

## Electricity Market Reform



James Greenhalgh – EMR Stakeholder Manager  
Electricity Operational Forum – October 2012

# Agenda

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- National Grid's role
- Government's role
- Contracts for Difference
- Capacity Mechanism
- Delivery body role
- Call for Evidence
- Timescales

# National Grid's role

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- Provide analysis and modelling information
- Develop scenarios



- Assess eligibility for contracts
- Allocate CfD contracts or advise counterparty



- Run capacity auctions
- Administer capacity contracts

Report progress against expected outcomes

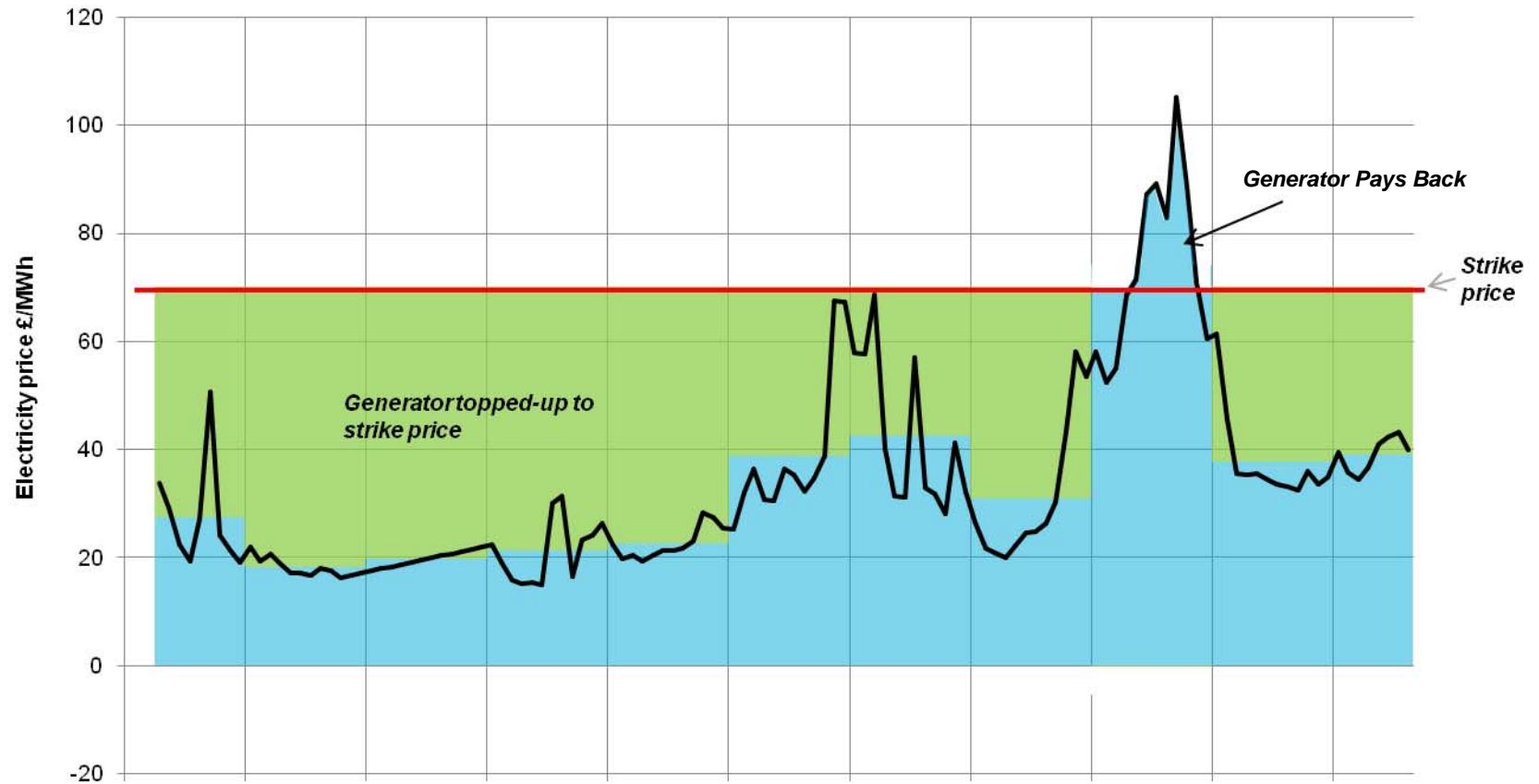
## What National Grid will not do...

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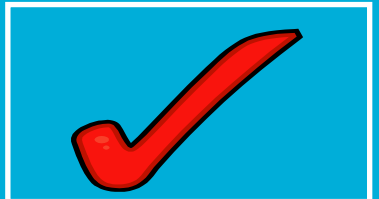
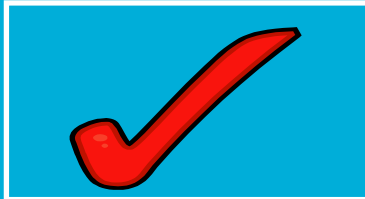
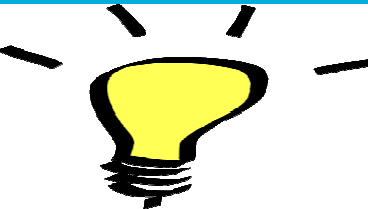
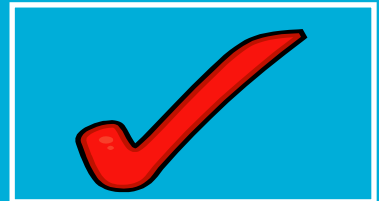
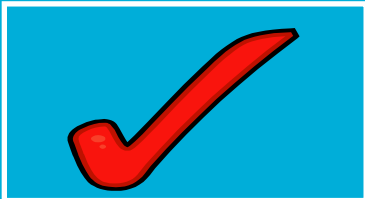
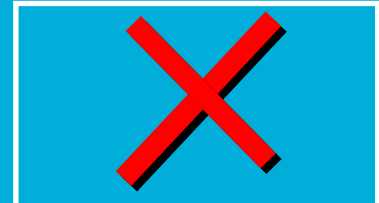
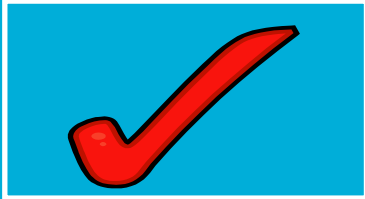
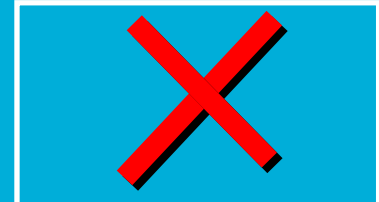
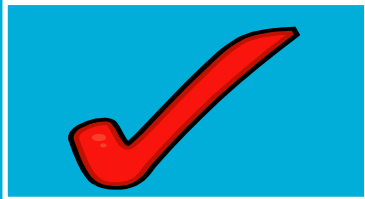


- Set energy policy
- Be the contractual counterparty to the CfD arrangements
- Use information gained as a result of the EMR role for any purpose other than EMR
- Set security of supply standard

# FIT CfD



# Capacity Market



20%



2014?  
2015?



# National Grid's Analysis

## Assess strike prices



# Low carbon build out

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# Keeping the lights on.....

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# Network cost impact

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# Network operability

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## Ministers to make policy decisions

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DEPARTMENT OF  
**ENERGY**  
& CLIMATE CHANGE



# Call for Evidence

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- Strike Price analysis
  - 1. Technology costs and maximum build rates
    - Applicability of technology cost assumptions from RO banding review for 2016/17 onwards
    - New Technology cost data for all renewables for 2016/17 and beyond
  - 2. CfD Investment decisions
    - Hurdle rate reductions expected for projects with CfDs
    - Other factors that may influence take-up potential of CfD as opposed to a CfD
- Opened 9<sup>th</sup> October 2012 for 8 weeks

# Timing

