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## **ELECTRICITY PRICE MODELLING IN VIEW OF THE RUSSIAN INVASION OF UKRAINE**

### **Abstract:**

This paper investigates the impact of Ukraine war on European electricity markets. Our dataset consists of daily electricity prices for twenty European countries and two measures of Ukraine war concerns: the Geopolitical Risk Index created from news articles and the Google searches for the term "Ukraine". The results show that concerns about the Ukraine war have significant impact on European electricity markets. High Google searches for "Ukraine" are associated with high electricity prices on the same day, and also predict high prices the following day. However, no such relationship is found for the Geopolitical Risk Index, indicating that the information extracted from internet searches captures people' concerns better than information extracted from news articles. However, even though Geopolitical Risk Index is not useful in explaining or predicting electricity prices alone, it still improves slightly the electricity price model when combined with Google searches for "Ukraine".

### **Keywords:**

electricity price; Russia-Ukraine war; Google searches; Geopolitical Risk Index