

LCCC Workshop for AR6 Bidders: Guidance on Initial Conditions Precedent 27 June 2024

The below questions were submitted via the Q&A function in MS Teams during LCCC's webinar, with answers provided during the live session.

Questions:

- 1. What do we do with the Facility Description if we are unsure whether or not our scheme will have electricity storage at ICP stage? This will be finally decided at FID but not before.**

Include what is known at the time of completing the Facility Description and liaise with your Contract Manager if there are to be any changes to the Facility Description during the lifetime of the contract

- 2. If Generators have completed a KYC with PWC on a previous AR round, is it required again?**

Yes, it is required for each round

- 3. So, if we say no to BESS and then want to add it later, we can update/change the Facility Description?**

Yes, your facility description can be updated afterwards. We encourage early communication with your Contract Manager, who can also reach out to our internal expert teams (Operational Assurance, Legal etc) to provide further guidance.

- 4. Can you provide further details about the milestone spend commitment required after 18 months?**

Generators are required to fulfil the Milestone Requirement (MR) no later than the Milestone Delivery Date (MDD). The MDD is 18 months from the date the CfD Agreement is signed. MR can be fulfilled either via the 10% spend route or the Project Commitments route.

The 10% spend route require Generators to provide to LCCC relevant evidence to show the Generators or their direct shareholders have in aggregate spent ten per cent. (10%) or more of the Total Project Pre-Commissioning Costs (TPPC) on the CfD Project (not on anything else unrelated to the CfD Project). The TPPC is a pre-determined cost set out in Condition 5.6 of the CfD Generic Agreement multiplied by the Installed Capacity Estimate. For example, if the predetermined cost for a Solar PV technology is stated as £445,000 and the capacity is 25MW, the 10% spend on the CfD Project to demonstrate will be 10% of (445,000 x 25) = £1,112,500.

Generators can opt to fulfil MR via the Project Commitments route. There are two categories of evidence required to satisfy the Project Commitments route (as set out in Annex 5 of the CfD Generic Agreement): (1) Part A: General Project Commitments; and (2) Part B: Technology

Specific Project Commitments. All Generators must satisfy both categories, though only the commitment relating to the relevant Generation Technology is required for Part B.

5. In terms of facility description if we only apply for 50% of the capacity to receive a CFD, should the site boundary and description only refer to 50% of the project?

Where possible they should endeavour to only have the assets that form part of the CfD Facility in the Facility description and inside the site boundary. However, we understand if that is not possible in all circumstances. In such cases, identifying shared assets (or those non-CfD assets in the boundaries) will help LCCC understand your site, and avoid issues in the future.

6. If we are connecting (via a meter) to a private network, and that network includes energy storage which is not part of the CFD unit, do we need to provide a description of that energy storage?

We would advise that for a private network CfD, if there is an Energy Storage Facility present on the same network, that you provide LCCC with a description of that energy storage, so that LCCC can assess its compliance with condition 31.1.

7. Please advise what the additional KYC requirements will be?

Information to support the KYC checks is unique to each investigation and LCCC reserve the right to request additional documentation or confirmation in order to complete the KYC ICP.

You can expect questions such as:

What is your company's VAT registration number?

Please provide the company name of your company's chosen auditors, if any

What are your company's main business activities/industry sector?

What are your company's countries of operation?

What is your company's annual turnover?

What are your company's main sources of income (e.g. trading activities, holding company, investments)?

What is the number of offices in use by your company?

What is your company's number of employees (where known)?

LCCC or PwC may request information to support some of the information that has been publicly found, this could be a request of a document, certification or confirmation (e.g. Nature of the Business, Ownership Structure Chart and Board of Directors).

8. For an offshore generator, does the export cable form part of the facility description?

Yes, as these form part of the assets comprising the Facility so need to be included within your Facility Description.

9. Does LCCC support review of draft Facility Descriptions? If so, who conducts this?

Facility Descriptions are reviewed by LCCC Contract Management and our Technical Advisors. The Zero system allows for continued updating of the Facility Description until final submission.