



EMR Consultation Response Document (Part 3 of 7)

Comments on the CfD (Allocation) Regulations

Name of reviewer

ELEXON Ltd.

Name of document being reviewed

The Contracts for Difference (Allocation) Regulations 2014

Page	Chapter	Section	Paragraph or Question Number	Response (Comment / Observation)
14	Part 2 Chapter 2	Determination of maximum budgets	27	The use of the words "should be paid" appears to require that payments are actually stopped when the budget limit is reached. Is this what is intended for settlement purposes? If so, the counterparty/settlement agent will need to keep a review of budget limits and payments made to date so that the budget limit is not breached. The question of payment reconciliations would also need to be considered once the budget limit is reached.
16	Part 2 Chapter 3	31	1(d)	31(1)(d) requires that the national system operator must publish updated information on change of value of CfDs which are in force in a delivery year. 33(3) states that the value will be calculated according to a methodology determined by the Secretary of State. If the methodology, which we have not seen, requires that CfD values are changed based, or partly based, on payments made in the delivery year to date, this would require settlement data to process and the value could change daily. We note this as an observation.