

# **ENERGY ACT 2013**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part 2: Electricity Market Reform**

##### *Chapter 2: Contracts for difference*

##### *Section 15: Modification of standard terms*

115. **Section 15** enables the CFD counterparty to agree modifications to the standard terms with generators, on a case by case basis, pre-signature. This flexibility to make such modifications allows a wider range of eligible generators to participate in the CFD regime than would otherwise be the case. This will be because, especially in the early stages of the CFD regime, the standard terms will not be acceptable to some generators for reasons such their specific types of company, financing or debt structure, without such small modifications.
116. This flexibility is constrained in order to reduce the risk of generators using it to negotiate improvements to the standard terms for competitive reasons. *Subsection (3)* specifies that a modification can only be agreed if it is both ‘minor’ and ‘necessary’, as determined by the CFD counterparty, following provision made in regulations. *Subsection (4)* provides for further provision to be made in regulations, including regarding the circumstances in which a generator may request a modification, the procedure to be followed in requesting a modification, and how the CFD counterparty is to make a determination on such a request.