



Department
of Energy &
Climate Change

EMR Expert Groups

Collaborative Development

Background – Ensuring industry readiness for EMR implementation



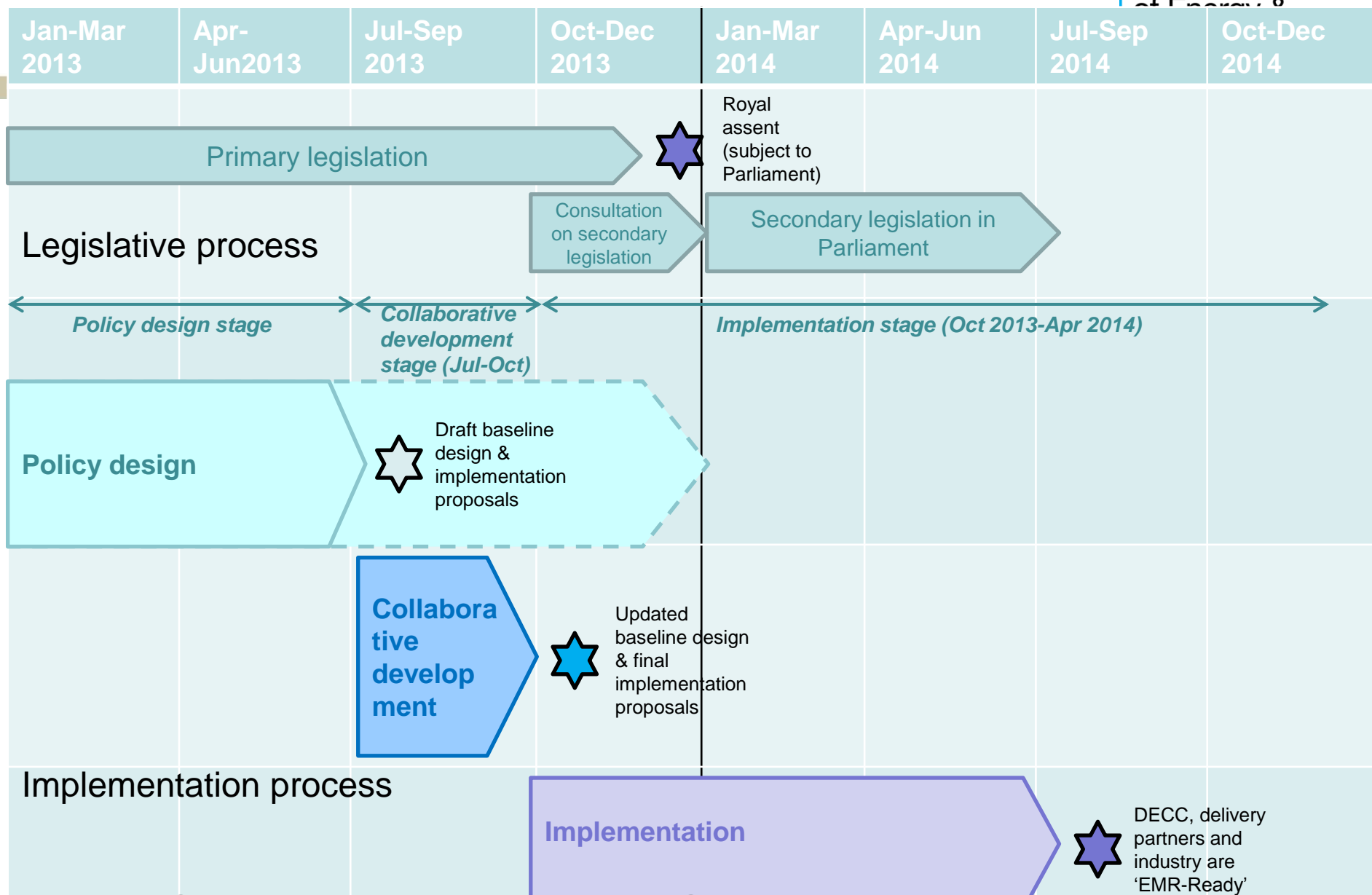
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- In response to interest from industry, we are keen to provide some more clarity on proposed plans for the transition from EMR design to implementation.
- We envisage that a stage of collaborative development between DECC, its delivery partners and industry will be required to ensure readiness for implementation of EMR by mid-2014.
- This stage will ensure deliverability of the designs by asking industry to work with DECC and delivery partners on developing the designs towards implementation.
- Our expectation is that through this process industry participants will become familiar enough with how EMR will work to enable them invest in changing internal systems and processes to ensure they are 'EMR-ready' by mid-2014.
- DECC is in the early stages of taking work forward to define scope, membership and other arrangements for this collaborative development process and we would welcome your views?

EMR – policy design to implementation



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EMR Expert Group papers are not a statement of Government policy or policy intent

Collaborative Development

- Detail



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- DECC, its delivery partners and industry will need to work together over Summer 2013 to refine draft Baseline Design and Implementation Proposals.
- This process will ensure a timely and effective delivery of all elements of the “Solution” by all contributors, seeking to deliver agreement on:
 - a detailed set of "working" processes
 - a set of rules & guidelines
 - roles and responsibilities for all participants in the regime
Generators, DECC/Govt, Delivery Body, Counterparty Body, Settlement Agent, Suppliers.
 - information requirements, flows and hand-offs
 - compliance and audit requirements
 - timing and resourcing for each phase to fit with other processes / milestones
 - design of systems (manual or electronic)

- This will not be a forum for re-opening policy decisions, but will nevertheless be fundamental to the successful and timely delivery of EMR ‘on the ground’.
- The proposed process will focus on baseline design and implementation proposals for the Capacity Market and Contracts for Difference, including issues such as:
 - CfD: Qualification, Allocation and Award; Contract Management; Money Management
 - Capacity Market: Qualification, Allocation and Award; Capacity Agreement Management, Money Management, Trading
- The output from the working groups will be an updated baseline design and implementation proposals for a coordinated delivery of EMR.

Collaborative Development

- Working Groups



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- This collaborative development stage will require a strong commitment from industry and others to participate in and help deliver implementation solutions over Summer 2013.
- This will involve a series of open and transparent working groups over the Summer months, with representation from all parties involved in ensuring system readiness, including DECC and its delivery partners, generators and suppliers. We also envisage a senior steering board to ensure executive buy-in and enable companies to dedicate sufficient resources to the process.
- We estimate each design element will need ~ 3-4 intensive working days of CD working group time to find solutions to all questions around processes, systems and governance.
- The process is likely to take ~11-14 weeks and require significant industry resource.

- Expert Groups will remain in place for any policy design issues that need to be addressed, although perhaps on a call-off basis, depending on the policy team's requirements.
- Proposals are in their early stages, but DECC will be working with its delivery partners and Trade Associations to define process, scope and membership of Collaborative Development working groups on the Capacity Market and on Contracts for Difference.
- We will provide a report on progress at the next Expert Group.

Proposals are in their early stages, but we would welcome initial reactions or views.

- Do you support the general principle of collaborative development and coordinated implementation?
- What information will be required to ensure senior executive buy-in and to enable companies to dedicate sufficient resources to the process?
- What worked well, what worked less well on similar processes such as NETA, Smart Meters and Green Deal?
- Initial views on size or membership of groups?
- Views on how groups can be set up to ensure constructive working and swift progress through the issues?
- How would you like to inform the design of this process?