

Current EU Energy Policies Put Internal Energy Market and Cost-Efficient Decarbonisation at Risk

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Current conflicting and inefficient energy policies at EU and national level put at risk achieving their key objective: to tackle Europe's energy and climate challenges while ensuring affordable and secure energy supplies to European customers, EURELECTRIC has warned.

Building integrated electricity markets together with the use of market-based instruments can provide a cost-efficient contribution to decarbonisation. But current delays in electricity market integration projects are putting the achievement of an EU-wide internal energy market by 2014 at risk. *'European governments have agreed to create an internal energy market by 2014. But today, market integration is facing serious delays. Politicians seem to have lost their faith in markets as the most cost-efficient solution - for companies, customers and for the economy as a whole. Instead, we see uncoordinated policies and political interventions in electricity markets gaining the upper hand. We see conventional generation under pressure, renewables growth independent of the market situation, and rising end-user prices as a result of increasing subsidies and taxes'*, said EURELECTRIC Secretary General Hans ten Berge.

The warning comes amid two high-level events on market integration taking place this week: the Electricity Regulatory Forum ('Florence Forum') and the second Annual Conference of EU regulatory body ACER. EURELECTRIC representatives are speaking at both events.

A special European summit on energy, bringing together heads of state and government, will be held on 22 May.

Particular points of worry for the power sector include the delay in achieving price coupling within the North West Europe (NWE) region, which is scheduled to go live in November. However, with less than six months to go, the robustness of the proposed technical solution is still being tested.

In addition, Europe is experiencing significant delay in selecting a platform that would enable electricity intra-day trading.

'I am extremely concerned by this lack of progress. If Europe again fails to decide on a platform at the Florence Forum this week, I do not see how the objective of achieving an internal electricity market by 2014 can still be realistically met', commented Mr ten Berge.

Policymakers should now urgently show that they were serious about getting an EU-wide energy market off the ground, limit interventions into the market, and look for more efficient ways to integrate renewables into the market, he concluded.

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