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University of Oslo

EU agenda for electricity market design reform: A law and economics perspective on the Commission's public consultation of January 2023.

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Webinar series on the law of energy market design
15 February 2023



Content

I – The rationale for electricity market (re-)design

II – Central considerations for a future proof market design in a climate neutral energy system

III – Structuring elements of the European Commission's public consultation

I - The rationale for electricity market (re-)design



Brussels, 13.10.2021
COM(2021) 660 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Tackling rising energy prices: a toolbox for action and support



A new EU electricity market design for a decarbonised energy system

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The current crisis has shown how vulnerable the current design of the electricity market is to stress situations as well as the tremendous consequences for domestic consumers and, undoubtedly, a real risk of demand




Analysts decry 'energy nationalism'

August 22, 2022

Norway's record-high electricity rates have prompted calls by some politicians to cut off exports of the country's hydroelectric power. They want to preserve electricity supplies and bring rates down, but experts warn it could backfire badly and may not even be allowed.

Analysts and other critics have also likened the calls for export cuts to "energy nationalism," with newspaper *Dagens Næringsliv (DN)* editorializing over the weekend that it won't serve Norway's interests in the long run. Almost all countries are suffering under high electricity rates and record costs for all forms of energy, they note, and this is not the time for Norwegians to keep all their electricity to themselves.



ACER's Final Assessment of the EU Wholesale Electricity Market Design

April 2022



Home > Environment > Climate change and energy

Press release

UK launches biggest electricity market reform in a generation

REMA is a major review into Britain's electricity market design, set to ensure cost benefits of cheaper energy trickle down to consumers in the long term.

From: [Department for Business, Energy & Industrial Strategy](#), [The Rt Hon Greg Hands MP](#), and [The Rt Hon Kwasi Kwarteng MP](#)
Published 18 July 2022



Figuring out how to reform the EU's power market

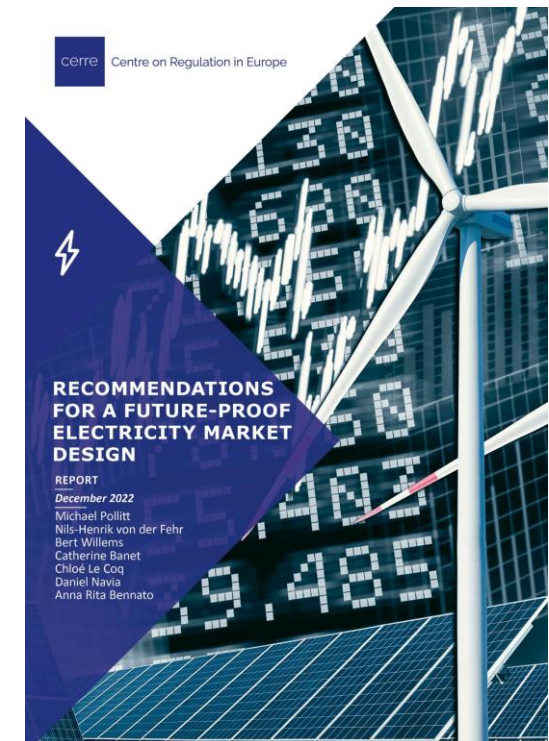
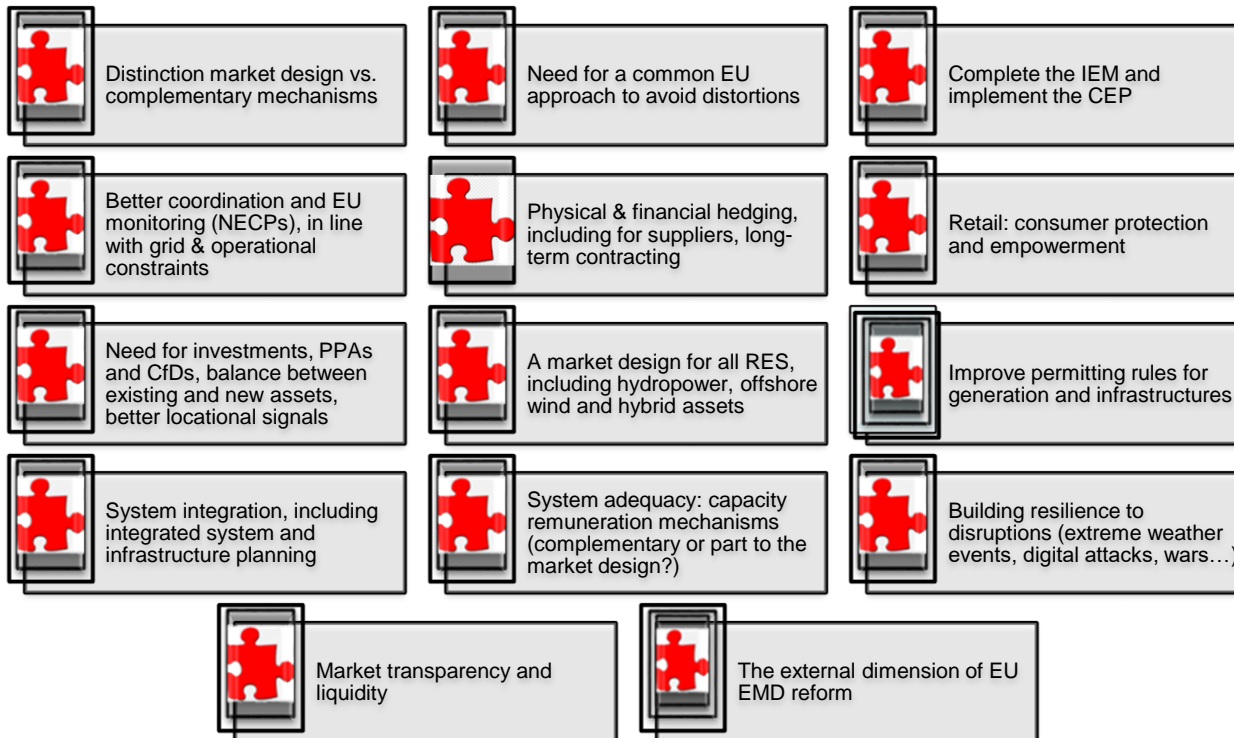
Next week's emergency summit of EU energy ministers will discuss reforms, what's still not clear is just how a new energy market would work.

BY VICTOR JACK
AUGUST 30, 2022 | 3:48 PM CEST | 5 MINUTES READ



ELECTRICITY MARKET REFORM

II – Central considerations for a future proof market design in a climate neutral energy system



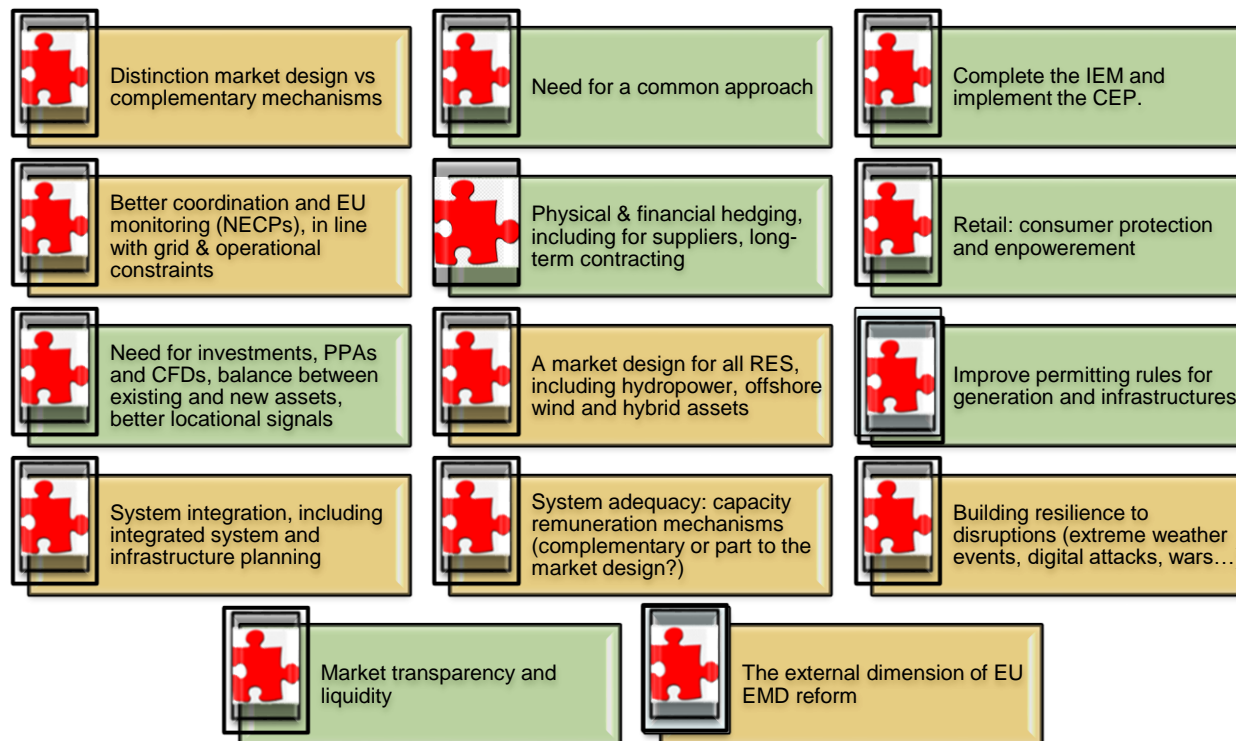
[Full report](#)

[72 recommendations](#)

III - Structuring elements of the European Commission's public consultation

- **Address price volatility, support investments:** the role of short-term markets (a light billing decoupling, a “buffer”); stronger locational price signals. Power Purchase Agreements (PPAs), two-ways CfD.
- **Hedging and forward markets:** incl. virtual trading hubs for forward contracts.
- **Incentives to preserve and enhance flexibility solutions:** operators tariff design, data management and smart metering (sub-meter data), short term markets efficiency, flexibility assets, new products (demand reduction, peak management, storage), more efficient intraday markets (higher RES share), capacity remuneration mechanisms / adequacy.
- **Consumer empowerment** (energy sharing, demand response) **and consumer protection** (contract offers, supplier obligations, supplier of last resort, prudential supplier obligations).
- **Market integrity and transparency.**
- **The legacy of temporary measures in future market design:** inframarginal revenue cap, (below cost) regulated retail prices, accelerate deployment of renewables, coordinated demand response in crisis time.
- **Accompanying reforms:** state aid rules (from temporary to more permanent reform), EU Green Deal Industrial Act.
- **More reforms** will be necessary. Which regulatory approach?

Checking the list:



Evolution, no revolution.

Next stage: forthcoming (legislative) proposals in March 2023.

Consultation outcome

Further information on this consultation is provided below.
Follow developments to this initiative by subscribing to receive notifications.

Statistics

Total of valid feedback instances received: 1350

i The number feedback instances shown includes only the valid ones, respecting the feedback rules.
The data is regularly updated.

By category of respondent



What about impact assessment?



Thank you for your attention!

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