



IGov Primer

The UK Capacity Market

Context

IGov has consistently questioned the need for a Capacity Market in the UK low carbon transition, as well as the process by which it developed. It is a clear demonstration of how governance of the UK energy system can act to impede change in the direction of a more sustainable system. This Primer summarises the research and thinking we have produced on the Capacity Market.

For an overview of the issues we see with the Capacity Market read the opinion piece on [Britain's dinosaur capacity market will worsen energy 'trilemma'](#). For a basic introduction into the how the capacity market came to be, the process by which it developed and the problems that arose, read the 2018 blog [The Capacity Market – How did we get here?](#) For a much more detailed overview of what a Capacity Market is, what the alternatives are, as well as the process by which it was developed and influenced in the UK read the working paper - [The development of the Capacity Market for electricity in Great Britain](#). Some of key findings from this are summarised in the 2019 open access academic paper on [regime resistance](#).

2019

- Sept (paper) [Unpacking 'regime resistance' in low-carbon transitions: The case of the British Capacity Market](#) This article presents analysis of a detailed study of the introduction of a Capacity Market in Great Britain in the period 2010–2011, considering the role that lobbying and incumbents played in the policy making process

2018

- Jan (blog) [The Capacity Market – How did we get here?](#) Provides an overall story for how the capacity market developed, what key decisions were taken and to what end. It also highlights the need for a better overall governance framework

2017

- Jul (viewpoint) [Bad news, buried: Capacity Market de-rating factors for storage](#) sheds light on how policy makers can act in a non-transparent way. In this case focusing on the treatment of storage in a consultation on changes to the Capacity Market
- Oct (working paper) [The development of the Capacity Market for electricity in Great Britain](#) provides a detailed overview of the history of the GB capacity market. It discusses how it works, how it compares to alternative ways to secure reserve, what role lobby and corporate influence played in shaping its final design, and how the demand side was treated

2015

- Jan (blog) [The empire strikes back – first capacity auction outcomes](#) summarises the outcome of the first capacity auctions showing how it: propped up old high carbon technology; consolidated the financial position of the incumbents; and did little to source of capacity on the demand side.

2014

- Dec (blog) [Sugar Plum Fairies](#) provides a headline summary of the first auction, the implication of the results for bill payers and how this compares with the approach taken in the US for demand side response markets
- Dec (Opinion Piece) [Britain's dinosaur capacity market will worsen energy 'trilemma'](#) questions the basis of need for the Capacity Market with examples of how other countries have embraced the demand side, instead of supporting generation
- Oct (blog) [Capacity market and DSR – the thin purple line](#) discusses the results of what capacity pre-qualified for the Capacity Market. Showing which type of generators looked to have done well (largely fossil fuels) and how little demand side response got through
- Aug (blog) [Capacity market details and demand side response](#) as part of a series looking at insights from the US, this blog contrasts the approach taken there with what GB developed. It highlights what a poor example of energy policy decision making the Capacity Market is.

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