

## EC Internal Energy Market Communication insufficient to make market fit for RES, EURELECTRIC says

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The European Commission (EC) must take more decisive actions to adapt electricity markets to renewables (RES) and avoid market deterioration, EURELECTRIC has urged in its response to the Commission's Communication on the Internal Energy Market (IEM), published ahead of today's Commission conference on 'The completion of the EU internal energy market' in Brussels.

*'Europe has to be put back on track in completing the internal energy market. The Commission has to push more strongly for the Member States to align their overlapping or conflicting national policies to ensure that the EU Council's commitment to achieve the IEM by 2014 is realised,' the paper reads.*

The paper highlights several areas for immediate action:

### **Speed up the implementation of the Internal Energy Market and reduce market distortions:**

Member states must implement existing energy market legislation much more rapidly and remove market distortions like regulated prices and caps. Should the significant delays experienced in integrating the Northern Western European wholesale markets continue, the ambitions of an integrated European market by 2014 will not be met.

### **Foster RES integration by addressing electricity market design and investment climate:**

The steady increase of renewables requires rapid action to integrate renewables into the market. RES producers should be incentivised to sell their energy in the market and take responsibility for meeting scheduling, nomination and balancing requirements. The EC must act decisively to encourage a more cost-efficient development of RES that it is compatible with functioning markets and further RES development. The integration of renewables into distribution grids will require an evolution towards 'smart energy systems' that offer new opportunities for suppliers, distribution system operators and customers.

### **Encourage a more flexible energy system built on market-based instruments:**

Increasing shares of renewable generation will require a much more flexible energy system. The EC should adopt a more comprehensive strategy to guide the adaptation of electricity markets to the renewable paradigm. Building well-functioning and fully integrated markets, removing price caps and distortions, reinforcing the grid infrastructure, bringing RES into the market and fostering demand response are key enablers for markets to adapt to the RES challenge. Capacity remuneration mechanisms could be considered in markets where such measures are insufficient to solve generation adequacy issues in the short term, provided they do not impede the completion of the IEM.

### **Address the threat of deteriorating electricity markets:**

National approaches to energy policy lead to market deterioration, resulting in inefficiencies and higher costs for businesses and consumers. Current developments in several member states seem to be moving away from the objective of an IEM: attempts to achieve energy self-sufficiency, state intervention on the market, discretionary taxation or national approaches to carbon pricing. As a result, the role of the market is diminishing and the behaviour of market participants is increasingly driven by regulatory measures or interventions.

The full paper is available [here](#).

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