

European Commission's proposal for a Regulation on the internal market for electricity

A EURELECTRIC position paper

April 2017

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KEY MESSAGES

- **EURELECTRIC supports the overarching legal coverage provided by the electricity regulation to further integrate wholesale markets.** Liquid and well-functioning wholesale markets where prices reflect the actual system situation will sustain RES integration, decentralised generation and empower consumers. Nevertheless, **the package does not fully recognize the need for longer-term price signals for investments to ensure system adequacy:** energy, flexibility and the availability of capacity shall be properly valued to ensure that price signals drive the necessary investments in demand response, storage and generation.
- **A wholesale market fit for the energy transition requires that all market parties are responsible for their imbalances.** We also welcome **non-discriminatory and competitive dispatch and re-dispatch.** In order to ensure a stable investment climate and to achieve market integration, the already granted exemptions should be respected and there should be **no new exemptions.**
- To underpin wholesale market integration, EURELECTRIC backs a **step-wise approach towards regional system operation** and a **more efficient use of the existing electricity infrastructure** based on non-discriminatory congestion management.
- A more regional approach to system adequacy will bring benefits and synergies. **Regional and European system adequacy assessments should complement national assessments** rather than being binding factors for Member States to introduce capacity mechanisms. The proposed European **framework for capacity mechanisms fails to recognize key principles such as market-based and technology neutrality.** A command and control approach through an Emission Performance Standard undermines the EU ETS and puts competitiveness and security of supply at risk.
- **We welcome the high-level principles proposed for both transmission and distribution grid tariffs** such as cost-reflectiveness, fair cost allocation and incentives for efficient grid usage as they provide a level-playing field for market players and minimise market distortions. While we welcome **further harmonization of transmission tariffs at European level,** we believe that **distribution tariffs are a matter of national regulation** as they are closely linked to local specificities and their impact on cross border trade is low.
- **EURELECTRIC welcomes the acknowledgement of the prominence of DSOs in the energy transition.** The EU DSO entity shall embrace all types of DSOs in Europe and its tasks should be carefully selected. We commit to take an active role in the establishment of such entity.
- **Innovation is key to support the transformation of DSOs' business models.** We welcome the provision of adequate incentives to DSOs to procure services from market operators for the operation and development of their networks and integrate new solutions in the distribution systems.