



UK Electricity Market Reform and the Energy Transition: Emerging Lessons

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Michael Grubb and David Newbery

Abstract The 2013 Electricity Market Reform (EMR) was a response to problems of delivering reliability with a growing share of renewables in its energy only market. Four EMR instruments combined to revolutionise the sector; stimulating unprecedented technological and structural change. Competitive auctions for both firm capacity and renewable energy have seen prices far lower than predicted and the entry of unexpected new technologies. A carbon price floor displaced coal, whose share fell from 46% in 1995 to 7% in 2017, halving CO₂. Renewables grew from under 4% in 2008 to 22% by 2017, projected at 30+% by 2020 despite a political ban on onshore wind. Neither the technological nor regulatory transitions are complete, and the results to date highlight other challenges, notably to transmission pricing and locational signals. EMR is a step forwards, not backwards; but it is not the end of the story.

Keywords Electricity market design, capacity auctions, renewables support

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Contact
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dmgn@cam.ac.uk

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