

The European Single Market in Electricity: An Economic Assessment

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Abstract The European single market in electricity has been promoted vigorously by the European Commission since 1996. We discuss how national electricity markets and cross border electricity markets have been reshaped by the process. We examine the Commission's own work on evaluating the benefits of the single market. We look at the wider evidence of impact on prices, security of supply, the environment and on innovation. We conclude that the institutional changes are extensive and there has been significant market harmonisation and integration. However, the measured benefits are difficult to identify, but likely to be small. This is partly because over the same period there has been a large rise in subsidised renewable generation driven by the decarbonisation agenda.

Keywords electricity single market, decarbonisation

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