

Power industry calls for urgent actions towards ensuring proper market functioning; capacity mechanisms should be restricted to cases where generation adequacy is endangered

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In its response to a European Commission consultation on capacity remuneration mechanisms and generation adequacy, EURELECTRIC urges policymakers to improve generation adequacy by removing market distortions such as regulated prices, stepping up efforts to integrate electricity markets, bringing renewables into the market and developing demand response.

In markets where these measures cannot be implemented rapidly, and where generation adequacy is endangered, capacity remuneration mechanisms (CRM) should be considered as a possible means of meeting peak demand and ensuring sufficient back-up capacity, the response stresses. If introduced, CRM should be market-based, non-discriminatory, and technology-neutral. They should take into account interconnectors and be coordinated on a regional level.

In this context, the EURELECTRIC response also calls on the Commission to develop a set of coherent EU-wide compatibility criteria for CRM to ensure that such schemes are in line with the Internal Energy Market. Developing a blueprint for an EU-wide capacity mechanism is nevertheless seen as premature.

The Security of Supply Directive remains an adequate basis to ensure generation adequacy in the EU. But the assessment of generation adequacy in the EU could be improved, for instance through a stepwise harmonisation of generation adequacy principles. Generation adequacy assessment should also take into account the contribution of cross border connections, which should be underpinned by Member States' commitment to share such interconnection capacities in case of scarcity, the response paper urges.

EURELECTRIC's full response is available [here](#).

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