

## Press release

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### Electricity Market Design: full support from EUGINE

The European engine power plant industry highly welcomes the consultative communication on the electricity market design published today by the European Commission.

“A new more decentral low-carbon energy system based on variable renewable energy sources needs to be accompanied by a flexible back-up ensuring the adequacy and stability of the system. A revised European regulatory framework is needed to better align diverging national policies and make the market fit for this. This initiative of the European Commission can become a major milestone on the path to a functioning future-compliant internal energy market.” says EUGINE Secretary General Ralf Wezel

EUGINE will contribute to the public consultation which was launched today. It will stress the need for a consistent forward-looking European electricity market design:

- **The Energy-Only Market should be fixed** and further improved so that necessary investments are driven again by effective price signals reflecting the political targets and the scarcity of resources. For the power markets to work properly, the EU needs cross-border trading and liquid intraday markets as well as freely fluctuating prices, allowing for price spikes.

#### EUGINE

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- **The internal energy market should not be distorted** by ill-designed national capacity remuneration mechanisms locking Europe into old and polluting power plants. Common standards for adequacy assessment and restrictive criteria for capacity remuneration mechanisms should be defined at EU level to avoid that diverging national mechanisms question the whole EU energy policy. Strategic reserves for specific emergency cases and limited time, might be the less distortive option in case there are fears of market failure, as long as it is ensured that such capacities are kept outside the regular market.
- **Balancing arrangements are key for flexibility and security of supply.** Balancing responsibility should incentivise and empower all market participants to reduce imbalances and to hedge against remaining imbalances on power exchanges. The network code on electricity balancing should be strengthened (e.g. adding the principle of cost-reflective imbalance charges) and then be adopted and implemented as quickly as possible.

Finally, for setting the right long-term incentives, EUGINE strongly supports the strengthening of the Emission Trading System (ETS) which should enable a cost-efficient transition towards a low-carbon economy.