

Research Project

Prices for carbon, electricity and fuels in the EU: A Cointegration approach

Project funded by own resources

Project title Prices for carbon, electricity and fuels in the EU: A Cointegration approach

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Organisation / Research unit

Departement Wirtschaftswissenschaften / Public Economics / Public Finance (Hintermann)

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Status Completed

We estimate the relationship between electricity, fuel and carbon prices in Germany, France, the Netherlands, the Nord Pool market and Spain, using one-year futures for base and peak load prices for the years 2009-2012, corresponding to physical settlement during the second market phase of the EU ETS. We employ a series of estimation methods that allow for an increasing interaction between electricity and input prices on the one hand, and between electricity markets on the other. The results vary by country due to different generation portfolios. Overall, we find that (a) carbon costs are passed through fully in most countries; (b) under some model specifications, cost pass-through is similar during peak and during base load for France, Germany and the Netherlands; and (c) the results are sensitive to the degree of cross-commodity and cross-market interaction allowed. We further find that coal prices are negatively and gas prices are positively associated with allowance prices, although the latter effect is not statistically significant in all specifications.

Keywords EU ETS, emission trading, cost pass-through, electricity, cointegration, energy markets

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University funds

Other funds

Add publication

Published results

2736421, Fell, Harrison; Hintermann, Beat; Vollebergh, Herman, Carbon content of electricity futures in Phase II of the EU ETS, 1944-9089, The energy journal, Publication: JournalArticle (Originalarbeit in einer wissenschaftlichen Zeitschrift)

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ID	Kreditinhaber	Kooperationspartner	Institution	Laufzeit - von	Laufzeit - bis

ID	Kreditinhaber	Kooperationspartner	Institution	Laufzeit - von	Laufzeit - bis
978091	Hintermann, Beat	Fell, Harrison, Professor	Colorado School of Mines	01.02.2010	31.12.2013
2310444	Hintermann, Beat	Vollebergh, Herman	Netherlands Environmental Assessment Agency	01.01.2010	01.12.2014