







HEADING TOWARDS SUSTAINABLE AND DEMOCRATIC ELECTRICITY SYSTEMS

Reinhard HAAS,

Energy Economics Group,

TU Wien

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1. INTRODUCTION



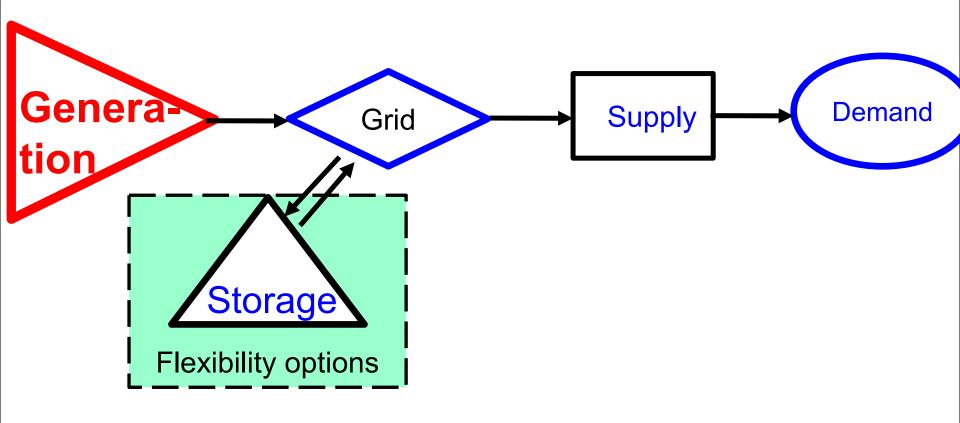
Motivation:

- * Europe: The clean energy package >
 energy communities
- * It is not possible to force variable renewables into the system
- * A strong desire of some customers to participate in electricity supply



Old thinking

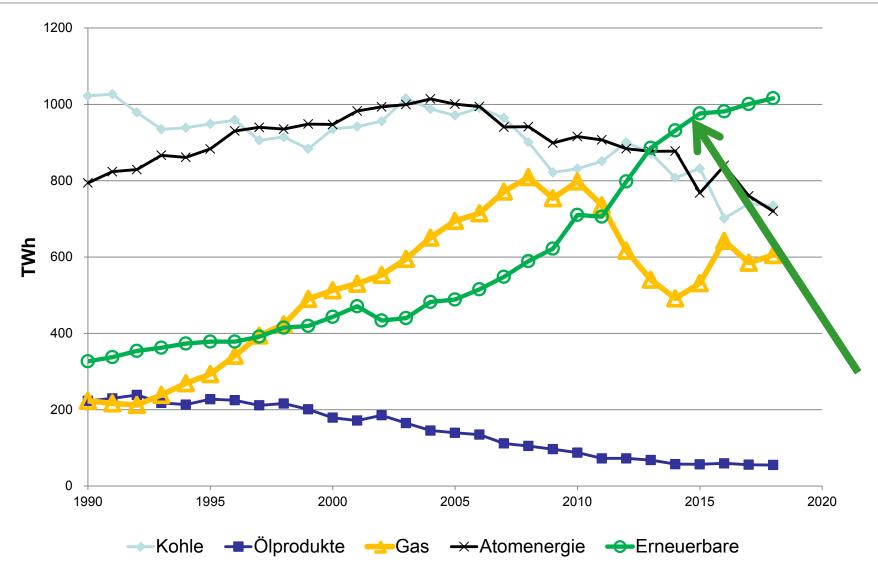






Electricity generation EU-28

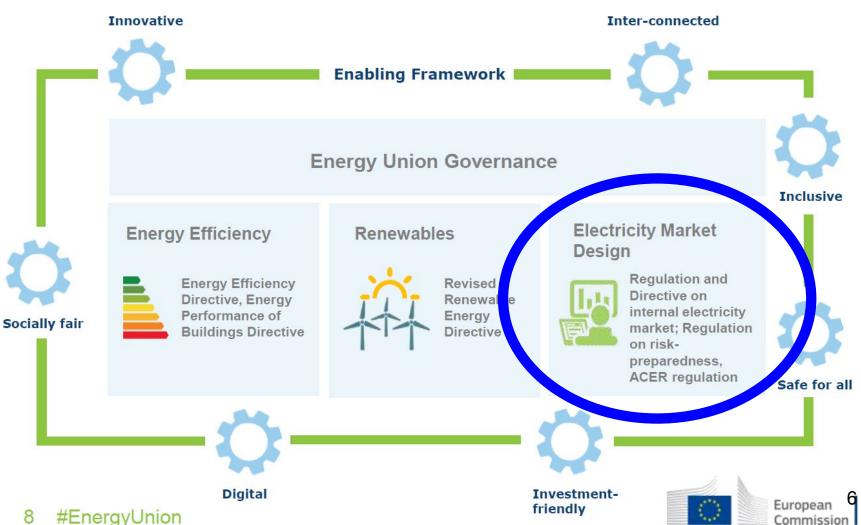








Structure of the Package





Core objective



... to identify the major boundary conditions to integrate even larger amounts of variable renewables into the electricity system

Very important:

Our reflections apply in principle to every electricity system world-wide

.... are based on electricity economic point-of-view



2. METHOD OF APPROACH



- hourly resolution of residual load over a year in scenarios with large quantities of variable renewables;
- Applying a fundamental model to calculate (static) hourly electricity spot market prices;
- Integration of flexibility/elasticity in a dynamic framework for price calculation;



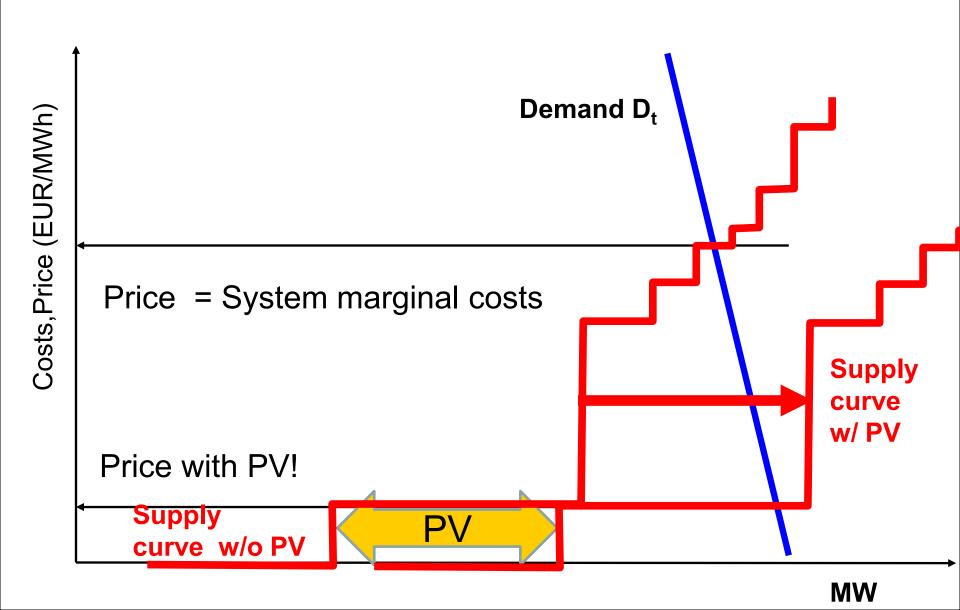


3 HOW VARIABLE RENEWABLES IMPACT THE ELECTRICITY SYSTEM AND PRICES IN ELECTRICITY MARKETS



Example: prices without and with PV

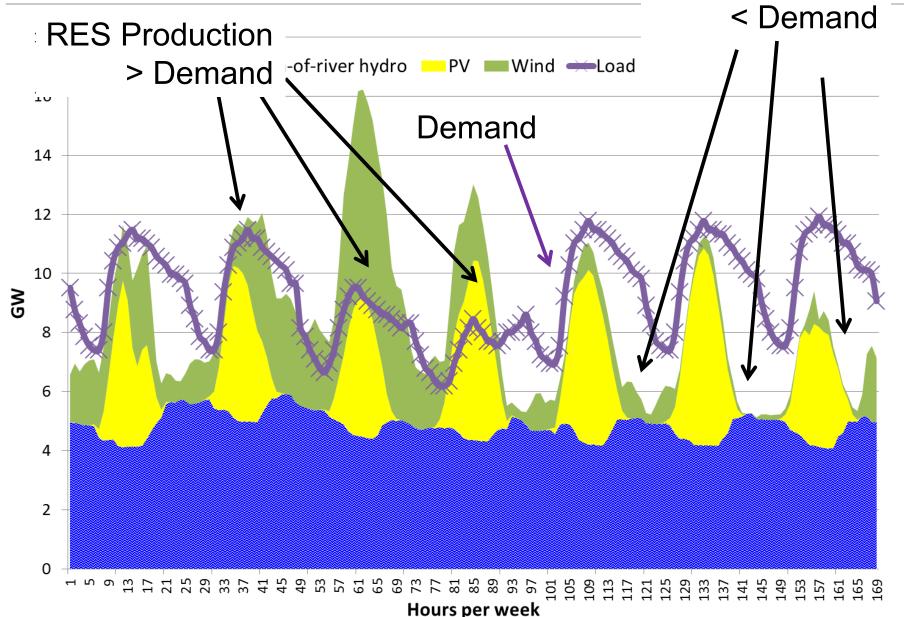






Supply and Demand

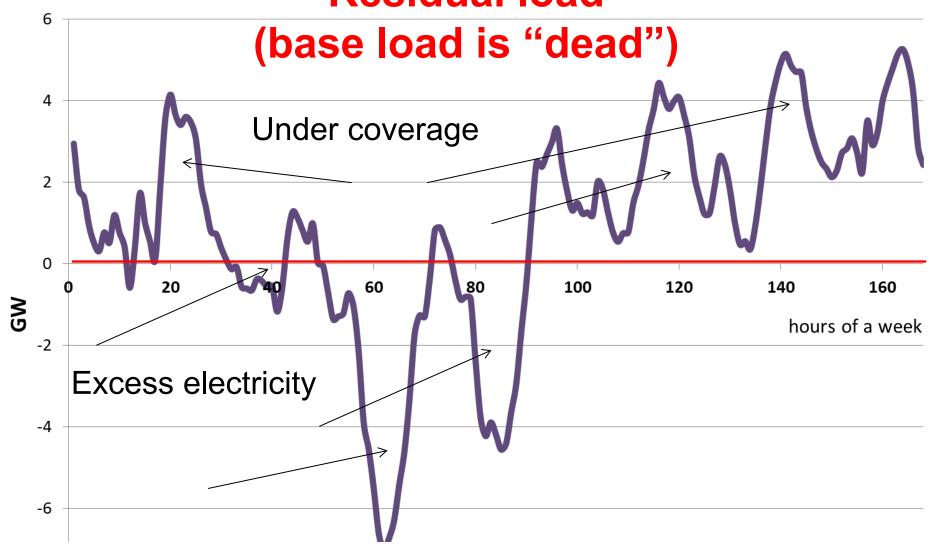






Key term of the future: Residual load





Residual load = Load - non-flexible generation

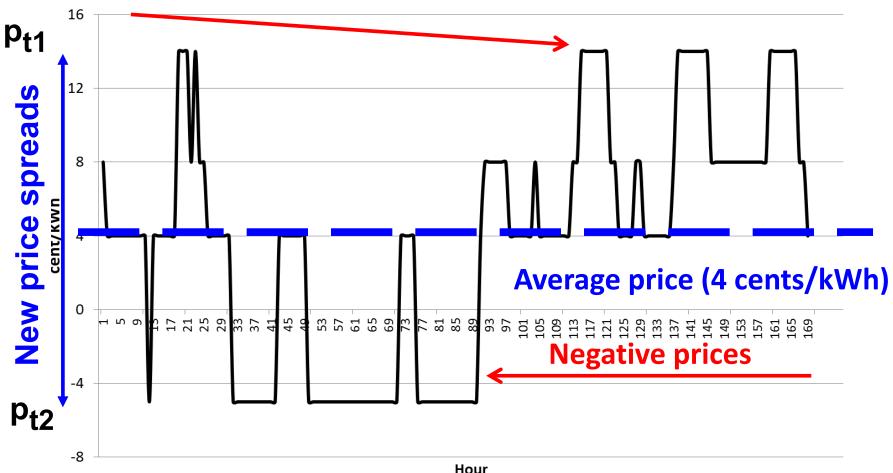


Deviation from STMC-pricing in spot markets



Scarcity prices

Electricity price spot market

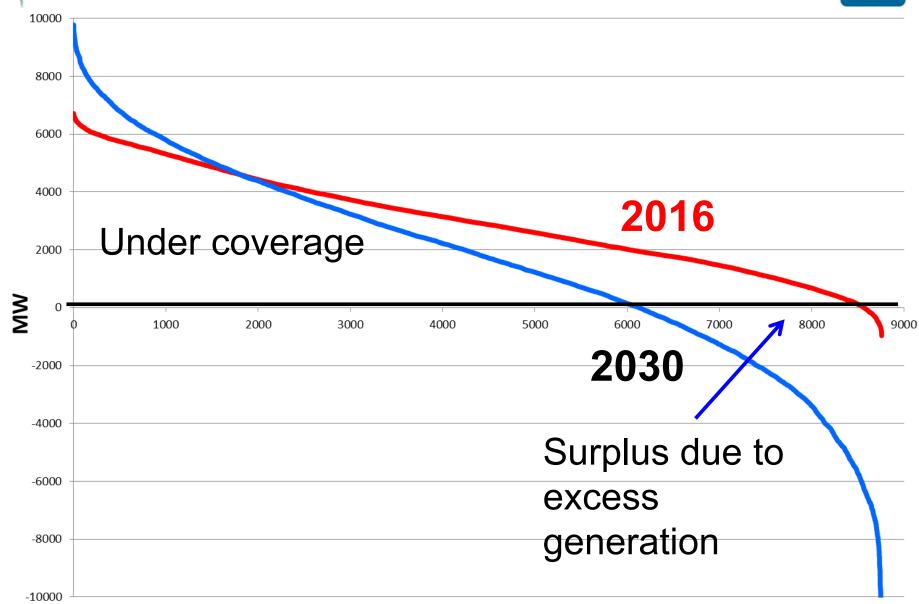


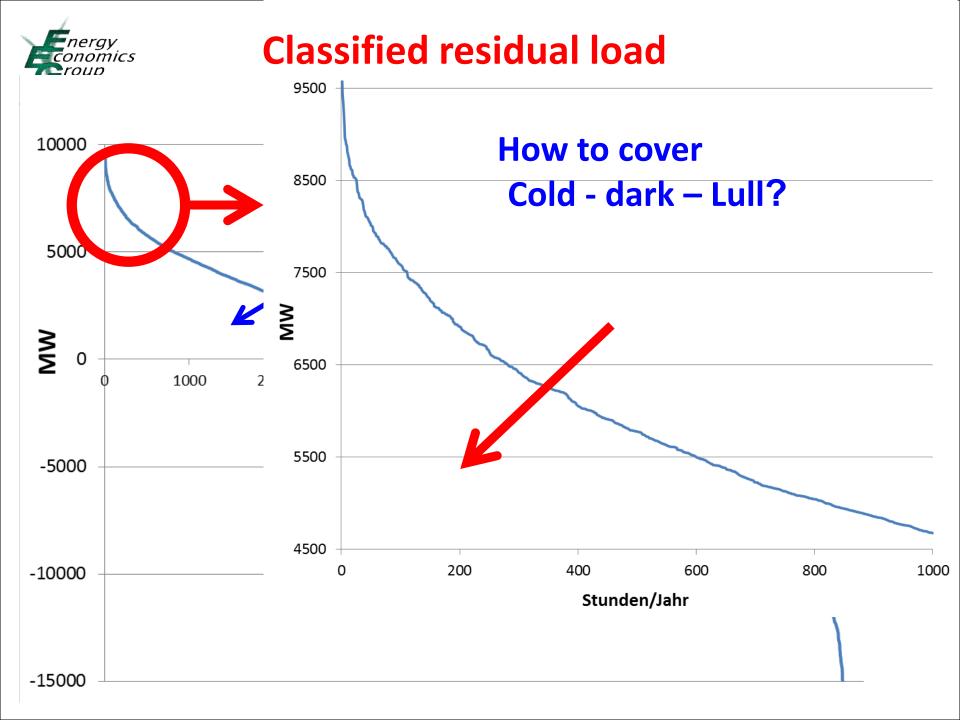
→ These price spreads provide incentives for new flexible solutions!!!!



nergy conomics Classified residual load over a year









There are two extreme positions:



By a regulated capacity payment with STMC pricing?

or

By competition between supply-side and demand-side technologies and behaviour (incl. Storages, grid and other flexibility options) with correct scarcity pricing signals?



4 THE CORE PROBLEMS OF CAPACITY PAYMENTS



All regulatory capacity payments for power plants destort the EOM and lead to wrong price signals for all other options

Price peaks at times of scarce resource should revive the markets and lead to effective competition

The higher the excess capacities, the lower is the share of RES

strive to retain system resource adequacy by correct price signals

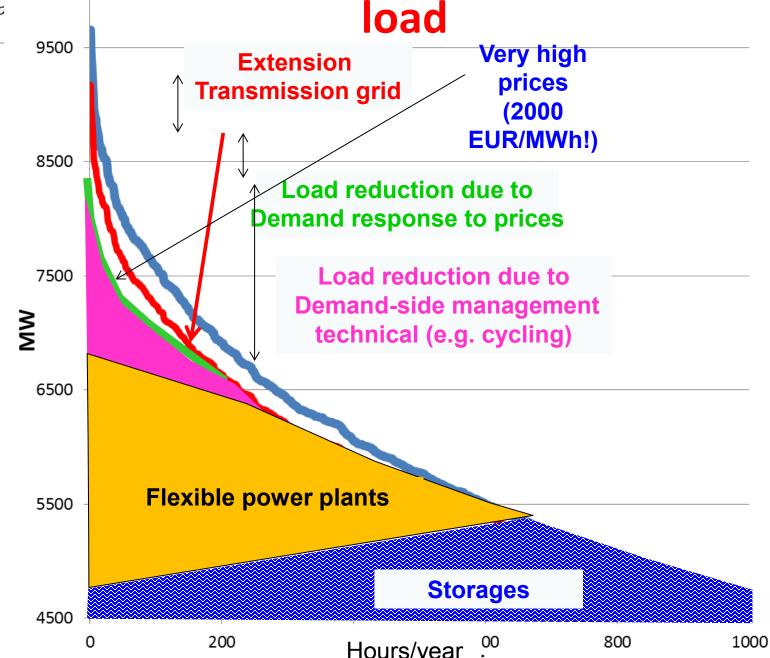


ensured payments

Capacity without

5 Flexible coverage of residual

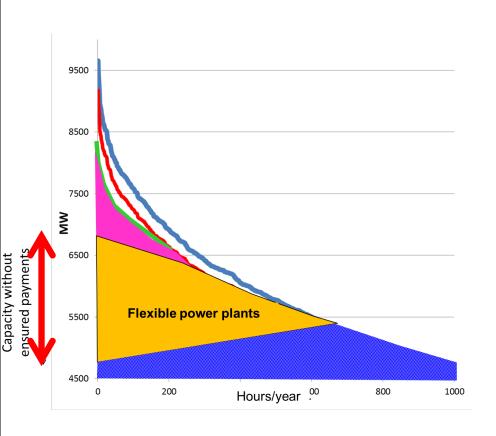


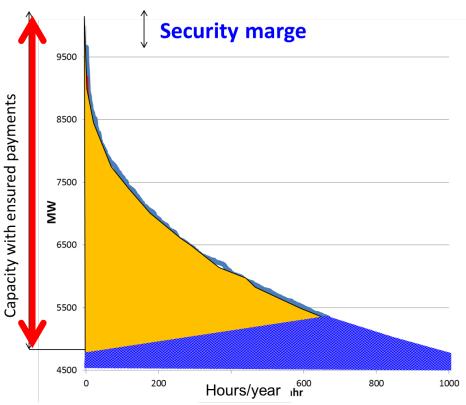




Comparison



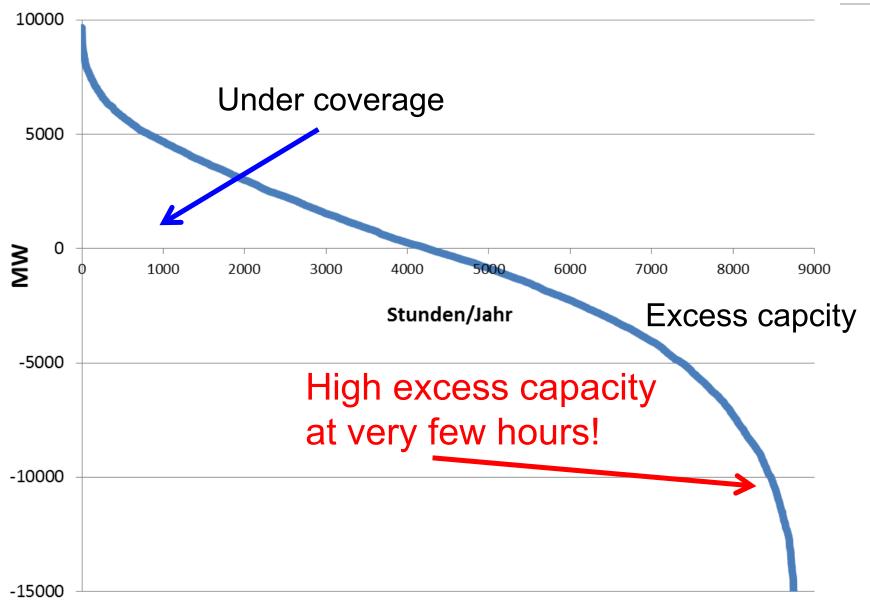






6. STORING EVERY PEAK?

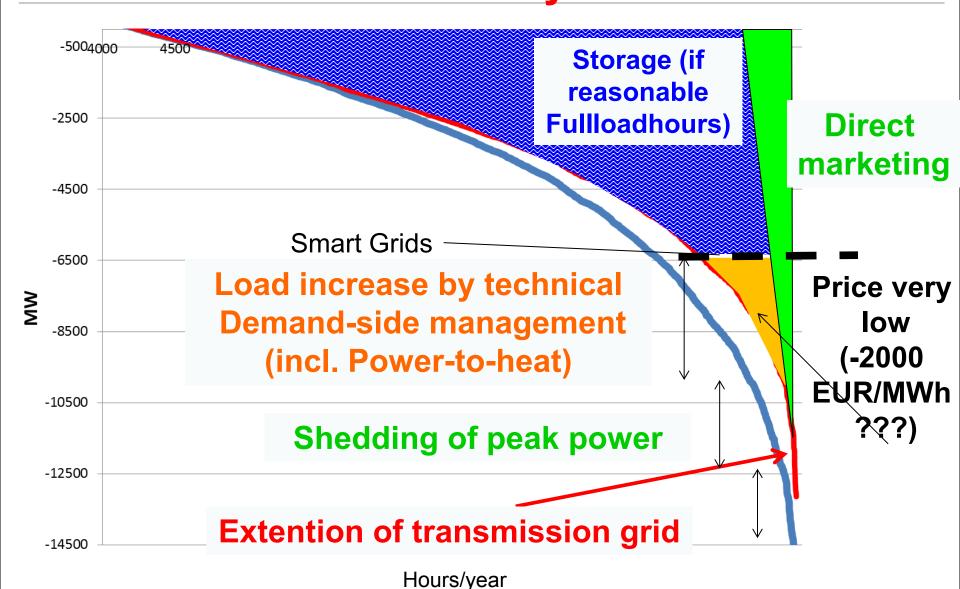






Flexible use of excess electricity







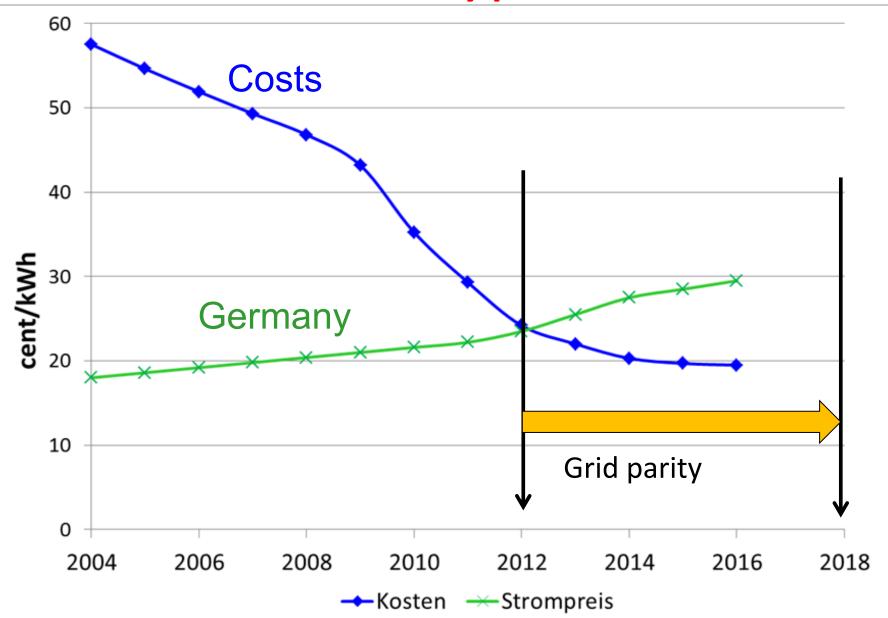


6. TOWARDS PROSUMAGERS



Grid parity: PV-costs and household electricity prices



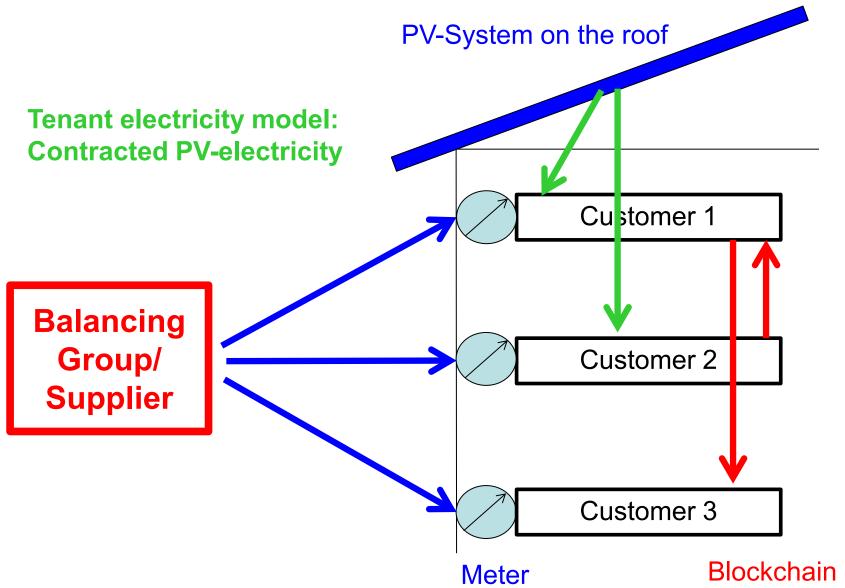




Tenant electricity model and



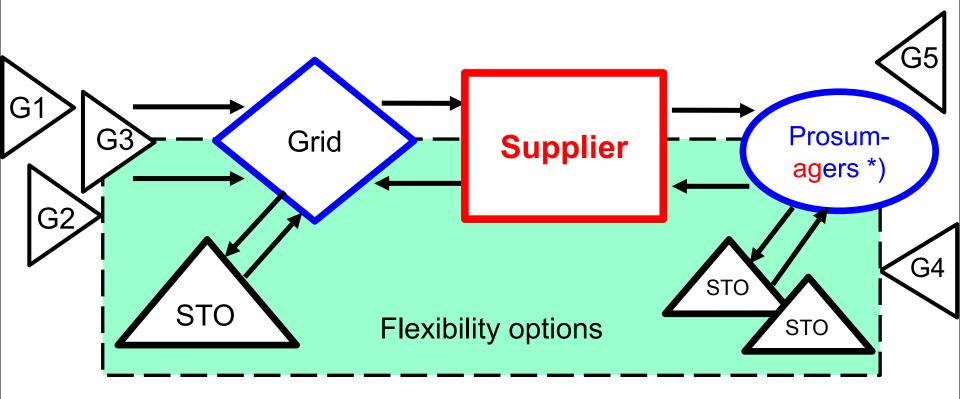
Blockchain





New Thinking: Making the electricity system more democratic







7. CONCLUSIONS



- Sustainable electric. system

 integration of a broad technology portfolio & demand-side options
- No quick fix, no one size fits all solutions
- Larger market areas favourable
- Very important: correct price signals (incl. CO2)
- most urgent: exhaust full creativity for flexibility of all market participants (Erdmann)
- Prospects for storage: less bright than argued
- New key players: Suppliers / balancing groups