

Lost economies of scope and merger gains in the Norwegian electricity industry

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Abstract

In 2016, the Norwegian Parliament amended the Energy Act, with changes taking effect from 2019. The amended legislation will introduce strict separation of all *generation*- and *distribution* companies within the electricity industry in Norway. Economies of scope studies from Norway shows evidence of large economies of scope. Further, the companies in the industry could utilize the economies of scale potential if they would merge. This study perform analysis to investigate potential merger gains regarding the cost effects on the industry from the amendments in the Norwegian Energy act.