

# **Will the market get it right? The placing of new power plants in Germany**

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**Abstract—** This paper applies ELMOD, an economic-engineering model of the European electricity market to the issue of optimal investment placing of generation capacity in Germany under different market integration scenarios. The model is formulated as cost minimization approach. We conduct a scenario analysis comparing different rules for power plant placing in a national, a market-coupling and an integrated EU market approach. We find that there are great benefits for consumers and producers if taking into account network conditions and cross border congestion in generation location planning. Moreover a change from national planning to an integrated market planner perspective shows even more improvements in prices and network utilization.

**Index Terms—** Electricity, Generation investments, Germany

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