The benefits of integrating European electricity markets

EPRG Working Paper  1504
Cambridge Working Paper in Economics  1509

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Abstract  The European Commission’s Target Electricity Model aims to integrate EU electricity markets. This paper estimates the potential benefit to the EU of coupling interconnectors to increase the efficiency of trading day-ahead, intra-day and sharing balancing services efficiently across borders. Further gains are possible by eliminating unscheduled flows and avoiding the curtailment of renewables with better market design. In the short run the gains could be as high as €3.3 billion/yr, more than 100% of the current gains from trade. About one-third of this total comes from day-ahead coupling and another third from shared balancing.

Keywords  electricity market coupling, interconnectors, balancing, benefits

JEL Classification  D61, F15, L51, L94

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Publication  February 2015
Financial Support  This paper builds on and extends work under contract ENER/B1/491-1/2012

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