

**2017 No. 112**

**ELECTRICITY**

**The Contracts for Difference (Standard Terms) (Amendment)  
Regulations 2017**

<i>Made</i>	- - - -	<i>24th January 2017</i>
<i>Laid before Parliament</i>		<i>8th February 2017</i>
<i>Coming into force</i>	- -	<i>1st March 2017</i>

The Secretary of State has before making these Regulations—

- (a) consulted the persons listed in section 24(1)(a) to (g) of the Energy Act 2013<sup>(a)</sup> and such other persons as the Secretary of State considered it appropriate to consult; and
- (b) had regard to the matters in section 5(2) of that Act.

The Secretary of State, in exercise of the powers conferred by sections 6(1) and 11(3) of that Act, makes the following Regulations:

**Citation and commencement**

**1.** These Regulations may be cited as the Contracts for Difference (Standard Terms) (Amendment) Regulations 2017, and come into force on 1st March 2017.

**Amendment of the Contracts for Difference (Standard Terms) Regulations 2014**

**2.**—(1) Regulation 3 (provision to be included in standard terms) of the Contracts for Difference (Standard Terms) Regulations 2014<sup>(b)</sup> is amended as follows.

- (2) Omit paragraph (2).
- (3) In paragraph (1)(a) omit “, except during a period of negative pricing”.
- (4) After paragraph (1)(a) insert—
  - “(aa) any circumstances in which the CFD counterparty is not required to pay the generator the amount, or the full amount, specified under paragraph (a);”.

24th January 2017

*Jesse Norman*  
Parliamentary Under Secretary of State  
Department for Business, Energy and Industrial Strategy

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(a) 2013 c. 32.

(b) S.I. 2014/2012, amended by S.I. 2015/1425; there are other amending instruments but none is relevant.

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations are made under the powers contained in Chapter 2 (Contracts for Difference) of Part 2 (Electricity Market Reform) of the Energy Act 2013 (c.32). They make amendments to regulation 3 of the Contracts for Difference (Standard Terms) Regulations 2014 (S.I. 2014/2012) (the “2014 Regulations”).

Regulation 3 of the 2014 Regulations sets out the provisions to be included in standard terms for Contracts for Difference (CFDs) issued or revised by the Secretary of State, including the provision that where the “strike price” is higher than the “reference price”, the CFD counterparty must pay the generator the difference between the strike price and the reference price (the “difference amount”).

Regulation 2 of these Regulations amends regulation 3 of the 2014 Regulations, to enable the Secretary of State to issue standard terms which set out circumstances in which the CFD counterparty is not required to pay the difference amount or the full difference amount. As this amendment enables the Secretary of State to issue standard terms which include provision that the CFD counterparty is not required to pay the generator the difference amount during periods of negative electricity prices, regulation 2 also removes the existing specific provision to that effect.

While the impact this specific instrument has on the costs of business and the voluntary sector is negligible, a full impact assessment of the effect the CFD regime will have on the costs of business and the voluntary sector is available from the Department for Business, Energy and Industrial Strategy at 3 Whitehall Place, London, SW1A 2AW and is published with the Explanatory Memorandum alongside this instrument on [www.legislation.gov.uk](http://www.legislation.gov.uk).

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