

Welfare effects of increased or decreased
cross-border capacity

NEPP Stockholm 3/3 2015

(mats nilsson)



The problem is "moving internal bottlenecks" to the border

Nord Pool Urgent market message 22/12 2014

Ämne: NEW Elspot capacity, NO1, SE3

Market information: NEW Elspot capacity, NO1, SE3

Message type: General

Decision time: 22.12.2014 17:00

Published: 22.12.2014 17:27:30

Event start: 23.12.2014 00:00

Event stop: 15.03.2015 23:59

Event duration: 82 days, 23:59:00

Duration uncertainty: Other (see remarks)

Company: Statnett SF

Affected areas: NO1, SE3

Affected lines: -

Remarks: During winter high-load periods, the capacity NO1-SE3 is dependent on the consumption in NO1. The NTC-value NO1-SE3 is gradually reduced with increasing consumption in NO1. The capacity will vary in the range of 500-2145 MW. See attached link "Principles for determining the transfer capacities" for more information. Capacity SE3-NO1 is not affected.

82 days

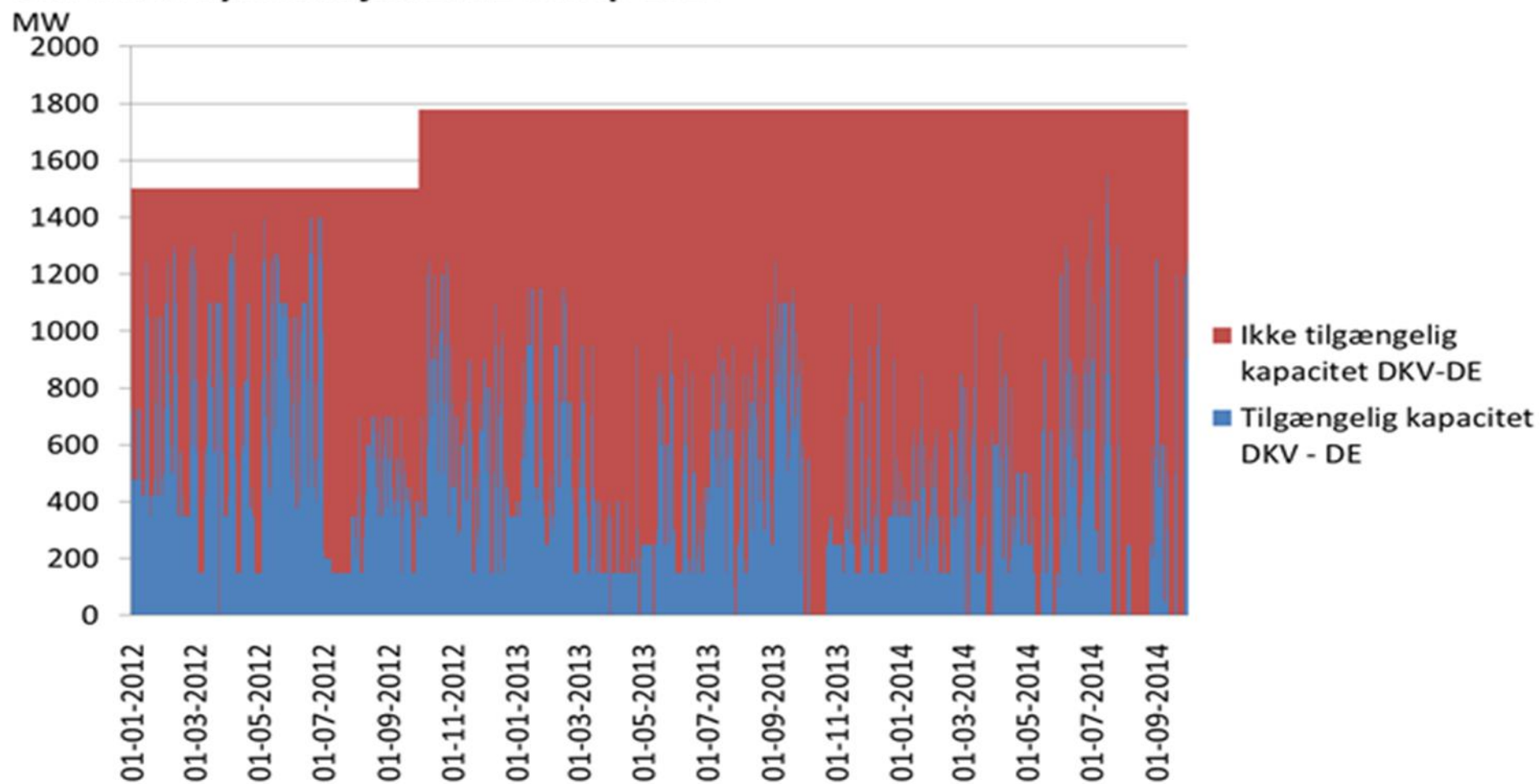
From Norway to Sweden

Capacity decreases 0-1645 MW

Capacity decreased due to consumption in NO1 ☹️

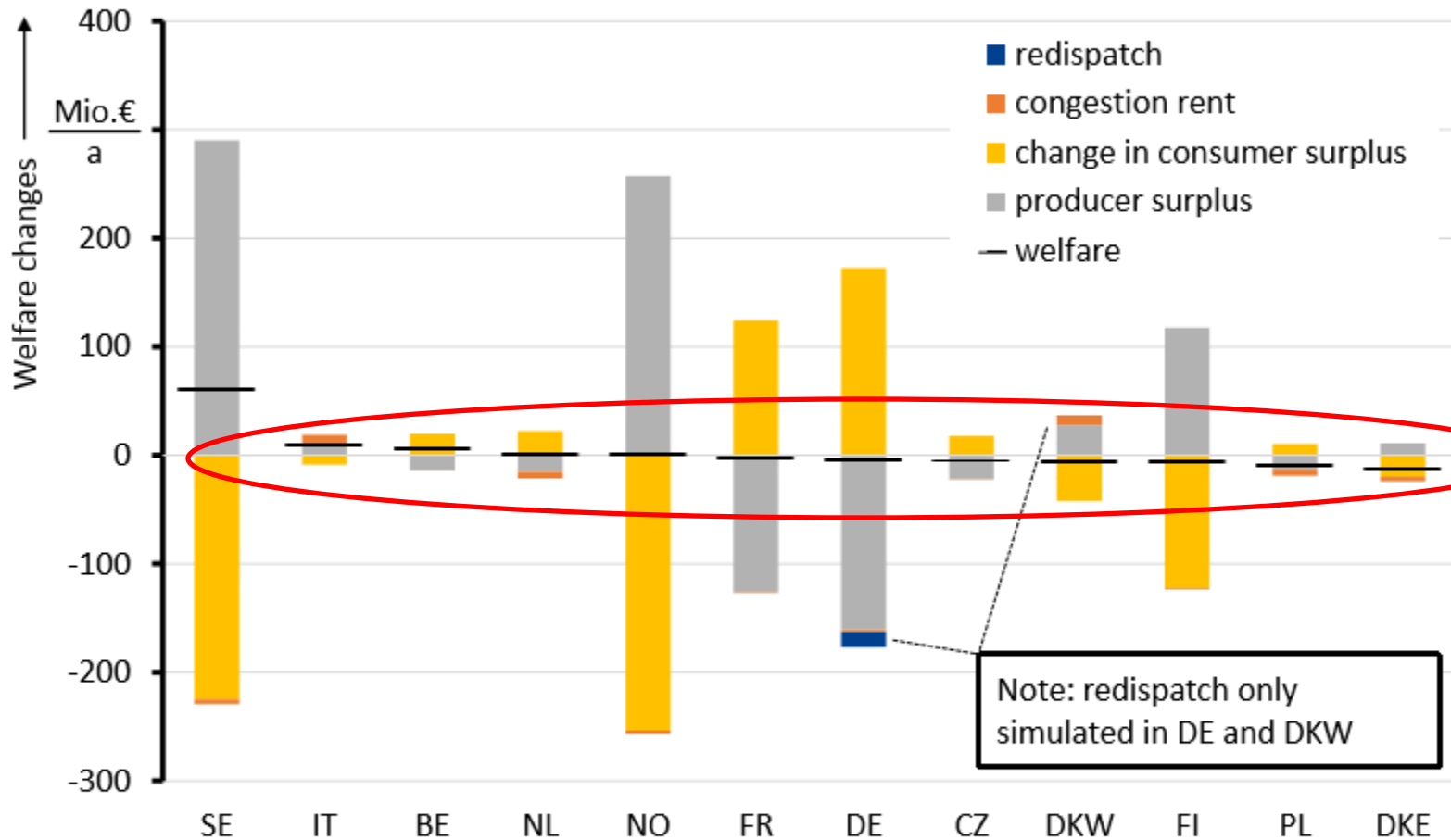


DKVest til Tyskland jan 2012 til sep 2014



Kilde: Energinet.dk

Welfare Changes compared to Base case for Scenario 2 (600 MW)



➔ significant changes in Scandinavian welfares esp. due to price effects, welfare increase in Sweden also due to volume effects in simulation

Transparent methods to support infrastructure investments

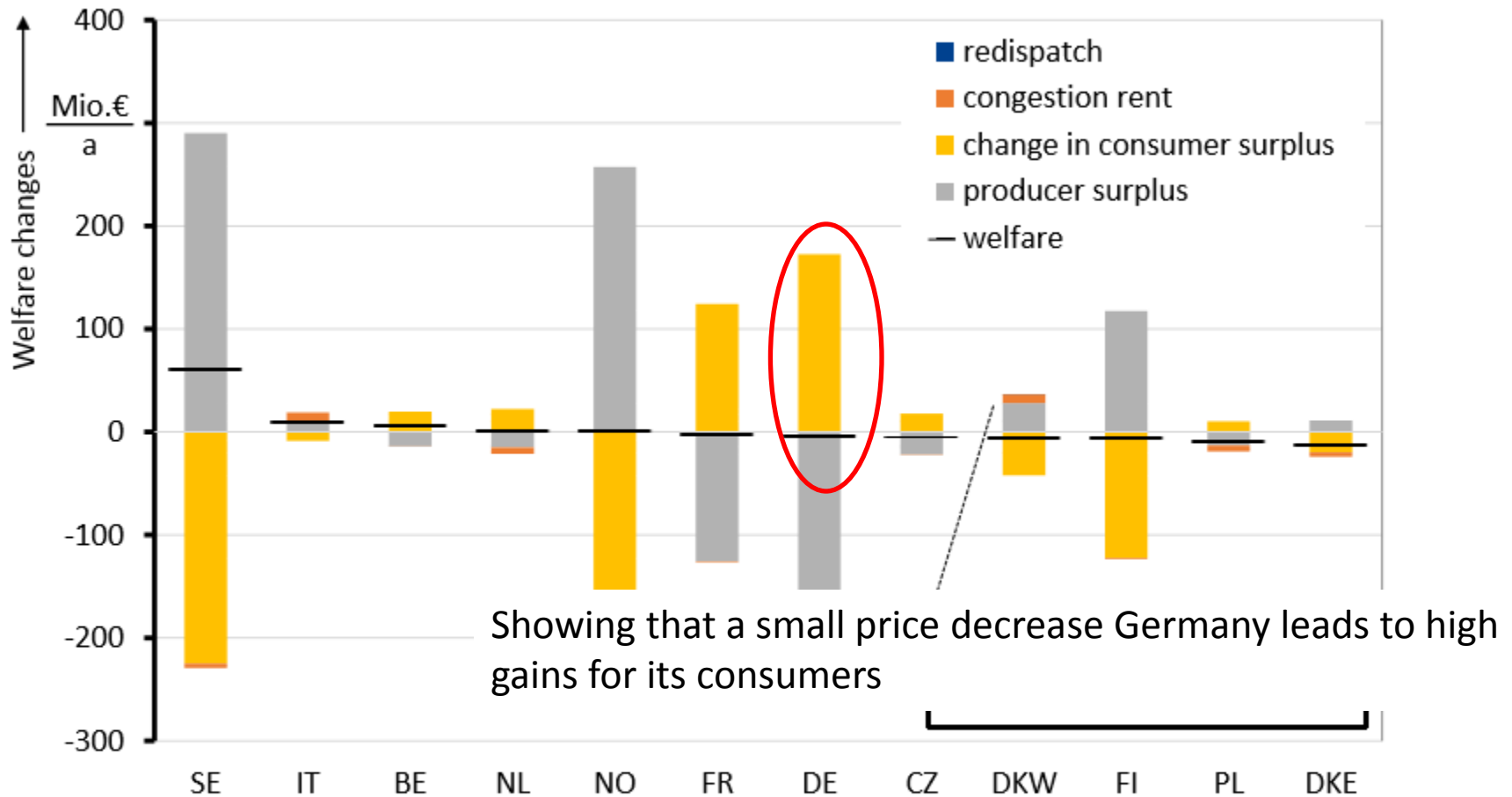
 Mats Nilsson¹



Pineapple protectionism



Welfare Changes compared to Base case for Scenario 2 (600 MW)



Showing that a small price decrease Germany leads to high gains for its consumers

➔ significant changes in Scandinavian welfares esp. due to price effects, welfare increase in Sweden also due to volume effects in simulation

Who can best guess the future?

Merchant lines as a signalling device 😊

Main challenges

- 1) The current underestimation of the value of trade - if estimated we need general equilibrium trade model thinking
- 2) (in the same vein, the negative consequences of protectionist policies should be evaluated)
- 3) The government monopoly on building cross border connections

Questions?



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Artwork by F Kvarnström