Agenda

- National Grid’s role
- Government’s role
- Contracts for Difference
- Capacity Mechanism
- Delivery body role
- Call for Evidence
- Timescales
National Grid’s role

- Provide analysis and modelling information
- Develop scenarios
- Assess eligibility for contracts
- Allocate CfD contracts or advise counterparty
- Run capacity auctions
- Administer capacity contracts
- Report progress against expected outcomes
What National Grid will not do…

- Set energy policy

- Be the contractual counterparty to the CfD arrangements

- Use information gained as a result of the EMR role for any purpose other than EMR

- Set security of supply standard
FIT CfD

Generator Pays Back

Electricity price £/MWh

Generator topped-up to strike price

Strike price
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<td>![Image of nuclear power plant]</td>
<td>![Image of green energy]</td>
<td>![Image of money]</td>
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National Grid’s Analysis

Assess strike prices
Low carbon build out
Keeping the lights on.....
Network cost impact
Network operability
Ministers to make policy decisions
Call for Evidence

- Strike Price analysis
  - 1. Technology costs and maximum build rates
    - Applicability of technology cost assumptions from RO banding review for 2016/17 onwards
    - New Technology cost data for all renewables for 2016/17 and beyond
  - 2. CfD Investment decisions
    - Hurdle rate reductions expected for projects with CfDs
    - Other factors that may influence take-up potential of CfD as opposed to a CfD

- Opened 9th October 2012 for 8 weeks
Assumptions, Call for evidence, Data gathering

Modelling and analysis

Present analysis to Government

First CfDs signed
Run first capacity auction

Energy Bill published

- Energy Bill becomes law
- Government publish 1st EMR Delivery Plan