

# Nordic Electricity Market Forum

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Prof Leonardo Meeus  
 Director of the Florence School of Regulation  
 Loyola de Palacio Chair



## Do we need a reform?

- Two main reasons why we like the proposal
  - Pricing mechanism of the short-term electricity markets
  - Regulatory measures to address the main concerns that emerged during the crisis
- Mapping the proposals to the issues
  - Energy poverty and inflation
    - Block tariffs to respond to the next price crisis
  - Insufficient hedging by consumers and retailers:
    - Right to have a fixed-price retail contract,
    - Appropriate hedging strategies for suppliers,
    - Supplier of last resort in each Member State
    - Harmonized and integrated market for long-term financial transmission rights;
  - Difficulties in accessing cheap renewables by consumers
    - PPAs, two-way CfDs
    - Energy sharing;
  - Investment uncertainty
    - PPAs, two-way CfDs,
    - Improved hedging by consumers and retailers,
    - Direct support for flexibility, such as demand response and storage

## Do we need a bigger reform?

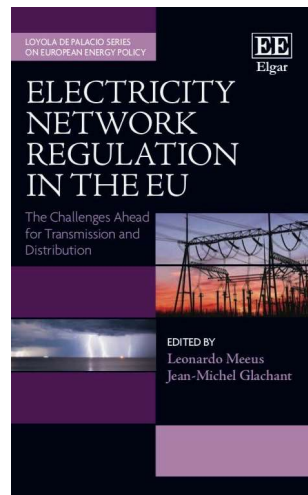
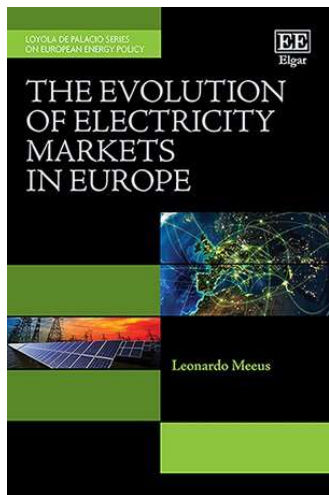
- Recommendation to improve the proposal
  - Detailed guidelines for the implementation of two-way CfDs
- Risk for the trilogue negotiations
  - Some Member States might want to add revenue claw-back mechanisms to the proposal, it would be unfortunate to undermine investor confidence
- Need for a bigger market reform
  - If we modernize and Europeanize capacity mechanisms, they can guide the investments we need in backup solutions for a renewable-based system
- Need for a bigger energy reform “from targets to investments”
  - Widening gap EU targets and national investments
  - Make MS more accountable to live up to their national investment potential for energy efficiency and renewable energy;
  - Promote multilateral cooperation (and solidarity) among Member States for network infrastructure and resource adequacy and flexibility;
  - Strengthen the management of our global dependencies;
  - Reinforce the EU institutional setup.

## What is next?

- Clean Energy Package deadlines agreed in 2019
  - By July 2025, EC assessment of network codes and guidelines
  - By December 2030 EC assessment market regulation and directive
- Position of the European Parliament for 2023 market reform
  - Additional analysis for some aspects of EC proposal
    - Within 12 months, EC report on LTTR implementation; Within 18 months, EC impact assessment for the establishment of regional virtual hubs
    - Within 6 months, NRA stress tests of supplier risk management
    - By December 2024, ACER evaluation of the need for peak shaving product beyond emergency measures;
  - First steps to prepare a bigger reform
    - By June 2026 EC assessment market regulation and directive (instead of Dec23)
    - Within one month after entry into force of Regulation, EC report on possibilities for streamlining and simplifying capacity mechanisms process
    - By 30 June 2024 options to implement temporary relief valve
    - Flexibility needs assessment at national and EU level, and connected to EERA/TYNDP

## References

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