

Electricity Market Reform (EMR) Update



James Greenhalgh - EMR Stakeholder Manager

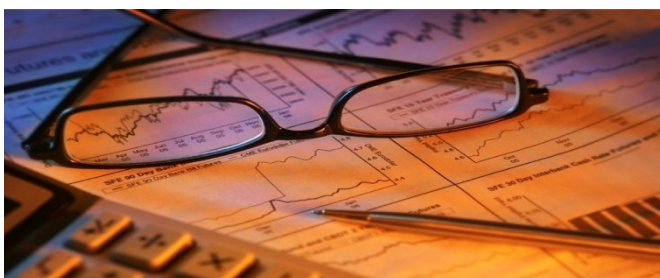
EMR Update

- The Role of the Delivery Body
- EMR Timeline 2014
- Capacity Mechanism Developments
- FiT CfD Developments
- Questions

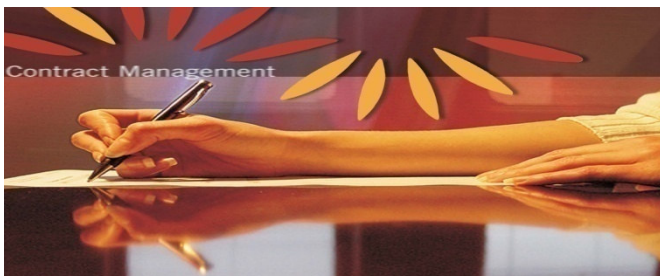
EMR Delivery Body

nationalgrid

What National Grid will do....



- Provide analysis and modelling information
- Develop scenarios



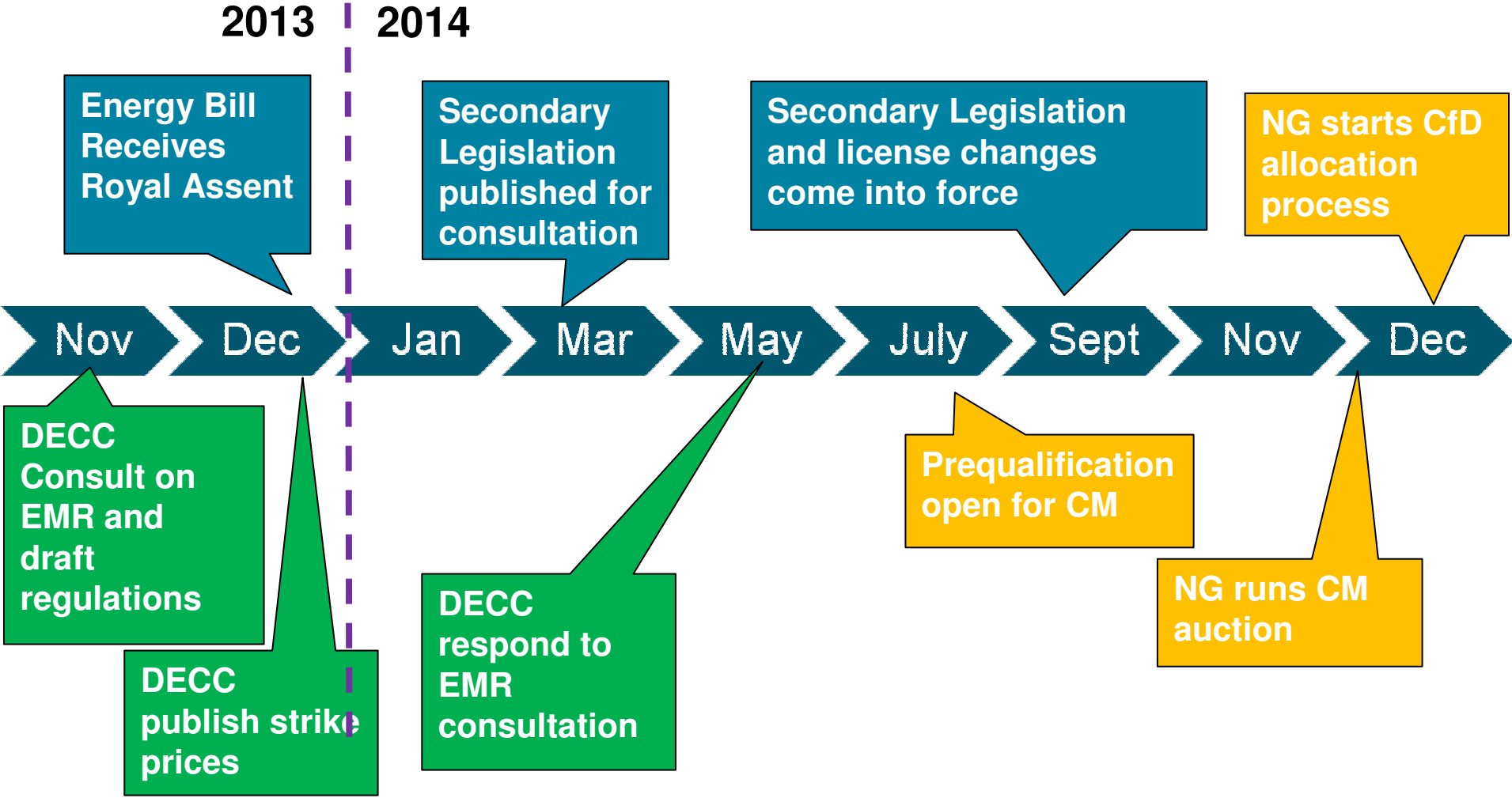
- Assess eligibility for contracts
- Allocate CfD contracts



- Run capacity auctions
- Administer capacity contracts

Report progress against expected outcomes

Timeline 2013 - 2014



Capacity Mechanism



Capacity Mechanism Developments

- CM decision announced in July 2013
 - Auction 2014 for delivery 2018/19
 - Demand Side Response (DSR) participation from 2016
 - GB reliability standard consultation: 3 hours Loss of Load Expectation (LOLE) /annum
- Auction Design
 - Pay as cleared
 - Descending clock
 - CM warning triggers requirement to generate

Capacity Mechanism Developments

■ CM firm design rules

- New and existing generation inc CHP
- Contract length options 1 year, 3 year, 10 years
- <2MW requires aggregation
- Pre-qualification mandatory to all licensed generation – but participation is voluntary
- Penalty: VoLL (approx £17000/MWh) - Cashout

How much capacity to buy

- Government Reliability standard set as a Loss of Load Expectation (LOLE) - 3 Hours in any delivery year
- Delivery body analysis to inform target demand level
- Annual capacity adequacy work to determine level of 'capacity gap'
- Industry feed in to analysis via Future Energy Scenarios Consultation process
- SoS to take account of amount of renewable energy due to connect and impact on capacity gap

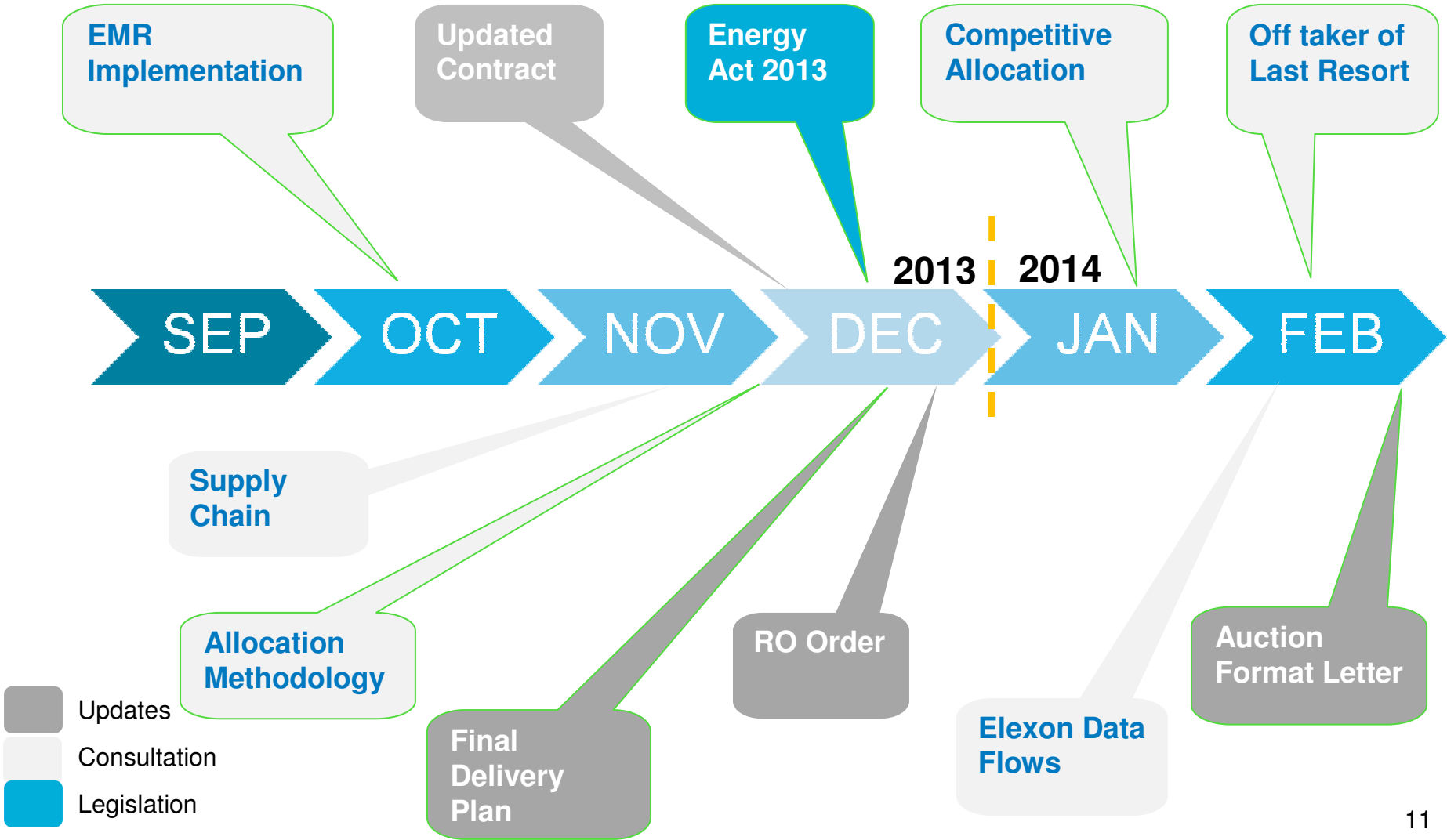
Capacity Market Implementation Milestones

Jan 2014	National Grid Launch Implementation Coordinator Workshop
Feb-Jul 2014	Development of Systems for Auction and Pre-Qualification
Jul 2014	NG's IS System for Pre-Qualification opens
1 Aug 2014	Codes & Licenses in force, Secretary of State confirmation auction is required
4 – 15 Aug 14	Pre-Qualification Window open
26 Sep 14	Pre-Qualification Results announced
3 Oct –14 Nov	2 Stage Appeals process
Dec 2014	CM Auction

FiT CfD Developments

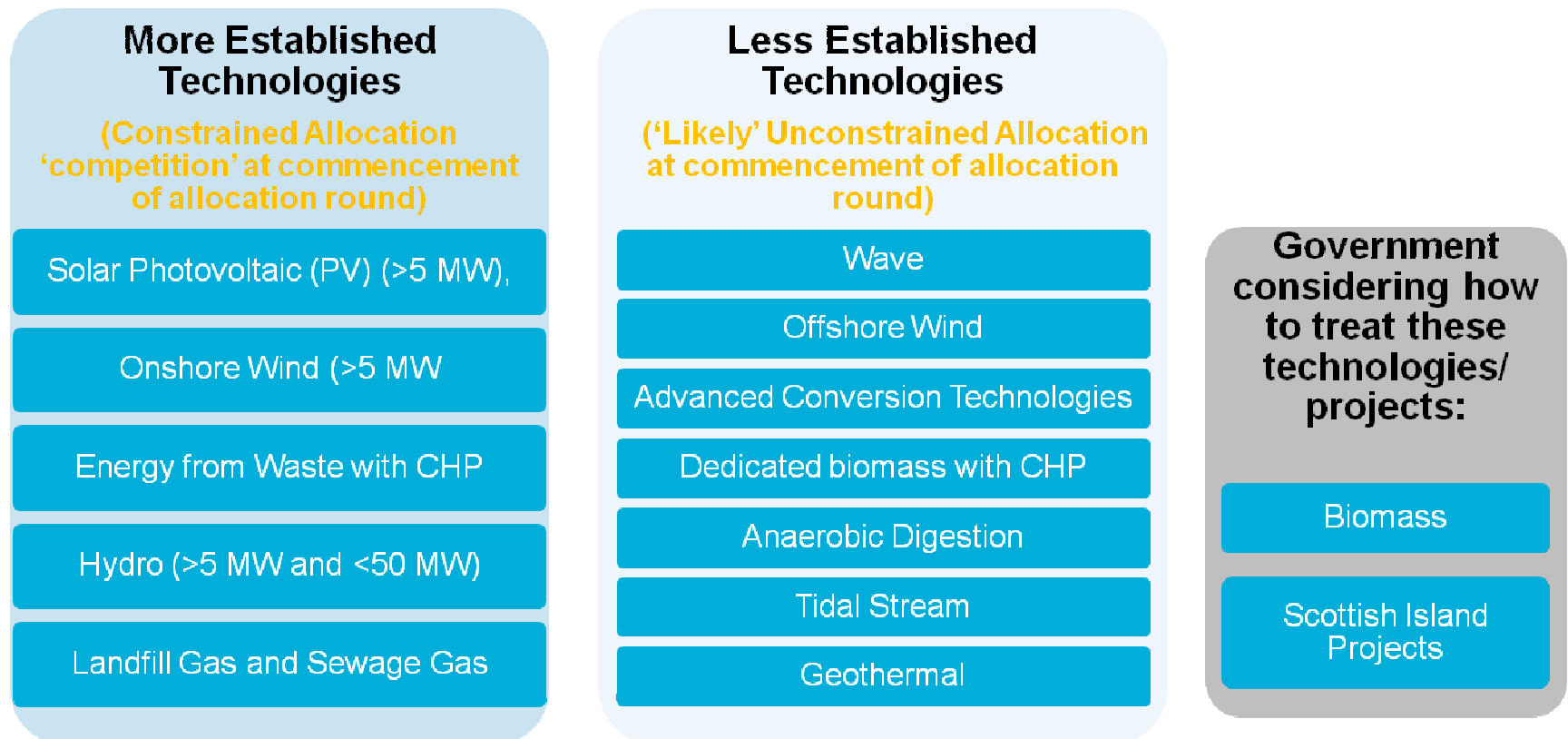


CfD Updates – Since September 2013



CfD – Competitive Allocation

- Allocations on a First Come First Serve basis will no longer apply
- CfD Budget divided between:



CfD – Application

Eligibility Criteria

**Qualifying
Low Carbon**

Broadly covers renewable technologies, CCS and nuclear.
(See Appendix for full list)

**Planning
Permission**

Planning Permission or Development Consent, plus Crown Estates Agreement for Lease where applicable

**Grid
Connection
Offer**

Bilateral connection agreement with System Operator, DNO, or Private Wire Agreements

**Valid
Incorporation**

Evidence that the applicant is incorporated under the laws of the jurisdiction in which it is incorporated

**Supply Chain
Plan**

Evidence that the applicant is incorporated under the laws of the jurisdiction in which it is incorporated

**Additional
Information**

**Applicant Details, Project Details, Declarations (e.g. to confirm not in another scheme)
Phasing Information**

Key Next Steps

Allocation Framework Publication

Secondary Legislation and license changes come into force

NG starts CfD Allocation Process

2014



NG build and implement CfD systems

Q&A

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