before the application closing date specified in the allocation round notice.

Regulations 7 and 8 make further provision about how the CFD counterparty is to determine whether the effect of a modification is minor and whether it is necessary.

Regulation 9 makes provision about how the CFD counterparty is to apply or complete standard terms before making an offer of a CFD. Regulation 10 sets out the requirements for making an offer of a CFD including the time limits in which an offer must be made and accepted. Regulation 11 provides that an offer of a CFD will lapse where it is not accepted within 10 working days.

Regulation 12 requires the CFD counterparty to establish and maintain a register of CFDs, and enter information in the register including a unique identifier for each CFD and the information set out in a CFD notification. The register must be published on the CFD counterparty's website.

A full impact assessment of the effect that this instrument 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.