

The benefits of integrating European electricity markets

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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

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