

# **Congestion Management in the Nordic Power Market – Nodal Pricing versus Zonal Pricing**

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In the Nordic day-ahead electricity market zonal pricing or market splitting is used for relieving congestion between a predetermined set of price areas. This congestion management method represents an aggregation of individual connection points into price areas, and flows in the actual electricity network are only partially represented in the market clearing. Because of several strained situations in the power system during 2009 and 2010, changes in the congestion management method are under consideration by the Norwegian regulator NVE. We discuss three different congestion management methods – nodal pricing, and optimal and simplified zonal pricing. Four hourly cases from 2010 are used to illustrate the effects of different congestion management methods on prices, surpluses and network utilization.



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