

Biggest renewables auction accelerates move away from fossil fuels

- Biggest ever round of government's flagship renewables auction scheme delivers record capacity of almost 11GW of clean energy, almost double the capacity achieved in the previous round
- enough to power around 12 million British homes with clean, affordable, homegrown energy, helping to reduce our exposure to volatile global prices
- almost 7GW of capacity from new offshore wind projects will increase the country's overall capacity built and under construction by 35%

A record amount of renewable energy has today (7 July 2022) been secured through the biggest ever round of the UK government's flagship auction scheme.

The fourth round of the Contracts for Difference (CfD) scheme has been the most successful ever, securing almost 11GW across a range of clean technologies, including offshore wind, solar, onshore wind, and – for the first time ever – floating offshore wind and tidal stream – helping to boost British energy security and independence with cleaner, more affordable and diverse energy created in the UK.

CfDs give certainty to project developers to invest in new renewable energy infrastructure by protecting them from volatile wholesale prices. A unique benefit of the CfD scheme is that when wholesale electricity prices are high, as they have been in recent months, generators pay money back into the scheme to reduce the net costs of the scheme to consumers.

The greatest capacity – almost 7GW – has been secured from new offshore wind projects around the coastline of Great Britain, enough to increase the country's overall capacity built and under construction by 35% and take a significant step towards meeting the government's 50GW of offshore wind ambition by 2030.

The competitive nature of the scheme has continued to place downward pressure on prices – the per unit (MWh) price of offshore wind secured in this round is almost 70% less than that secured in the first allocation round, in 2015.

Onshore wind and solar energy were both included in a CfD auction for the first time since 2015. Onshore wind secured almost 0.9GW of new capacity, clearing at a per unit price that was more than 45% lower than in the first CfD round in 2015, while solar secured more than 2.2GW.

The fourth round also saw developing technologies tidal stream and floating offshore wind projects successful for the first time. Tidal stream returned a capacity of 41MW and floating offshore wind returned 32MW.

Overall, 93 projects with existing planning permission across England,

Scotland and Wales have won contracts through the competitive auction process, which is more than in all 3 previous rounds combined.

This helps solidify the UK's role as a world-leader in renewable electricity, driving investment in new, future-proof industries, creating skilled jobs and helping reduce emissions across the country. The results also represent significant progress towards achieving ambitions set out in the British Energy Security Strategy, including for the offshore wind sector alone to support around 90,000 high-skilled jobs across Great Britain by the end of the decade.

Business and Energy Secretary Kwasi Kwarteng said:

Eye-watering gas prices are hitting consumers across Europe. The more cheap, clean power we generate within our own borders, the better protected we will be from volatile gas prices that are pushing up bills.

Thanks to today's record renewable energy auction, we have secured almost 11GW of clean, home-grown electricity – which would provide as much power as around 6 gas fired power stations.

These energy projects already have planning permission, now they have a funding contract in place. We're going to these projects built as soon as possible to better protect millions of British families from rising costs.

As well as securing a record level of clean electricity generation capacity, the fourth CfD round has delivered energy from a greater number of renewable technologies than ever before, helping to ensure a more secure, more resilient energy system.

It is a significant step towards securing a future where Great Britain is powered by cheaper, reliable, homegrown energy, delivering on ambitions laid out in the British Energy Security Strategy. An increase in renewables will drastically reduce the country's exposure to the volatile global fossil fuel prices that are pushing up energy bills for millions of households.

Energy Minister Greg Hands said:

This fourth round shows the government's Contracts for Difference scheme continues to be a roaring success.

Not only has it secured a record capacity of clean electricity, it ensures the UK will have a future powered by a resilient and diverse supply of homegrown energy by bringing forward a greater range of renewable technologies than ever before.

The government's [British Energy Security Strategy](#) set out how Great Britain

will accelerate the deployment of renewable technologies, with an ambition to see 95% of electricity being low carbon by 2030. The strategy also set out an increased ambition for the number of clean jobs in the UK by supporting 90,000 in offshore wind by 2030.

RenewableUK Deputy Chief Executive Melanie Onn said:

Today's record-breaking auction results show that there is a way to replace unaffordable gas with low-cost clean power generated by a wide range of renewable technologies led by wind, both offshore and onshore. Thanks to the rapid construction times of new onshore wind and solar sites, billpayers will start to feel the benefits of today's auction next year.

The auction also showed that the UK is maintaining its position as a world-leader in innovative renewable energy technologies like tidal stream and floating wind, which will both play an increasingly significant role in our transition to clean power to meet our net zero goal.

Working closely with government, we need to make this country the most attractive place to invest in. This is particularly important if we want to develop our supply chain in new technologies like floating wind, tidal stream and green hydrogen, in which we can lead the global market and seize the export opportunities this offers.

- The Contracts for Difference fourth allocation round ran between December 2021 and July 2022
- [successful energy projects that have received contracts through the competitive auction process in the fourth allocation round](#)
- Contracts for Difference are 15-year private law contracts between renewable electricity generators and the Low Carbon Contracts Company (LCCC), a government-owned company that manages CfDs at arm's length from government
- contracts are awarded in a series of competitive auctions, known as allocation rounds, which have been run approximately every 2 years but will be held annually from March 2023. In the auction process, the lowest price bids within each pot and / or ringfence are successful, which drives efficiency and cost reduction
- CfDs give greater certainty and stability of revenues to electricity generators by reducing their exposure to volatile wholesale prices, while protecting consumers from paying for higher costs when electricity prices are high
- the scheme has delivered substantial new investment and helped deliver significant reductions in the costs of capital for some renewable technologies
- the CfD fourth round had budget funding of £295 million per year (2011-2012 prices)
- this saw £210 million allocated to the pot supporting offshore wind

projects, with £10 million for established technologies and £75 million for less-established technologies, including ringfenced funding of £24 million for floating offshore wind projects and £20 million for tidal stream projects

- monetary support (pot budget) estimates, including the £295 million total figure and split across the 3 pots, are presented in 2011-2012 prices in line with the Control for Low Carbon Levies. These figures are an estimate of annual support in the most expensive year in the first 4 years following deployment. Actual annual figures will vary over the lifetime of the contract depending on future wholesale electricity prices, and outcomes of the competitive auction process
- the homes powered estimate reflects the equivalent number of homes that could be powered based on an estimate of the annual generation from the capacity procured in AR4. It is not possible to continuously power a home through intermittent renewables – this capacity will work alongside the rest of the electricity system to power homes and businesses. The estimate is calculated using household consumption estimates sourced from the published National Energy Efficiency Data, and technology specific load factors published in the CfD Allocation Round 4 Standard Terms Notice. The actual generation will vary based on site specific factors. The same estimated load factors are used in the comparison of AR4 generation with Hinkley Point C. For Hinkley Point C the load factor published in the BEIS Electricity Generation Costs report is used