FINANCING LONG-TERM INVESTMENT IN HYBRID ELECTRICITY MARKETS

International Conference

21 & 22 June 2021
European Electricity Markets Chair
14h30 | Keynote Speech | Day 1
Meeting Decarbonization Commitments and Security of Supply Criteria: The Role of Hybrid Markets
Paul Joskow

14h35 | Introduction
Jan-Horst Keppler and Marcelo Saguan and Simon Quemin

15h30 | The Empirical Evidence of Full Cost Recovery in Liberalised Electricity Markets
The contribution of empirical evidence to the long-standing debate on power plant financing
Graham Weale, Charlotte Scouflaire, Benoît Peluchon and Sandrine Bartolotti
Discussant : Derek Olmstead

16h35 | Why Do Electricity Markets Work Differently under Decarbonisation?
Decarbonizing the electricity sector efficiently requires a change of market-design
Benoît Peluchon
Optimal generation mixes under strong carbon constraints
Eric Follas and Quentin Wojtecki
Discussant : Andreas Ehrenmann

17h45 | International Benchmarks for Hybrid Market Designs
Lessons from Experience with Renewables Tenders in Europe: Emerging Trends and Best Practices in Auction Design
Chloé le Coq, Olivier Rebenaque and Fabien Roques
Reconciling Planning and Markets for Decarbonising the EU Electricity Sector: New Approaches to Get the Best of Both Worlds
Fabien Roques
Discussant : Paul Joskow

14h30 | Keynote Speech | Day 2
Club Goods and a ‘Tragedy of the Commons’: Renewable energy - learning and curtailment
David Newbery

15h00 | The Link between Short Term Dispatch and Long Term Financing
Designing efficient capacity mechanisms: bidding behavior and product definition
Léopold Monjoie
Market design to facilitate cost recovery and hedging of generation power investments: hybrid markets to deal with long/short-term interactions
Miguel Vazquez
Discussant : Richard Green

16h00 | Retail Tariffs and Investment
How to design reserve markets? The case of the demand function in capacity markets
Léopold Monjoie
Second-best pricing for incomplete market segments: Applications to electricity pricing
Nicolas Astier
Discussant : to be confirmed

17h00 | Modelling Long Term Policy Objectives and Market Designs
Market design and uncertainty management in the perspective of carbon neutrality
Patrick Criqui
Endogenously emerging hybrid markets and least regret-options
Manuel Villavicencio
Discussant : Laura Cozzi

18h00 | ROUND-TABLE
Yannick Jacquemart (RTE)
Patrice Bruel (EDF)
Philippe Vassilopoulos (Epex Spot)
Eric Follas (Total Direct Energie)
Jan-Horst Keppler (CEEM)
Fabien Roques (CEEM)
The Context

The Chaire European Electricity Markets (CEEM) is an economic research chair at the University of Paris Dauphine – PSL supported by its partners RTE, EDF, EPEX Spot and TotalDirect Energie. Its research focusses on the decarbonation of electricity generation and the sustainability of long-term investment in the energy transition. It organises regular conferences and seminars to discuss and disseminate its research and is engaged in a systematic effort to assist PhD students and young researchers in developing their careers. In all three areas, research, dissemination and training, the CEEM is actively developing collaborations with other research centres.

The Research

The latest transversal research theme of the CEEM and its associated researchers is devoted to “Financing Long-Term Investment in Hybrid Electricity Markets”. Major transformations are underway in the electricity sector. The priority of decarbonisation implies investing in an ever more capital-intensive system. Various mechanisms (private or public, freely negotiated or regulated, based partially or entirely on marginal cost or full cost, etc.) have been implemented in order to provide appropriate incentives for low carbon investments as well as better visibility and lower risk for investors. Current energy only markets (EOM) based on prices mainly set by short term marginal cost provide neither, even when complemented by additional markets for capacity, flexibility or system services. A new regulatory framework adopting a broad perspective that is not limited to EOM and revenue stacking from add-on mechanisms is required to allow for efficient solutions that favour competition and least-cost trajectories towards a sustainable energy transition. Future research will show whether different long-term arrangements and alternative market designs can be conceptualised as part of a single coherent paradigm that would allow empirical verification, publication in scientific journals and the formulation of relevant policy proposals.

Thank you for you participation

European Electricity Markets Chair
http://www.ceem-dauphine.org/home/en
Fondation Paris-Dauphine
Place du Maréchal de Lattre de Tassigny
75775 Paris Cedex 16