

Capacity Reduction

Annex 05

Capacity Reduction

If the PCF has been activated and a developer reduces its capacity, then then the developer will be liable to pay a portion of the applicable PCF proportionate to the reduction in capacity. The PCF will be recalculated in line with its revised capacity for the purposes of updating the PCF security required.

Example Scenario 1:

A project reduces its capacity from 100MW to 75MW:
PCF has been activated and the PCF value for the project at the time is £2,500/MW

Before reduction:

PCF for capacity held= $£2,500 \times 100\text{MW} = £250,000$

Developer is required to post PCF security of £250,000

After Reduction:

PCF for capacity held = $£2,500 \times 75\text{MW} = £187,500$

PCF for capacity terminated = $£2,500 \times 25\text{MW} = £62,500$

Developer is required to post PCF security of £187,500 and required to pay PCF of £62,500

Example Scenario 2:

A project reduces its capacity from 100MW to 90MW:
PCF has been activated and the PCF value for the project at the time is £10,000/MW

Before reduction:

PCF for capacity held= $£10,000 \times 100\text{MW} = £1,000,000$

Developer is required to post PCF security of £1,000,000

After Reduction:

PCF for capacity held = $£10,000 \times 90\text{MW} = £900,000$

PCF for capacity terminated = $£10,000 \times 10\text{MW} = £100,000$

Developer is required to post PCF security of £900,000 and required to pay PCF of £100,000