

Collection

Contracts for Difference

A Contract for Difference (CfD) is a private law contract between a low carbon electricity generator and the Low Carbon Contracts Company (LCCC), a government-owned company.

From: **Department for Energy Security and Net Zero**
(/government/organisations/department-for-energy-security-and-net-zero)

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The Contracts for Difference (CfD) scheme is the government's main mechanism for supporting low carbon electricity generation.

CfDs incentivise investment in renewable energy by providing developers of projects with high upfront costs and long lifetimes with direct protection from volatile wholesale prices, and they protect consumers from paying increased support costs when electricity prices are high.

Renewable generators located in Great Britain that meet the eligibility requirements can apply for a CfD

by submitting what is a form of 'sealed bid'. There have been 6 auctions, or allocation rounds, to date, which have seen a range of different renewable technologies competing directly against each other for a contract.

Successful developers of renewable projects enter into a private law contract with the Low Carbon Contracts Company (LCCC), a government-owned company. Developers are paid a flat indexed rate for the electricity they produce over a 15-year period; the difference between the 'strike price' (a price for electricity reflecting the cost of investing in a particular low carbon technology) and the 'reference price' (a measure of the average market price for electricity in the GB market).

Delivery partners

The [Low Carbon Contracts Company \(LCCC\)](https://www.lowcarboncontracts.uk/) (<https://www.lowcarboncontracts.uk/>) is a private company owned by DESNZ. The LCCC is counterparty to the contracts awarded in CfD allocation rounds (auctions) and its primary role is to issue the contracts, manage them during the construction and delivery phase and make CfD payments.

[National Grid ESO](https://www.emrdeliverybody.com/SitePages/Home.aspx) (<https://www.emrdeliverybody.com/SitePages/Home.aspx>) is the delivery body for the CfD scheme, responsible for running the CfD allocation process.

[Ofgem](https://www.ofgem.gov.uk/) (<https://www.ofgem.gov.uk/>) is responsible for hearing certain appeals.

CfD Bulletins

Let us know if you'd like to receive updates on the Contracts for Difference scheme: email contractsforDifference@energysecurity.gov.uk.

Find [past bulletins](https://www.gov.uk/government/groups/contracts-for-difference-cfd-scheme) (<https://www.gov.uk/government/groups/contracts-for-difference-cfd-scheme>).

Evaluation of the scheme

A 3-phase evaluation of the CfD scheme was conducted between 2018 and 2021. The evaluation has provided an evidence base to inform the ongoing design and development of the scheme.

Evaluation of the Contracts for Difference scheme

[\(/government/publications/evaluation-of-the-contracts-for-difference-scheme\)](https://government/publications/evaluation-of-the-contracts-for-difference-scheme)

13 May 2022 Research and analysis

Allocation Round documents

These pages capture the key documents, including consultations, relating to previous and future rounds.

From AR5, CfD allocation rounds are being held on annual basis. Previously, rounds were held around every 2 years.

- AR7 - 2025
- AR6 - March 2024 to September 2024
- AR5 - March 2023 to September 2023
- AR4 - December 2021 to July 2022
- AR3 - May to September 2019
- AR2 - March to September 2017
- AR1 - October 2014 to March 2015

Contracts for Difference (CfD): Allocation Round 7

[\(/government/collections/contracts-for-difference-cfd-allocation-round-7\)](https://government/collections/contracts-for-difference-cfd-allocation-round-7)

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Contracts for Difference (CfD): Allocation Round 6

[\(/government/collections/contracts-for-difference-cfd-allocation-round-6\)](https://government/collections/contracts-for-difference-cfd-allocation-round-6)

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Contracts for Difference (CfD): Allocation Round 5

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Contracts for Difference (CfD): Allocation Round 4

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Contracts for Difference (CfD): Allocation Round 3

(/government/collections/contracts-for-difference-cfd-third-allocation-round)

20 September 2019 Collection

Contracts for Difference (CfD): second allocation round

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1 March 2017 Collection

Contracts for Difference (CfD): first allocation round

(/government/collections/contracts-for-difference-cfd-first-allocation-round)

1 October 2014 Collection

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