



Department for
Business, Energy
& Industrial Strategy

Contracts for Difference, Supply Chain Plan for Allocation Round 5

Your Questions and Answers, September
2022

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General and Process Questions

Aims

Q: What is the purpose of a Supply Chain Plan?

Supply Chain Plans are designed to encourage renewable energy developers to commit to actions that will strengthen the capacity, productivity and competitiveness of their supply chains. This has become all the more crucial in the context of our Energy Security Strategy, and recent supply chain bottlenecks.

Q: What are you aiming for with the Supply Chain Plan changes in AR5?

An assessment and lessons learnt exercise from AR4 showed that the revised Supply Chain Plan format went a long way to achieving the government's objectives of clearer, and more measurable commitments but there were still some areas where improvements could be made, notably around the clarity of the questions and the transparency of the scoring system. With more robust, clearer questions, and a revamped scoring system, we hope to encourage a higher quality of responses that will lead to more measurable and tangible outcomes.

Another aim of the changes in AR5 is about further supporting the supply chains of emerging technologies. The government identified Floating Offshore Wind as a technology on the verge of significant commercialisation and deployment within the next 5 years. Therefore, we have brought it into the Supply Chain Plan process with a bespoke, lighter-touch questionnaire. This will allow BEIS to support the development of the associated supply chain at an early stage, paving the way for investments in innovation and competitiveness.

Timing

Q: What are the timings of the Supply Chain Plan process for AR5?

The indicative timings are that the Supply Chain Plan Application window will open on the 5 December 2022 for one week, closing on the 12 December.

Feedback sessions should take place between the 3rd and 13th January 2023. Applicants should have the results of the Supply Chain Plan application no later than 10th February 2023.

Q: What are the timings for AR5?

The timetable for Allocation Round 5 will be announced in due course.

Q: Do we need to pre-register our intent before submitting a SCP to BEIS?

Yes, all applicants need to e-mail the inbox: supplychainplan@beis.gov.uk a week before they submit their plan so BEIS can establish them a secure area for uploading their documents.

Q: When will AR4 Supply Chain Plans be published?

They will be published on Gov.uk once they have been redacted. The plans for AR1-3 are available already and are on the website.

Assessment Process & Criteria

Q: How will an application for a Supply Chain Implementation Statement be assessed?

BEIS will assess the evidence provided for each commitment made in a Supply Chain Plan (including amendments made during the monitoring process) and rescore the Supply Chain Plan similarly to the CfD application stage, taking into account the initial level of ambition committed to, to determine the extent to which the Generator has implemented or is on track to implement the commitments made.

Q: Who will assess the Supply Chain Plans?

This assessment will be undertaken by officials in BEIS and Devolved Administrations (if relevant) alongside an independent panel. Advice will then be submitted to Secretary of State who will decide if a SCP should be passed or failed.

Q: On what basis can you fail a Supply Chain Plan at assessment stage?

If a developer fails to implement enough of their commitments to meet the 60% pass mark in a section, they could face termination of their CfD contract. However, BEIS will take into account circumstances beyond the control of the developer and the efforts they have made to deliver commitments. The monitoring programme is designed to pick up issues around implementation and agree a way forward. Developers have the option to make adjustments or amend their plans at each stage of the process to secure a Supply Chain Implementation Statement.

Note that for Floating Offshore Wind projects, the pass mark is different and is set at 50% across the whole questionnaire.

Q: How will the initial Supply Chain Plan application be assessed?

When assessing an initial Supply Chain Plan marks will be awarded based on the quality of information provided, specifically: the level of ambition; the feasibility of delivery; and the provision of quantifiable outcomes/measurable metrics and supporting evidence.

Q: Is there any in-between on the scores available or can only the discrete scores be awarded per question (e.g., 0, 5, 10 or 15)?

The points referred to in the 'points available per section' box are the points that can be awarded. We have tried to give the scoring more granularity than in AR4, while giving precise expectations for each possible score.

Q: Are a project's SCP application pre-requisites (qualifying criteria) the same as those for CfD application? e.g. all project and grid connection consents?

We do not require those things at the time of SCP application, but they will be needed by the time you apply to take part in AR5.

Q: If a developer puts forward a commitment in their original SCP that can no longer be met, can we replace it with another one, even if it relates to a different question within the same section so long as overall our score remains >60% for that section?

As long as the mark for that section remains more than 60% and the alternative commitment has been discussed with BEIS at monitoring stage and it is deemed by both parties to be of commensurate value to the original, this type of replacement is acceptable.

Q: In general, what is accepted or refused as "evidence" by BEIS?

The evidence may take a range of forms, but the principles of what it should conform to can be found in Annex B of the SCP guidance. If BEIS considers the evidence to not be sufficient, the feedback sessions will give the Applicant the opportunity to resubmit evidence.

Q: Doesn't increasing the pass mark mean more applications will fail?

We hope that the increased time we have given Applicants between seeing the SCP questionnaire and the opening of the SCP submission window, means that Applicants will have the time to consider how to make the alterations needed to meet the increased threshold. The feedback sessions we are introducing for AR5 should also reduce the risk of failure.

Q: Is the feedback session compulsory and how will they work?

The feedback sessions are voluntary and will take place after the SCP application has been submitted and an initial assessment undertaken, but before final results are released.

The feedback session will provide Applicants with an opportunity to clarify any aspects of the SCP that BEIS finds unclear or vague, and to ensure that all answers have either measurable outcomes or a clear explanation of the desired outcome.

This could improve Applicants' chances of submitting a successful application.

The feedback sessions will be based on the standardised published scoring criteria. A note of the feedback session will be agreed by the participants and form part of the formal feedback. The note will not be published.

Q: How will you ensure the feedback sessions are fair?

The questions will be based on the standardised published scoring criteria. A note of the feedback sessions will be agreed by the participants and form part of the formal feedback.

Formatting & Confidentiality

Q: Are there any requirements in terms of the font size, margins or spacing between lines?

Minimum font should be 11 with 1.5 line spacing and standard margins. Number all pages and paragraphs. Each question should begin on a new page.

Q: Are we able to embed hyperlinks within the text itself or footers if we want to evidence points or should all evidence be included in the appendices instead?

Embedding and footnotes are fine, it would be helpful though if you summarised in an annex the title of each piece of evidence so we have a list of what's been embedded.

Q: Are we OK to redact any information that is commercially sensitive from our application?

Please provide as much information as possible – redactions at application stage will make it difficult for BEIS to form an accurate understanding of your project and could therefore impact the marks you receive if redactions effectively withhold relevant information. However, we appreciate that some information is commercially sensitive and in line with the guidance please label it very clearly as commercially sensitive and it will be redacted from any external publication. We will always consult applicants before Supply Chain Plans are published, to ensure you are comfortable with the information that is eventually released in the public domain. Please see section 5 in the guidance documents for more details on SCP publication.

Questionnaire Questions

General

Q: Regarding the wording on "most impactful actions" - does this require justification or can it be subjective?

This means the actions you consider to be the most impactful in your project.

Q: There is a requirement to 'exceed industry standard' in some questions – how is the benchmark for "industry standard" measured and if it is based against previous rounds when will those initiatives / standards become visible ahead of each allocation round?

Industry Standards are benchmarked on the basis of what has routinely happened across a particular renewable energy industry in previous allocation rounds. This means we recognise that each different

technology has its own industry standards. For instance, as all offshore wind developers now use supplier portals, this would be considered an 'industry standard'.

Q: The Guidance refers to decommissioning, however decommissioning is not mentioned in the Questionnaire. Can developers propose initiatives relating to the decommissioning phase of the project?

Yes this remains acceptable.

Q: Will there be an update / consultation on UK content methodology?

The UK content methodology is an industry (not government) initiative, therefore if industry seeks to update the methodology, it will need to be done in the appropriate forum.

Q: If figures for UK content and jobs are not provided will a SCP fail?

No these are unscored questions, although we would regret the unwillingness to provide data for information purposes. Such information helps government understand the economic and employment picture of your projects, especially in the absence of an updated industry framework for monitoring the economic impact of projects.

Q: On section 4.31 of the guidance: can BEIS clarify if they mean that for FLOW projects below 300 MW, the minimum grade to get an Implementation Report approved is 50% across the plan overall (similarly to the grading mechanism of the Supply Chain Plan questionnaire)? - As opposed to 50% per section.

Yes, for the bespoke Floating Offshore Wind questionnaire for projects below 300MW, 50% of marks need to be achieved across the whole plan overall (as opposed to 60% in each section for the standard questionnaire).

Q: What is the nature of information that BEIS hopes to see in the "additional comments" section but does not intend to score? Can this section be used as supplementary space to elaborate on description/evidence provided for other questions? Or should each response be drafted in a way that is "self-sufficient" without referring to section 5?

Each answer should be self-sufficient. However as this is the first Allocation Round in which we are introducing a bespoke Floating Offshore Wind questionnaire we have added this section to allow applicants to add any extra information about their project they would like BEIS to be aware of when assessing the application.

Q: In relation to the development of the floating wind industry, and the capacity and infrastructures of suppliers, is BEIS equally interested in examples of collaboration across the international FOW supply chain as well as UK examples?

BEIS is interested in examples of any collaboration efforts taken in the Floating Offshore Wind industry that will strengthen its supply chain.

Q: Is it expected that FOW SCP align with the objectives of the (bottom-fixed) offshore wind Sector Deal?

Floating Offshore Wind projects do not need to align with OW Sector Deal targets []which are manifestly not relevant to the size and challenge of the Floating Offshore Wind industry.

Q: For Annex B - 'Demonstrable Links' - if referring to a previous project, could that include an offshore project that is fixed or does it need to refer to a previous floating offshore project?

It could include a project that is fixed provided the link is demonstrable.

Q: In Annex B the following is stated 'Floating Offshore Wind will ambition will not be compared to other industries, and the size of projects will be taken into account.' - Please could you clarify the meaning of this statement.

We mean that Floating Offshore Wind will not be held to standards it can't be expected to meet, for example by comparing to more established technologies or to projects that are larger in size.

Q: What approach will be taken where projects >300 MW that include some floating capacity?

If a project >300 MW has some floating capacity then a SCP will need to be submitted for approval using the standard questionnaire, but please reach out to BEIS to discuss the particulars of your project.

Q: Can a Supply Chain Plan cover more than one project?

Yes as long as you are clear about how each commitment relates to each project, and that the projects are manifestly linked (e.g. part of the same development zone).

Q: Under Innovation, you want to encourage new entrants and disruptive technology. Under Scoring, the technology development stage is included suggesting that more developed technologies will be favoured. Is there a discrepancy between these approaches and, if so, which will be favoured?

We ask about the development stage but that in itself is not scored, that is for information to help us understand – applicants can see precisely what is scored against each question.

You must submit an application that corresponds to your CfD application. For instance, if you are going to bid for a 1GW project in the CfD, you need to submit a Supply Chain Plan that matches that generating station. If you are bidding for a 500MW project in the CfD, your application will need to match that project. If you have a large site that you are splitting into several CfD units, you can submit one Supply Chain Plan in respect of all the CfD units, so long as you are effectively treating the development of the site as a single project, or a group of linked projects.

Q: For a 1GW project. Can we submit an application for only 500MW?

You must submit an application that corresponds to your CfD application. For instance, if you are going to bid for a 1GW project in the CfD, you need to submit a Supply Chain Plan that matches that generating station. If you are bidding for a 500MW project in the CfD, your application will need to match that project. If you have a large site that you are splitting into several CfD units, you can submit one Supply Chain Plan in respect of all the CfD units, so long as you are effectively treating the development of the site as a single project, or a group of linked projects.

Green Growth

Q: For 1.1 in the FOW questionnaire - 'Please could you confirm if the reference to 'existing practices and methods' refers only to Floating Offshore Wind or does it also include the wider Offshore Wind market.

It refers to the Floating Offshore Wind industry, although we are mindful of where there might be overlaps where there are components or suppliers in common.

For 1.2 in the FOW questionnaire - Does the action to support development of the offshore floating wind sector have to be UK based. Will there be any scoring down if an action is in another country but will benefit floating wind as a whole?

No. This is about actions that will support the Floating Offshore Wind supply chain as a whole, and as such can be based anywhere.

Q: For question 1.4 – What evidence are BEIS expecting for value drivers? Is it a developer’s overall philosophy or actual tender criteria?

We are expecting a description of actual tender criteria.

Infrastructure

Q: One of the key changes is the Decarbonisation question, with a specific question on calculating carbon intensity. Will the calculation formula be defined, or is it up to the developer to submit their calculation?

It is currently up to the developer to submit their methodology, and they are encouraged to choose from existing recognised industry standards or methodologies. However, BEIS is looking at long-term options to set a standard methodology (based on recognised criteria and in discussion with industry) in future Allocation Rounds.

Q: Can any points be scored in Q2 (Infrastructure) where we support our supply chain to increase their capacity (by seeking larger contracts, diversifying their scope of services, etc) but it does not materialise in the increase of any physical infrastructure?

So long as you can demonstrate how you participated in increasing supply chain capacity, you will be awarded points. However, note that this does not include simply placing more orders than you had planned to with an already established and running factory. We are specifically seeking examples of increasing the total net capacity of the supply chain, rather than maximising existing capacity.

Q: For 2.1 in the FOW questionnaire- 'In this question, two of your actions can relate to a previous project, so long as there are demonstrable links between the activity undertaken between the past and current project.' - Please could you confirm if the reference to a previous project includes any offshore project or is it specifically related to floating offshore wind.

This can include an offshore wind project provided there are demonstrable links between the two.

Q: For question 2.3 – Engagement with the local area and co-ordinating and mitigating construction activities with other projects are separate activities. Can BEIS clarify what specifically is sought?

We are looking for any evidence of actions to either a) show you have engaged with local area in anticipation of construction works starting, particularly where there will be significant disruption to local infrastructure, and b) evidence you have taken appropriate steps to mitigate any locally disruptive activities.

Q: For question 2.5 - What is meant by significant investment vs. small investment? Time / money / people?

As specified in the questionnaire:

3 points if significant investment, i.e. leading to major infrastructure upgrades (new or expanded infrastructure)

2 points if small investment, i.e. leading to incremental infrastructure upgrades (e.g. improving existing infrastructure)

1 point if providing other forms of support only (e.g. guaranteeing pipeline to enable investment)

This can be either time, money or people – what we deem ‘significant’ or not is the outcome.

Innovation

Q: Can we include completed R&D activities that are relevant to the project but are not necessarily solely related to it?

Yes -they must be demonstrably relevant to the project, even though they have a wider application.

Skills

Q: For 4.2 in the FOW questionnaire - 'Please could you confirm that the reference to 'existing industry standards' refers only to Floating Offshore Wind or does it also include the wider Offshore Wind market?

It refers to the Floating Offshore Wind industry, although we are aware that there will be some overlap with the fixed-bottom market where there are activities in common

Q: For 4.2 -Can this question be answered from the perspective of group companies where there is an overall policy which has been adopted by subsidiaries?

Applicants can include examples of activities from parent companies and main suppliers provided the activity is manifestly relevant to the project and that this is made clear in the answer.

Q: For 4.3 in the FOW questionnaire- 'Please could you confirm that the reference to 'existing industry standards' refers only to Floating Offshore Wind or does it also include the wider Offshore Wind market?

It refers to the Floating Offshore Wind industry. As above, we are mindful that there may occasionally be overlaps with practices in the Fixed-bottom wind market.

Q: When calculating number of apprenticeships, scholarships, and trainees, is there guidance on how to estimate these numbers when some tier 1 suppliers may not yet be known and the specific numbers difficult to define?

You may use ranges if there is uncertainty at early stages, but take care to make these ranges credible and as narrow as possible, as very wide ranges will lack credibility when it comes to assessment.

Q: For question 4.3 is the focus of this question primarily on actions to address the disability gap or equality, and how is disability defined?

You can pick any of your core actions on either equality of opportunities, or on addressing the disability gap – or one of each. Disability is defined as per the Equality Act 2010.

Q: For question Q4.4 can the impactful actions describe procedures normally in place that are designed to ensure safe and healthy standards of working conditions throughout the lifecycle of the project?

You can describe a procedure normally in place, but will get more points if it is novel, innovative or more ambitious than what is standard across the industry.

Q: For question Q4.4 what will be the industry standard used to compare the level of ambition of described activities? Conscious that there is little track record in floating and no HSE measures that apply to the industry as standard yet: will BEIS use the bottom-fixed offshore wind industry to compare standards, or another industry? Is BEIS interested in how the project forms an opinion of relevant safety standards that are relevant and specific to floating wind and how they will be ensured?

Yes, BEIS is interested in how the project forms an opinion of relevant safety standards that are relevant and specific to floating wind and how they will be ensured. Where relevant, we will look to Offshore Wind as industry standards, but we recognize that this will not always be appropriate. We

have made it clear in the Floating questionnaire that the maturity of the floating industry will be taken into account throughout the questionnaire.

Q: for question 4.4 – Can BEIS confirm whether workers transitioning from other sectors includes all industries?

Yes, this definition has been left deliberately broad so that we can understand more about which industries workers are transitioning from.