



Rt. Hon. Jeremy Hunt MP  
Chancellor of the Exchequer  
1 Horse Guards Road  
Westminster  
London  
SW1A 2HQ

—  
The Hub  
Exploration Drive  
Aberdeen Energy Park  
Bridge of Don  
Aberdeen  
AB23 8GX

—  
**T** 01224 343900  
**E** info@agcc.co.uk  
**www.agcc.co.uk**

29 March 2024

Dear Chancellor,

I write on behalf of Aberdeen and Grampian Chamber of Commerce members regarding the latest Contracts for Difference (CfD) round, which opens to bids this week.

We are concerned that the government's wholesale power price assumptions are too low and that this could jeopardise potential investment in the North Sea. While the government has assumed a wholesale power price of £62 per megawatt hour (MWh) in 2026-27, *The Times* has reported that leading forecaster Cornwall Insight is predicting a wholesale power price of £100 per MWh (£80 after adjusting for inflation) for that period. There is a real risk that low price incentives will inhibit investment in offshore wind, further slowing the transition from gas to renewables and compounding the detrimental impact the Energy Profits Levy is already having on investment in the basin, not least its role in accelerating the run-down of the North Sea oil and gas sector.

This is a critical juncture in our journey of transition to renewables in the North Sea. Given the failure of the previous CfD round, we would have hoped for this new round to restore investor confidence and enable a step-change in the pace and scale of offshore wind developments. Additionally as things stand, there are some key North Sea projects, including the 4+GW Berwick Bank, that may not get consent in time for this round of CfD.

We believe that this is not the time to be increasing the UK's reliance on imported fossil fuels with their attendant price volatility. Rather, supporting the transition to renewables would improve the UK's energy security, strengthen the economy (and economic resilience), and protect consumers from spikes in energy prices, all while enabling the transition to net zero. It makes no sense to undermine these longer-term goals by short-changing the sector at this point in the process.

We would welcome an opportunity to discuss these issues with you more fully.

Yours sincerely,



Russell Borthwick  
Chief Executive