

Global Perspectives on Electricity Markets

Different Journeys to Address the Trilemma

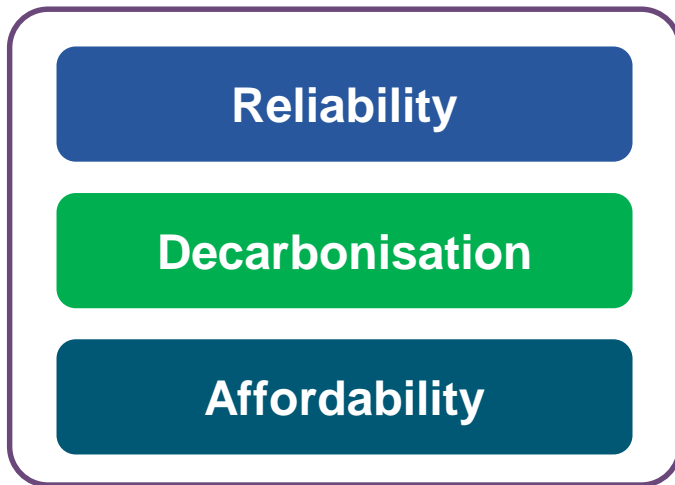
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The Trilemma of electricity market design

The “Trilemma” forced upon system operators

Simultaneously juggling three competing objectives:



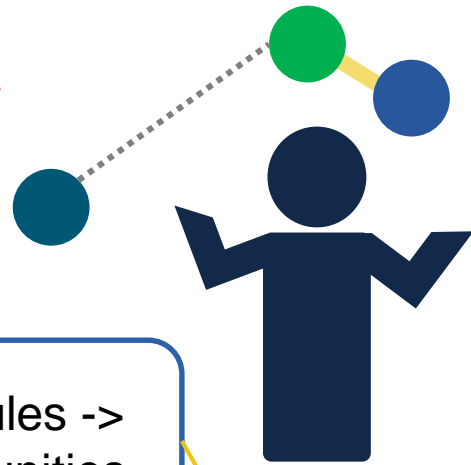
Achieving the “Nirvana” of market objectives



The Journey

The long and winding road to Nirvana in England & Wales

Affordability is an outstanding challenge



Price cap recently announced

Eroded margins -> Capacity and CfD mechanisms introduced

10+ years of policy uncertainty

Bilateral contract market with balancing and A/S markets

8 years of unclear price signals

Complicated rules -> gaming opportunities

“Gross” pool introduced

Performance and efficiency challenges



Different routes, but common places of interest on the journey

European Union

Energy & capacity structure



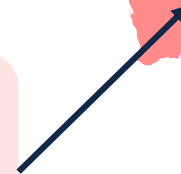
Mexico

Energy & capacity structure



Australia

Bucking the trend – not pursuing a capacity market

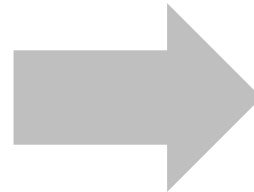


Common Themes

- **Subsidized renewables** bring countries to cross-roads
- **Reliability** more likely to dominate current discussion
- **Capacity mechanisms** as safe harbor in competitive markets

Taking stock of where we are today

The Pantry of Design *Ingredients*

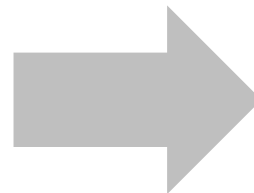


Each market should judiciously form design ingredients into a recipe based on their unique circumstances...



versus

The Bookshelf of Design *Cookbooks*



...rather than mix incompatible design ingredients from different recipes



The road ahead around the world and in Alberta

