

A blurred background image showing various electrical components, including a power outlet, a switch, and some wiring, in shades of blue and white.

Emissions trading: impacts on electricity consumers

Boaz Moselle, Managing Director Corporate Strategy
Ofgem Discussion Day 22 February 2005

Aims for today

- Identify the factors that will determine how the ETS will influence electricity prices
- Understand ways in which wholesale and retail electricity markets will respond a cost for carbon
- Discuss what this may mean for electricity prices
- Consider the impact for electricity users – domestic, commercial and industrial

Key questions (1):

- What will the allowance price be?
 - What are the marginal abatement cost curves?
 - What is the shortfall imposed by the sum of 25 NAPs?
 - What is the effect of JIs/CDMs?
 - How is the market developing?
- How will operators respond?
 - Changes to generation patterns?
 - Fuel switching?
 - Importance of allowance price relative to other costs?
 - Impact on investment decisions?

Key questions (2):

- How will generators and suppliers act?
 - Full opportunity cost pass through?
 - Average cost?
 - How will costs be shared between customers?
 - Issues for independent suppliers?

Impacts on customers and on markets

- Impact on consumers

- Domestic
- Small/medium industrial and commercial
- Large

...in the context of total price changes, cost of alternative policies, sustainability

- Can a three (or an eight) year scheme deliver long term changes to investment?

A large, central version of the ofgem logo is positioned in the middle of the slide. It features the word "ofgem" in white lowercase letters on an orange rounded rectangular background. The background of the slide is a faded, blue-tinted image of electrical components, including a three-pin plug and a meter.

Promoting choice and value for all
gas and electricity customers