

An assessment of the Iberian Exception to control electricity prices

P. Linares Llamas; T. Gómez San Román

Abstract-

The Iberian Exception, the mechanism designed by the Spanish and Portuguese governments to address high electricity prices resulting from the gas price crisis in 2021 and 2022, has been met with controversy, both regarding its real impact on electricity prices and also its unintended consequences, such as increased (and subsidized) exports to France. In this paper we review the evidence on these impacts from different studies, concluding that the mechanism may have produced, depending on the assumptions, some reductions in electricity prices for Iberian consumers or none at all, but always at the expense of subsidies to French consumers and also increased rents for gas combined cycles, higher gas consumption, and larger CO2 emissions. Alternative mechanisms, such as a temporary single-buyer scheme, might have produced similar benefits without the downsides of the Exception.

Index Terms- natural gas, electricity prices, market design.

Due to copyright restriction we cannot distribute this content on the web. However, clicking on the next link, authors will be able to distribute to you the full version of the paper:

[Request full paper to the authors](#)

If your institution has an electronic subscription to Economics and Policy of Energy and the Environment, you can download the paper from the journal website:

[Access to the Journal website](#)

Citation:

Gómez, T.; Linares, P. "An assessment of the Iberian Exception to control electricity prices", Economics and Policy of Energy and the Environment, vol.2023, no.1, pp.5-16, November, 2023.