Qeios

Peer Review

Review of: "EU ETS Price Signals in the Power Sector: Evidence on Decarbonisation and Policy Overlap"

Ian M. Trotter[1]

1. Institute of Public Policy and Sustainable Development, Universidade Federal de Viçosa, Brazil

Congratulations on a nice paper; I found the study interesting and insightful. Generally, it is a well-executed study, the results are convincing, and it is overall well-written and an enjoyable paper to read.

I will offer just a few minor comments (mainly questions of style, really) for the authors to ponder:

- The hypotheses are included in the literature review, which I found a little strange – wouldn't it be more natural to insert them in the introduction?
- In the “Renewable development” subsection in the methodology chapter, I believe there is a typo: “(...) aiming to prese the country-specific even small variation observed in the auction data”.
- In the subsection about “Price-setting technologies” in the methodology chapter, you explain how renewable generation earns an additional margin due to the ETS when fossil fuels are on the margin. However, lesser-emitting fossil fuels also earn some additional margin due to the ETS when more-emitting fossil fuels are on the margin; for example, natural gas earns extra when coal is on the margin. I don't think this observation has any impact on your results, but this should maybe be mentioned for completeness; otherwise, the reader may think that the ETS only benefits renewable generation.
- In the results, I still find it a little difficult to understand the relevance of the subsection on “REF versus market-based factors” in the context of the study. This part also seems not to be explained very well in the methodology chapter. I suggest adding a little more context to this line of inquiry.
- In the chapter on “Discussion and policy implications,” the authors claim that “the EUA price does not exhibit an independent effect on installed renewable capacity.” The authors should keep in mind that absence of evidence is not the same as evidence of absence.

doi.org/10.32388/TNEO1P

- Finally, some parts of subsection “5.1 Policy Implications” are somewhat generic and not necessarily related to the study or supported by the evidence that is presented.

Declarations

Potential competing interests: No potential competing interests to declare.