Introduction

- The collaboration between Scotland and the rest of the United Kingdom has resulted in a robust integration across the area of Electricity.
- In the event of a yes vote in the referendum for independence, Scotland would become a new totally independent state, while the remaining UK members (England, Northern Ireland, and Wales) would continue to exist as before.

Methodology

- Construct a VAR (vector auto-regressive model) for the UK electricity market, and a second model for the Scottish market.
- Carry out unit-root, granger causality tests.
- Create Impulse Response functions, to deduce how variables are interacting which each other.

Results

- The portion of electricity produced by renewables is closely related to the buy-out prices of ROCs.
- Scottish independence will have substantial effects on the average consumer electricity bill, and will cause extra burdens on the Scottish Consumer.

Conclusion & Recommendations

- Results obtained in this dissertation demonstrate that Electricity prices, Electricity Supply, ROC buy-out prices, portion of Energy produced by renewables, and household consumption are greatly interconnected in the UK electricity market.
- In case of independence, Scotland must find a strong Energy partners as an alternative for the existing partnership if they are keen to disintegrate from the UK for political reasons.
- A similar potential endeavor for Scotland would be a new “Energy Integration System for the North Sea Regions”, were it can collaborate with Norway, Netherlands, and Germany.