

## EURELECTRIC Welcomes EC's Pro-Market Stance on Public Intervention

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The European Commission today published a Communication entitled '*Delivering the internal electricity market and making the most of public intervention*' along with guidance on a number of specific forms of public intervention related to power generation and demand side response measures.[1]

EURELECTRIC shares the pro-market and strong ETS approach embodied in these documents, which aim to limit market distortions caused by state action. We particularly welcome the Commission's acknowledgment that ill-designed state interventions, even if well-intentioned, hamper the completion of the internal energy market and put at risk investment in the energy system. Today's documents pave the way for concrete tools that allow Europe to achieve its renewable energy and generation adequacy objectives cost-efficiently and in line with market dynamics.

*'Poorly designed national public interventions are undermining the objective of an EU-wide electricity market, with worrying knock-on effects on system stability, electricity prices and power generation. Where governments and policymakers decide that action is needed to promote renewables, ensure generation adequacy or protect end-consumers, they should take care not to distort markets or hamper market integration. They should limit their interventions to cost-efficient, market-based and technology-neutral schemes,'*commented EURELECTRIC Secretary General Hans ten Berge.

EURELECTRIC also warmly welcomes the Commission's announcement that it intends to carry out an in-depth study on costs and subsidies of various power generation technologies. We agree with the Commission that sound data are needed in order to replace polemics with a serious, fact-based debate and to achieve the Commission's - and indeed EURELECTRIC's - aspired level playing field for all electricity generation technologies in a European market.

EURELECTRIC supports the three overarching principles that are embedded in the Commission documents published today:

- the need to foster well-functioning, liquid and interconnected markets to achieve energy policies in the most cost-efficient way, providing a price signal for investment and the basis for the Internal Energy Market;
- favouring policy measures with a European dimension;
- recognition that public intervention must be justified and subject to regular review to take into account changes in market functioning, technology and society.

EURELECTRIC calls on member states and the Commission to effectively implement today's recommendations, to enable a properly functioning European energy market. In line with today's guidance, policymakers should:

- require renewable (RES) technologies to progressively carry out market obligations, including balancing responsibility; support immature RES technologies through more market-based mechanisms; and further Europeanise RES development through converging support practices and the use of cooperation mechanisms;
- respect principles of non-discrimination and technological neutrality when considering/designing capacity remuneration mechanisms (CRM);

- pave the way for demand response programmes by removing end-user price regulation, implementing relevant legislation without delay and putting in place innovation-friendly regulation that enables investment in smart distribution grids.

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[1] Guidance on generation adequacy, renewables (RES) support schemes, RES cooperation mechanisms and demand response.

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