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**Title - Crisis in the UK Electricity Industry.**

The British electricity industry is entering its most uncertain period since privatisation in 1990. The challenges are in three areas: the wholesale market, regulation and retail competition.

The wholesale market has never met its goals of price setting, providing investment signals and lowering entry barriers. However, a number of measures may make achieving these objectives more difficult. These include: long-term power purchase contracts for new power plants; capacity payments; a Carbon Floor Price; and a requirement on generators to increase liquidity of the market. The continued poor practices by the big companies has provoked the regulators to take highly interventionist measures. The lack of public trust in the 'Big 6' integrated generator retailers has provoked the commissioning of an investigation by the UK anti-trust authorities, which could lead to major structural changes to the companies. On the other hand, a group of senior ex-regulators has stated that the problem is over-regulation.

The scope for retail electricity competition has always been weak and UK consumers have found little benefit from switching. Consumer disillusionment and distrust is high and changes to wholesale electricity market may make the scope for competition even less.