Dauphine | PSL
CHAIRE EUROPEAN ELECTRICITY MARKETS

TOWARD A NEW ELECTRICITY MARKET MODEL:

KEY ISSUES AND BEST PRACTICES FOR THE DESIGN OF TWO SIDED CONTRACTS FOR DIFFERENCE (CFDS)

CEEM Conference
22 April 2024 - 11:00am - 12:30pm
Room A709 - University Paris Dauphine-PSL
Chair European Electricity Markets (CEEM)

INTRODUCTION AND OBJECTIVES

In Europe and in the USA, electricity markets are adapting to a rapidly changing resource mix driven by decarbonisation policies. A range of planning and support mechanisms for new entry have been introduced, raising new research questions. In Europe, the recent electricity market refroms gives a central role to two sided Contracts for Difference (CfDs) as the main approach for supporting new investment in clean technologies.

The focus of the conference will be on the ongoing research regarding the design and implementation issues associated with CfDs and their interface with the market. The papers presented at the conference cover in particular i) the definition of the key alternative design options for CfDs, their pros and cons and suitability for different types of assets; ii) the design of the products to be procured, and the extent to which technology neutrality and competition based on attributes should be pursued; the interplay of CfDs with the voluntary PPA market, and the ways in which these two types of contracts can co-exist; and iv) the potential effects of different types of contracts on bidding incentives and potential distortions in energy markets.

WORKSHOP AGENDA

10h30 Welcome coffee

11h00 Introduction, and presentation of the conference

Fabien Roques | CEEM

11h15 Key design issues for CfDs and their potential impact on energy markets

Lena Kitizig | DTU and Florence School of Regulation
Charles Verhaeghe | Compass Lexecon
Jacques Percebois | Université de Montpellier and CREDEN
Stanislas Pommeret | CEA
Kevin Favre | CEEM

12h15 Concluding roundtable with CEEM sponsors

Introduction by Paul Joskow | MIT
Representatives from EDF, EPEX SPOT, RTE and TotalEnergies

13h00 Concluding remarks