



COMILLAS
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Intervention of the energy markets in Spain and Europe

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Montel Iberian Energy day

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Responses to the energy crisis

- Emergency vs Long-term
- Average vs Marginal costs
- And...



In time of desolation never to make a change; but to be firm and constant in the resolutions and determination in which one was the day preceding such desolation, or in the determination in which he was in the preceding consolation

St. Ignatius of Loyola, Spiritual Exercises



Emergency Measures

	Energy savings / Price reductions	Intraeuropean flows	Investment signal	Exchange signal	Efficient operation signal	Windfall profits	Legal risk	Admin complexity	Preivous contracts	Fiscal burden	Regressivity
Cap on gas prices	Red	Red	Red	Red	Red	Green	Red	Green	Red	Red	Red
Cap on electricity prices	Red	Green	Red	Red	Red	Green	Red	Green	Red	Green	Red
Cap on gas for electricity (Iberian exception)	Red	Red	Red	Red	Red	Green	Red	Red	Red	Green	Red
Windfall taxes	Yellow	Yellow	Red	Green	Yellow	Green	Red	Red	Red	Green	Red
Cap on inframarginal technologies	Yellow	Yellow	Red	Green	Yellow	Green	Red	Green	Red	Green	Red
Removal of ETS	Red	Yellow	Red	Red	Red	Green	Green	Green	Green	Red	Red
Single-buyer contract	Red	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Red
Tax on extraordinary profits	Yellow	Green	Yellow	Green	Green	Green	Green	Red	Green	Green	Green
Reduction of VAT	Red	Green	Green	Green	Green	Red	Green	Green	Green	Red	Red
Stability options	Yellow	Green	Green	Green	Green	Red	Green	Green	Green	Yellow	Green
Regulated tariffs	Yellow	Green	Green	Green	Green	Red	Green	Green	Green	Yellow	Green
Lump-sum transfers	Green	Green	Green	Green	Green	Red	Green	Green	Green	Red	Green

Some may be combined: Windfall tax + Direct aid

Long-term proposals

MARKET

Additional markets
Reliability options
Stability options
Long-term contracts

Marginal costs
Vs
Average costs

REGULATION

Competition
for the market

Cost of service

IN-BETWEEN

Inframarginal auctions
Split markets
Hydro management
Great British Energy
L'Energètica

Market power
Windfall profits
Investment risk

Regulatory capture
Consumer risk
Asymmetric information



Thanks for your attention

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