

## Government Increases Maximum Price for Wind Energy Projects

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The UK Government has announced a rise in the maximum guaranteed price for onshore and offshore wind energy in a bid to attract investment and maintain progress towards its net-zero goals. The move reflects the financial pressures faced by developers and aims to stabilise the renewable energy sector amid growing global costs.

In the upcoming Allocation Round 7 auction, the administrative strike price, effectively a ceiling on bids under the Contracts for Difference (CfD) scheme, has been increased to £81 per megawatt-hour for offshore wind projects, up from £73. For floating offshore wind, the cap will rise from £176 to £194. Onshore wind projects will see a smaller increase from £89 to £92 per megawatt-hour.

The adjustments come after several developers raised concerns over supply chain inflation, labour costs, and high interest rates. These pressures contributed to the failure of the previous round to secure any new offshore wind bids. In response, the government raised the price cap significantly in Allocation Round 6 to re-attract developers.

Under the CfD scheme, developers receive a fixed price for the electricity they generate over a 20-year contract. If market prices fall below this figure, consumers cover the shortfall. While this system does add pressure to household bills if wholesale prices remain low, the government argues it is a necessary tool to ensure a reliable and clean energy supply in the long term.

Claire Coutinho, Secretary of State for Energy Security and Net Zero, said the revised price levels were needed to reflect economic reality and help the UK meet its energy goals. The next round of bidding will open in August 2025, with successful applicants expected to be announced early in 2026.

Industry response has been largely supportive. Renewable energy bodies praised the changes as a vital step towards ensuring investment continues in the sector. Offshore wind remains central to the UK's

ambition to achieve 43 to 50 gigawatts of capacity by 2030, a key part of the strategy to reduce dependence on gas and bolster energy security.

However, some critics warned that continued increases in guaranteed prices may be unsustainable, particularly with Labour's extensive decarbonisation promises on the horizon. The new price caps, while economically prudent in the short term, raise questions about long-term affordability and the impact on taxpayer support.

Overall, the changes represent a pragmatic move to sustain investor confidence and secure Britain's renewable future.