
STATUTORY INSTRUMENTS

2014 No. 2014

**The Contracts for Difference (Electricity
Supplier Obligations) Regulations 2014**

PART 2

Supplier obligation

CHAPTER 2

Interim daily levy

Estimated cost, income & electricity supply

7.—(1) The estimated quarterly obligation period payment cost in respect of a quarterly obligation period (“the rate period”) is the amount which the CFD counterparty estimates will be required to be paid by it to CFD parties under every CFD or connected agreement to which it is, or is likely to become, a party during the rate period, having regard to the matters set out in paragraph (2).

(2) The matters referred to in paragraph (1) are—

(a) the strike prices which, in the opinion of the CFD counterparty, will apply to CFDs in respect of which payments may become due during the rate period;

(b) the CFD counterparty’s estimate of—

(i) where payments under a CFD may become due in relation to the generation of electricity in a settlement hour by a CFD generating station, the amount of electricity generated by each such CFD generating station in each settlement hour in respect of which payments may become due during the rate period;

(ii) where payments under a CFD may become due in relation to the generation of electricity in a settlement period by a CFD generating station, the amount of electricity generated by each such CFD generating station in each settlement period in respect of which payments may become due during the rate period;

(iii) the market reference price which is to apply in relation to each settlement hour in respect of which a payment may become due during the rate period;

(iv) the market reference price which is to apply in relation to each settlement period in respect of which a payment may become due during the rate period;

(v) the total amount of payments which the CFD counterparty will be required to make under CFDs during the rate period which are not payments based on the difference between a strike price and a market reference price in relation to electricity generated.

(3) The estimated quarterly obligation period income in respect of the rate period is the amount which the CFD counterparty estimates it will receive from CFD parties during the rate period having regard to—

(a) the matters in paragraph (2)(a) and (b)(i) to (iv);

- (b) the CFD counterparty's estimate of the total amount of payments which the CFD counterparty will receive under CFDs during the rate period which are not payments based on the difference between a strike price and a market reference price in relation to electricity generated;
 - (c) the CFD counterparty's estimate of the likelihood of the failure of CFD parties to make CFD party payments in accordance with CFDs.
- (4) The estimated quarterly obligation period electricity supply in respect of the rate period is the amount of electricity which the CFD counterparty estimates will be supplied by all electricity suppliers in the rate period.
- (5) In this regulation—
- “CFD generating station” means any generating station which is the subject of a CFD;
 - “market reference price”, “settlement hour”, “settlement period” and “strike price” are to be construed in accordance with CFDs to which the CFD counterparty is a party.
- (6) For the purposes of this regulation reference to a CFD includes reference to a connected agreement.