

Marginal pricing of transmission services: A comparative analysis of network cost allocation methods

F. Rubio-Odériz, I.J. Pérez-Arriaga

Abstract— A strict marginal network pricing policy is not able to generate enough revenues to recover the cost of the primary transmission service (other related network services are ignored here). This cost recovery problem requires the stipulation of a complementary charge; which completes the network marginal revenues. This paper evaluates numerically and qualitatively three different allocation methods of the complementary charge: Marginal Participation Factors, Mean Participation Factors and Benefit Factors. The evaluation has been applied to the Spanish electrical system model.

Index Terms— Network pricing, spot pricing, complementary charge, competitive markets

Due to copyright restriction we cannot distribute this content on the web. However, clicking on the next link, authors will be able to distribute to you the full version of the paper:

[Request full paper to the authors](#)

If you institution has a electronic subscription to IEEE Transactions on Power Systems, you can download the paper from the journal website:

[Access to the Journal website](#)

Citation:

Rubio-Odériz, F.; Pérez-Arriaga, I.J.; "Marginal pricing of transmission services: A comparative analysis of network cost allocation methods", IEEE Transactions on Power Systems, vol.15, no.1, pp.448-454. February, 2000.