



CfD Interim Levy Rate and Total Reserve Amount (ILR/TRA): Q2 2024

We will start the call at 10.02 to allow people to finish previous calls.

25th January

lowcarboncontracts.uk



WELCOME

- Thank you for joining us today
- Your insight and feedback is critical
- Please engage and ask any questions

Chiwi Nwokenna

Head of Analytics



AGENDA



01

Logistics
General housekeeping.



02

Supplier Event



03

Q4 2023 review of outturn



04

Q1 2024 outlook



05

Q2 2024 Supplier Obligations



06

Q&A
Welcome questions through Slido

Logistics

Duration: 60 mins

With plenty of time for questions.

Recording

Session will be recorded. Slides and recording will be circulated shortly



Slido.com #Analytics

Questions welcomed throughout, we will answer them all at the end



Mute and cameras

We will keep all participants on mute with cameras off

Supplier Engagement Event

We will give Suppliers insight, understanding and the opportunity to engage on our future plans including: RAB, Ells, MHHS, DPA, Forecasting, Policy, and much more.

Additionally, we're excited to feature presentations from our special guests: EMRS, ICoSS, and Energy UK.

Where?

Dartmouth House,
Charlies Street
Mayfair London

When?

29th February 2024

Register your interest [here!](#)



Quick poll results

Is there anything you would like us to focus on?

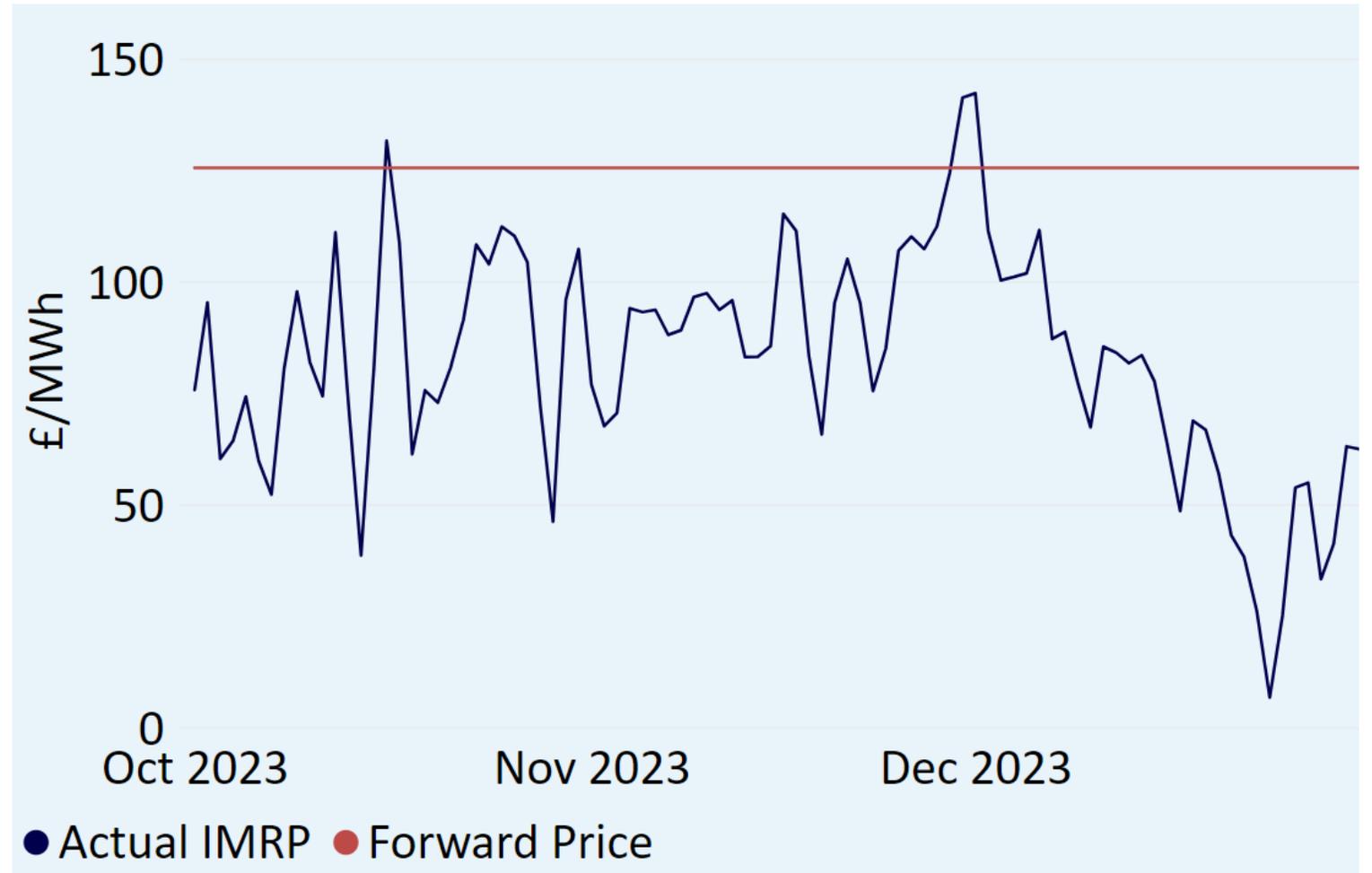


Quarter 4 Review



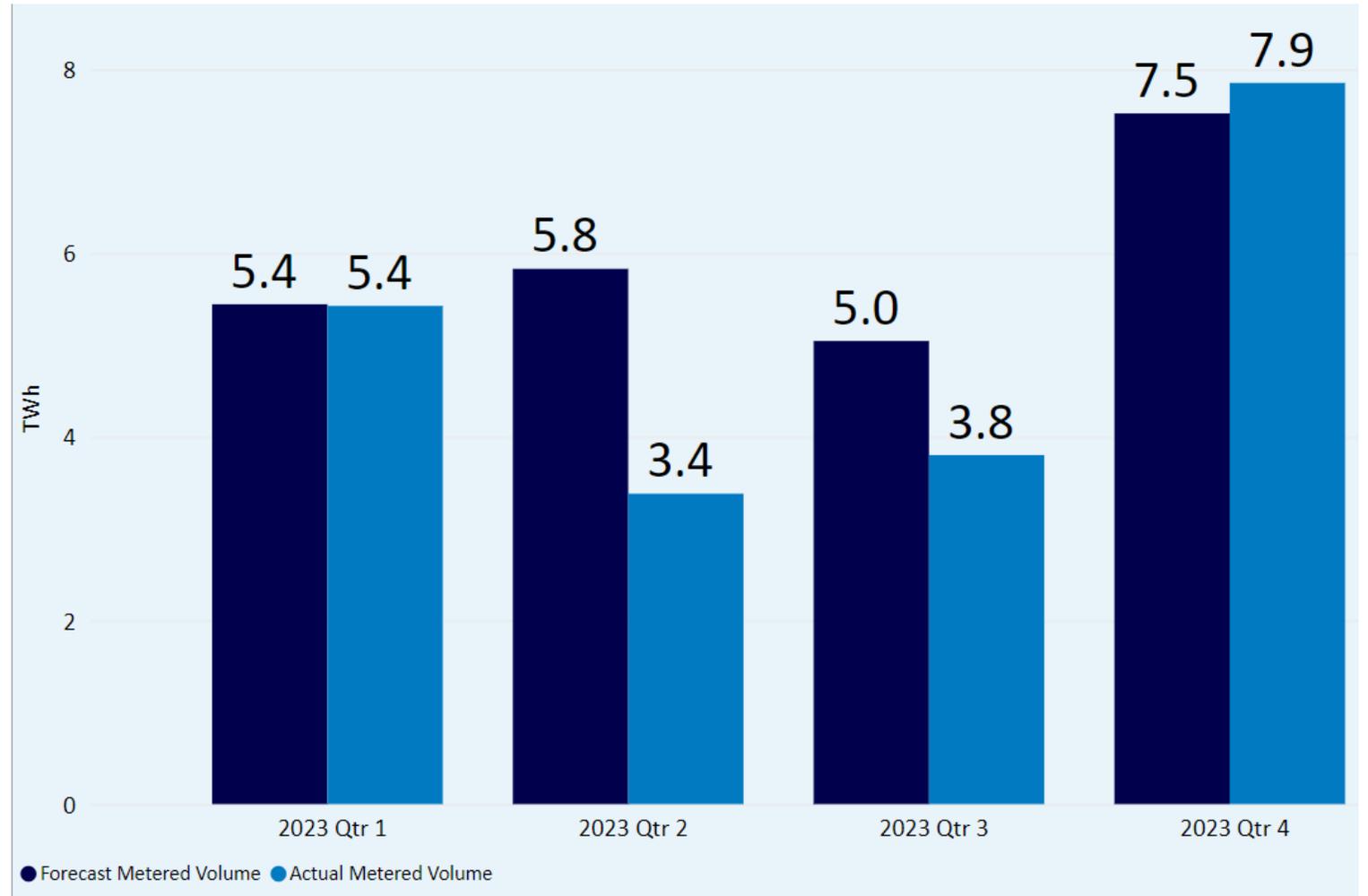
IMRP

For much of the quarter, the IMRP was substantially below the market reference price used in the forecast (£125.50/MWh).



CfD generation variance

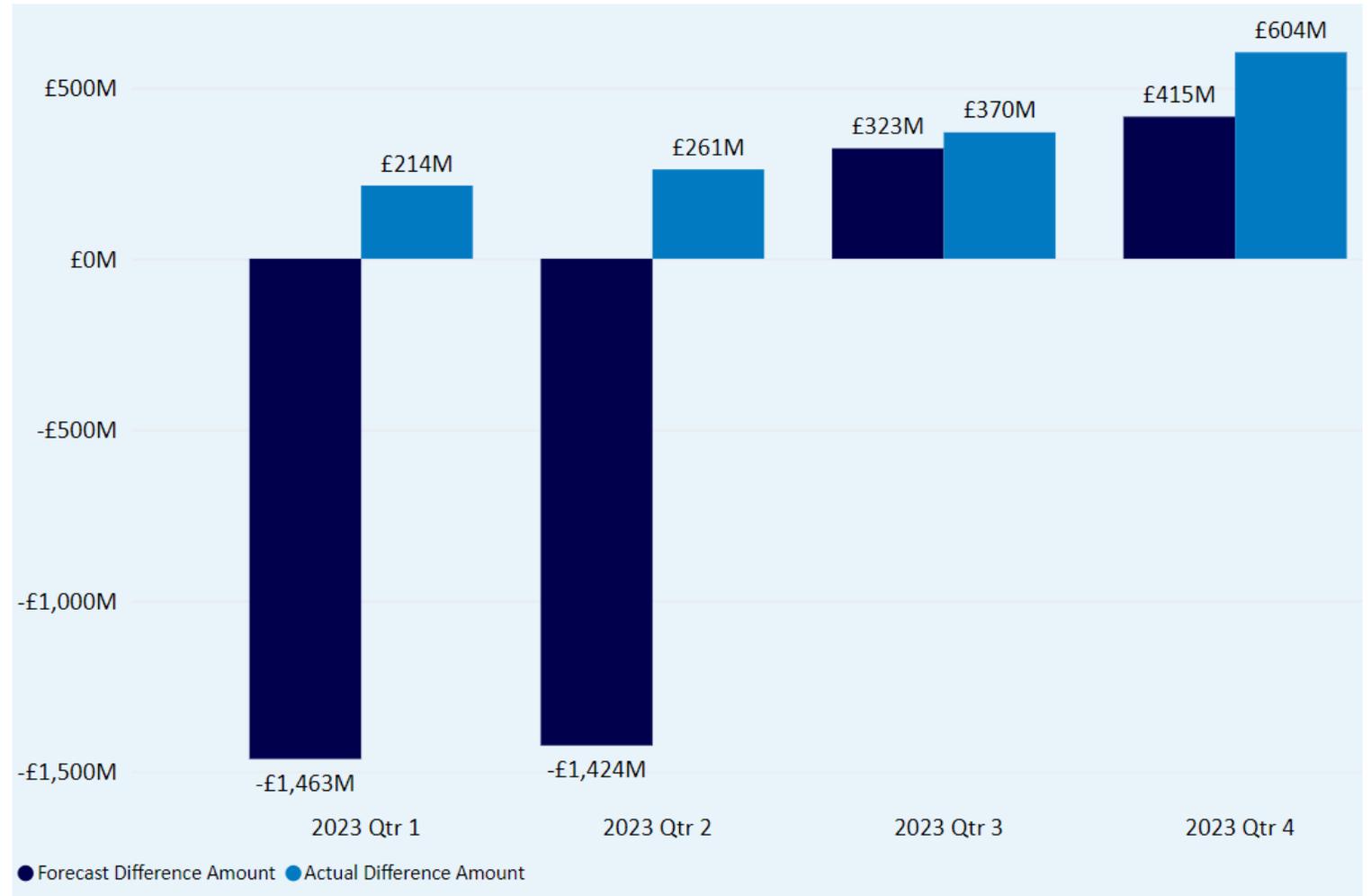
97% of the variance in generation was the from the storms in late December.



CfD cost variance

The forecast was not as close to the actual payments as quarter 3 but much closer than for the preceding quarters.

The undercollection of £89m meant we finished the quarter using 21.5% of the TRA.



2024 Quarter 1 outlook



2024 Quarter 1 adjustment

- Developed volatility calculations, resulting in reduced TRA.
- Minimised required amount, meeting legislative risk levels
- Slightly increased ILR to cover a rise in CfD scheme cost

Determination date	Interim levy rate (£/MWh)	Total reserve amount (£m)
25 September 2023	4.355	559.0
14 November 2023	4.540	467.2
Change	+ 4.2%	– 16.4%

2024 Quarter 1

If there is a high likelihood of over- or under-collection there are three actions we could take:

- Increase the ILR with 30 days' notice
- Decrease the ILR without notice
- Raise an additional TRA with 30 days' notice

We avoid this if we possibly can.

16 January 2024		Reconciliation Forecast		01 January 2024 QOP Start	31 March 2024 QOP End	04 January 2024 Latest settlement day
This dashboard shows our current projected shortfall in collected levy against the projected payments to CFD generators and will be updated on a weekly basis.						
QOP Start 01 January 2024						
Forecast total CFD payments (A)		£613,678,274				
Actual CFD payments until latest settlement day		£29,275,989				
Forecast CFD payments to the end of the QOP		£584,402,285				
Forecast total Interim Levy Rate payments (B)		£332,016,015				
Actual ILR payments until latest settlement day		£14,286,700				
Forecast ILR payments to the end of the QOP		£317,729,315				
Forecast difference (B-A)		-£281,662,259				
Total Reserve Amount for the QOP		£467,160,775				
Gross forecast total reconciliation payment (to suppliers)		£185,498,516				
Total Reserve Amount of the following QOP		£296,985,170				
Forecast total reconciliation payment, net of the Total Reserve Amount of the following QOP		-£111,486,654				
Notes: The forecast CFD payments shown in the figures above account for updated market conditions and CFD generator information. Please note: The forecast CFD payments shown in the figures above account for updated market conditions and CFD generator information.						

Our [tracking dashboard](#) is updated weekly and provides insight into the data we use when considering whether to make an adjustment.

2024 Quarter 2



Forecast assumptions

Start Dates:	These may differ from what is published in the CfD register
Baseload Market Reference Price (BMRP):	The forecast BMRP for Summer 2024 could be some way from the actual BMRP.
Intermittent Market Reference Price (IMRP):	The IMRP carries a high degree of uncertainty and has a greater impact on cost variation.
Electricity demand:	An EII forecast of 9.77 TWh/year has been used for the Q2 2024 determination.

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End of Q2 portfolio



Offshore wind

21 active CfD generators



Onshore wind

15 active CfD generators



Solar

4 active CfD generators



Biomass Conversion

2 active CfD generators



Dedicated Biomass with CHP

1 active CfD generator



Energy from Waste with CHP

1 active CfD generator



Advanced Conversion Technologies

1 active CfD generator

Supplier obligation 1 April 2024 – 30 June 2024

The determined values for Quarter 2 2024 were published on 18 December.
If an adjustment is required, we will undertake it as set out in our [Key Dates dashboard](#)

	Interim Levy Rate (£/MWh)	Total Reserve Amount (£)
Q2 2024	7.755	£296,985,170.49

LOW CARBON CONTRACTS COMPANY

KEY DATES

Quarterly Obligation Period: All

Quarterly Obligation Period	Determination run - Market date	Determination run - Market date announcement	Determination run - Publication	BPA run - Market date	BPA run - Publication
2024 Q2	29/11/2023	08/12/2023	18/12/2023	29/01/2024	15/02/2024
2024 Q3	28/02/2024	08/03/2024	18/03/2024	26/04/2024	16/05/2024
2024 Q4	30/05/2024	10/06/2024	18/06/2024	30/07/2024	16/08/2024
2025 Q1	29/08/2024	09/09/2024	17/09/2024	29/10/2024	15/11/2024
2025 Q2	28/11/2024	09/12/2024	17/12/2024	29/01/2025	17/02/2025
2025 Q3	27/02/2025	10/03/2025	18/03/2025	28/04/2025	16/05/2025
2025 Q4	29/05/2025	09/06/2025	17/06/2025	30/07/2025	18/08/2025
2026 Q1	28/08/2025	08/09/2025	16/09/2025	29/10/2025	17/11/2025

- **Determination run - Market date** The date at which forward prices are taken, forming the basis for the determination of the ILR and TRA for the QOP.
- **Determination run - Market date announcement** The date a bulletin confirming the market date is published.
- **Determination run - Publication** The date the ILR and TRA, together with supporting information, are released.
- **BPA run - Market date** The market date used for a BPA for the QOP (only if a BPA is required).
- **BPA run - Publication** The date the revised ILR and/or TRA for the QOP are released (only if a BPA is required).

The Before Period Adjustment (BPA) run dates are designed to be early enough that the results can be incorporated into the Ofgem price cap calculation. Although we will endeavour to maintain the levy rates to the end of the QOP, we cannot rule out further adjustments as outlined in the disclaimer below.

Supplier obligation 1 April 2024 – 30 June 2024

The determined values for Quarter 2 2024 were published on 18 December. If an adjustment is required, we will undertake it as set out in our [Key Dates dashboard](#).

There are four changes that can be made:

- A reduction in ILR without notice
- An increase in ILR with 30 days' notice
- An additional TRA with 30 days' notice
- A reduction in TRA

Use our [tracking dashboard](#) to see some of the information we use when considering whether to make an adjustment.

Last updated on: 16 January 2024		Reconciliation Forecast		
		01 April 2024 QOP Start	30 June 2024 QOP End	01 January 2000 Latest settlement day
This dashboard shows our current projected shortfall in collected levy against the projected payments to CFD generators and will be updated on a weekly basis.				
QOP Start		01 April 2024		
Forecast total CFD payments (A)		£614,342,121		
Actual CFD payments until latest settlement day		£0		
Forecast CFD payments to the end of the QOP		£614,342,121		
Forecast total Interim Levy Rate payments (B)		£436,335,796		
Actual ILR payments until latest settlement day		£0		
Forecast ILR payments to the end of the QOP		£436,335,796		
Forecast difference (B-A)		-£178,006,325		
Total Reserve Amount for the QOP		£296,985,170		
Gross forecast total reconciliation payment (to suppliers)		£118,978,846		
Total Reserve Amount of the following QOP		£261,226,906		
Forecast total reconciliation payment, net of the Total Reserve Amount of the following QOP		-£142,248,060		
Notes: The forecast CFD payments shown in the figures above account for updated market conditions and CFD generator information. Currently, the uncertainty about demand and prices is higher than usual, so Suppliers should be aware that the figures may fluctuate significantly as the quarter develops.				

Advanced forecast

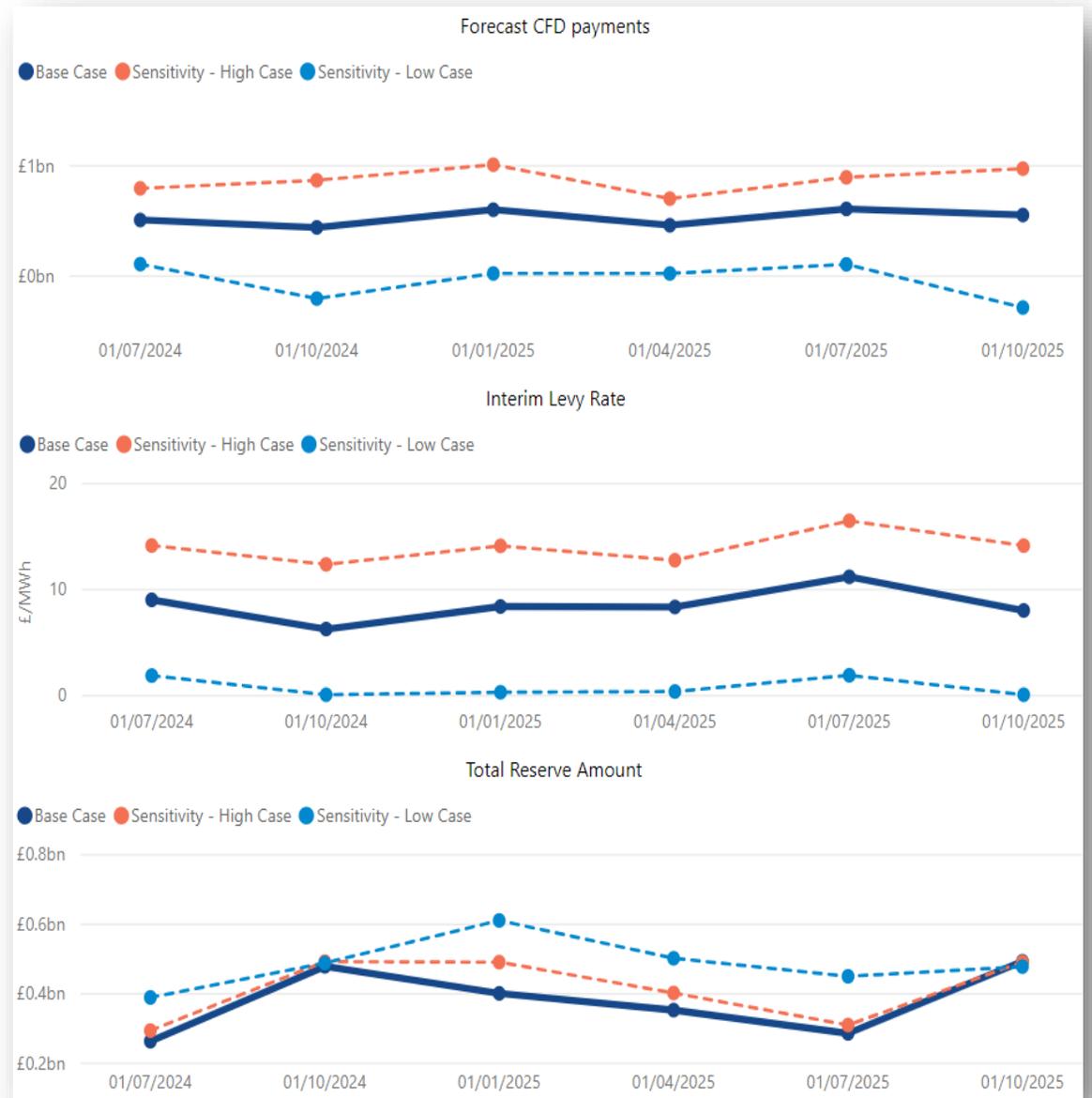
Our advanced forecast cover six subsequent quarters.

It considers a base case, a high case and a low case:

The high case simulated a decrease of 38% in market prices compared with the base case and generation start dates on or before the base case dates.

The low case simulated an increase of 60% in market prices compared with the base case and generation start dates on or after the base case dates.

The details are in our [Advanced Forecast dashboard](#).



LCCC Dashboards Redesign

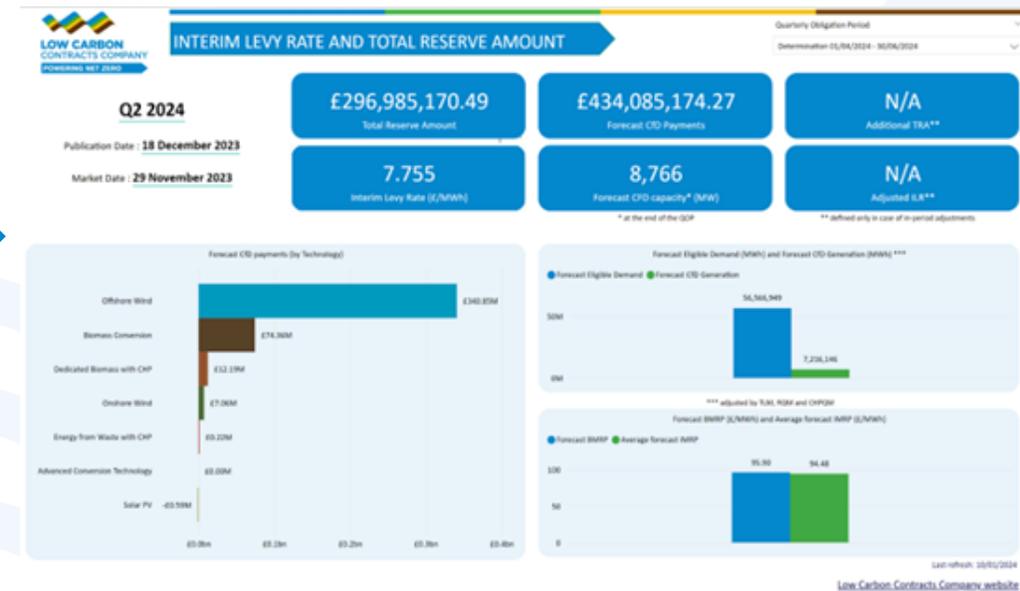
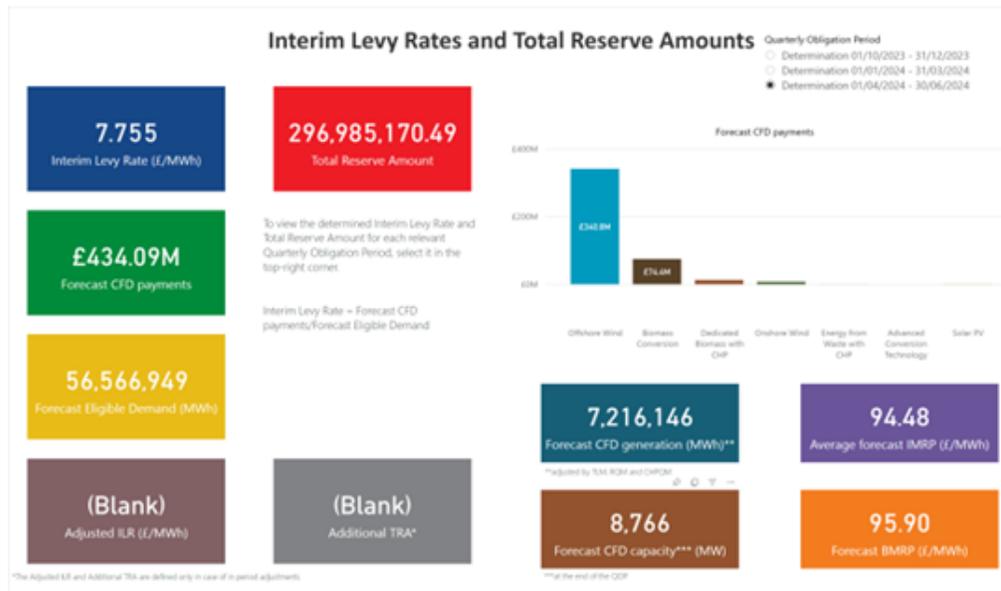


Dashboard Redesign

LCCC are in the process of redesigning the suite of dashboards available on our website :
[Scheme Dashboards - Low Carbon Contracts](#)

Prior to finalising the new dashboards, we are seeking for stakeholders to provide feedback on :

- Improvements to the existing data available through our published dashboards
- Additional information or insight that may be required
- Changes to enable increased useability
- Feedback on the redesigned dashboards to ensure they still operate as required
- General feedback on dashboard redesign look and feel





**ANY
QUESTIONS?**

Get in touch

If you have any feedback or suggestions on how can improve our future webinars, please send them our way



info@lowcarboncontracts.uk



www.lowcarboncontracts.uk

THANK YOU