NERA
Economic Consulting

1. Individual Power Plant Impacts – Revised, 4 June 2007

We summarise below our estimates of the impacts on coal consumption at individual power stations resulting from the ORR's proposal to introduce new TACs for the Coal ESI from 2009 onwards. We have not had access to data supplied by individual power station owners on the thermal efficiency and other factors affecting the marginal costs of their plants, and hence we have had to rely on published sources for our data inputs (e.g., government statistical publications, Platts *Powervision* database, and trade journals). The published sources are incomplete or only provide indirect evidence of plant specific cost conditions, thus creating a margin of error around the data inputs we have used in our modelling. However, we do not anticipate any systematic bias in the margins of error around individual plants, and hence any measurement errors should largely cancel out across the sample of all CCGT and coal plants in our model. For that reason, the aggregate impact measured at the level of the Coal ESI, and across a range of sensitivity scenarios, should provide a reliable guide for decision-making. Individual plant impacts, on the other hand, will be subject to any margins of error in the data inputs for individual plants.

Table 1.1
Plant Level Impacts For A Range of Scenarios

	Central Scenario	Low Fuel Price Scenario	High Fuel Price Scenario	High Entry Scenario
Aberthaw	7.3%	6.9%	3.7%	7.9%
Cockenzie	3.4%	4.7%	6.3%	2.5%
Cottam	-0.1%	-2.0%	0.0%	-1.8%
Didcot A	0.0%	-4.6%	-0.2%	0.0%
Drax	0.0%	-1.3%	0.0%	-0.9%
Eggborough	-4.1%	-5.4%	-0.9%	-5.2%
Ferrybridge	0.0%	0.1%	1.4%	-2.8%
Fiddlers Ferry	-1.6%	-0.1%	-0.1%	-1.9%
Ironbridge	-2.2%	-13.1%	-3.7%	-2.5%
Kingsnorth	0.0%	2.0%	0.0%	1.4%
Longannet	-2.1%	-1.5%	-1.1%	-3.6%
Ratcliffe-on-Soar	-7.0%	-6.5%	-4.0%	-9.2%
Rugeley B	-3.9%	-1.6%	-3.5%	-6.9%
Tilbury	0.0%	0.0%	0.0%	0.0%
Uskmouth 1	0.0%	0.0%	0.0%	0.0%
West Burton	-0.2%	-2.0%	-0.5%	-0.2%
Total coal ESI	-0.8%	-1.3%	-0.3%	-1.6%

Source: NERA estimates.