2nd plenary

Electricity Market Design

Tue, 9:00 – 10:30

Chair: Bert Willems

Tilburg University

TSE
Toulouse School of Economics
École d'économie de Toulouse

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Electricity Market Design

- In liberalized electricity markets **coordination by market participants** takes place through the market
  - Investments, Dispatch, Production
- **Prices should aggregate market information**
  - Reflect demand, supply and technological constraints
- Well functioning electricity market requires **reserve generation capacity**
  - In order to prevent system black-out in case of contingency
- TODAY's TOPIC:
  - How do we ensure that **market prices** reflect those **reserve requirements**?
- An important question as real time prices form basis of all transactions
- Intermittent generation will make this more important in future

Speakers

- William Hogan
  - Research Director, **Harvard Electricity Policy Group**, John F. Kennedy School of Government, Harvard University, USA
  - Outstanding contributions in **Operations Research** and **Energy Economics** recognized by INFORMS and IAEE awards
  - **Many editorial functions**: J. Regulatory Economics, Energy Economics, Electricity Journal, Resource & Energy Economics, Energy Journal, Operations Research
  - IAEE President 1985
- Andreas Ehrenmann
  - Chief analyst, Center of Expertise in Economic Modelling and Studies, ENGIE, France
  - Expert on market design, investments, and operations research
- Clara Poletti
  - Head Regulation Department, The Regulatory Authority for Electricity Gas and Water, Italy
  - Vice-chair, Board of regulators, Agency for the Cooperation of Energy Regulators (ACER)

Statements for General Discussion

1. In most markets short term prices do **not** reflect the cost of reserves

2. Capacity markets are **not** a remedy for inefficient short term markets

3. Even with efficient real-time prices, investments are hampered as **financial derivatives markets will remain underdeveloped**