

Abstract

The paper titled “Detecting strategic capacity withholding through a synthetic supply approach - Cui Prodest?”, puts forward a new methodology in the field of market monitoring. The methodology of synthetic supply by Ciarreta et al (2010) is employed. However, the way synthetic supply is used in this paper is completely new. A four-step procedure is proposed to investigate strategic capacity withholding, i.e. 1) hourly supply curves are created and extra capacity is artificially added to the supply schedule, 2) synthetic and actual prices are compared and anomalous price spikes detected, 3) synthetic and actual revenues are compared, to see if any market operator could have obtained more revenues from a scenario where some capacity was withheld, 4) the SSCW index is proposed to better interpret the results. The chapter carries out an empirical analysis of the Italian day-ahead market in 2018. This approach is a significant contribution to the literature because it enables the analysis of manipulative behaviour with a different perspective compared to the methodology currently available.