Analysis of Electricity Industry Liberalization in Great Britain: How Did the Bidding Behavior of Electricity Producers Change?

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Abstract
Promoting competition among electricity producers is crucial for ensuring allocative efficiency and lower electricity prices. In this paper, I empirically examine the electricity market of England and Wales in order to analyze to what extent the regulatory reforms were successful at promoting competition among electricity producers during 1995–2000.

This research provides further evidence of the effects of the reforms undertaken by the regulatory authority during the liberalization process and could be also of interest to countries that created their wholesale electricity markets similar to the original model of the England and Wales wholesale electricity market.

Keywords: liberalization, electricity markets, uniform price auction, market power, regulation

JEL Classification: D21, D44, L90, L94

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