

# APSE Energy workshop: Social finance for solar energy

## *Contracts for Difference*

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# Electricity Market Reform

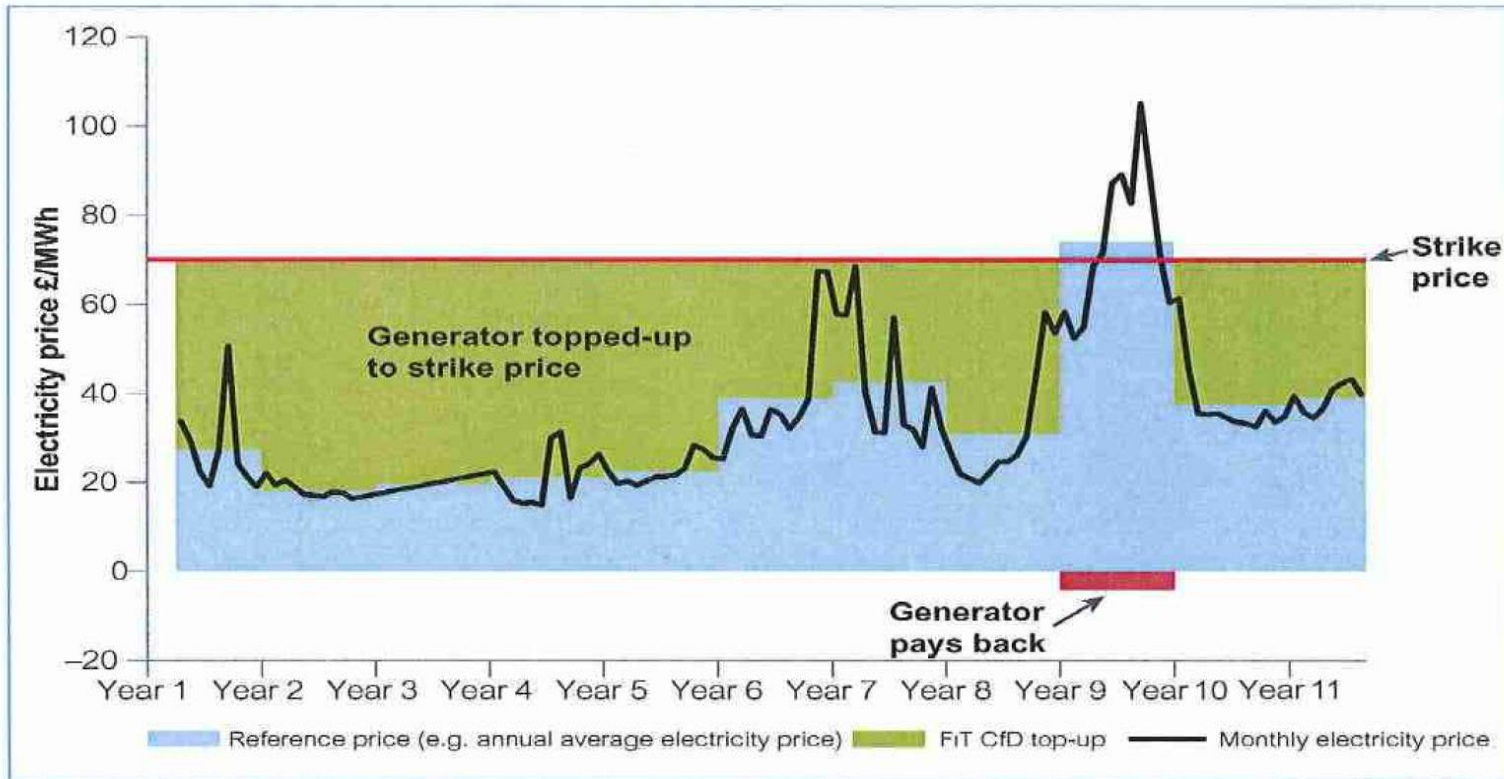
- FiT CfD - 2014
- What it does:
  - Stabilises revenues from generating stations in a long term contract
- What is it trying to achieve?
  - Promotion of investment
  - Reduction of costs to consumers

# FIT CfD – Structure

- Bilateral contract (that is, 2 parties contracting)
- Counterparty
  - limited company owned by Government
  - funded by levy on licensed suppliers (utility companies)
- Administrated by National Grid as system operator
- Strike price
  - initially government set
  - thereafter auction process
- 15 year duration
- Annual inflation index

# The FiT CfD

## How it works





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