

# How does renewables competition affect forward contracting in electricity markets?

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**Abstract** Higher renewables penetration reduces the incentive of conventional electricity generators to make forward commitments via forward- or retail-market contracts. This can undermine the role of forward contracting in mitigating market power. More renewables *raise* wholesale electricity prices in states of the world where their capacity utilization is low due to intermittency.

**Keywords** Electricity markets, renewable energy, forward contracting

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