

# Achieving the Internal Energy Market by 2014 must remain key priority, EURELECTRIC urges

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**EU energy market integration must be speeded up to create greater flexibility in a system that is increasingly dominated by intermittent generation, EURELECTRIC has said in view of the Communication on the Internal Energy Market to be published by the European Commission later today. The Commission should tolerate no delays in completing the internal energy market by 2014 and should strongly push for further progress. EURELECTRIC also called for a system approach to renewables and for stronger coordination of national market design changes.**

The importance of rapid market integration remains undiminished:

**An integrated European energy market is key to shifting to a low-carbon economy at the lowest possible cost**

A well-functioning single European energy market is one of the key prerequisites to accomplishing a cost-effective transition to a low-carbon economy by 2050. But to this end, member states must implement existing energy market legislation much more rapidly and remove market distortions like regulated prices and caps. A quicker implementation of the target models for day-ahead market coupling, intra-day, balancing and forward markets is needed to fulfil the ambitions for an integrated European market by 2014. This process should take place under closer monitoring and guidance of the Commission and ACER.

## **Integrate renewables into the market**

Renewables play a central role in achieving a more sustainable, low-carbon economy. With further progress in completing the internal energy market and with increasing maturity of renewable technologies, the existing national support schemes for renewables should be aligned and progressively phased out. Renewable producers should participate in the market and be given the same responsibilities as other power producers in areas like balancing obligations and grid connection costs.

**A properly functioning market will deliver the flexibility needed to address generation adequacy challenges**

Increasing shares of renewable generation will require the energy system to become much more flexible. Achieving a well-functioning integrated energy market by 2014 is crucial to deliver this flexibility by providing a value for electricity generation, demand and storage. In this way market integration will also contribute to addressing current generation adequacy concerns in many member states. Meanwhile if generation adequacy is still endangered, capacity remuneration mechanisms could be introduced. They should be properly designed, coordinated across the EU and consistent with the broader market integration process.

## **Market integration is the basis for a smarter energy system**

The integration of vast amounts of renewables into distribution grids will require an evolution towards "smart energy systems" that offer new opportunities for suppliers, distribution system operators and customers alike. Adequate regulatory incentives are needed to ensure the necessary investments, as are more flexibility on the demand-side, a change in network design and an evolution of the roles of both suppliers and distribution system operators.

EURELECTRIC will follow up on today's Communication by publishing a detailed response paper later this year.