Changes to non-commodity charges

Contracts for Difference (CfD)

npower Business Solutions

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Contracts for Difference (CfD)

Support scheme for low carbon generators, providing long-term price certainty to increase investment for certain technologies via a fixed price known as the 'Strike Price' (wholesale price + top up subsidy)

How is it charged?

- For both Half-Hourly (HH) and Non-Half Hourly (NHH) the cost will either be fully passed through with reconciliation or fixed into the energy charges
- CfD is made up of two elements, Operational Costs Levy and Supplier Obligation Cost. These are combined into one price calculated against the National Balancing Point (NBP) consumption for each individual MPAN

Operational Costs Levy reflects the running costs of the scheme set by the Local Carbon Contracts Company (LCCC). This is a fixed unit rate per kWh for each 12-month period.

Supplier Obligation Cost reflects the amount of low-carbon electricity funded by the scheme, and is based on the subsidy paid to each CfD generator based on volume of energy generated and wholesale electricity costs.
A forecast rate will be applied to each invoice period and reconciled once actual prices are known and provided on our website. This is in accordance with the Settlement Calendar.

Green Excluded Electricity (GEE) is a supplier level exemption which is not known until at least 6 months after the end of the quarter which results in a further actual rate being calculated and confirmed for each quarter.

How will it appear on my invoice?

- Your pass-through charges will appear on invoices in the 'Government and regulatory levies' section under a heading of 'Contracts for Difference (CfD)'
- The forecast charge will be calculated and charged for each invoice period
- When actual prices are known for all days within an invoice period, a reconciliation will be applied
- A line crediting back each forecasted charge and a line invoicing the consumption at the revised prices for each invoiced period
- Once the supplier level exemptions are known (GEE), a further reconciliation will be applied on the same basis as above
- For CfD, forecasts can change, so the forecast you see on your invoice will differ from the rate contained within your billing rate notice

Find out more about CfD and GEE here.

What are the key differences?

- There will be no quarterly fixed option (pass-through without reconciliation)
- Where CfD was previously quarterly fixed, we will continue to pass-through, but this will now be subject to a reconciliation. For NHH, the volume will be based on a HH profile curve
- Charges will be calculated, applied and displayed at MPAN level, not account level
- Each invoice period on a forecast charge will be credited back individually, once the revised charge is known
- Both the actual and forecast price is applied daily and can vary. For this reason, only the total consumption (kWh) and charge (£) will be displayed on your invoice and not the p/kWh
- If you are eligible for any Energy Intensive Industry (EII) exemptions, these will be applied to the NBP volume, as opposed to a separate credit line on your invoice
- Following migration, any historic periods invoiced from our legacy system on a forecast price will be reconciled in the new account management system