



Security of Supply, Capacity Auctions and Interconnectors

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Abstract Energy policy aims to deliver security, sustainability and affordability, but politicians treat security of supply as over-riding. Absent market and regulatory failures, liberalized energy-only electricity markets might deliver adequate capacity. Ambitious targets for subsidized renewables and policy uncertainty have undermined the commercial case for the investment needed to handle increased intermittency and raised concerns for capacity adequacy. In response Britain now holds annual capacity auctions. The paper examines the case for, criticisms of, and the outcome of the first auction, criticizing the decision to ignore the contribution that interconnectors make to security of supply.

Keywords capacity markets, renewables, procurement volume, interconnectors

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