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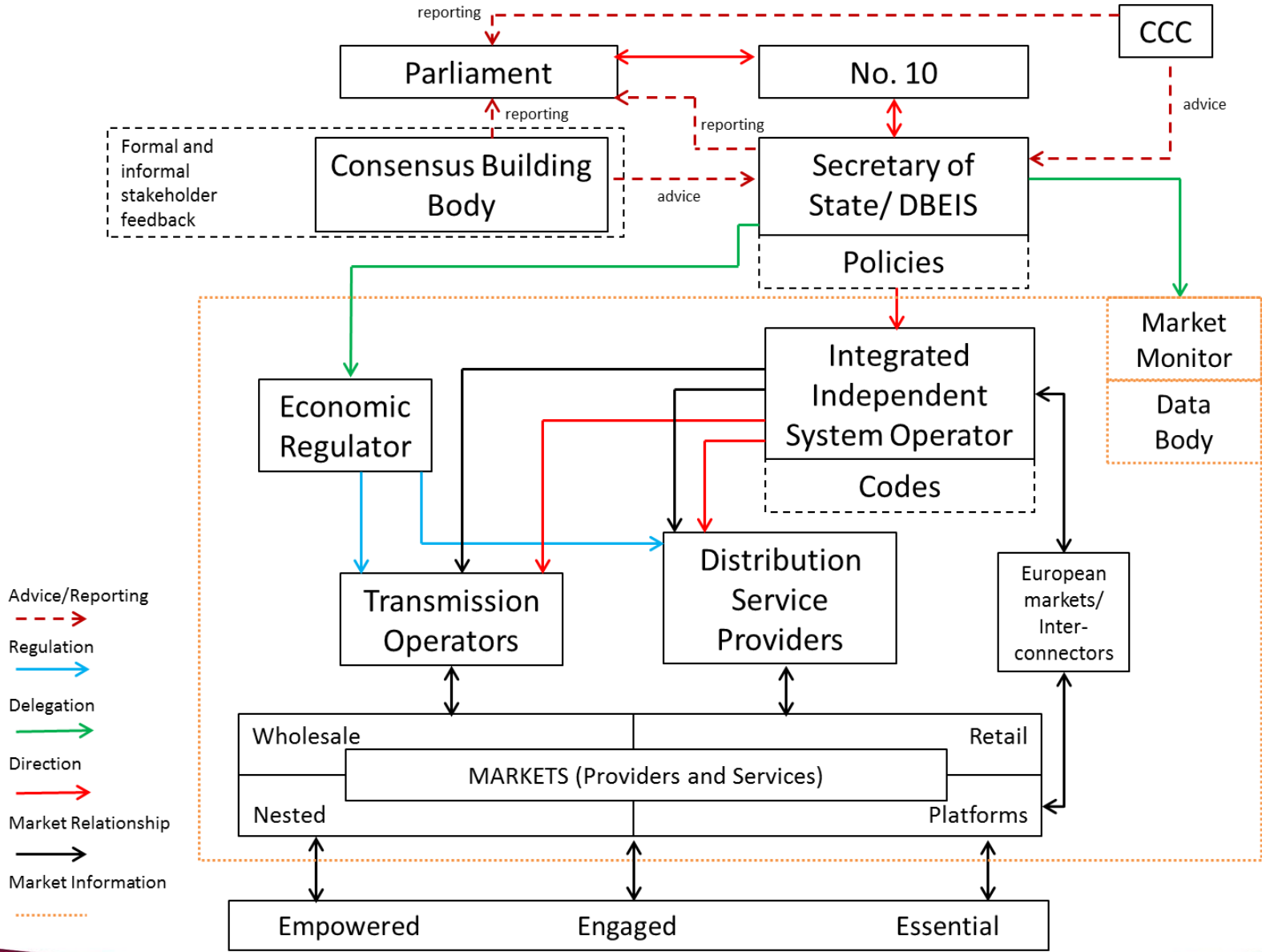
University of Exeter



New Thinking For Energy



Fit-for-Purpose GB Energy Governance Framework



Institutions in New Framework

The same	Changed	New
TO	IISO	Consensus Building Body (CBB) - New and separate or part of another body?
	Ofgem as Economic Regulator	Data Body (but could sit in many places not necessarily stand-alone)
	DNO to DSP	
	Code Bodies, part of IISO or separate	
	Market Monitor, separate or part of something	

Costs of Staying the Same

- We cannot know the ‘benefits’ of moving to new system <http://projects.exeter.ac.uk/igov/new-thinking-restructuring-gbs-energy-institutions/>
 - The arguments of the NY REV is that the total cost of infrastructure will be lower, and costs to consumers lower, whilst improving services
 - More efficient co-ordination and utilisation of energy assets and resources
 - Our role as a nation in being part of the momentum of the energy system rather than diverging from it
 - Retention of local energy economy
 - More energy efficient system
 - Move away from subsidies back to markets
 - Ie capacity market £1bn/yr alone

How to Fund It

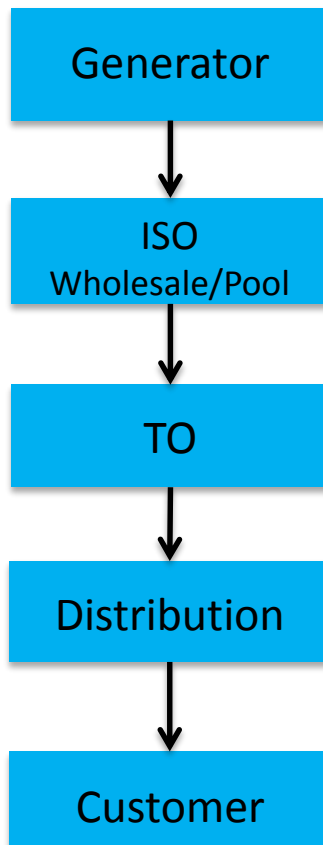
- Not talking about policies
- IISO different from other organisations as currently in private sector (RIIO T AR 2014-5 value = £127m)
 - Profits of TO to SO (£849m to £9m, 2011-2012)
- DNO to DSP <http://projects.exeter.ac.uk/igov/wp-content/uploads/2016/04/Distribution-Service-Providers-Update-November-2016.pdf>
 - ‘Heart’ of energy system and local coordination of S and D
 - Performance based regulation on networks
 - Away from units supplied to transactions in local markets
 - Allowed greater % return if becomes active and meets PBR
- Save on smaller Regulator; 1 Code Body
- Market monitor, out of Ofgem
- New / created out of something?
 - CBB and Data Body

Conclusion and Audience Question

- Worth the cost
 - and the cost probably not that great
 - See <http://projects.exeter.ac.uk/igov/new-thinking-restructuring-gbs-energy-institutions/>
- Do you agree with this conclusion?

New (performance based) regulatory thinking – creating value via the DSPs

Traditional



NY REV

