

ACER Consultation on barriers to efficient price formation and easy participation in European electricity markets

A Eurelectric response paper

October 2020

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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Background

This is Eurelectric's response to ACER's public consultation to identify barriers to efficient price formation and easy market entry for new market entrants and small participants. According to the ACER, the objective of this consultation is to gather views and information from stakeholders regarding the on-going ACER study on efficient price formation and easy market entry and participation for new players and smaller actors in electricity markets, developed in accordance with Article 15 of Regulation (EU) 2019/942 [1]. ACER monitors the status of the internal markets for electricity in its annual Market Monitoring Report. Since the entry into force of the Clean Energy Package, ACER must monitor among other aspects (1) barriers to efficient price formation and (2) barriers to easy market entry and participation for small players and new actors. As part of an external study, ACER is developing a methodology for evaluating the performance of the EU Member States on those two aspects. Therefore, this response of Eurelectric will contribute to the development of this methodology.

Definitions

***Q1.** Please provide a definition of what you consider as "barrier to market entry and participation" in electricity markets. The definition should be generic. You will be invited to provide specific examples in the subsequent sections.*

We consider that a "barrier to market entry and participation" must basically contain certain disproportionate demands regarding the activity requirements or discriminatory elements towards specific market players or assets. Such barrier contains requirements which are put on certain market participants without valid justification. The basis for competition in the electricity sector is based on non-discriminatory network access which network operators have to offer on equal terms to all network users.

Minimum requirements, which are imposed on all market participants in a non-discriminatory manner, are not to be considered a barrier in the sense of this consultation. E.g. we do not consider deposits required by an energy exchange or by national authorities a barrier – this is a justifiable rule protecting the counterparties; this type of rule is to be respected by all market participants and is therefore not discriminatory. In addition, different rules for connection of small and big power plants should not be considered discriminatory when justified by technical requirements.

Eurelectric considers a barrier measures preventing and/or restricting competition in the market; from this point of view, the regulatory risk as such, i.e. the risk of quick and unpredictable changes in regulation is one of the main barriers.

We are deeply worried that sometimes barriers are only considered from potential new entrants' perspective. Proposing new requirements on existing market participants carries the risk of forcing them to leave the market and would hence reduce competition. Therefore, when reviewing existing requirements and rules, this should be done on a non-discriminatory basis and taking into consideration the impact on the good and efficient functioning of the whole market.

Eurelectric believes, that a starting point for the consideration of barriers (as well as efficient price formation – see below) in the European electricity market should be based on following four principles:

1. Freedom of connection: market parties can plug in at any point of the infrastructure within the bidding zone;
2. Freedom of contract: market parties can enter into any form of contract with anyone in the system;
3. Freedom of dispatch: anyone connected to the grid can use its connection in any way up to the contracted/physical connection capacity;
4. Freedom of exit: market parties should be allowed to freely close or mothball any production unit.

These principles ensure equal access to the system, which is essential for a well-functioning market. In such a market, market participants bear the risk of matching demand and supply and the influence of the network operators is limited to providing and operating the required grid. Market participants should be able to manage this risk through the right means and a high level of transparency.

Eurelectric members operate in a European common market, therefore most of the barriers are to be seen in the light of their consequences on the EU Internal Electricity Market.

Eurelectric would like to point out that later in our response, we mention only some of THE potential nationally specific barriers, which were explicitly mentioned by our members. From this point of view, our response shall not be considered as an exhaustive list of all barriers in all EU member states.

Q2. Please define: Efficient price formation of electricity (MWh) products.

Eurelectric considers an efficient price formation on a wholesale electricity market a price formation which is guided by efficient operational decisions, based on a self-dispatch market model with equal access to the system (e.g. no restrictions when it comes to generation schedule / planning) and with allowing for optimization under a portfolio based model price formation, which is not affected by artificial price ceilings or price floors. Obviously efficient price formation in any market is a price formation that always results in a reliable price equilibrium of demand and supply. These principles apply to all segments of the market (from forward to balancing markets). Market participants should be able to optimise across the different segments of the market both in time as well as across borders.

Basis for the efficient price formation on European electricity market is a zonal market model, allowing assets to generate / consume and trade electricity freely inside their bidding zone and cross-border according to available capacity. The most efficient price formation, therefore, relies on fully reflecting the information for all aggregated demand and all aggregated supply.

Efficient price formation may only be ensured when there is sufficient transparency regarding available cross-border capacity: every market participant shall have equal access to data which are needed for his decisions.

Q3. Which aspects, among those included in your definition above may specifically prevent prices from reflecting actual scarcity? You may cover additional aspects that may be relevant for price formation at times of scarcity.

In general, any discrimination impedes in the reflection of actual scarcity.

Any price floors or ceilings different from common European technical bidding limits significantly prevent prices from reflecting actual scarcity. Eurelectric has stated repeatedly in the past that technical price limits in both day-ahead and intraday market shall be automatically increased if the limit at the day-ahead market is reached. Unfortunately, our recommendations have not been implemented for the intra-day market.

In addition, any obligations to generate imposed by individual TSOs or by national law (e.g. prohibition to change the generation schedule based on market results) may severely affect the ability of market prices to reflect scarcity. Load shedding by TSOs for scarcity reasons should not result in a suppression of prices.

Any restriction on transparency regarding the state of the system and available transmission capacities hampers prices – thereby preventing them from reflecting the actual scarcity situation.

With the increasing amount and share of intermittent electricity generation, it becomes more and more important to have the full possibility to trade and update generation schedules up until real-time. Restricting trading with Gate Closure Time set too early is a severe disadvantage for efficient price formation.

Also, in some countries, political pressure on energy companies in situations close to scarcity, focused on cost bidding rather than on market performance prevents the emergence of scarcity prices in practice.

Barriers to efficient price formation

Barrier 1: Presence of price caps, bidding limits* and/or price regulation in any market timeframe

Please describe the barrier or complement the description of the heading

This does not concern only explicit price limits, but also implicit (e.g. central dispatch model when combined with cost-based redispatching, or obligations to follow certain generation schedules).

When cost-based redispatching is used in this response, it is to be understood as a redispatching, which does not cover all relevant costs such as opportunity costs, etc.

Please rate the importance of this barrier

High/Medium/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

In the EU wholesale market, price caps are rarely reached – but they still constitute a significant psychological barrier. Political and competition authorities need to be ready to accept high prices in scarcity situations. Therefore, price caps / floors, if any, should be set properly.

Different price caps applicable in Member States can also have a detrimental effect on price formation. (There are some areas with price limits for XBID and DA much below the European standard – such as Iberia.)

Well-functioning wholesale markets should provide price signals necessary to trigger the right investment for any market participant, load or generation. If there are different price caps on each side of a border, this can interfere with how energy flows in times of system stress.

Technical price limits should not constitute an active restriction to the functioning of the market and should be defined in accordance with the European harmonized levels (day-ahead and continuous intraday market, as well as balancing energy market).

BG example:

Part of the Bulgarian electricity market is still not liberalized (100% of household customers is in the regulated market segment), causing price distortions.

PL example:

Presence of central dispatch model with cost-based redispatching – ultimately leading to price caps on the electricity wholesale market as well.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

This is pan-European as well as country specific barrier, since local price caps / floors significantly affect the European market, which is interconnected and coupled.

Barrier 2: Restrictions to the amount of capacity available for cross-zonal trade

Please describe the barrier or complement the description of the heading

Cross-zonal capacity is limited by inefficient capacity calculation, leading to artificially set value of cross-zonal capacity available for energy trade. Inefficient capacity calculation is caused by TSOs priority to remain as autonomous as possible. This leads to complex solutions and slow operational processes.

The amount of capacity being set too low or too high does prevent efficient price formation (or scarcity signals).

Barriers might also be constituted by the incorporation of internal network elements into capacity calculation or by including reliability margins into the minimum 70 %, or an inappropriate reflection of XB-capacities with third countries, leading to inefficient capacity allocation (and therefore inefficient price formation).

Please rate the importance of this barrier

High/Medium/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

We often experience artificial lowering of available cross-zonal capacity due to internal issue in the network or due to individual decisions of the respective TSOs and the lack of cooperation between TSOs. We also witness a lack of transparency regarding the calculation of available cross-zonal capacity (e.g. flow-based calculation under development in Nordics), which makes it very difficult for market participants to assess whether cross-zonal capacity is restricted, or not.

Import constraints included in the capacity calculation imposed by national legislation may pose a significant barrier to efficient capacity calculation and therefore to price formation.

Often, ensuring larger capacity available for cross-zonal trade does not imply the need for more investment into interconnection but just a more efficient use of interconnectors by TSOs.

All these barriers combined lead to inefficiencies in cross-border electricity trade.

Bulgarian example: In January 2017, low temperatures emerged, close to a 20-year minimum in several Southeast European countries. In Bulgaria, an export ban was introduced in the day of highest load, as the system was facing serious tightness. However, during the period of implementation of the export ban, loads in Bulgaria and in the region moved considerably lower relative to the days when the measure was decided. Capacity was cancelled for 27 days without justification and caused a total loss tied to the banned exported volumes of about €26.7 million. It is crucial to avoid a repetition of such a situation. See more in the S&P Platts Study on the topic.

Market coupling is still not implemented in Bulgaria, which makes it difficult to use cross-zonal capacity efficiently.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Both pan-European and country specific.

Barrier 3: Poorly designed or discriminatory network tariffs

Please describe the barrier or complement the description of the heading

Network tariffs, which are used for other purpose than only collecting revenues to cover TSOs and DSOs costs by consumers constitute market barriers. From Eurelectric's point of view, a consumer is a fundamentally different network user than a generator. The grid and the generators are there to serve the consumer in the first place. In the end, the consumer will bear all the costs for this service (even if some costs are transferred onto generators, as they will have to reflect them in the electricity price). Although it may sound fair to also charge a generator, in the end it will distort market prices, as it will include regulatory costs from network charges; this will significantly affect European electricity trading. As these regulatory costs will be part of the commercial offerings, it is not certain which consumers will in the end pay for which regulatory costs. To this aim, we believe that transmission G-charges represent a significant barrier to efficient price formation. For detailed policy recommendations on G-charges at distribution level and their interplay with network tariffs, please do refer to the Eurelectric study 'Charges for producers connected to distribution systems'.

Please rate the importance of this barrier

High/Medium/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure

the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

In general, network tariffs should not influence bidding on pan-European electricity markets, as it would give conflicting signals. Market participants in respective countries should not be discriminated and there should be level playing field for every market participant.

Network tariffs should solely focus on recovery of costs (cost-reflective). They should not affect the network users' bidding behaviour.

Slovak example: The application of the G-charge - which is contrary to EU legislation - brings many negative impacts and consequences on Slovak electricity producers and affects the functioning of the market due to:

- Unequal treatment (discrimination) of individual electricity producers in the Slovak Republic;
- Discrimination of Slovak electricity producers against competitors or market participants who do not pay the G-charge (foreign importers, traders, etc.),
- Hampering of the development and investment in renewable energy sources; this is also in contradiction to the climate-energy goals to which the Slovak Republic has committed to;
- Obstructing the development and integration of the electricity market.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Both pan-European and country specific.

Barrier 4: Barriers to formation of balancing energy prices and/or related to the imbalance settlement mechanism

Please describe the barrier or complement the description of the heading

Balancing energy prices which are formed differently than based on the supply & demand match in the imbalance settlement period – e.g. by using balancing energy bids for other purposes than balancing and at the same time keeping the impact on balancing energy price – represent a distortion. Redispatch costs should be handled outside the market.

Market participants are not provided with adequate information on close to real-time system state, hence making it difficult to react to short-term scarcity, causing TSOs to potentially activate unnecessary amounts of balancing energy bids, which leads to distortions.

Mandatory participation of certain market participants, without the existence of an effective market-based procurement of such services.

Please rate the importance of this barrier

High/Medium/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

Most of the existing barriers in balancing energy pricing will be addressed by European platforms for aFRR and mFRR, as well as by relevant methodologies harmonizing the imbalance settlement. However, Eurelectric considers there are still at least three important barriers preventing efficient price formation in balancing markets:

1. Elastic mFRR demand – market participants need to know the exact volume of balancing energy to be procured, if they are to efficiently bid in this market;
2. Possibility for unforeseeably rejected bids on balancing energy platforms, if not combined with fair compensation;
3. Use of control-cycle balancing energy pricing for aFRR, which may prevent market participants from efficient bidding;
4. Lack of clarity on criteria to announce the emergency state and impact of actions by TSOs in emergency state on market prices (in particular imbalance prices).

Transparency is also crucial for efficient price formation on balancing energy markets: TSOs should publish at least information on system imbalance and on volumes of submitted and activated balancing energy bids.

We have been informed that transparency concerning these aspects is not ensured in all the EU Member States.

PL case:

The Polish balancing market has a central dispatching model; one of the main aspects restricting proper price formation is the cost-based model of redispatching. As balancing offers in central dispatching model are used not only for balancing, but also for congestion management, redispatching settlement should be performed in price-based approach, so based on prices indicated in the offer that is used for redispatching. Current approach (cost-based) results in a situation in which balancing market participants are not willing to bid above their variable costs, because they know that if they bid too high, their offer may be used anyway for redispatching and they will get only remuneration for additional cost of production with some minimal margin. From such a perspective even during system stress situations, balancing market prices rarely go beyond marginal unit's variable costs. It consequently impacts other wholesale markets (DA, ID, LT).

In addition, there are no payments for providing balancing capacity and regulated prices for balancing energy products. It is planned to somehow fix the issue from 2022 onwards, but only concerning payments for balancing capacity for FCR and FRR and not for RR. The right of the TSO in central dispatching models to modify the schedules of the generation units belonging to the same BRP with different variable costs, thereby covering only part of the cost difference does also distort price formation.

BG case:

Issues with imbalance pricing and missing implementation of EU legislation, such as:

- Application of a dual price system;
- there is huge difference between surplus and shortage price in the same settlement period as aggravating and non-aggravating imbalances are priced under the same methodology and “penalized” equally;
- no pricing of imbalances reflecting the real-time value of energy and giving the right incentives to coordinators of balancing groups;
- no determination of products and markets for all types of reserve yet – so as to stimulate competition between balancing service providers;
- pre-selection criteria allowing for different technologies to participate in regulation and thus ensure the stability of the system not yet in place;
- market-based methods of purchasing balancing services not yet in place;
- no open boundaries for participation in the balancing market, which would increase competition and system reliability.

PT case:

There are still several barriers to an efficient formation of prices in the Portuguese balancing markets.

1. First of all, most of the capacity products (FCR, mFRR and RR) are not remunerated, as they are already in many European countries. The lack of remuneration for the availability service indirectly affects the formation of prices in the balancing energy markets and leads to an over utilization of mFRR by the TSO, compared with aFRR (whose capacity is paid). Moreover, besides the lack of remuneration, it is mandatory to offer the available capacity for this kind of products. This obligation stands in violation of the principles expressed by the CEP of contracting balancing capacity through market-based procedures. Finally, the only balancing capacity product remunerated, the aFRR, has its price indexed to the Spanish aFRR capacity market and to the estimated marginal costs of a CCGT plant, which does not allow for a free determination of price based on supply and demand in the Portuguese bidding zone.
2. Regarding the balancing energy markets, one of the main barriers is located in the aFRR market. The activated aFRR are remunerated at the hourly marginal price of the mFRR, being two different products with different purposes they should be priced individually based on the supply and demand in each market. Furthermore, the regulatory barriers to access the market at the moment do not allow for the participation of batteries or aggregators, the lack of more competition in the market also contributes to the inefficiency of price formation. Moreover, the

market for mFRR has also elasticity problems, as the agent present all their available capacity without knowing how much it's needed by the TSO.

3. The imbalance settlement mechanism also has relevant effects on the balancing energy markets. Portugal is the only country with a self-dispatch-based system to have multiple imbalance areas (more than 10 just for one market agent) in its single bidding zone and dispatching area, in clear violation of the dispositions of the EBGL and SOGL. This implies a less efficient role of the agents operating in the country in solving their imbalances which end up with many different final positions, impacting the need for balancing resources by the TSO and thus the price of the ancillary services. Imbalances in Portugal are calculated separately between demand and generation and, for conventional generation there are several "regional" balancing areas, impacting the real time optimization and the scheduling of the BSP's.
4. A few of the issues presented should be solved by the implementation of the European balancing energy platform, yet a close monitorization of the implementation of European rules by the Agency is essential. Still, unlike other markets (e.g. Spain) both the TSO and the NRA lack in transparency in the discussion of implementation of such dispositions (e.g. the balancing platforms, the 15 min ISP or 15 min programs). There is simply no discussion and involvement whatsoever with the market participants.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Both pan-European and national.

Barrier 5: Restrictions to entry, exit and/or participation in electricity markets for specific market players or assets

Please describe the barrier or complement the description of the heading

This barrier could consist e.g. of the obligation to follow certain generation schedule plans or the lacking possibility to change the schedule due to country-specific TSO obligations. In addition, not allowing respective generation sources to exit the market may hinder the price formation, as the real scarcity in the market is not discovered. Another barrier could consist in limited access for all technologies to enter the market.

Eurelectric wants to point out, that the Electricity Market Regulation and Electricity Market Directive do foresee the abolition of all these barriers.

Please rate the importance of this barrier

High/Medium/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

Exit restrictions – not allowing power plants to leave the market voluntarily, not respecting the basic principles regarding the operation of electricity markets established in the Article 3 of the electricity regulation: market rules shall allow for entry and exit of electricity generation, energy storage and electricity supply undertakings based on those undertakings' assessment of the economic and financial viability of their operations. It should be noted that the right to exit freedom should be guaranteed. The conditional analysis of security of supply cannot be unduly postponed to limit the right to exit. Limits or conditions to the exit of facilities should be duly justified and compensation measures should be considered.

Possibility for TSOs to refuse the adaptation of the generation schedule plan based on the results of the market (TSOs not willing to use redispatching as a regular remedial action – this is the case e.g. in the Czech Republic).

Excessive level of fees imposed on market participants by respective NEMOs could also represent a barrier.

PL case:

Mandatory status of centrally dispatched units - the generator with given specificities is obligatorily treated as a centrally dispatched unit, so the economical optimization is done rather by the TSO than by generator (commercial generating schedules are often highly amended by the TSO in balancing and congestion management processes). Furthermore, centrally dispatched units are obliged to provide balancing capacities in FCR, FRR and RR without receiving a payment for balancing capacity. Combined with redispatching settlement rules, mandatory status of centrally dispatched units negatively affects their economic viability. There are also restrictions to exit from the market - typically in transmission agreements there is a clause about an obligation to notify the TSO about the intention to exit from the market 3 years in advance. It means that the unit with negative economic viability must continue its operation thereby creating losses for an additional 3 years.

BG case:

All electricity trades involving electricity generators having a total installed capacity in BG over 1 MW must be concluded exclusively through the energy exchange IBEX. By preventing market participants from choosing the most appropriate platform for their electricity deals, mandatory trading on IBEX restricts freedom of generators constituting a market barrier. This applies to RES producers in particular, who do not have currently the option to hedge their long-term revenues.

ES case: Despite of the interest of some plant operators, Spain doesn't have a clear, well defined regulatory framework for the closure or temporary mothballing of plants. The lengthy administrative process involving the system operator and different national regulatory authorities unduly limits the right to exit without any compensation.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Country specific with pan-European implications

Barrier 6: Inefficient design of bidding zones

Please describe the barrier or complement the description of the heading

Eurelectric considers this barrier very much related to "Barrier 2: Restrictions to the amount of capacity available for cross-zonal trade": the level of transparent and efficient cross-border capacities is of high importance. Eurelectric suggests sticking to a zonal market model with its consequences and treat it efficiently (i.e. market based congestion management).

The bidding zone designing process involves a multitude of criteria and does not depend only on an efficient design as such.

Please rate the importance of this barrier

High/**Medium**/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

N/A

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Country specific

PT

In the BZR process, both the Portuguese and the Spanish TSOs recommended to keep the status quo, which means, keeping separate bidding zone. However, the arguments used on inexistent constraints inside Iberia, close to inexistent hours with market splitting, reveals that Iberia could very likely benefit from merging these two bidding zones – with increased liquidity, increased competition levels, and further harmonization of rules in a supposedly Iberian market.

Barrier 7: Existence of capacity mechanisms

Please describe the barrier or complement the description of the heading

We do not consider capacity mechanisms as having a huge impact on efficient price formation, if they are well-designed and pay for availability of the unit, but not for the generation.

Cross-border participation in capacity mechanisms must be ensured.

Please rate the importance of this barrier

High/Medium/**Low**

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

Capacity mechanisms not meeting the Electricity Market Regulation requirements may pose a barrier to effective price formation. Obviously, if ill-designed, capacity mechanisms may impact price formation as well as leading to artificially low scarcity in the market.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Both pan-European and country specific.

Barrier 8: Existence of RES support schemes

Please describe the barrier or complement the description of the heading

RES support schemes represent somewhat similar barrier as capacity mechanisms: obviously if ill-designed, they may severely distort effective price formation.

However, their primary goal is to support technologies which have not reached market maturity yet; following the implementation of the Electricity Market Regulation (phasing out of priority dispatch obligations), they should not represent a profound barrier to price formation anymore. Obviously, based on conditions that support schemes are set in a way, which does not impact efficient price formation (e.g. market premiums instead of feed-in tariffs).

Please rate the importance of this barrier

High/**Medium**/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

See above – if not designed correctly, RES support schemes may distort price formation and lead to artificially low levels of scarcity in the market.

One barrier to address are negative prices – new RES support schemes should not remunerate sources when the market price is negative.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Both pan-European and country specific

Barrier 9: Lack of or wrong locational signals in the transmission and/or distribution tariffs

Please describe the barrier or complement the description of the heading

We do not see this as a barrier as there should be no locational signals for energy trade in transmission and distribution tariffs in the zonal market model. This is not related to one-off connection charges: Eurelectric believes all assets should pay the infrastructure costs related to them being connected to the grid.

Please rate the importance of this barrier

High/Medium/**Low**

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/**No**

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

There should be no differentiating among market participants inside a bidding zone, both explicit and implicit (such as the possibility for TSOs to change the generation schedule plan or similar). Local congestion should be tackled through redispatching and other remedial actions and in a transparent and market-based way.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Both pan-European and country specific

Barrier 10: Limited use of dynamic prices in retail/end user contracts

Please describe the barrier or complement the description of the heading

Currently there is not enough evidence proving that dynamic pricing would have profound impact on wholesale market price formation.

Large consumers do already de facto apply dynamic pricing (and change their demand based on actual prices); therefor Barrier 10 concerns mainly household consumers. In retail markets, the suppliers react to their customers' needs - including through the offering of supply contracts with dynamic pricing. Eurelectric cannot anticipate whether the introduction of dynamic pricing and a large share of retail consumers switching to dynamic pricing, would affect price formation on wholesale market.

Moreover, more than 60 % of the retail prices consists of network charges, taxes and levies. So only 40 % of the retail price would affect the whole wholesale market.

More severe issue is that in many countries retail price regulation is still applied. Regulated prices are a barrier for the development of a competitive market, particularly for new entrants.

Please rate the importance of this barrier

High/Medium/**Low**

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/**No**

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

N/A

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

N/A

Barrier 11: Insufficient level of liquidity in any market timeframe

Please describe the barrier or complement the description of the heading

Eurelectric considers this mainly a cross-border issue. No access to liquid cross-border markets and incomplete market coupling represent a barrier for easy trading. In addition, this can stem from the creation of too many separate markets. Eurelectric is slightly worried that TSOs tend to react to expected system challenges by creating new forms of balancing products. Specific products should be subject to at least the same transparency requirements as standard products.

Please rate the importance of this barrier

High/Medium/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

Obviously, market liquidity depends on the size and depth of the market.

What must be addressed, is the access to liquid markets via market coupling. Eurelectric members experience great delays with CORE flow-based market coupling, caused by different priorities on the side of NEMOs and TSOs. Obviously, the lacking market coupling

will lead to barriers to effective price formation as the real value of electricity across Europe is not ensured and scarcity is not reflected properly.

BG case:

Despite regional market integration, business electricity consumers in Bulgaria (ergo their suppliers) satisfy their electricity needs from national producers. The quantities of electricity sold by one group, the Bulgarian Energy Holding (BEH) represents more than half of the volumes sold at national market level and the risk of them being sold not through the established electricity exchange will exacerbate barriers to efficient price formation and market entry.

Bulgaria is slowly converging with advanced European electricity markets, where producers and traders have access to a wide variety of trading channels, products and procurement strategies, on and off the energy exchange; the introduction of Bulgarian futures traded via EEX is the latest example. This increasing convergence would gradually lead to opening up of new opportunities, while at the same time the need for improved market surveillance is needed more than ever. Yet, there is little liquidity on EEX Bulgarian power futures and a price discrepancy can be observed (IBEX vs EEX futures/forwards), when they are) trading at lower prices on IBEX than on EEX in certain auction.

Additional barriers impeding market liquidity:

- Continued credit risk since the power exchange has no clearing function;
- Little standardization of products on IBEX.

Evidence for the insufficient maturity and transparency of Bulgaria's wholesale electricity market is provided by the fact that the national regulatory authority (EWRC), tasked with monitoring breaches of REMIT, is still investigating over 30 submitted incidents of suspected market manipulation without having taken a single decision. Keeping focus on level playing field and transparency is particularly important in Bulgaria in order to obtain a competitive market environment.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Pan-European and country-specific

Barrier 12: Other barrier

Please describe the barrier or complement the description of the heading

Unfair redispatching rules and nationally specific conditions, not meeting transparency requirements

Please rate the importance of this barrier

High/Medium/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

Obligation to follow specific generation schedule plans or prohibition to change it due to restrictions from TSOs. Use of these kinds of measures instead of market-based redispatching.

Cost-based redispatching, which does not reflect the real cost of the services and thus the situation in the market. As mentioned earlier, under cost-based redispatching we understand a redispatching which does not include all relevant costs such as opportunity costs. Redispatching reflecting all relevant costs should be a standard in the EU internal electricity market.

When defining legislation in network codes and guidelines, TSOs focus on remaining as autonomous as possible (as individual TSO) and try to shift costs to other TSOs. This leads to complex solutions on the zone borders. Not only complex in the sense of the methodologies applied, but also operationally complex. Both aspects lead to barriers to cross-border trading. The cause of this problem does not only rest with the TSOs: the national regulatory framework also provides incentives to do so.

As mentioned in our paper Transparency of system operators on cross-border exchange capacities: a survey paper, Eurelectric believes that not meeting transparency requirements on capacity calculation and underlying grid state information can present a significant barrier to efficient price formation in wholesale electricity markets.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Country specific with pan-European implications

Barrier 13: Other barrier

Please describe the barrier or complement the description of the heading

Regulatory uncertainty

Please rate the importance of this barrier

High/Medium/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/No

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

An important entry barrier in the energy market is the regulatory risk: policy interventions or regulations that distort equal access will lead to additional risks and distorted price formation.

In particular, the intent of network operators to become active in commercial / non-regulated activities is creating an entry barrier for market parties. Network operators with an energy position in the market distort prices and the business case of investments. We agree that network operators should have broad portfolio of instruments to ensure security of the electricity system; but they should at the same time remain neutral market facilitators. Their intervention in the market should only take place in exceptional circumstances when there is no alternative in order to solve a specific situation in the grid and in any case the rules of the Clean Energy Package should always be respected.

BG Case:

Bulgaria adopted and operates an Energy Efficiency Obligation Scheme (EEOS) with the focus on retail entities as the Obligated Parties (OP) operating in a regulated market environment, and traders in the free market segment.

Defining the size of the target is crucial for an EEOS to be workable; targets should be clear and predictable by OPs. However, the lack of a transparent cost-recovery mechanism hinders utility financing. A company operating in the regulated segment cannot pass on EE costs to its clients on their own, but the NRA refuses to set a price element for EE. For traders in the free market segment, it is not safeguarded that targets do not result in increase in tariffs of the recommended threshold of >2%. Policy makers did not take into account the limitations on business models imposed by lack of market maturity imposing overly onerous constraints on those obligated parties. Furthermore, the exact amount for which one can "buy free" from obligations is not fixed. Moreover, it is not ensured that penalties are proportionate, transparent and predictable. This makes the Bulgarian EE policies an example for setting up a non-functional regulatory framework creating regulatory uncertainties constituting a market barrier.

Barrier 14: Other barrier

Please describe the barrier or complement the description of the heading

A tax and levies design that often distorts the market

Please rate the importance of this barrier

High/Medium/Low

Does this barrier specifically prevent prices from reflecting actual scarcity?

Yes/**No**

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

The internalization of diverse and heterogeneous tax and levies (fuel costs, carbon taxes, taxes on market revenues) alter the price formation process in the wholesale market and trigger perverse effects like changes in the merit order in cross-border trade of electricity. It also damages competitiveness of technologies such as storage which can play a key role in providing flexibility services to the system.

Other charges on the final price of electricity contribute to making the electrification process less competitive in comparison with other more polluting energy vectors. These kind of charges, or levies, are generally related to policy decisions (tariff deficit, RES support, etc.)

See also: Eurelectric position on the [revision of the Energy Taxation Directive](#).

Spanish case: 7% taxation on revenues to all generators in Spain; taxation on hydro production (35% on revenues); taxation on nuclear wasted fuel.

PT: Portuguese generators support costs unrelated with their activity itself and in a discriminatory way. For instance, and this is a unique situation in Europe, electricity social tariff is fully funded by ordinary regime generators. This funding mechanism, which is not aligned with the non-discriminatory principles of the EU law and the CEP, results in extra costs for producers and therefore impacts the efficiency of the market functioning. Portuguese generators also pay for CESE (an extraordinary contribution by the energy sector, created initially as an extraordinary measure in the context of Troika, that became permanent), which is a tax on assets (not on results of the activity itself). Furthermore, the Portuguese Government created a new tax called “clawback” which allegedly should provide competitive balance between Spanish and Portuguese Generators, after the introduction of taxes over generation in Spain, but this mechanism fails to consider taxes that are only due for Portuguese generators (such as social tariff and CESE), thus increasing the distortion itself.

Barriers to market entry and participation for new entrants and small players

Barrier 1: Lack of an adequate national strategy and/or implementation plan to promote the entry and participation of flexibility resources in all market timeframes

Please describe the barrier or complement the description of the heading

We do not believe this constitutes a barrier per se – a barrier would be discriminative conditions imposed in the law, not the lack of a strategy.

Furthermore, Eurelectric highlights that measures facilitating specific types of services can be an entry barrier for small market players in other markets.

Please rate the importance of this barrier

High/Medium/Low

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

Proper implementation of the Clean Energy Package is the basis for avoiding barriers to the entry of new market players. If the law is sufficiently well defined, business opportunities will attract them to enter the market.

Small market players are not a specific technology such as RES, they provide the same service as other (bigger) market players. If they operate under non-discriminatory conditions, their entry will be a pure business decision.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Country specific – lacking implementation of the clean energy package

PT case: demand has only recently been allowed to participate in a pilot for mFRR, and only large industrial are eligible to do so. As for other demand side resources, or storage (except for pumping) are not yet allowed to participate in a more generalized way in flexibility markets, nor is the role of aggregator properly defined which poses difficulties to the agents trying to operate as demand side aggregators as the system manager keeps dragging the situation.

Barrier 2: Lack of a legal framework defining roles and responsibilities of flexibility resources

Please describe the barrier or complement the description of the heading

N/A

Please rate the importance of this barrier

High/Medium/Low

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

As stated in the previous responses, a predictable regulatory framework is crucial for the operation of any assets in the market. This does not only apply to flexibility resources, but to any market participant in general.

Eurelectric would like to point out that most EU Member States are currently implementing the Clean Energy Package; it is therefore too early to assess the performance of the CEP in removing barriers such as this one.

However, the legal framework should still allow for regulatory learning and innovation. Product standardizations for flexibility services is not yet needed. A too narrow network code on demand-side flexibility aiming to address any conceivable feature would run the risk to hamper the further development of innovative solutions. This holds especially true for product standardizations. Congestion and non-frequency ancillary services markets are a response to specific physical challenges in the grid. The best design and products always need to consider local specificities. A one-fits-all approach might not be the appropriate solution.

PT case:

Regarding aggregators some barriers should be eliminated, allowing for the participation of their portfolio in the energy markets. This implies for instance the elimination of the multiple imbalance areas in the country and the implementation of a single final position for BRP both for generation and consumption. Without this harmonization of the imbalance settlement with European rules, aggregation would be almost impossible. Moreover, the protocol for testing and preauthorization for the participation in the ancillary system should also be reviewed and adapted also to demand response and smaller flexibility resources. Bidding sizes also could potentially represent a barrier.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.,

Country specific with pan-European implications

Barrier 3: Complex administrative and permitting procedures

Please describe the barrier or complement the description of the heading

This represent a barrier to all market participants, including incumbent ones. Undue complexity of the procedures should be avoided and simplification should be even further promoted in hybridization processes, repowering and overequipment of existing facilities.

Please rate the importance of this barrier

High/Medium/Low

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

In some EU Member States, permitting procedures take many years, and include the possibility for citizens to stop the process at several different stages (which is perceived as unjustified vis-à-vis the positive impact of relevant projects). However, this barrier is not specific to the market entry of new players but is relevant for all market participants.

Barriers may consist in difficult administrative proceedings, building permits, disproportionate requirements to register for balancing responsibility, etc.

Obviously, if resources are not allowed to operate, they cannot trade on the pan-European market – so national rules may have pan-European implications.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Country specific with pan-European implications

Barrier 4: Technical (e.g. qualification process) or market (e.g. size or granularity of the product) requirements hindering market entry and/or participation in all market timeframes

Please describe the barrier or complement the description of the heading

Undue complexity regarding qualification processes represent a clear barrier.

With respect to market (e.g. size or granularity of the product) requirements and/or participation in all market timeframes, we consider they have been addressed in the Clean energy package.

Please rate the importance of this barrier

High/Medium/Low

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a

barrier.

Granularity of products, both at wholesale level and in the balancing market was addressed by the Clean Energy Package and Energy Balancing Guideline methodologies, which lead to broadening of the market for small participants. Therefore, we do not see any other barriers currently, than those which have already been addressed.

IT:

Technical prequalification processes and minimum bid-sizes are a limiting factor for the participation of Demand Side Flexibility. Both technical prequalification and minimum bid-sizes, product shapes and ramps are designed for traditional generation. In Italy, the UVAM programme requires SCADA-style telemetry. While the cost of this is negligible in the context of the revenues available to a large centralised generator, it is prohibitive in the context of the revenues available from a small commercial or industrial customer.

Spain:

The figure of Dominant Operator, which specifically limits the representation of electrical energy production facilities from renewable energy sources, cogeneration and waste, could have made sense at an initial moment, but once many new participants have already entered and have been able to acquire sufficient market share, maintaining the limitation on certain participants becomes a barrier to free competition in the market. We insist that the study should be done considering both existing participants in the market and new ones.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Both country specific and pan-European

Barrier 5: Discriminatory licensing and tax arrangements for non-domestic actors

Please describe the barrier or complement the description of the heading

If any cases of discriminatory licensing and tax arrangements occur, we expect that ACER / Commission would investigate it.

Please rate the importance of this barrier

High/**Medium**/Low

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a

barrier.

Any actor operating on a specific market should be subject to same rules regarding licensing and taxes, irrespective of its seat.

This is a country specific issue.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Country specific

Barrier 6: Discriminatory access and connection to the network and/or discriminatory design of network charges

Please describe the barrier or complement the description of the heading

Different network charges for similar groups of network users, not reflecting real costs.

Please rate the importance of this barrier

High/Medium/Low

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

This is a country specific barrier, which Eurelectric hopes will be addressed by implementation of the Clean Energy Package.

Regulation should inter alia ensure that storage is not affected by double taxation. The impact of network charges on emerging technologies, such as electrolyzers for the production of renewable gases, should also be carefully analyzed.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Country specific barrier

Barrier 7: Discriminatory grid code requirements for distributed assets

Please describe the barrier or complement the description of the heading

N/A

Please rate the importance of this barrier

High/Medium/Low

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

This is a country specific barrier, which should have been tackled inter alia through the implementation of the RfG / DCC network codes, but also through the electricity balancing guideline.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Country specific

Barrier 8: Grid tariff design discouraging for offering (distributed) flexibility

Please describe the barrier or complement the description of the heading

We do not see much difference as compared to Barrier 6 and consider DSOs' tariffs as a country specific issue.

Please rate the importance of this barrier

High/Medium/Low

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

N/A

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

N/A

Barrier 9: Lack of transparency and availability of relevant information to entry and participate in all market timeframes

Please describe the barrier or complement the description of the heading

This barrier is present for all market participants, not only for new and flexible assets.

Please rate the importance of this barrier

High/Medium/Low

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

Eurelectric has always advocated in favour of transparency. With the obligation to publish REMIT insider information, (incl. by network operators), this should be a standard in all EU Member States now.

Eurelectric already mentioned the lack of transparency with view to the volumes of cross-border capacity and with view to the capacity calculation process.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Pan-European as well as country-specific

Barrier 10: Other barrier

Please describe the barrier or complement the description of the heading

Lack of awareness of consumers on benefits of demand response

Please rate the importance of this barrier

High/Medium/Low

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

Member States and national regulatory authorities should put greater emphasis on general public education on energy issues, including benefits of demand response and flexibility.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Country-specific

Barrier 11: Other barrier

Lack of liquidity and depth in one or more market time frames.

Please provide one or more real examples. Please specify to the possible extent the following: i) Member State/s where the barrier takes place, ii) some indicators to measure the barrier, iii) Type of market participants that may be specifically impacted by such a barrier.

The importance of a large, liquid and deep market is essential for any new entrant. Both spot and forward markets are crucial. Liquidity is possible via e.g. market coupling.

This barrier is important for all services in the commercial value chain from demand, supply/retail, trade and generation. In addition, this is also important for all services around the value chain. It creates competition in e.g. BRP service companies, aggregators, ESCOs and energy communities. It allows for a solid ground for any product in the market (hedging possibilities) and promotes competition.

Please specify, in addition, the geographical scope of relevance of the barrier: Whether it is a barrier witnessed in a given country or some countries, a pan-European barrier, or a barrier specific to some countries with pan-European implications.

Both country specific and pan-European.

Conclusion

Q1. *What are, in your view, the three most important barriers to market entry and participation for new players and small actors in the electricity markets, in your country and in the EU?*

Eurelectric answers from pan-European perspective:

- Non-implementation of EU electricity acquis – in particular the Clean Energy Package and in some EU Member States even the previous legislation (incl. network codes and guidelines);
- Unfair network charges;
- Low awareness of possibilities of the demand response.

Q2. *What are, in your view, the three most important barriers to efficient price formation in the wholesale electricity markets, in your country and in the EU?*

Eurelectric answers from a pan-European perspective:

- National market interventions, e.g. price floors and ceilings, price regulation, undue restrictions to closure or mothballing decisions;
- Low transparency on the levels of cross-border capacities and related grid information;
- Non-completed and slow market integration.

Any other comment

Eurelectric regrets the initial short time frame for this important consultation. There is no legal deadline, so there is no reason to have such a short deadline.

Eurelectric is concerned about ACER's repeated breaches of own Guidance Notes on Consultations.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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