Call for input

Contracts for Difference allowance in the default tariff cap

Publication date:	27 August 2025
Response deadline:	10 October 2025
Contact:	Daniel Newport
Team:	Consumer Protection & Retail Markets
Telephone:	020 7901 7000
Email:	priceprotectionpolicy@ofgem.gov.uk

We are seeking input from stakeholders on any issues with the way we currently set the default tariff cap allowance for Contracts for Difference scheme costs, and views on potential remedies.

Once the call for input is closed, we will consider all responses. We want to be transparent in our call for inputs. We will publish the non-confidential responses we receive on our website at ofgem.gov.uk/consultations. If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

© Crown copyright 2025

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the Open Government Licence.

Without prejudice to the generality of the terms of the Open Government Licence, the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to psi@nationalarchives.gsi.gov.uk.

Contents

Executive summary

The default tariff cap ('cap') includes an allowance for the costs of the Contracts for Difference (CfD) scheme. The scheme supports the generation of renewable electricity, by guaranteeing renewable generators a set price, indexed to inflation, per unit of renewable electricity produced. Any difference between the wholesale price and the set price is paid for by suppliers, through a levy administered by the government-owned Low Carbon Contracts Company (LCCC).

In recent submissions and meetings, some suppliers raised the CfD cap allowance as an area of priority for review. Suppliers highlighted challenges with setting an ex-ante price cap allowance based on forecasts of the CfD levy while they are exposed to actual outturn payments (which will vary in any given period based on actual energy prices and actual volume of renewable generation).

Suppliers said they face material risk exposure in this area, which could become more material in the future due to the growing share of renewable energy and the increase in the capacity and budget of the CfD scheme. They also said that historically they have under-recovered CfD costs. Broadly, suppliers said we should consider a reconciliation mechanism.

When setting the cap in 2018, we stated we would not include a mechanism in the cap for correcting previous forecast errors, whether or not they benefit suppliers.[1] In 2022, following consideration of the arguments raised by suppliers on a reconciliation mechanism for CfDs, we concluded that the issues underpinning these arguments did not result in material and systematic impacts and therefore we did not consider a reconciliation appropriate.[2] In 2023 we set out again that we had not seen sufficient new and compelling evidence to suggest that our previous decision on a CfD

[1] Ofgem (2018), Default tariff cap: decision – overview, overview document, paragraph 3.17. https://www.ofgem.gov.uk/decision/default-tariff-cap-decision-overview

[2] Ofgem (2022), Decision on amending the methodology for setting the Contracts for Difference (CfD) cap allowance, page 5. https://www.ofgem.gov.uk/decision/decision-amending-methodology-setting-contracts-difference-cfd-cap-allowance

reconciliation mechanism should be reviewed.[3] However, we remain open to considering views and invite any evidence relevant to whether or not we should revisit this.

We are not putting forward a preferred policy proposal at this stage, but we seek evidence on any issues with the way we currently set the CfD cap allowance, and views on potential remedies. The way in which suppliers incur costs related to any deviation between forecast and actual CfD payments is not simple. Suppliers can and do try to manage this risk through hedging. It is therefore not clear whether, or to what degree, material and systematic impacts may occur.

We wish to gather evidence on the risks suppliers face in relation to the CfD allowance, information on how their hedging for CfD works, and welcome more detailed considerations of any suggested policy proposals.

[3] Ofgem (2023), Decision on technical changes to the price cap methodology https://www.ofgem.gov.uk/decision/decision-technical-changes-price-cap-methodology

1. Background

1.1 The CfD scheme is the government's main scheme for supporting the generation of low carbon electricity in the UK. It is a private law contract between a developer of a new renewables project and the LCCC.

1.2 CfD contracts are awarded through auctions. The successful renewable generators are guaranteed a set price, indexed to inflation, per unit of renewable electricity generated, for the years of the contract's duration. If the market price for electricity is below the set price, the generator receives a top-up payment from the LCCC to make up the difference. If the market price is above the set price, the generator pays back the difference to the LCCC. This system provides revenue stability for developers, while protecting consumers from high electricity prices.

1.3 The LCCC forecasts and collects a levy ('Interim Levy Rate' or ILR) from energy suppliers under the Supplier Obligation, and uses it to fund payments to CfD generators. Suppliers' payments to the LCCC are initially based on a forecast of the ILR for the following quarter. At the end of each quarter, the LCCC undertakes a reconciliation of suppliers' interim payments against actual payment to (or from) CfD generators during the period.

1.4 The cap includes an allowance to account for suppliers' CfD costs (or benefits). We set the allowance using the best available information at the time on LCCC's expected levy payment for each quarter of the next financial year.[4] At the beginning of the financial year, we use LCCC's forecast of the payments to generators to set the allowance. As quarterly levy periods are reconciled, we use this outturn data to update the allowance for the remainder of the financial year.

[4] Rather than using LCCC's published Interim Levy Rate, we calculate an expected levy payment using LCCC's forecast payment and forecast eligible demand. This is so that the calculated levy can take negative values, as set out in our 2023 decision. See Ofgem (2023), Decision on amending the methodology for setting the Contracts for Difference (CfD) cap allowance. https://www.ofgem.gov.uk/decision/decision-amending-methodology-setting-contracts-difference-cfd-cap-allowance

1.5 We base our cost estimates on an annualised view of the costs of the scheme, to avoid the risk of the cap systematically varying between winter and summer as a result of seasonal trends in wholesale prices.

1.6 We do not solely rely on quarterly outturn data to set the allowance as we set the price cap allowance ex-ante for each quarter, and we do not set a lagged allowance. We also do not include a true-up for differences in costs between the CfD price cap allowance and outturn CfD payments.

1.7. In 2018 we previously considered and rejected the proposal to introduce reconciliation mechanisms for CfDs. We concluded in 2018 that we would not include a mechanism in the cap to correct for previous errors and that we did not consider a reconciliation mechanism would be appropriate given we did not possess evidence of a material and systemic change in costs.[5] In 2023 we set out again that we had not seen sufficient new and compelling evidence to suggest that our previous decision on a CfD reconciliation mechanism should be reviewed.[6] Overall, we still consider that there is a high bar to including reconciliation mechanisms for elements of the price cap allowance.

[5] Ofgem (2018), Default tariff cap: decision – overview, overview document, paragraph 3.17. https://www.ofgem.gov.uk/decision/default-tariff-cap-decision-overview

[5] Ofgem (2022), Decision on amending the methodology for setting the Contracts for Difference (CfD) cap allowance, page 5. https://www.ofgem.gov.uk/decision/decision-amending-methodology-setting-contracts-difference-cfd-cap-allowance

[6] Ofgem (2023), Decision on technical changes to the price cap methodology https://www.ofgem.gov.uk/decision/decision-technical-changes-price-cap-methodology

2. Stakeholder comments

2.1 During July 2025 supplier meetings, several suppliers indicated that the review of the CfD price cap allowance should be a priority element of the wholesale allowance review workstream. This was also supported by a few supplier submissions we received between May and July 2025.

2.2 In this chapter, we summarise the views of suppliers based on representations and our engagement with them. We provide our considerations on these views in the following chapter.

2.3 In summary, suppliers said that they have been under-recovering historic CfD costs, and that they expect under-recovery risk to increase in the future due to growing penetration of renewable energy and increases in the capacity and budget of the CfD scheme. Suppliers said we should consider introducing a true-up mechanism to reconcile differences between the price cap allowance and outturn payments to the LCCC. One supplier also said we should consider an uplift to the CfD allowance unless there are changes to the way that the LCCC forecasts CfD costs (discussed below).

2.4 Suppliers said that they face significant risk exposure to CfDs, and this risk will grow larger in the future due to growing share of renewables in the energy market. They said that this will lead to increased market price volatility (due to the increased correlation between weather and wholesale prices) and to increased uncertainty in volumes of renewables generated (as renewable generation is weather dependent). One supplier said that while suppliers can attempt to hedge for price uncertainty, they cannot hedge volume uncertainty (ie uncertainty in the volume of CfD generation and in customer demand). Therefore, the supplier argued that the extent to which they can hedge uncertainty in CfD levy costs will be increasingly limited in the future.

2.5 The supplier also highlighted that the CfD scheme is due to expand considerably, as the government sees it as a key enabler of the Clean Power 2030 targets. Therefore, the magnitude of CfD levy payments would significantly increase, meaning that any variances between the CfD price cap allowance and CfD outturn payments could get much larger.

2.6 Some suppliers expressed the view that LCCC's approach to CfD forecasting has led to systematic under-estimation of CfD costs, leading to under-recovery for suppliers under the price cap allowance (note that we have engaged LCCC in drafting this document and provide its perspective later on). They cited:

- Delays to generators' start date: Two suppliers expressed concerns over the way LCCC's forecasting model may factor in generator start dates. Historically, there have been instances where generators have delayed their start date during periods when wholesale prices are higher than set prices. This is to sell energy at the wholesale price without having to put money back in the CfD scheme. The suppliers said that if the LCCC forecast of CfD payments doesn't account for these delays, the price cap allowance assumes credits that never materialise.
- Capture price differences: One supplier said that capture price differences (ie the difference between the price of renewable energy and the overall wholesale market price) in LCCC's forecasting model are under-estimated. This is because, with greater penetration of renewable energy in the market, capture price differences will get wider due to the increased correlation between CfD generation volumes and day ahead hourly wholesale prices. The supplier considered that a more realistic case of capture prices should be 9%-13%, rather than LCCC's typical value of 5% per quarter.

2.7 One supplier asked for an uplift to the CfD price cap allowance unless there are changes to the way that the LCCC takes into account capture price differences and delays to generators' start date when forecasting CfD costs.

2.8 One supplier also said that Ofgem's price cap allowance methodology incorporates LCCC's before-period adjustments,[7] but not LCCC's in-period

[7] We note that this is because the price cap is usually set before in-period adjustments, so those costs could not be included at the time of setting the allowance.

adjustments, and the latter have only been upwards, creating a systemic bias in the CfD price cap allowance.

3. Considerations

3.1 We set out below some initial considerations on the issues raised by suppliers in relation to the CfD price cap allowance and their views on LCCC's forecasts of payments.

3.2 We are not putting forward a preferred policy proposal at this stage, but we welcome views and evidence on the potential issues and remedies to the way we set the CfD price cap allowance.

Considerations on issues raised by suppliers

Analysis of CfD price cap allowance vs outturn LCCC payments

3.3 Table 1 below presents an overview of the difference between our CfD price cap allowance, and the CfD price cap allowance calculated using LCCC's outturn payments to generators (ILR), between 2019/20 and 2024/25.

Table 1: Comparison of Ofgem's CfD price cap allowance and allowance calculated with LCCC's outturn ILR (£/customer/year, benchmark consumption)

Financial year	Ofgem's CfD price cap allowance	CfD cap allowance using LCCC outturn ILR	Difference Ofgem to LCCC
2024/25	33.08	28.95	4.13
2023/24	-1.21	23.74	-24.95
2022/23	-18.79	1.21	-20.00
2021/22	29.60	3.72	25.88
2020/21	30.71	31.26	-0.55
2019/20	19.89	23.28	-3.39

Notes: Calculations from Ofgem's Annex 2 and LCCC CfD Dashboard.[8, 9]

3.4 The analysis does not show evidence of systematic under-recovery – the price cap allowance has been higher than suppliers' outturn payments to the LCCC in some years, and lower in others. The final column should also not be read as a final cost/benefit to suppliers given the unknown impact of hedging an element of this risk. A negative difference between Ofgem's cap allowance and outturn payments does not automatically translate to supplier loss (or gain in the case of positive difference), if the supplier has hedged its CfD exposure. We discuss hedging in more detail further below. At this stage, we do not have sufficient information of suppliers' outturn losses or benefits against the cap allowance. We welcome evidence on this.

3.5 Nonetheless, the analysis shows large variation between the CfD price cap allowance and suppliers' outturn payments to (or from) the LCCC, particularly in the period between 2021/22 and 2023/24, which coincided with the gas crisis. This indicates that differences between allowed, and outturn payments are particularly susceptible to high wholesale energy price volatility.

3.6 In 2022, we acknowledged that high wholesale volatility led to differences between forecast and outturn costs. However, we did not consider this a systematic issue, and on balance, decided not to introduce a reconciliation mechanism.[10] We also noted that the impact would represent an upper bound on costings and that hedging is a prudent risk management behaviour, given that suppliers can hedge to minimise the impact of differences between forecast and actual wholesale prices.

[8] Ofgem (2025), Energy price cap (default tariff) levels – Wholesale cost allowance methodology (Annex 2).
https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/energy-price-cap-default-tariff-policy/energy-price-cap-default-tariff-levels
[9] LCCC (2025), Scheme Dashboards – CfD Dashboard, CfD Daily Levy Rates.
https://www.lowcarboncontracts.uk/resources/scheme-dashboards/
[10] Ofgem (2022), Decision on amending the methodology for setting the Contracts for Difference (CfD) cap allowance, paragraph 3.44.
https://www.ofgem.gov.uk/decision/decision-amending-methodology-setting-contracts-difference-cfd-cap-allowance

3.7 Additionally, differences between the allowance and outturn occur because we use wholesale prices with a lag in the CfD price cap allowance. We do use some outturn payments once they become available for the August and November cap updates, following LCCC's quarterly reconciliation, but we will always use the latest information available.

3.8 For example, the £25/customer/year difference in 2023/24 is mainly driven by the first quarter of the financial year, when the price cap allowance was substantially lower than outturn payments. This is likely because wholesale electricity prices were still very high in the early months of 2023 but then dropped significantly. This means that the wholesale price assumption embedded in the CfD price cap allowance will have been much higher than the actual wholesale prices that generators received during the period (with the latter requiring higher top-up payments from suppliers to generators, and therefore a higher ILR).

3.9 Excluding the years affected by the gas crisis (2021/22-2023/24), the net difference between allowed and outturn payments is almost nil.

Generator delays to contract start dates

3.10 A few suppliers asserted that the CfD price cap allowance may overestimate the credits from generators, because the LCCC may assume that generators will begin generating under their CfD contract on their contracted start dates, whereas historically, some generators have delayed their start to take advantage of high wholesale prices.

3.11 However, the LCCC has confirmed that it does not assume that generators will always start on their contracted start dates.[11] LCCC's website states that it adjusts generator start dates based on LCCC's knowledge of the facility, confidential information provided by the generator and predictions of generators' behaviour in response to market conditions.

---

[11] LCCC (2025), Supplier CfD & RAB FAQs, What start dates does LCCC use as the basis for published forecasts?. https://www.lowcarboncontracts.uk/resources/faqs/supplier-cfd-rab-faqs/

3.12 We note that the Department for Energy Security and Net Zero (DESNZ) has changed the CfD contract from Allocation Round 5 (AR5) to prevent generators delaying their CfD start date for commercial gain once they have entered their Target Commissioning Window.[12] Therefore, we do not expect this issue to reoccur for projects that contracted under AR5 onwards.

Capture prices

3.13 One supplier said that LCCC's modelling underestimates the difference between capture prices and wholesale market prices, leading to an underestimate of the forecast ILR and therefore the CfD price cap allowance.

3.14 Capture prices are not a direct input of LCCC's forecast model. They are an output of the modelling process, and as such cannot be directly altered. The LCCC is aware that actual capture price differences can be higher than modelled differences.[13] The LCCC is continually making improvements to the methodology, with capture prices being one of the metrics it uses to assess the effectiveness of any change.

Uncertainty, risk exposure and hedging

3.15 Managing risk exposure, including risks associated with CfDs, is an integral part of a supplier's business model. For example, we expect suppliers to manage this risk in relation to their fixed tariff customers when setting the price of their fixed tariffs.

3.16 It is a commercial decision for suppliers to hedge their CfD exposure. If a supplier did not hedge for CfD costs, it would be fully exposed to differences between the CfD price cap allowance and LCCC's outturn payments. In practice, some suppliers choose to hedge their exposure. However, at this stage, we do not have evidence on how many suppliers do so, the methods they use, or the scale of their outturn losses or benefits relative to the cap allowance. In our 2018 decision, we

[12] Department for Energy Security and Net Zero (2022), Contracts for Difference: contract changes for Allocation Round 5.
https://www.gov.uk/government/consultations/cfd-contract-changes-for-allocation-round-5
[13] Low Carbon Contracts Company (2025), Supplier CfD and RAB FAQs.
https://www.lowcarboncontracts.uk/resources/faqs/supplier-cfd-rab-faqs/

stated we would not include a mechanism in the cap for correcting previous forecast errors.[14] Then in 2022, we decided not to include an offset for CfD benefits, as the majority of suppliers indicated in their responses that they did not receive this benefit due to fully hedging their CfD cost exposure.[15]

3.17 The risk suppliers' face can be described by two drivers: price risk and volume risk. Through engagement, some suppliers have said that while they can hedge for expected prices of CfD payments, it is harder to hedge for volume of renewable energy generation, as this is intermittent and therefore unpredictable by nature (because it is weather dependent).

3.18 We are seeking evidence on the extent to which the difference between the allowance (based on forecasts) and the outturn payments is attributable to price variability versus volume variability. This will help us understand how much of the difference between the allowance and outturn could potentially be mitigated through hedging, particularly if volume hedging is more challenging than price hedging.

3.19 We are concerned that fully reflecting LCCC's outturn payments in the cap allowance (for example via a lagged allowance or a reconciliation) would shift the balance of risk entirely to customers, which is likely to go against our duty to protect current and future domestic customers on standard variable and default tariffs. We consider hedging to be prudent risk management behaviour and shifting the risk in this way may also disincentivise suppliers to hedge, with potential implications on the wider market. We welcome views on this.

3.20 We have been working with the LCCC to remove elements of uncertainty for suppliers:

[14] Ofgem (2018), Default tariff cap: decision – overview, overview document, paragraph 3.17. https://www.ofgem.gov.uk/decision/default-tariff-cap-decision-overview

[15] Ofgem (2022), Price Cap - Decision on the potential impact of increased wholesale volatility on the default tariff cap https://www.ofgem.gov.uk/decision/price-cap-decision-potential-impact-increased-wholesale-volatility-default-tariff-cap

Call for input – Contracts for Difference allowance in the default tariff cap

1) Suppliers said they lacked clarity on the inputs we would use to set the CfD cap allowance.
2) From price cap period [15a] (October 2025 – December 2025) onwards, we will use a new dashboard published by the LCCC to source CfD inputs.[16] This brings together all the LCCC inputs we use for setting the price cap, including: quarterly supplier payments, quarterly eligible demand, and the total eligible demand for the last full financial year. Additionally, the LCCC has committed to using its latest tracking for their inputs – which enables us to use more up to date forecasts than before and ensure market date certainty. This dashboard is also publicly available on their website for all suppliers to see and incorporate into their own modelling.
3) Ultimately, these changes aim to improve transparency and provide more certainty to help suppliers mitigate risks.[17]

Considerations on potential policy options

3.21 We understand that suppliers consider CfD exposure is a growing area of risk for their businesses. The capacity and budget of the CfD scheme are both expected to grow in future years, which could increase the potential variation between the cap allowance and LCCC's outturn payments.

3.22 We have not yet seen consistent and compelling evidence that a change to the price cap allowance approach is required, given that the points highlighted in this paper address some of the concerns previously raised.

3.23 At this stage, our aim is to understand and quantify any concerns. We are seeking evidence and a broad consensus from stakeholders on the key issues and the potential solutions we should consider.

3.24 Given reconciliation has been suggested previously, we outline some initial high-level views below. However, pursuing this option would require compelling new

---

[16] LCCC (2025), Price Cap Inputs. https://www.lowcarboncontracts.uk/resources/scheme-dashboards/price-cap-inputs/

[17] Ofgem (2025), Policy Update: Warm Home Discount and Contracts for Difference. https://www.ofgem.gov.uk/policy/policy-update-warm-home-discount-and-contracts-difference

evidence, along with a clear explanation of what has changed since our previous decisions. We also refer to the principles underpinning how we set the cap (discussed below) and note our previous decisions to rule out including a reconciliation mechanism for the CfD allowance.

Considerations on a reconciliation mechanism

3.25 The cap is designed as a set of ex-ante allowances given it is a cap rather than a strict price control. As set out in our 2018 decision, we do not include mechanisms in the cap for correcting forecast errors, particularly if these are not systematic. The general role of reconciliation mechanisms should be considered alongside wider considerations on the design approach for the cap. Therefore, we consider it more appropriate to consider the principle within our future price protection work.

3.26 Overall, there is a high bar to including reconciliation mechanisms for elements of the price cap allowance. Where we have made previous ad-hoc adjustments (eg for additional wholesale cost and float/true-ups for bad debt), we have required there to be compelling evidence of a material and systematic deviation of outturn costs from the price cap allowance. Though noting even in instances where this test was met, the approaches to account for differences between the allowance and costs were temporary rather than an enduring feature of the cap.

3.27 It should be noted that in 2022 we rejected proposals for a reconciliation mechanism of the CfD cap allowance against outturn LCCC payments, on the grounds that the issues underpinning suppliers' arguments were not resulting in material and systematic impacts.[18] In 2023 we set out again that we had not seen sufficient new and compelling evidence to suggest that our previous decision on a

[18] Ofgem (2022), Decision on amending the methodology for setting the Contracts for Difference (CfD) cap allowance.
https://www.ofgem.gov.uk/decision/decision-amending-methodology-setting-contracts-difference-cfd-cap-allowance

CfD reconciliation mechanism should be reviewed.[19] However, we remain open to considering views and invite evidence that supports the case for revisiting this.

3.28 If stakeholders consider it appropriate for us to consider a reconciliation for the CfD allowance specifically, we invite detailed evidence explaining why:

- the CfD allowance meets the material and systematic threshold on an ongoing basis once hedging is accounted for; or
- this allowance is different to other allowances in the cap, such that a reconciliation mechanism would still be justified.

3.29 Additionally, we invite detailed evidence on whether a reconciliation mechanism would create additional/different risks for either suppliers or customers. We are concerned that the inclusion of a reconciliation mechanism could affect suppliers' incentives to hedge (depending on its design), as some suppliers said they would stop hedging in the presence of a true-up. This could shift the balance of risk on to customers and could have potential consequences for the functioning of the wholesale market. We welcome views on consequences of reflecting CfD outturn payments in the cap allowance.

3.30 We note that any consideration of a reconciliation mechanism for the CfD allowance based on its specific characteristics would not set a precedent for applying reconciliation more broadly across other cap allowances.

[19] Ofgem (2023), Decision on technical changes to the price cap methodology https://www.ofgem.gov.uk/decision/decision-technical-changes-price-cap-methodology

4. Questions

1. What are your views on the current CfD price cap allowance methodology? Please provide evidence in support of any issues raised.
2. Do you have any views on potential amendments to the CfD allowance methodology? Please include considerations of pros, cons and unintended consequences of any option.
3. Do you consider reconciliation to be an appropriate measure for the CfD allowance, please provide supporting evidence explaining how CfD costs meet the systematic and material test or what specific characteristics of CfD costs could justify the need for a reconciliation mechanism. This evidence should also include what has materially changed since our previous decision on the CfD allowance and whether such a mechanism would introduce any additional or different risks for suppliers or customers (eg disincentivising suppliers' hedging).
4. (Question for suppliers) Do you hedge for CfD costs, and if so, what approach do you take (eg reference price, frequency of hedging)?
5. (Question for suppliers) Do you take a different hedging approach for CfD costs of customers under the price cap vs fixed tariff customers?
6. (Question for suppliers) Would your hedging strategy change if a reconciliation mechanism for CfD costs was in place?
7. (Question for suppliers) Please provide evidence of the differences between the CfD cap allowance and outturn costs incurred for the CfD scheme. Please include evidence of the relative size of price vs volume effects on the differences.

Appendix 1- Your response, data and confidentiality

How to respond

We want to hear from anyone interested in this consultation. Please send your response to the person or team named on the front page of this document.

We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

We will publish non-confidential responses on our website.

Your response, data, and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

Appendix 2 – Privacy notice

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

We may share consultation responses with officials from the Department of Energy Security and Net Zero.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for six months after the project, including subsequent projects or legal proceedings regarding a decision based on this consultation, is closed.

6. Your rights

Call for input – Contracts for Difference allowance in the default tariff cap

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at https://ico.org.uk/, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system

10. More information For more information on how Ofgem processes your data, click on the link to our "ofgem privacy promise".