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# EMR Stakeholder Event Delivery Plan break-out group

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- 1. EMR delivery plan – scope and purpose**
- 2. Timetable**
- 3. The Panel of Technical Experts (PTE)**
- 4. The long term framework**
- 5. Questions/Discussion**

# 1. The EMR delivery plan – what is it?



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- i. The Government has committed to producing EMR delivery plans every 5 years, setting out Government's objectives and key policy decisions, as well as producing annual updates to the plan.
- ii. The key EMR decisions for the delivery plan include:
  - Contract for Difference (CfD) strike prices (for generic CfDs mainly renewables) and later the information needed to support future competitive strike price setting,
  - Capacity Market (CM) reliability standard (could be enduring beyond 5 year period), and a demand curve methodology.
  - The indicative volume to contract for in the next auction and auction outcomes (if the capacity market is initiated). (In Annual Updates in future)
- iii. Government has also committed to:
  - Publish scenarios for low carbon electricity generation,
  - Signpost the timing for moving to future competitive strike price setting processes in the delivery plan.
  - Be clear about the constraints of the Levy Control Framework

# The Institutional Framework



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## Government

- Responsible for setting policy, (e.g. CfD strike prices and volume of capacity to contract for), and for the policy costs.
- Puts into regulation the terms of the SO delivery role, and the reporting requirements.
- Appoints and defines the terms for a Panel of Technical Experts to review the System Operator's analysis and report to Government.
- Devolved Administrations will be consulted on the CfD Regulations and fully involved in the delivery plan process. The Northern Ireland Executive will be asked to consent to the CfD strike prices.

The System Operator will ultimately be accountable to Government for the EMR delivery functions.

## System Operator

Responsible for EMR delivery:

- Provides analysis to Government to support policy decisions.
- Administers allocation process for CfD
- Administers and runs the capacity auctions for the Capacity Market.

The Counterparty Body will be accountable to Government, though will operate at arms length from Government.

Ofgem will oversee the performance of the System Operator in its role as EMR delivery body, to incentivise performance and ensure value for money.

## CfD Counterparty Body

- A private company, owned by Government. Responsible for:
- Signing CfD contracts with projects deemed eligible by Government or the System Operator.
  - Managing those contracts in line with terms set out in the contracts.

## Ofgem

- Continues to regulate the System Operator through a system building on the existing incentive regime.
- Holds the System Operator to account for its performance and internal admin costs for EMR.



# Content of the first EMR delivery plan (illustrative - to be published in 2013 subject to Royal Assent)

	Description
1.	Executive summary
2.	Introduction to EMR and the Government's objectives (cross-reference to policy documents)
3.	Purpose of the delivery plan and ongoing delivery plan process
4.	Summary of the Government's policy decisions (with detail explained in later chapters). Impact on Government's objectives (decarbonisation, renewables target, security of supply and affordability including Levy Control Framework). Constraints imposed by the Levy Control Framework to 2020. Long term scenarios to 2030 including electricity generation mix.
5.	CfD strike prices for generic CfDs (renewables)
6.	Reliability standard for Capacity Market (and demand curve methodology)
7.	Indicative capacity to contract for in first CM auction (if initiated) (based on National Grid/Ofgem security of supply outlook) (Not in draft delivery plan)
Annex A	National Grid's analysis (report of their key analysis)
Annex B	DECC's prices and bills analysis (using NG's outputs)
Annex C	Panel of Technical Experts scrutiny report
Annex D	Additional evidence: e.g. report on volume to inform Reliability Standard

# Delivery plan process



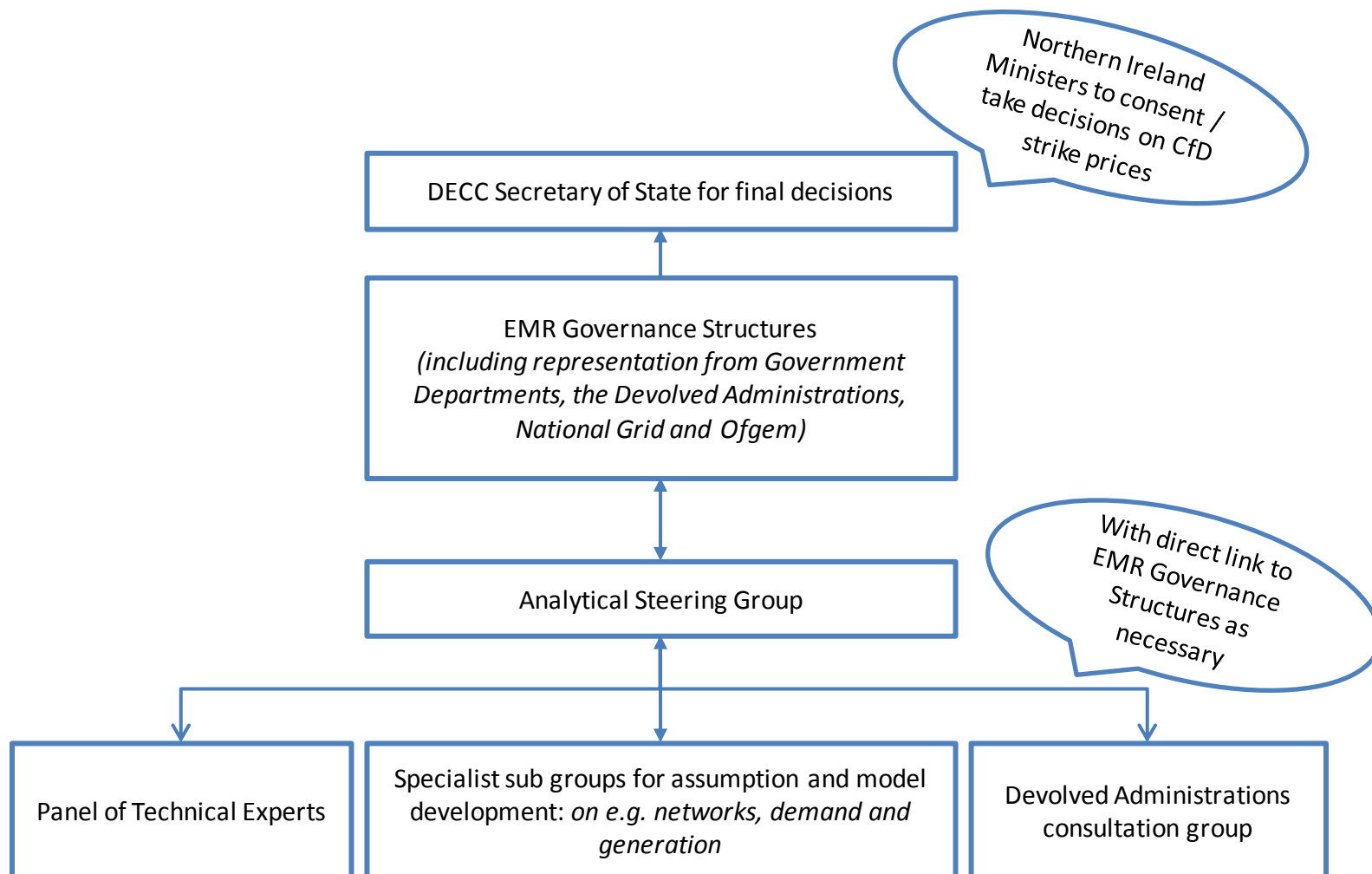
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Stage	1: Evidence gathering and commissioning	2: Development of analysis	3: Decision-making and publication
Timings	May – December 2012	January 2013 – Spring 2013	Spring 2013 – December 2013
What's included	<ul style="list-style-type: none"> <li>• Capability building by the System Operator</li> <li>• Data sharing between Government and the System Operator</li> <li>• Call for evidence by the System Operator</li> <li>• Commission from Government to the System Operator</li> </ul>	<ul style="list-style-type: none"> <li>• Development of analysis; assumptions, models and scenarios</li> <li>• Scrutiny by the Panel of Technical Experts</li> <li>• Ongoing consultation on CfDs with the Devolved Administrations</li> <li>• Reporting by the System Operator and Panel of Technical Experts to Government</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing analytical work (iterations and verification) and scrutiny by the Panel of Technical Experts</li> <li>• Structured consultation on CfDs with the Devolved Administrations</li> <li>• Public consultation on the draft delivery plan by Government (<i>mid 2013</i>)</li> <li>• Publication of final delivery plan by Government (<i>end 2013</i>)</li> </ul>

# Summary of governance arrangements for delivery plan decisions



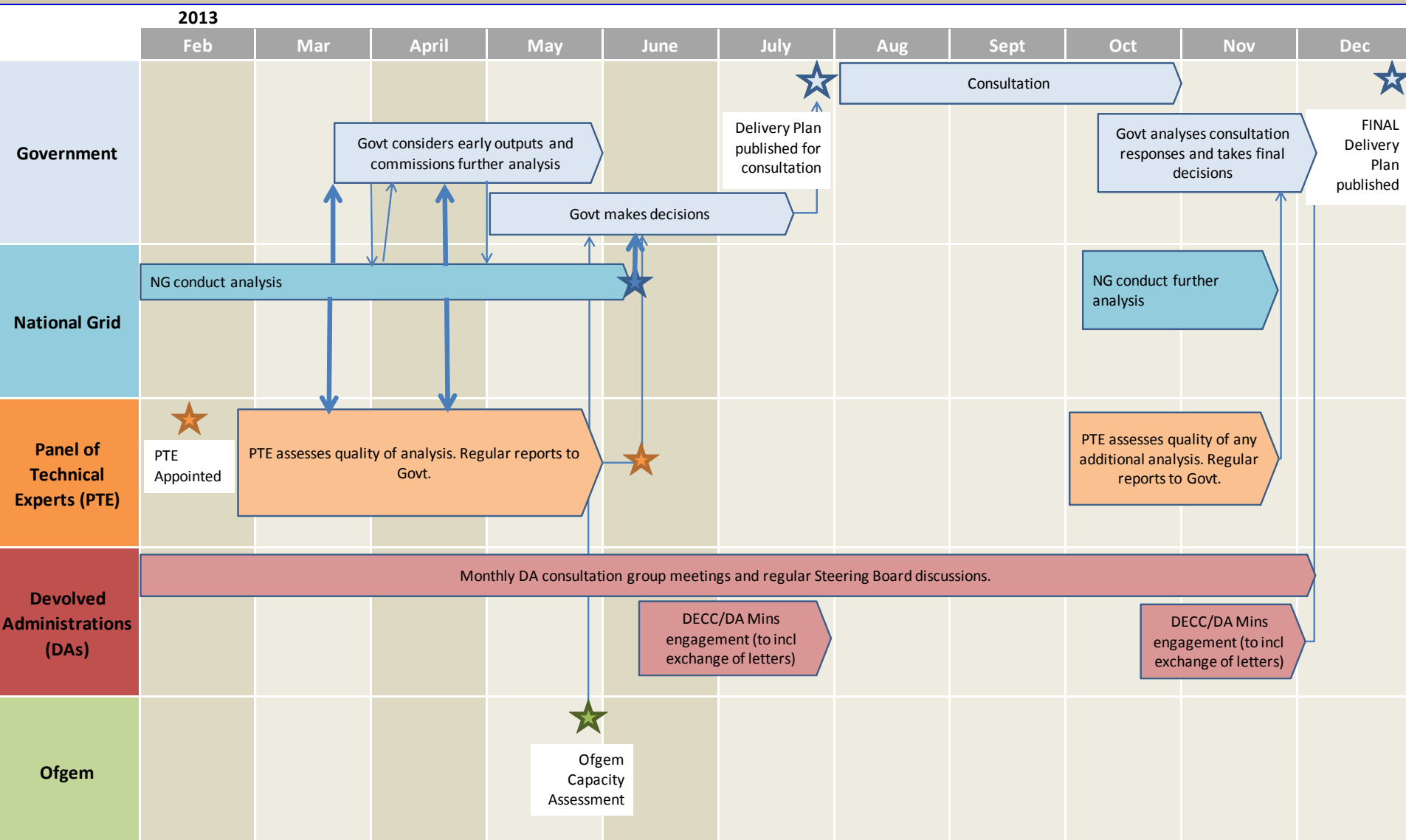
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## 2. We have a very challenging timetable



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### 3. The Panel of Technical Experts (PTE)



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- i. Role: to quality assure the analysis which National Grid produce for DECC and which will form a key part of the evidence base for Ministerial decisions
- ii. Composition:
  - 1 chair
  - 3 members
  - Skillset – technical, analytical and commercial, incl. expertise of the GB market and Single Electricity Market and a range of technologies
- iii. Process:
  - PTE will interrogate the analysis
  - Provide advice to DECC on the quality of the analysis
  - PTE report published alongside the Delivery Plan

## 4. The long term framework for delivery plans



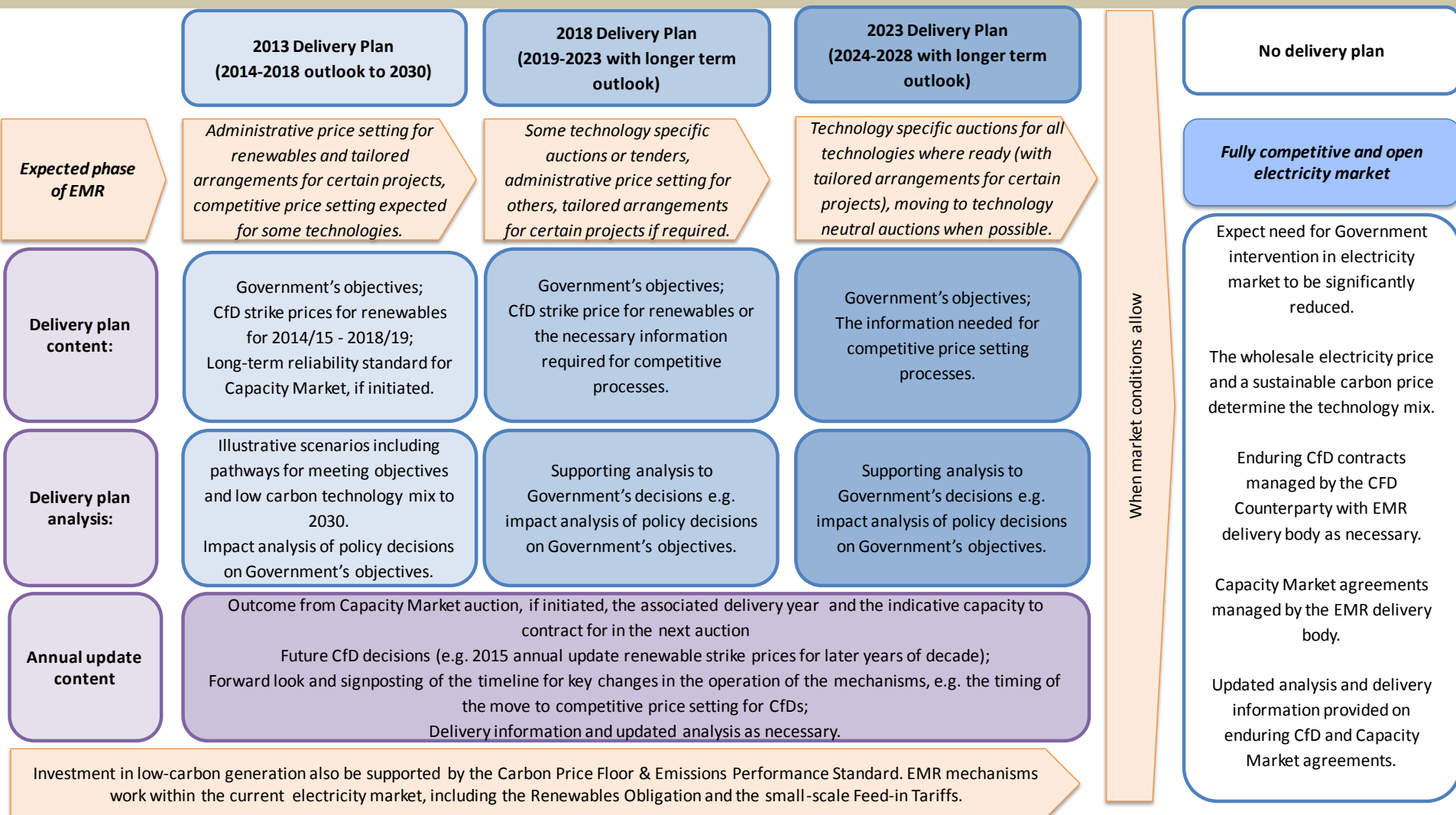
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- National Grid's analytical functions set out in secondary legislation and made licence requirements (potentially also changes to codes)
- National Grid's reporting functions to be set out in secondary legislation and made licence requirements (potentially also changes to codes)
- Reporting by National Grid and CfD Counterparty to DECC e.g. on the number of CfDs signed to enable DECC to monitor the impact on the Levy Control Framework and the outcome of any Capacity Market auction
- Publication of annual updates to the delivery plan by DECC

# Future Delivery Plans



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## 5. Questions/Discussion



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