

REMA: The potential role of Locational Marginal Pricing (LMP) in GB

Frances Warburton – Partner, Economic Advisory, EY

- ▶ LMP – a recent history

- ▶ What is different this time?

- ▶ Better signals are needed – how:
 - Single market with larger network charges (LRMC) and more dynamic tenders (SRMC)
 - Split market with smaller and less differentiated network charges and tenders

- ▶ Better signals are needed – who:
 - Generation - most LMP markets are 'generation only', but impact on siting decisions muted
 - Demand – perhaps the bigger prize for GB, but can we mitigate the resulting differentials?

- ▶ Zonal market – more of an evolution than a revolution?

- ▶ Or can we build our way out of the problem?