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STATUTORY INSTRUMENTS

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**2014 No. 2011**

**The Contracts for Difference (Allocation) Regulations 2014**

**PART 2**

**Allocation rounds and allocation frameworks**

**Notices**

**3.** A notice given by the Secretary of State under this Part must be made publicly available by the Secretary of State as soon as practicable after it is given.

**Establishing allocation rounds**

**4.—(1)** Subject to paragraphs (2) to (4), the Secretary of State may by notice establish an allocation round (“an allocation round notice”).

(2) An allocation round notice must—

- (a) be given to the delivery body and the CFD counterparty; and
- (b) state—

- (i) the commencement date of the allocation round, which must not be earlier than 10 working days after the date of the notice;
- (ii) the end date of the allocation round, which must be no later than 6 months after the commencement date;
- (iii) subject to paragraph (3), the date by which an application for a CFD to be allocated further to that round must be made (“the application closing date”); and
- (iv) which delivery year or years apply to any CFDs to be allocated further to the allocation round.

(3) The application closing date must be no earlier than 10 working days after the commencement date of the allocation round.

(4) Where the CFDs to be allocated further to an allocation round are restricted to particular types of eligible generator or eligible generating station, the allocation round notice must state the restriction.

(5) An allocation round may be for some or all of the period of another allocation round.

**Varying and terminating allocation rounds**

**5.—(1)** The Secretary of State may—

(a) by notice (“a round variation notice”) vary—

- (i) the commencement date of an allocation round;
- (ii) the application closing date; or
- (iii) the end date of an allocation round; or

- (b) by notice (“a termination notice”) terminate an allocation round so that no CFDs are to be allocated further to that round.
- (2) A round variation notice or a termination notice must—
  - (a) be given to the delivery body and the CFD counterparty;
  - (b) subject to paragraphs (5) and (6), state the date on which it has effect; and
  - (c) identify the allocation round to which the notice applies.
- (3) A round variation notice must give reasons for the variation effected by the notice.
- (4) Where an allocation round is terminated after an allocation process in that round is completed, the termination notice must give reasons for the termination.
- (5) A round variation notice to vary the end date of an allocation round or a termination notice is not valid unless the date on which it has effect is—
  - (a) not earlier than the date of the notice; and
  - (b) before the delivery body makes the first CFD notification further to the allocation round to which the notice applies.
- (6) No variation of the commencement date of an allocation round or the application closing date may be made where the application closing date would be earlier than 10 working days after the commencement date of the allocation round.
- (7) Where the delivery body receives a round variation notice or a termination notice, it must as soon as practicable after receipt send a copy of the notice to each applicant who has made an application (which has not been withdrawn) in the round to which the notice applies.

### **Allocation frameworks**

- 6.—(1) The Secretary of State—
  - (a) must ensure that one allocation framework applies to each allocation round; and
  - (b) may apply an allocation framework to more than one allocation round, including where the relevant period of one allocation round is for some or all of the relevant period of another allocation round.
- (2) An allocation framework must, in respect of the allocation round or rounds to which it applies, set out—
  - (a) the allocation process which applies to each type of application which may be made; and
  - (b) each method of calculation which the delivery body must apply to determine—
    - (i) the applications valuations; and
    - (ii) the value of an application whilst carrying out the allocation process.
- (3) To the extent that the allocation process imposes requirements on the delivery body, the Secretary of State must be satisfied that it is reasonable to expect the delivery body to comply with those requirements.
- (4) Where the provisions of an allocation framework conflict with the provisions of these Regulations, the latter prevail.
- (5) In this regulation, “relevant period” means the period beginning with the commencement date of an allocation round and ending with the end date of the allocation round provided by an allocation round notice or round variation notice.

### **Framework notices**

7.—(1) The Secretary of State must by notice (“a framework notice”) identify the allocation framework which applies to an allocation round.

- (2) A framework notice must—
- (a) be given to the delivery body and the CFD counterparty; and
  - (b) be given no later than 10 working days before the commencement date of the allocation round, including where the notice is required by regulation 8(3)(b).

### **Framework revisions**

8.—(1) Subject to paragraph (2), the Secretary of State may—

- (a) amend or add to the provisions of an allocation framework identified in a framework notice; or
- (b) subject to paragraph (3), remove the application of an allocation framework to an allocation round.

(2) No amendment, addition or removal under paragraph (1) may be made later than 10 working days before the commencement date of the allocation round.

(3) Where the application of an allocation framework to an allocation round is to be removed, the Secretary of State must—

- (a) unless the allocation round is terminated, ensure that another allocation framework applies to the allocation round; and
- (b) comply with regulation 7 in respect of that other allocation framework.

(4) The Secretary of State must give a notice (“a framework revision notice”) to the delivery body and the CFD counterparty which states—

- (a) the date on which an amendment, addition or removal has effect, which must not be earlier than the date of the notice;
- (b) how an allocation framework has been amended or added to; and
- (c) where the allocation framework is to apply to more than one allocation round, the allocation round or rounds affected by the amendment, addition or removal.

### **Publication of allocation frameworks**

9.—(1) The Secretary of State must make publicly available each allocation framework, including any version which includes an amendment or addition.

- (2) The Secretary of State must comply with paragraph (1)—
- (a) except where an addition or amendment is made to the provisions of an allocation framework, by no later than the date of the framework notice in which the framework is identified; or
  - (b) where an addition or amendment is made to the provisions of an allocation framework, by no later than the date of the framework revision notice in which the framework is identified.