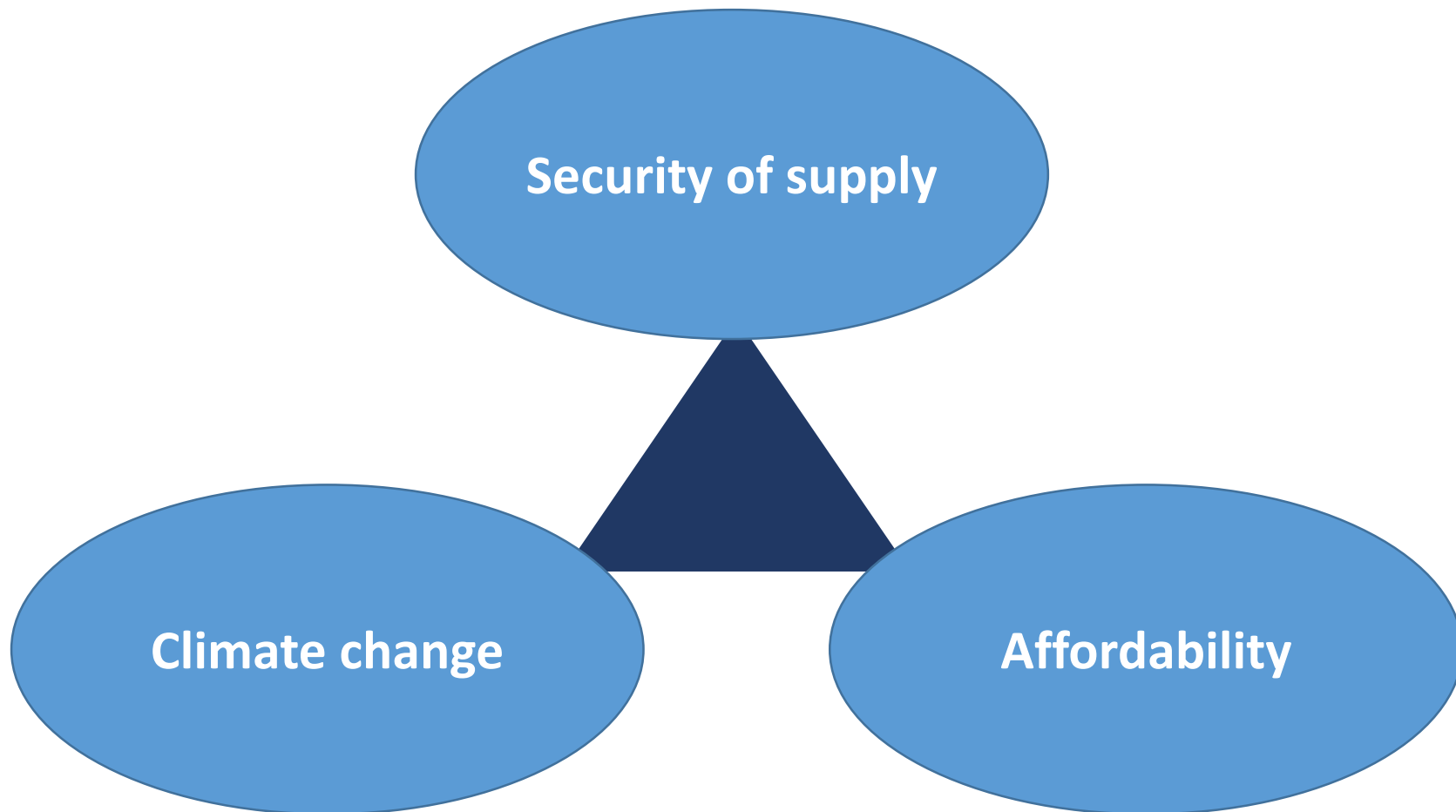


# Future challenges in the electricity market

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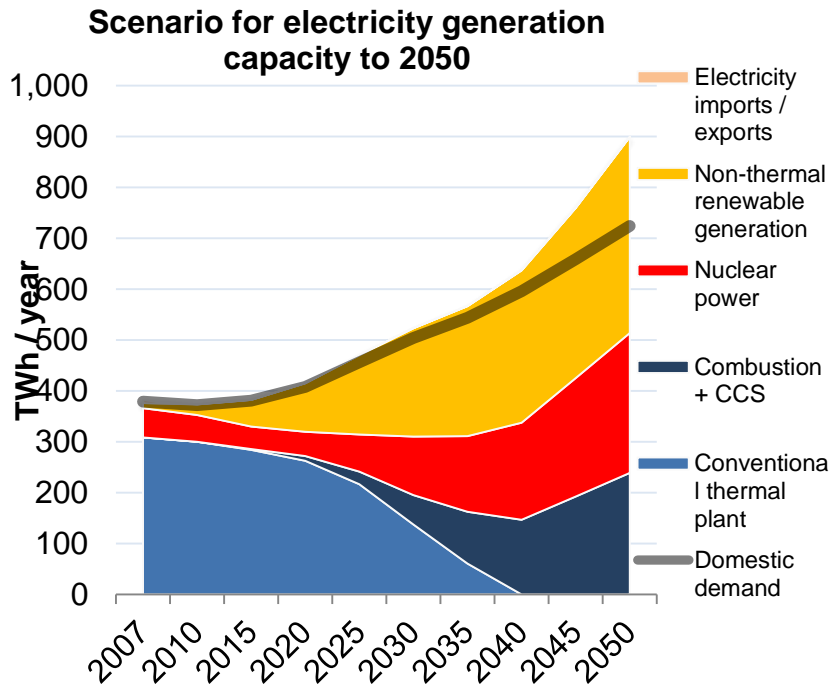
Our energy objectives remain the same – although different governments may make different trade offs

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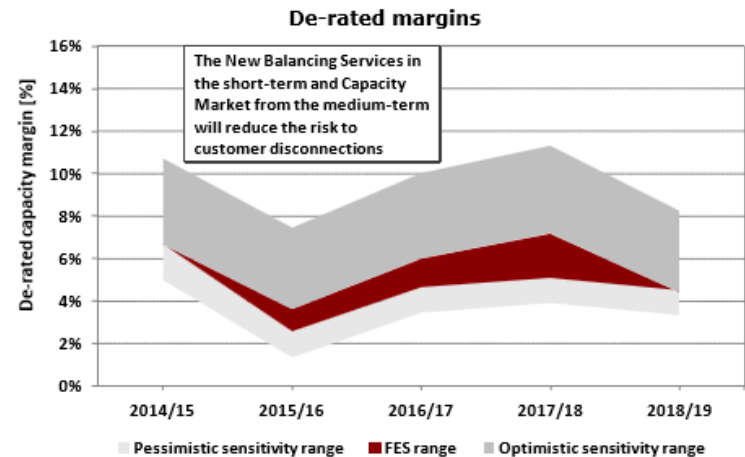


# Equally, the challenges remain in the market

## Low carbon challenge – demand for power might grow



## Emerging security of supply risks



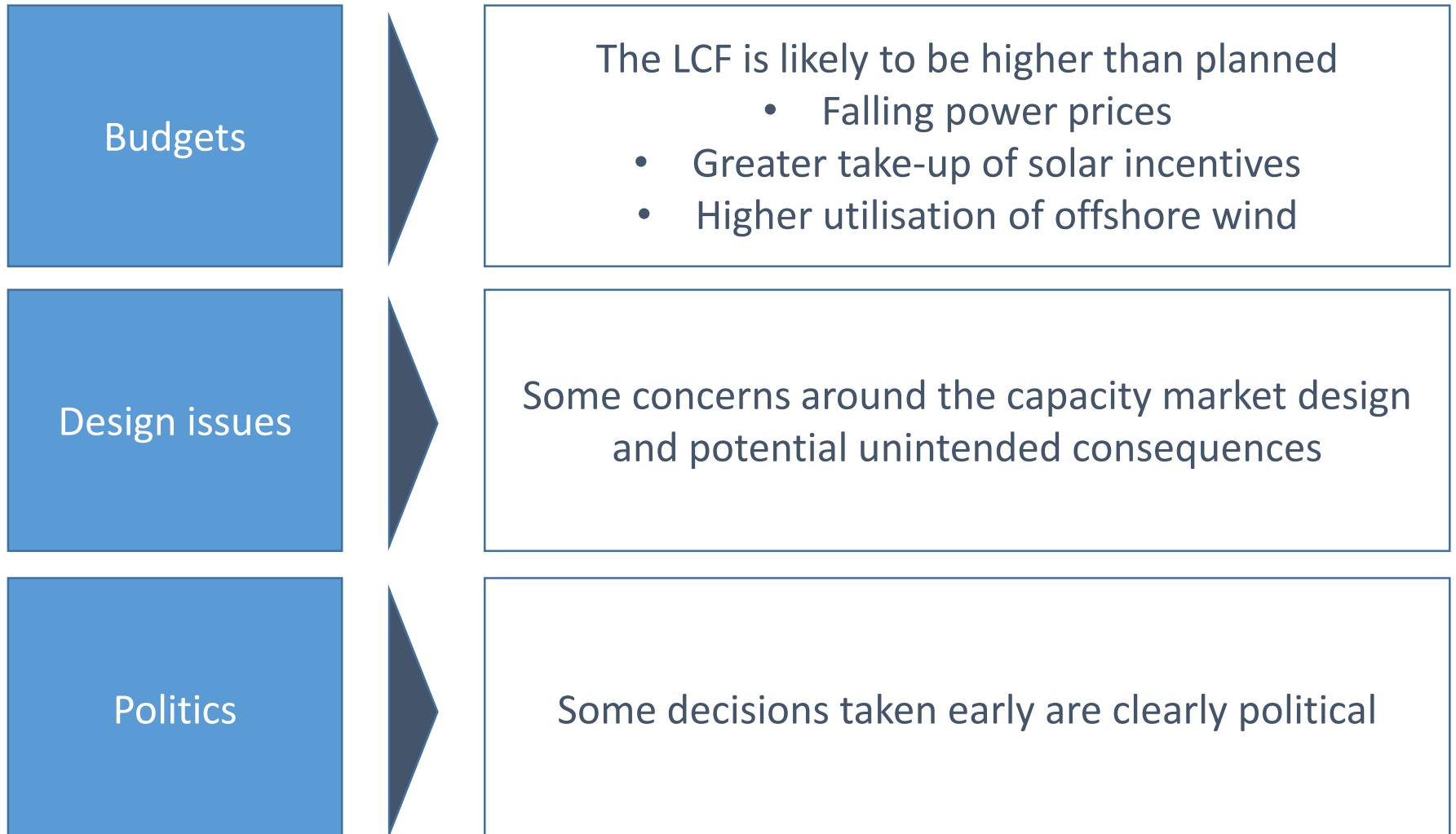
Power prices are easing now, but have roughly doubled over 10 years

EMR was designed to adapt to the future, but keep past promises

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“A set of efficient tools which allow flexibility for adapting future strategy while keeping current and past commitments”

# The new government face some emerging issues as EMR is embedded



# How should the new government approach these challenges

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1. Fix problems fast

2. Make your goals clear

3. Set out the consequences for the future

4. Expand your 'supply options'

# 1. Fix technical problems fast

Budgets

If budgets need to change – change them fast and move on

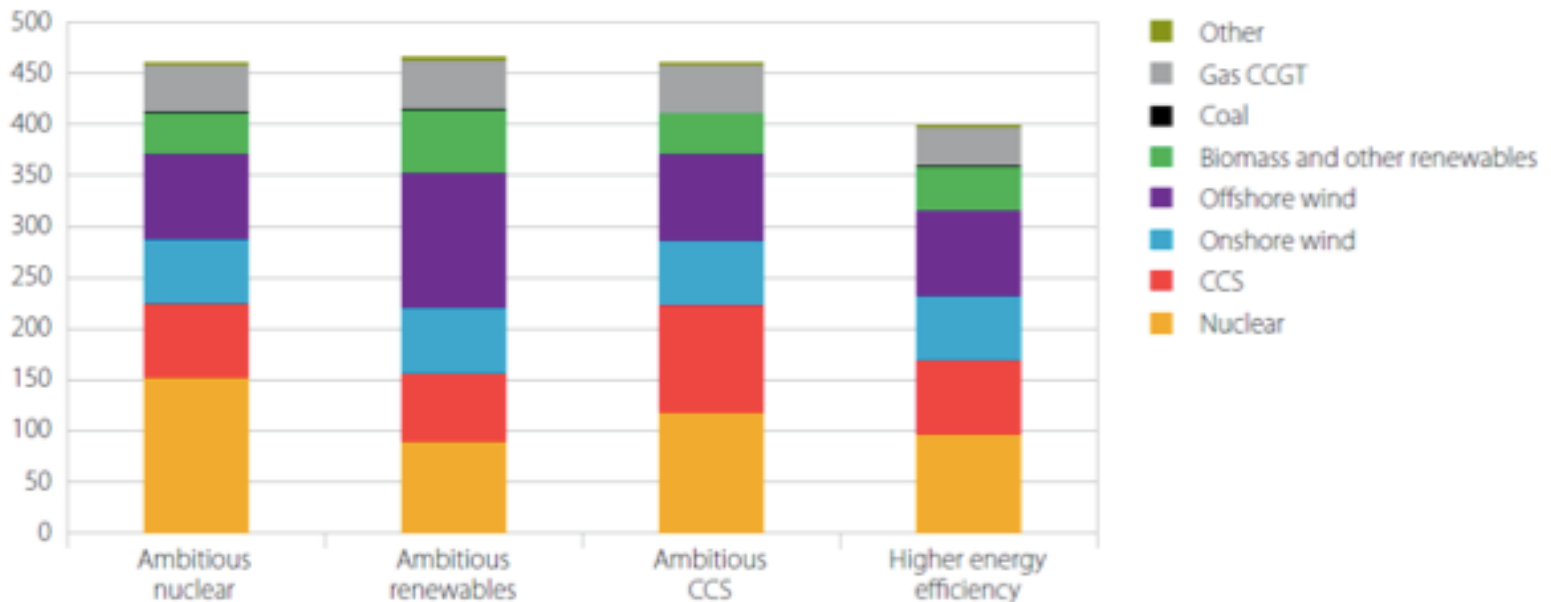
Possibly change the way we measure the LCF

Capacity market design

Check gas and DSR are not crowded out by small scale generation (for example)

## 2. Make your goals clear early

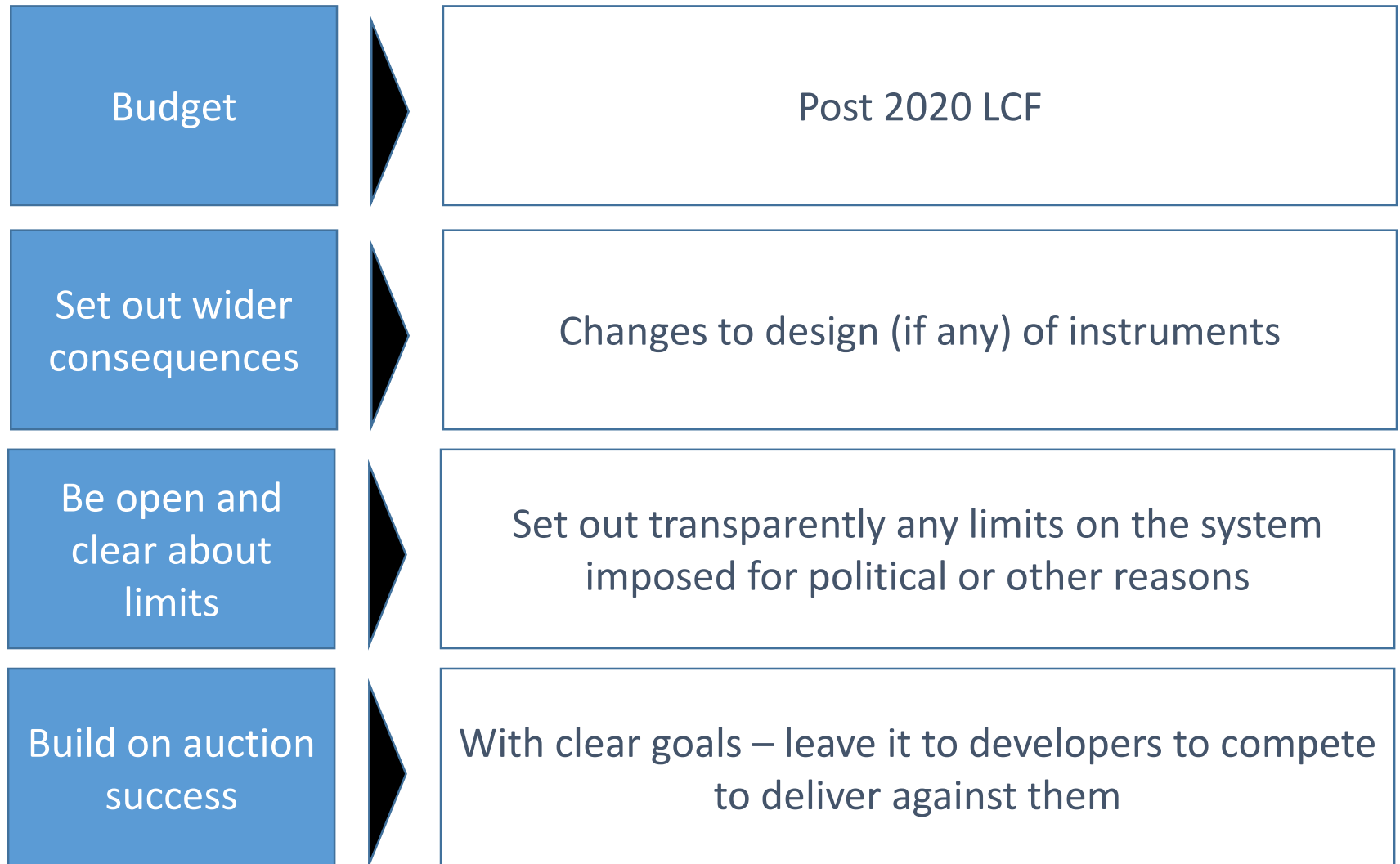
**A range of generation scenarios are possible**  
**but investors have a 'stake in the ground' to work with**



Source: Redpoint, CCC calculations



### 3. Set out the broad consequences for your goals



## 4 Expand your options – supply/ demand may look very different in the future

### Examples:

Foreign generation

Storage

Smart/ DSR

These newer options will require different support and regulations – for example international CfDs, innovation funding etc.

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# Questions?

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