

End User Challenge Panel - Splitting Opinion



Andy Manning

Case for change

①

Expensive gas still sets the price for electricity

Market splitting would change how some generation is priced, and mean that marginal pricing won't be applied to all types of generation. This could bring down overall electricity costs.

②

Renewables are cheaper to build if they have steady returns

Could ensure renewables earn a steady and predictable return for their power without the continuing need for additional mechanisms like CfDs.

③

Need for a long-term plan for targeted support

Suggested that cheaper renewable electricity could be directly targeted at specific groups to provide them with an affordable supply of energy.

Differences between proposals

How consumers may be impacted, although detailed design not certain

Split Market

- **Consumers could choose from a range of tariffs:**
 - Cheapest ones would restrict energy use around times when output from the low-carbon market is low.
 - More expensive would allow consumers to use whenever they want.

Green Power Pool

- **Supply from the low-carbon market could be targeted at specific groups:**
 - Industrial consumers and fuel poor households suggested.
- **Access to the pool would be expanded as the amount of renewables in the Green Power Pool is expanded.**

Consumer risks

- ① Bills would increase for consumers who are not given access to the low-carbon market**
- ② Stark price differences between the pools could be harmful for some**
Could result in adverse impacts for consumers who are unable to be flexible.
- ③ Level of bill support not tied to people's needs**
Additional support likely to be required to ensure affordability.
- ④ Managing efficient dispatch of electricity**
Proposals will need to outline how they can efficiently balance the system.

Thank you

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