

# Modelling the Effects of CO<sub>2</sub> Emissions Trading on Electricity Prices, Industry and Economy

***Antti LEHTILÄ, M. KARA, S. SYRI***

*VTT Processes, VTT, FINLAND*

*Corresponding author: "Antti Lehtilä" <antti.lehtila@vtt.fi>*

The impacts of the EU CO<sub>2</sub> emissions trading system on electricity prices and energy-intensive industries in the Nordic area were analysed as an assignment carried out for the Finnish Minister of Trade and Industry. The plausible impacts of emissions trading were studied by using the VTT electricity market model and the integrated TIMES energy system model. Direct economic impacts on power plant operators, investment decisions and different consumer groups were assessed. In addition, impacts on the national economy were modelled in collaboration with the Government Institute for Economic Research (VATT). This presentation describes the modelling work undertaken in the study and the main results and recommended measures against the non-desirable impacts.

**Keywords:**

Nordic electricity market, emissions trading, CO<sub>2</sub> emissions, windfall profit, energy-intensive industry.