

PAST AND POTENTIAL ROLES OF ELECTRICITY SYSTEM OPERATORS: FROM LIBERALISATION TO CLIMATE CHANGE MANAGEMENT IN BRITAIN

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Abstract

This paper discusses the changing role of electricity system operators in Britain. Until 2008, the UK electricity system operator was the key co-ordinator for a liberalized electricity generation market. However, since 2008, the British electricity system operator has, under the Energy Market Reform, primarily become a delivery agency for technology-specific generation within a planned electricity system. This paper discusses the transformation in the role of the British electricity system operator since 2008 and analyses the relationship between this change and the development of EU energy and climate change policy.

The paper concludes with a discussion of the alternative views of the EU energy policy – the EU Commission has been proposing much increased interconnection to encourage multi-country regional markets, linking those markets into a Single European Electricity Market. Conversely, the UK, Germany and some other Member States have been promoting their national markets based on large-scale investment on national renewables with sizeable budgetary subsidies, supported by capacity payments. The role of the national electricity system operator is central to this debate with its functions very different in the two models.

Keywords : System operator, climate change policy, electricity liberalization, renewable generation, EU energy policy

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