

bp response – Call for Evidence on introducing non-price factors into the CfD Scheme

Key points

- bp supports well-designed non-price factors (NPF) with transparent objectives to complement price factors in renewable energy auctions. Given our long history in the UK and our ongoing commitments we believe bp can play a positive role.
- The Contracts for Difference (CfD) scheme already has well-established de facto NPFs through the Supply Chain Plan.
- To influence project development, the most effective route would be for the Government to explore NPFs being embedded into the leasing stage and moving towards a more centralised approach (combined lease, grid and offtake) that can be strategically planned.
- To stimulate long-term supply chain investment, the Government should consider implementing an earlier portfolio-based NPF approach and providing incentives for collective action, rather than assessing NPFs on a project-by-project basis.
- If it is the Government's final position that NPFs must be introduced into the CfD, then we would prefer:
 - Assessment to be completed by an independent expert panel (e.g. as in the Netherlands) that is sufficiently large (c8-10 people) to ensure objectivity.
 - A cap (e.g. 30%), given that low-cost electricity is desirable for the consumer and the economy; this has the additional benefit of being aligned with other European schemes developers are bidding into.
 - That factors attempting to be addressed in REMA should not be addressed through NPF in CfD.
 - Energy Security and Power-to-X as NPF categories.
 - That only the "Top-Up" option is progressed, but with detailed impact assessments and further consultation to ensure the CfD remains bankable.