

# Renewables, Collusion, Environmental Policy

## Tools

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### **Abstract**

We analyze the impact of renewable energy sources on collusion in the Energy markets. We first analyze how the incentives for collusion are modified by the presence of renewable energies, as a function of the subsidization mechanism in place. We then move to showing the welfare effects of interconnecting two markets with different shares of renewables when we explicitly account for the possibility of collusion before and after the interconnection. Finally we use the available evidence on the European electricity markets to document the interplay between market interconnection, diffusion of renewables, and collusion.

**JEL classification:** L1; Q2; H2

**Keywords:**Renewables, Collusion, Environmental Policy Tools