

# Clean energy to power over seven million homes by 2025 at record low prices

- Around 6GW of clean energy is to be added to the grid by 2025 – an important step towards decarbonising our energy system and reaching net zero emissions by 2050
- Results show the UK's leadership in offshore wind, creating up to 8,000 jobs across the UK and economic opportunities as we leave the European Union

Twelve new renewable energy projects will be powering over seven million homes at record low prices thanks to the latest round of the government's flagship Contracts for Difference scheme.

The new projects will provide around 6GW of capacity – 2.4GW more than the last round. For the first time renewables are expected to come online below market prices and without additional subsidy on bills, meaning a better deal for consumers. The costs of offshore wind are now around 30% lower than the second auction held in 2017, with projects now being delivered for as low as £39.65/MWh.

The new projects and lower prices are another step toward decarbonising our energy system as we work toward net zero emissions by 2050, creating jobs and economic opportunities across the UK. According to research by RenewableUK, the new projects could see 8,000 jobs created.

Prime Minister Boris Johnson said:

The UK is leading the way in the fight against climate change, and it's great news that millions more homes will be powered by clean energy at record low prices.

Seizing the opportunities of clean energy not only helps to protect our planet, but will also back businesses and boost jobs across the UK.

Energy and Clean Growth Minister Kwasi Kwarteng said:

Offshore wind is a British success story, with new projects at record low prices creating new opportunities for jobs and economic growth as we leave the EU.

The support we're announcing today will mean that over 7 million more homes will be powered by renewable energy as we decarbonise our energy system – crucial as we continue on the road to net zero

emissions by 2050.

The Contracts for Difference (CfD) scheme is the government's primary method of supporting low-carbon electricity. It encourages investment in renewables by providing projects with a stable income while protecting consumers from paying increased support costs when electricity prices are high.

Renewables projects across the UK have been awarded CfDs – from Birmingham to Orkney. Successful technology types include:

- Offshore wind – wind projects off the UK coast delivering up to a third of our electricity coming from the technology by 2030;
- Advanced Conversion Technologies – converting waste which would otherwise go to landfill into energy;
- Remote Island Wind – wind projects on the remote islands of the UK which can take advantage of strong winds.

Today's results are the latest stage of the government's support for renewable energy. In March 2019 we signed a ground-breaking £250 million sector deal with the offshore wind industry which committed us to maximising opportunities and sourcing up to a third of electricity from offshore wind by 2030.

The UK has the largest installed capacity of offshore wind in the world, with around 8GW installed at the end of 2018. This is expected to rise to 10GW by next year, and even further as more projects start contributing power to the grid into the 2020s.

In June the government committed to reaching net zero emissions by 2050 and ending the UK's contribution to global warming altogether. The UK has already made a strong start in decarbonising its energy system, with renewables generating a record 33% of the country's electricity last year.

It has been estimated that the low carbon economy in the UK could grow four times faster than rest of the economy out to 2030 and could deliver between £60 billion and £170 billion in exports by 2030. Today's results demonstrate the potential of renewables to create such 'green-collar' jobs.

Notes to Editors:

Previous rounds of the Contracts for Difference scheme have seen around 10GW of new renewable power projects awarded contracts in total, with the potential to provide enough clean electricity for over half a million homes each year.

How Contracts for Difference works:

- The Contracts for Difference (CfD) scheme is the government's main mechanism for supporting new renewable electricity generation projects in Great Britain.
- CfDs 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 arms' length from government.

- Contracts are awarded in a series of competitive auctions; the lowest price bids are successful, which drives efficiency and cost reduction.
- Successful generators still sell the electricity they produce on the wholesale market but receive a 'top-up' payment over the course of the contract.
- When the market reference price (a measure of the average market price for electricity) is below the strike price (a price for electricity reflecting the cost of investing in a particular low carbon technology, determined by competitive bidding), generators receive a top-up payment for the additional amount. Conversely if the reference price is above the strike price, the generator must pay back the difference.
- This provides a degree of income stabilisation for new projects, making projects that have a high up-front cost but long lifetime and low running costs attractive to investors.
- The CfD scheme is funded by a compulsory levy (that is, fee) on electricity suppliers, calculated in proportion to their market share of the GB electricity supply market.
- The auction process is run by National Grid ESO, the Delivery Body for Electricity Market Reform (EMR). [National Grid ESO responsibilities](#)