

An assessment of the European electricity market reform options and a pragmatic proposal

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Abstract

The current European energy crisis, caused to a large extent by the unlawful invasion of Ukraine by Russia, has renewed calls for a deep reform of the European electricity market. In this paper, we look at the alternatives proposed for the reform of the European electricity market, analysing their advantages and disadvantages, and we put forward a specific proposal for the reform. We focus mostly on measures directed at the wholesale generation market, although we also propose some changes that we believe will also be needed at the retail level. Emergency measures to tackle the current energy crisis, which are not necessarily consistent with the long-term reform and should definitely not determine the long-term design of the European electricity market, are very briefly assessed in an annex, including their compatibility with this long-term reform.

Keywords Electricity market, energy transition, renewables

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