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GLAWCAL COMMENT

HOW TO FACILITATE THE ACTUAL TRADE OF ELECTRICITY?

Based on

Boklan, Daria, and Belova, Olga. Trade in Electricity under WTO and EAEU Law: Compatibility of Two Legal Regimes. The Journal of World Energy Law & Business, 2020.

Electricity is a secondary energy source that is generated through the conversion of primary sources. The generation, trade, and use of electricity involves a complex interconnected process. In the conventional understanding of electric systems, electricity operates on an interconnected grid. Such a grid does not typically require the crossing of fixed borders. However, with the emergence of electricity as a commodity, trade of the resource now necessitates united energy transference systems—as electricity cannot be stored and shipped for later use via traditional means. Trade in electricity relates to network-dependent trade in energy that grows ever more complex as environmental concerns are taken into account. The infrastructure needed to facilitate an international system of energy trade would be immense. The electric power system of a state consists of a set of electric power facilities, where the means of operation and management are connected by a single process of production, transmission, and distribution of electricity. Therefore, from a technological perspective, in the case of cross-border trade, it is necessary to unite the electric power systems of different countries to ensure such trans-boundary exchange. The erection of such a system would likely take a huge environmental toll as it would have to span continents. In addition, it would take substantial capital and international cooperation to facilitate the operations and management of facilities to ensure smooth dispersion of cross-border electricity markets. However, a trans-boundary system of exchange could lead to more efficient energy production and a maximization of existing energy resources. Therefore, the structure of the generating capacity of a region, and particular state, should be taken into account. For example, in a region rich in water resources, a hydroelectric power

plant would be an effective solution while in others, it would be more economically feasible to build a network infrastructure to purchase electricity rather than locating a source of generation. An example of resource use in traded electricity can be found in the EAEU. For the most part, electricity within the EAEU is conventional. However, the share of renewable electricity produced by both EAEU hydropower and nuclear power is significant. For instance, hydroelectricity constitutes more than 20 per cent, in Russia, and more than 33 per cent in Armenia respectively. Electricity from nuclear power constitutes more than 10 per cent in Russia, and more than 34 per cent in Armenia. Nearly 80 per cent of all electricity produced by in Kyrgyzstan is hydroelectricity. The electricity produced in these nations is traded within them and with third parties. This resource exploitation and trade dynamic is evidence that a electricity trade built with an eye towards resource maximization and with environmental consciousness could hold promising results for the production of clean energy on a global scale. Although the intrinsic need for a fixed infrastructure in order to facilitate the actual trade of electricity could be an immense undertaking, its weight must be pitted against the potential positive impacts such infrastructure and subsequent trade could have for the environment as a whole.



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