

[REDACTED]  
From: Lecky William (Economics) on behalf of coordinator consultation (DECC)  
Sent: 11 March 2011 09:34  
To: Electricity Market Reform  
Subject: FW: EMR consultation

-----Original Message-----

From: [REDACTED] [mailto:[REDACTED]@gmail.com]  
Sent: 10 March 2011 21:56  
To: coordinator consultation (DECC)  
Subject: EMR consultation

First, I congratulate the government for some good analysis in a complex field. This input is less than complete as studying the various documents took longer than I expected.

Q1 & Q2 These are broadly reasonable assessments.

Q3 Broadly yes.

Q4 In some ways I would prefer to rely on CPS, as this is a purer market. However, I accept that an element of CfD helps in the shorter run. I would like to see CPS increased over time and CfD reduced.

Q5 See Q4. Over time CPS should be increased (and announced as such now, so generators can plan) and CfD reduced.

Q7 Looks reasonable

Q11 Output

Q12 Broadly yes.

Q13 Option 2, but the criterion should be related not to capacity, but to g/kWh. If it is related to capacity, operators that would fail the baseload test, can just run at a lower load factor, shutting down at times of day when the market price is low. If the load factor is reduced by, say, 20%, then if 20% more stations are built the effect is that the EPS intention has been flouted by 20%. Monitoring could be on a month by month basis. CCS plants that break their license could be forced to reduce production from their unabated capacity.

Ultimately, failing stations should be forced to close.

Q14 Yes, grandfathering for a reasonable lifetime. Lifetime should be, if anything, biased to a shorter life (25 years?).

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Q15 Yes.

Q17 Possibly, provided it is closely monitored. This should be kept under review, in case this loophole is abused.

Q18 Only if tightly defined, and when prices are very high.

Note on demonstration CCS stations. Four CCS stations of 1.6 GW gross is 6.4 GW, or 4.8 GW net. Rules should be drawn quite tightly so there is little risk of this large capacity having a poor EPS. Ultimately it is not a disaster if fewer plants are built. This would demonstrate the developers have little confidence in their technology.

Q19 More emphasis might be put on DSR, with interruptible supply customers and pricing tariffs to reduce peak demand. Unserved energy should not be given an excessive cost, especially when it is a voltage drop. .

Q26 Yes, but with a high CPS. Relying solely on CPS means a high shorter term electricity price, but it requires less intervention. The latter often results in unintended consequences. A high CPS for electricity generation could pave the way for a high CPS for all sectors covered by the ETS, and eventually a high across-the-board carbon tax (with correspondingly lower taxes elsewhere, organised to help the poor at the expense of the rich).

[REDACTED]