

EURELECTRIC Sets Out How to Allow Cross-Border Participation in National Capacity Mechanisms

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Capacity remuneration mechanisms (CRM) are becoming a de-facto reality in many EU member states looking to ensure continued generation adequacy. Against this backdrop, EURELECTRIC today put forward a proposal on how to allow cross-border participation in national CRM.

The proposal respects the legal requirements of the European Security of Supply Directive, according to which countries are not allowed to discriminate between cross-border contracts and national contracts when taking safeguard measures or resolving congestions. It is the first proposal of its kind in a discussion that has become increasingly urgent in a context of more intermittent renewables and unfavourable investment conditions, prompting a re-think of the current market design.

*'While it is premature to talk about a European model for CRM, EURELECTRIC believes that it is crucial to ensure that national capacity markets are interlinked with each other. Introducing cross-border CRM participation, even on a small scale, will stimulate convergence between national CRM solutions, which will reduce complexity and ensure better generation adequacy at regional and, in the long run, European level,'*said Hakan Feuk, Chairman of the EURELECTRIC Working Group 'Wholesale Market Design'.

Mr Feuk was speaking at a EURELECTRIC conference entitled 'Future electricity markets with or without capacity mechanisms: What does Europe say?' held in Brussels today.

*'We think that it is possible to let foreign capacity providers participate in CRM using market-based procedures. TSOs will play a central role in allocating capacity of cross-border interconnectors to ensure that capacity is available from abroad. As cross-border participation in CRM will not distort the outcome of cross-border capacity allocation for forward, day-ahead, intra-day and balancing markets, there is no need to reserve interconnection capacity for CRM purposes. The main requirement on a foreign participant will not be to 'deliver energy', but to be 'available' under the same conditions as participants inside the national market,'*he explained.

EURELECTRIC strongly believes that CRM in Europe should be market based, implemented in a coordinated way and compatible with the integrated energy markets.

In addition to CRM cross-border participation, today's conference focused on the lessons learnt from existing CRM models, the added value of the CRM models that are currently being contemplated, and the outlook for CRM development in Europe.

More information on the EURELECTRIC proposal is available [here](#).

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