

# End User Challenge Panel - Splitting Opinion



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# Case for change

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## **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.

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## **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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