

Guidance for Fixed Bottom and Floating Offshore Wind projects on Monitoring the Implementation of Clean Industry Bonus

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1. Purpose of this Guidance Document

- 1.1. “Clean Industry Bonus” refers to the scheme set out in the Contracts for Difference (Allocation) Regulations 2014 and the Electricity Market Reform (General) Regulations 2014 (as amended) as ‘Sustainable Industry Rewards’ (SIRs). For the avoidance of doubt, Sustainable Industry Rewards as referred to in the regulations have evolved and have become the Clean Industry Bonus. The name ‘Sustainable Industry Rewards’ (or SIRs) is being superseded though the regulations still refer to them.
- 1.2. The Clean Industry Bonus offers extra Contracts for Difference (CfD) revenue support to applicants who choose to invest in the economic, social and environmental sustainability of their supply chains. An applicant can seek further revenue support (‘CIB extra proposals’), through a competitive process, if they choose to invest under two criteria: shorter supply chains, or in cleaner supply chains, as set out in the CIB Allocation Framework. Before any revenue support can be unlocked, applicants must demonstrate they have met the relevant minimum standards. This includes contributing their own funding to at least one of the sustainability criteria set out in the CIB Allocation Framework and for the generator to contribute the agreed amount to the Industrial Growth Plan Delivery Body (IGP) (‘CIB Financial Minimum Standards’), and for AR8, this will also include signing up to the interim Fair Work Charter (both the eligible generator, its nominated service providers where relevant, and relevant suppliers, ports and installers).
- 1.3. In order to qualify for a Contract for Difference Allocation Round, CfD applicants for all fixed bottom or floating offshore wind generating stations are required to provide the National Electricity System Operator (NESO) (as Delivery Body) and the Low Carbon Contracts Company (LCCC) with a statement by the Secretary of State, showing that Secretary of State considers that their Clean Industry Bonus (CIB) application has met the minimum standards of likely contribution to the development and sustainability of supply chains, as set out in the CIB Allocation Framework, and which of their CIB extra proposals have been awarded revenue support, if any (‘CIB Statement’).
- 1.4. This guidance is designed to assist Generators who are awarded a Contract for Difference in understanding how delivery of their CIB commitments (including meeting the minimum standards) will be monitored and assessed. Receipt of CIB payments is conditional on successful delivery of commitments, which will be confirmed by the Secretary of State through an CIB Implementation Statement.
- 1.5. The guidance also covers the process of determining partial and non-delivery of CIB commitments, including the minimum standards, and sets out the consequences of both delivery and non-delivery.
- 1.6. All matters relating to the allocation of CIBs are dealt with in the CIB Allocation Framework.
- 1.7. An CIB applicant that receives a Contract for Difference, will be referred to hereafter as ‘the Generator’, as defined in the CIB Allocation Framework.

- 1.8. Please note that this document is non-statutory guidance. Where the provisions of this document conflict with the relevant regulations¹ or with the CIB Allocation Framework, or the Contract for Difference, the latter three prevail.

2. Generator's obligations

- 2.1 The Contract for Difference will require the Generator to deliver on the commitments set out in the CIB Statement issued to the Generator by the Secretary of State, following CIB allocation (or the Statement as revised according to the regulations 28E of the Contracts for Difference (Allocation) Regulations 2014, or as amended). This means if and after a project is awarded a Contract for Difference, Generators will be contractually required to deliver their CIB commitments as set out in their CIB Statement. This includes delivery of the extra CIB proposals (if any) and delivery of the minimum standards, with the mechanism for any payments or performance related adjustments set out in the Contract for Difference.
- 2.2 All documents and supportive evidence provided as part of a CIB application and required by the CIB Allocation Framework may be used in drawing up the CIB Statement and the CIB Implementation Statement. These statements will be used as part of the monitoring process to track and ensure delivery of commitments.
- 2.3 The date by which CIB commitments, including minimum standards, will need to be delivered will be taken from the proposed dates submitted in a Generator's CIB application for each commitment and will feature in the CIB Statement. In all cases, the CIB delivery date must be before the project's expected Start Date as set out in the Contract for Difference contract.
- 2.4 A Generator is required to contribute the total agreed industry sum towards the Industrial Growth Plan Delivery Body, as per section 3.
- 2.5 A Generator (including its designated service provider or affiliates where relevant), and nominated Criterion 1 suppliers/ports/installers are required to be signatories of the interim Fair Work Charter, as per Section 5, except where the exemptions set out in the Allocation Framework apply.
- 2.6 A Generator is required to deliver the CIB minimum standards set out in their CIB Statement. This includes financial minimum standards and non-financial minimum standards, as set out in the CIB Allocation Framework. A Generator that does not comply with financial minimum standards will have performance related adjustments applied to their CfD payments (see section 11). A Generator that does not comply with non-financial minimum standards may lose their Extra Proposal funding (see section 4).
- 2.7 For the avoidance of doubt, an eligible Generator that has not obtained any extra revenue support through the CIB for the delivery of extra CIB proposals must still deliver the minimum standard.
- 2.8 A Generator is required to deliver on their extra CIB proposals in their CIB Statement in order to be eligible to receive their CIB payments. A Generator who does not comply with

¹ Contracts for Difference (Allocation) Regulations 2014, as amended; Electricity Market Reform (General) Regulations, as amended.

their CIB Statement may face performance related adjustments to their CIB payments (see next sections).

2.9A CIB statement may be amended or revised after being issued (including after a Contract for Difference has been entered into : a) to specify the number and size of units included in the project the CIB application covers, once CfD awards have been issued; b) to correct errors; c) where the information included in, or in support of, a CIB application was materially incorrect, or d) where there was been a material change in circumstances relevant to the matters specified in the CIB Statement.

2.10 Where a statement is revised due to a material change in circumstances, the revision is subject to certain restrictions set out in regulation 28E of the Contracts for Difference (Allocation) Regulations 2014. The Secretary of State:

2.10.1 must not increase the amount of CIB payment to which the applicant may be entitled;

2.10.2 must not change in a material way the obligations which must be fulfilled by the applicant in order to receive their CIB payments; and

2.10.3 must take into account the competitive nature of the CIB allocation process.

2.11 Examples might include amending the statement to take into account changes in a project's size, or any modification to a commitment agreed to by the Secretary of State, such as:

2.11.1 updating the minimum standard commitment, including after Milestone Delivery Date if the commitment originally agreed to cannot be delivered due to events or circumstances that were unforeseeable at the time at application and were outside of the applicant's reasonable control (see section 7);

2.11.2 replacing a supplier to whom investment has been committed with another eligible supplier, so long as the value of the CIB support remains the same or lower, and the ratio between the value of investment and the support required remains the same or higher compared with the generator's original award;

3. Industrial Growth Plan

3.1 The generator must contribute to the Industrial Growth Plan (IGP) Delivery Body to meet the financial minimum standards.

3.2 The monies invested in the IGP delivery body may count towards a generators minimum standard required spend, should the generator choose to do so.

3.3 Should an Eligible Generator not fulfil their requirement to contribute to the IGP, then a Performance related adjustments would be applied in the same way as for all other financial minimum standard investment requirements. The performance related adjustment applied would be equal to the difference between the contribution required and the contribution made by the eligible generator.

4. Fair Work Charter

- 4.1 The generator must be a signatory to the interim Fair Work Charter to remain eligible for CIB bonus payments, which is a non-financial minimum standard.
- 4.2 For suppliers/ports/installers under Criterion 1, the business must remain a signatory of the Fair Work Charter until all relevant CIB Implementation Statements have been issued. Suppliers will not be eligible for the next relevant CIB Allocation Round should they no longer be Fair Work Charter signatories after CIB application.

5. Clean Industry Bonus Overview of Monitoring and Assessment

- 5.1 Once a Generator has entered into a Contract for Difference, the Department for Energy Security and Net Zero (DESNZ) will begin the CIB monitoring process. The purpose of the monitoring process is to gather information on the meeting of minimum standards and any CIB extra proposals included in a Generator's CIB statement. This is necessary to identify any issues that may impede a Generator's ability to meet their commitments, and ensure the CIB is delivered on time.
- 5.2 A generator may apply for an Implementation Statement after their Milestone Delivery Date. For the avoidance of doubt, if a generator has submitted a CIB application covering a project comprising of several CfD units (as confirmed post-CfD award as per the Allocation Framework), the generator will need to apply for an Implementation Statement per CfD unit. This is due to each unit having its own CfD contract.
- 5.3 If the Secretary of State is satisfied the financial minimum standards have been fully met, they will issue a CIB Implementation Statement to the Generator. The CIB Implementation Statement will also state the extent to which the Generator has met the non-financial minimum standards and CIB extra proposals (i.e. those in addition to the financial minimum standards). The LCCC will, under the Contract for Difference, allow the payment of the CIB to the Generator in proportion to the extent that CIB commitments have been fulfilled (unless the non-financial minimum standards have not been met, in which case the Generator has no entitlement to CIB bonus funding). Note that it is not the LCCC that determines whether a CIB Statement has been met, but the Secretary of State. The LCCC then acts on the Secretary of State's determination regarding CIB implementation.
- 5.4 If the CIB Implementation Statement is refused, the refusal issued by the Secretary of State will state the extent to which the Generator has failed to meet financial minimum standards. In this case, the LCCC will make a performance adjustment under the Contract for Difference in proportion to the extent of such failure.

6. Principles of monitoring and assessment

- 6.1 As part of the monitoring and assessment phases, the Department for Energy Security & Net Zero will be looking for evidence that Generators have either met their commitments; or are on track to meet their commitments. Commitments here means delivery of the CIB extra proposals, if any, and delivery of the CIB minimum standard requirements.

- 6.2 The monitoring process will be used to track progress and identify emerging problems. The Department for Energy Security & Net Zero may ask any questions it deems relevant to the fulfilment of a commitment, as per regulations (including regulation 12E of the Electricity Market Reform (General) Regulations 2014). The Department's default position will be to solve issues, rather than to penalise Generators.
- 6.3 For example, though not an exhaustive list, this means that the Department may ask questions that pertain to: the downstream supply chain that may be necessary to fulfilling a commitment; the financial status of a Generator or the supply chain companies/ports in question; any information that is susceptible to affect the health of the supply chain company or ports featured in a commitment; or the ability of a Generator to undertake an investment.
- 6.4 If an CIB commitment can only be partially met or may not be met, the Generator should inform DESNZ as soon as practicable, as to how much of the commitment can be delivered.
- 6.5 Eligible Generators may need to update the information requested in the CIB Allocation Framework, and provided as part of their original CIB applications, as part of the monitoring process. The information provided must be truthful and accurate to the best of the applicant's knowledge.

7. Events outside a Generator's control

- 7.1. Should a Generator realise that an CIB commitment (whether extra proposal or financial or non-financial minimum standard) cannot be delivered due to events or circumstances that were unforeseeable at the time at application and were outside of the applicant's reasonable control, they should inform the Secretary of State as soon as reasonably practical, setting out the details of what has happened.
- 7.2. In the first instance, the Generator should check if the impact of the loss of their CIB commitment will result in them failing to meet the financial minimum standard investment. If the Generator has invested above the financial minimum standard investment, they will still be eligible for an CIB Implementation Statement, provided the investments are compliant with the rules set out in the Allocation Framework. Should there be a shortfall in the financial minimum standard, a Generator should propose one or several alternative minimum standard investments to cover the shortfall². These investments must be through either criterion.
- 7.3. Alternative financial minimum standard investment proposals must continue to meet the financial minimum standard requirements set out in the Allocation Framework (i.e. total minimum standard investments must meet the required financial thresholds, and must continue to relate to the criterion originally meant to be fulfilled). Such proposals must be agreed and delivered before the CfD expected Start Date or any extension periods granted by the Secretary of State. Any change in the financial minimum standard commitment from a Generator will be reflected in an amended CIB Statement.

² Such as using another supplier which the generator shortlisted in their application.

- 7.4. If a Generator is demonstrably unable to submit alternative investments to meet the financial minimum standard investment total, a Generator may submit a claim citing events outside of their control preventing them from meeting a commitment, and provide evidence to support their claim, including details of any action taken to rectify the issue and evidence of why alternative investments were not feasible.
- 7.5. Each claim will be assessed on a case-by-case basis on the merits of the claim and the evidence provided.
- 7.6. If the Secretary of State agrees that the events described were beyond the Generator's control, that the issue prevented fulfilment of the financial CIB minimum standard, that no alternatives could be found, and that the Generator made every reasonable effort to deliver the investment, an CIB Implementation Statement may still be given. This Implementation Statement would deem that the financial minimum standard had been met, even in the absence of the required level of investment.
- 7.7. Some circumstances in which the Secretary of State might consider that non-delivery was not the Generator's fault might include:
 - 7.7.1. A manufacturer and/or installation firm and/or port cannot deliver on their contractual commitments with the Generator;
 - 7.7.2. Other parties to an investment pull out from the investment, making the investment unviable;
 - 7.7.3. A third party, to whom investment was hypothecated, fails to deliver the investment.
- 7.8. However, the decision to deem that the financial minimum standards have been met in these circumstances remains entirely at the Secretary of State's discretion.
- 7.9. Should the Secretary of State disagree with the Generator's claim that non-delivery was out of their control, the Secretary of State may refuse an Implementation Statement due to financial minimum standards not being met, and LCCC may therefore apply performance related adjustments.

8. Frequency of monitoring

- 8.1. DESNZ will hold regular monitoring meetings, at least twice a year with the Generator.
- 8.2. The monitoring meetings will track implementation of CIB commitments, whether extra proposal or minimum standard.
- 8.3. DESNZ and the Generator will agree dates for monitoring meetings at the first session, and the meetings will continue until an application for an CIB Implementation Statement has been issued or refused by the Secretary of State. Either party may ask for a monitoring meeting at any time outside of the pre-scheduled ones. The frequency of monitoring is to ensure that all emerging issues are identified and addressed in a timely manner.

9. Monitoring process up to delivery of a CIB Commitment

- 9.1. The monitoring meetings will be based on the Generator's CIB commitments, including minimum standards. Each commitment will be examined in turn, and evidence of progress or difficulties will be required for each meeting. The Generator should provide notice as soon as reasonably practicable to the Secretary of State of any potential issues arising that may impact the delivery of their CIB commitments.
- 9.2. The Generator should provide a colour-coded RAG rating summarising progress against each of their commitments. The categories used will be:
 - 9.2.1.1. On track or fulfilled (green)
 - 9.2.1.2. Off-track but still deliverable (amber)
 - 9.2.1.3. Commitment not met or unlikely to be met (red)
- 9.3. All supporting documents from the Generator should be submitted no later than one week before the scheduled meeting. Failure to submit supporting documents one week before may result in the meeting being delayed until DESNZ has had a chance to review all documents.
- 9.4. DESNZ will check that the generator remains a signatory of the Fair Work Charter, noting that the Secretary of State can remove signatories to the Fair Work Charter following the dispute resolution process set out in the 'Fair Work Charter Governance Framework'.

10. Assessment of CIB Implementation

- 10.1. For the Secretary of State to confirm the extent of delivery of the CIB minimum standards and extra proposals, Generators are required to submit an application to the Secretary of State to issue an CIB Implementation Statement in respect of the delivery of the CIB minimum standard requirements and extra proposals.³ This application should include:
 - 10.1.1. The name of the CfD unit the application is made for;
 - 10.1.2. Evidence that the eligible generator has fully or partially met the obligations set out in the CIB statement (or state their intention to rely on force majeure provisions);
 - 10.1.3. Indicate where information provided is considered confidential (see section 18).
- 10.2. The Secretary of State will assess whether the CIB extra proposals (if any) and the minimum standard have been fully implemented, relying on information collected during the monitoring meetings and as part of the application for an Implementation Statement.
- 10.3. Payments and/or performance adjustments, if applicable, will be set out in the Implementation Statement and made under the Contract for Difference as described below.

³ As per the Electricity Market Reform (General) Regulations 2014.

- 10.4.
- 10.5. The CIB Minimum Standard requirements will be deemed to have been met if:
- 10.5.1. The full financial minimum standard investment sum committed to in the CIB Statement has been made by the expected CfD Start Date, or the Secretary of State deemed the commitment to have been met as per section 5 of this document.
 - 10.5.2. The full industry agreed contribution, as set by the Offshore Wind Growth Partnership, to the IGP Delivery Body has been made within the timelines expected by the Offshore Wind Growth Partnership.
 - 10.5.3. The generator, or where relevant its nominated service providers and/or affiliates are signatories of the Fair Work Charter.
- 10.6. An CIB minimum standard commitment will be deemed to have not been met if:
- 10.6.1. The list of the precise investments designed to meet the financial minimum standard have not been shared with the Secretary of State by a project's Milestone Delivery Date (as set out in the CIB Allocation Framework), and/or the list of these investments is not compliant with the CIB Allocation framework;
 - 10.6.2. The full financial minimum standard investment sum committed to in the CIB statement has not been made by the CfD Start Date (and the Secretary of State has not deemed the commitment to have been met as per section 5 of this document).
 - 10.6.3. The full contribution due to the IGP Delivery Body has not been made in the time frame set out by the Offshore Wind Growth Partnership.
- 10.7. The Fair Work Charter has not been signed by the relevant entity, or the signatory has withdrawn from the Fair Work Charter, or been removed as signatory by virtue of the dispute resolution process set out in the Fair Work Charter, by the CfD Start Date.
- 10.8. A CIB extra proposal will be deemed to have been met if the full investment committed to in the CIB Statement has been made by the expected CfD Start Date.
- 10.9. An CIB extra proposal will be deemed to have been partially met if an investment committed to in the CIB Statement has been partially made by the expected CfD Start Date.
- 10.10. An CIB extra proposal will be deemed to have not been met if no share of the investment committed to in the CIB Statement has been made by the expected CfD Start Date.
- 10.11. A Generator that instructs a third-party to make the CIB investments on their behalf (including financial minimum standard), as per section 5.4 of the CfD CIB Allocation Framework, remains liable for any undelivered investment by the third-party.
- 10.12. Generators are required to submit the following evidence:
- 10.13. Evidence of total amount of investment (for example a paid invoice).

- 10.13.1.1. Copy of relevant parts of the signed contracts and/r invoices showing total investment.
 - 10.13.1.2. Confirmation that IGP contribution has been made.
 - 10.13.1.3. Updated benefits statement figures (as originally submitted in the application, see CIB Allocation Framework).
 - 10.13.1.4. Confirmation of any other deliverables linked to the investments.
 - 10.13.1.5. Evidence of Fair Work Charter sign-up
- 10.14. If any of the evidence received under paragraph **8.11** contradicts the claim that an investment has been made, the Secretary of State may take this into account when deciding to issue an CIB Implementation Statement.⁴
 - 10.15. Generators will receive an email to confirm receipt of the submission of these documents within three working days. If a Generator does not receive an email confirmation, or if they encounter any problems submitting documents, they should contact DESNZ at the earliest opportunity.
 - 10.16. DESNZ will then assess the evidence against the CIB extra proposal and minimum standards. This will entail DESNZ checking that all the CIB obligations in the CIB Statement have been met and checking the veracity of the evidence submitted to satisfy the Secretary of State that the CIB extra proposal and/or minimum standard have been delivered.
 - 10.17. DESNZ aims to undertake to assess the submitted documentation within 20 working days of receipt.
 - 10.18. If CIB financial minimum standards have been fully implemented, the Department will issue an CIB Implementation Statement from the Secretary of State to the Generator and notify the Low Carbon Contracts Company (LCCC). The CIB Implementation Statement will also set out, if applicable, the payments the Generator is entitled to for the fulfilment of the extra CIB proposals, so that the LCCC may release the relevant payments.
 - 10.19. In the event that a CIB financial minimum standard or extra proposal has not been delivered by the CfD Start Date, the Secretary of State may grant an extension period of up to 6 months after the Start Date, starting from the day the Secretary of State notifies the Generator, during which corrective action may be undertaken by the Generator. This is entirely at the Secretary of State's discretion, and the Secretary of State may only grant such an extension period upon receipt of evidence that there is a credible plan to rectify the non-delivery of the CIB commitments in question.
 - 10.20. If a CIB extra proposal has only been partially implemented by the Generator by the delivery date of their commitment and / or by the end of the extension period of 6 months if applicable, so long as the Generator has exceeded the financial minimum

⁴ For instance, if there are grounds to believe that supporting documents presented to the Secretary of State has been altered or falsified; or if there is evidence that an ineligible investment has been made (e.g. sums transferred to a party that was not the intended recipient set out in the CIB Statement); or if claims made in the updated benefit statement are unrelated to the investment made (e.g. claiming the benefits of an unrelated investment).

standards set out in the contract, the Secretary of State will issue a CIB Implementation Statement to the Generator and notify the Low Carbon Contracts Company (LCCC) to pay the revised amount of the Clean Industry Bonus to the Generator (see below for how a Performance Related Adjustment is calculated).

- 10.21. A Generator that does not deliver their CIB extra commitment by the delivery date of their commitment and/or after the extension period of 6 months (if applicable), but does invest the financial minimum standard, will neither receive a partial CIB payment nor face a performance related adjustment related to the minimum standard. The Department will issue a CIB Implementation Statement to the Generator and notify the Low Carbon Contracts Company (LCCC) that no Clean Industry Bonus is payable to the Generator in respect of that CIB extra commitment (see below for how a Performance Related Adjustment is calculated).
- 10.22. A Generator that does not deliver on the financial minimum standards requirements as set out in the Allocation Framework cannot receive CIB payments, regardless of whether they have delivered their other CIB proposals.
- 10.23. A Generator that does not deliver on the financial minimum standards should still submit evidence of any investments they have made, including where relevant contributions to the IGP Delivery Body; and remain signed up to the Fair Work Charter. This evidence can be submitted at any time before the CfD Start Date. As above, the Secretary of State may authorise an extension period of 6 months during which corrective action may be undertaken by the Generator.
- 10.24. If no extension period has been granted following non-delivery of the financial minimum standard, or if after the extension period, corrective action has not resulted in the delivery of the financial minimum standard, the Secretary of State will notify the Generator of their refusal to provide a CIB Implementation statement and the extent to which the Generator has failed to meet the financial minimum standards of contribution to the development and sustainability of supply chains, as set out in the CIB Allocation Framework. The Department will notify both the Generator and the Low Carbon Contracts Company (LCCC) of the Performance Related Adjustment amount to be applied from the Generator's CfD payments (see below for performance related adjustment calculations).
- 10.25. If an extension period has been granted, and a Generator fails to submit evidence to DESNZ of delivering the financial minimum standard requirements after the 6 months extension period has ended, DESNZ will assume that no efforts have been made towards meeting the financial minimum standard. The Generator will not be issued a CIB Implementation Statement, on the grounds that the Generator could not evidence it met the financial minimum standards of contribution to the development and sustainability of supply chains, as set out in the CIB allocation framework. The LCCC will be notified of the Performance Related Adjustment amount to be deducted from the Generator's CfD payments.
- 10.26. No extension period will be granted if the CfD has been terminated.

10.27. All extension periods will be notified to the Low Carbon Contracts Company by the Generator, and confirmed by the Secretary of State.

11. Performance related adjustments

11.1. There are two types of performance related adjustments under CIBs:

11.1.1. A performance related adjustment applicable to CIB payments for the partial delivery or non-delivery of CIB extra proposals, or for the failure to remain signatories of the Fair Work Charter.

11.1.2. A performance related adjustment applicable to CfD payments for the partial or non-delivery of the CIB financial minimum standard investment requirement.

11.2. For the avoidance of doubt, failure by the Generator to meet the Fair Work Charter minimum standard commitment does not in of itself entail a financial performance related adjustment to the CfD payments, but will prevent the release of CIB payments (also referred to as extra proposal payments). Applicants must remain a signatory of the Fair Work Charter at the point they are applying for, and waiting for a CIB Implementation Statement.

11.3. A failure by the nominated Criterion 1 supplier/port/installer in a CIB application to remain signed up to the Fair Work Charter between the publication of CIB results and the time of the Generator's application for a CIB Implementation Statement will not result in a denial of payments to the Generator, but will mean the relevant supplier/port/installer is deemed ineligible to be included in the next relevant CIB round, and not thereafter.

11.4. All CIB payments, and all performance related adjustments, are applied through the CfD payment mechanism.

11.5. Performance related adjustments applicable to CIB payments:

11.6. A Generator that partially delivers a CIB extra proposal set out in their contract will only receive a partial CIB payment, proportionate to the level of delivery, once generation under the CfD begins and the Generator is eligible for CfD payments. No payment will be made if the Generator fails to meet the financial minimum standards as set out in their CIB Statement, which will reflect the minimum standards set out in this CIB Allocation Framework.

11.7. For Criteria 1, the performance related adjustment for partially delivered CIB extra proposals will be calculated as follows:

$$\text{Partial payment} = \frac{\text{amount of invesment made}}{\text{amount of proposed investment}} \times \text{CIB Payment}$$

11.8. For example, if a generator proposes an investment of £100, contingent on CIB support of £10, but only £90 of investment is made, then the CIB payment will be adjusted

proportionally, e.g. £90 is 90% of the original commitment, therefore only 90% of the payment will be made, i.e. £9.

- 11.9. For Criteria 2, the final CIB payment will be calculated using the below formula, reflecting final project capacity and proportion of suppliers above the minimum threshold (set at 40%):

$$\text{Partial payment} = \frac{(\% \text{ of SBTi suppliers used} - 40\%)}{(\% \text{ of SBTi suppliers proposed} - 40\%)} \times \frac{\text{Capacity of delivered project}}{\text{Capacity of proposed project}} \times \text{CIB Payment}$$

- 11.10. For example, generator places a criterion 2 bid for £10m on a 1GW offshore wind project, stating that 90% of suppliers used will be signed up to the SBTi. However, if the developer was only able to deliver 80% coverage of suppliers with SBTIs, and could only deliver 500MW of project capacity, then the developer is only entitled to £4m in payment.

- 11.11. The Secretary of State will notify the Generator through the CIB Implementation Statement what they consider to be the total actual spend on an CIB extra proposal, allowing the LCCC to calculate the relevant payment. The Department will also notify the LCCC directly as to the contents of this statement.

- 11.12. A Generator that does not deliver their CIB extra proposal but does invest the financial minimum standard will neither receive CIB payments, nor face a performance related adjustment related to their CfD payments.

- 11.13. Performance related adjustment related to CfD payments:

11.13.1. A Generator that does not deliver on the financial minimum standard investment requirements as set out in the CIB Statement will have performance related adjustments applied to their CfD payments, until the full value of the performance related adjustment has been applied.

11.13.2. These adjustments will be equal to the difference between the total financial minimum standard required, and the actual spend of the Generator against that minimum standard.

$$\text{Performance related adjustment} = \text{Minimum Standards} - \text{Actual spend on Minimum Standards}$$

11.13.3. An eligible generator that does not deliver the committed funding to the IGP Delivery Body, as set out in the CIB Statement, will have performance related adjustments applied to its CfD payments until the full value of the performance related adjustment has been applied.

11.13.4. These adjustments will be equal to the difference between the total contribution required, and the actual contribution of the eligible generator.

Performance related adjustment = IGP Contribution required – Actual IGP contribution

11.13.5. In both cases, the Secretary of State will not issue an Implementation Statement and will notify the Generator that they consider that the financial minimum standard spend is below the required amount. The Department will also notify the LCCC as to the Secretary of State's refusal to issue an Implementation Statement.

12. Payment of CIBs and Performance Related Adjustments

- 12.1. Clean Industry Bonuses are part of Contract for Difference; therefore, CIB payments or deductions will be made through the LCCC, the counterparty to the Contract for Difference.
- 12.2. CIB bonus payments, either partial or in full, can only be made once a Generator has received an Implementation Statement. This can occur before CfD payments begin. CIB payments will be paid over a series of billing periods, over a maximum period of 4 years from the point payments begin. Any deductions resulting from failure to fulfil minimum standards will start from the earliest practical CfD payment date.
- 12.3. As stated in the Allocation Framework, CIB payments will be indexed every January starting in January 2026, using the Consumer Price Index.
- 12.4. The Performance Related Adjustment applicable to financial Minimum Standards will also be indexed starting with the value of the Minimum Standard set out in January 2026 prices, indexed every January, until any relevant payments have been completed.

13. Relationship between CIBs and Scottish Supply Chain Development Statements

- 13.1. The Supply Chain Development Statements (SCDS) in place for offshore wind projects with an option agreement from Crown Estate Scotland, including ScotWind and INTOG projects, can be used to support and inform CIB applications. The SCDSs are required throughout the development phase and the data and evidence used to report SCDS progress, through to Contracted Position Statements, can also be used to inform evidence for the CIB minimum standard or application. The CIB and SCDS processes are separate.

14. Offshore Transmission Owner (OFTO)

- 14.1. A generator may make a CIB bid for OFTO related components.
- 14.2. If that bid is successful, the Generator must declare to OFGEM the net costs incurred on those components. This means that the value of the revenue support obtained through the CIB should be discounted from the total costs submitted for the construction of the transmission assets. This is because some of that cost (the value of the revenue support

required to make the investment) was borne by the CfD, rather than by the Generator, so that no duplicate recovery occurs.

- 14.3. Note that OFTO related components that form part of a minimum standard proposal (i.e. not subject to revenue support) cannot be treated as stated in paragraph 13.2, as they are not in receipt of extra revenue support, and therefore will be treated by OFGEM as per the current cost assessment process.

15. Publishing the Recipients of Clean Industry Bonuses

- 16.1 DESNZ may publish some details of the Clean Industry Bonuses being supported, including the Generators being supported, the suppliers/ports they have chosen to invest in, and the amount of revenue support awarded to the Generator by the project's Milestone Delivery Date⁵. DESNZ will not include total investment values. DESNZ will assess and remove any commercially sensitive information before publishing in conjunction with the relevant party.

16. Handling of sensitive information

- 16.1. All commercially sensitive information included in an CIB application and CIB Implementation Statement application must be clearly marked as such by the Generator. By default, DESNZ will automatically assume that the 'value of investment' proposed by a generator in any proposal is commercially sensitive.
- 16.2. Any commercially sensitive information disclosed to DESNZ as part of the CIB application, monitoring and implementation assessment process will be stored on a secure DESNZ server, accessible only to the CIB monitoring team, which will be constituted of named officials from DESNZ and the Department for Business and Trade, and in the case of applications in Scottish or Welsh leasing zones, to named officials from the Scottish or Welsh governments.
- 16.3. No information will be shared during the process outside of the named officials.
- 16.4. The named officials will be nominated when the CfD CIB application window opens.
- 16.5. Named officials may be changed in the course of the CIB process, so long as:
- 16.5.1. The number of officials with access to the information does not change (though in case of job-shares, the job-share will be considered as one official for the purposes of this process);
- 16.6. The names of the officials have been shared with the relevant Generators.

⁵ Should the supplier change between the MDD and COD this can be amended.