

25 March 2021

Subject: A single European market for energy

Dear European Leaders, dear Executive Vice-President Timmermans

In the context of the European Council discussions on the single market, I reach out to reiterate that the European power sector remains fully committed to leading the quest for a climate-neutral economy. Eurelectric explicitly supports the ambition of at least 55% emission reductions by 2030. To achieve this goal proper regulatory framework conditions are key.

An accelerated decarbonisation ambition come with higher investment needs. Investors need clear and reliable long-term signals to allocate funds to such capital-intensive projects. We therefore endorse the Commission's objective to significantly scale up these investments and facilities such as the Recovery & Resilience Fund will help to kick start this investment.

Increasing the speed of the transition also means increasing pressures on the regulatory framework, in particular the accelerated deployment of renewables. To meet the objectives, within the next 10 years, the pace of deploying wind and solar capacities must at least double. This much-needed growth in renewable capacity across Europe will have impacts on power markets, on prices and on revenue distribution and adequacy. To ensure the effectiveness of the market framework to deliver a sustainable net zero power system, it is pivotal to have an adequate understanding of these impacts on the European power market going forward.

In summary, Eurelectric is convinced that a well-functioning power market and efficient carbon pricing are key tools to deliver the necessary investment signals in a technology-neutral way. We therefore urge the European Commission to thoroughly assess how the transition to net zero will impact the future European power market.

The European electricity industry is keen to engage constructively on this topic to discuss how a generally market-based and competitive environment can be ensured and to play our part in enabling a thriving, competitive climate-neutral European economy.

Yours sincerely,

Pat O'Doherty

President Eurelectric