

European Commission

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Subject Response to the EU Consultation on
generation adequacy, capacity mechanisms
and the internal market in electricity

Dear Sir, Madam,

We thank you for the opportunity to give our view on the subject of Capacity Remuneration Mechanisms (CRM) through your consultation on generation adequacy, capacity mechanisms and the internal market in electricity. Energie Nederland is the association of the commercial energy industry players in the Netherlands covering electricity, gas and heat through the value chain from generation to supply. For the answers to your consultation we would like to refer to the Eurelectric input on this consultation. In this letter we would like to summarise our specific view on the issue.

In our view the market itself (meaning supply and demand) is best capable of delivering all the products needed if it is allowed to operate freely with adequate grid capacity and responsibilities are allocated to market parties and grid operators in line with the Third Energy Package.

We believe that an integrated European market that enables efficient trade in all timeframes will deliver the right instruments to manage market risks, including back up and flexibility. In order to make markets work market participants should be exposed to market risks and prices should be able to move freely. In such a market, especially when large amounts of intermittent generation have been commissioned, products to secure back-up and flexibility will emerge.

We see that there are more and more European countries in which capacity remuneration mechanisms are introduced, developed or considered because there is a perceived national capacity shortage. We believe that if CRMs are developed these should be well designed and should not distort the market, should be non-discriminatory by technology, between existing and new capacity, by generation or demand and between capacity from national and international sources.

The further integration of EU energy markets is of utmost importance in achieving the goal of liquid long term, day ahead, intra-day and balancing markets that are urgently needed to cope with the fast increasing amounts of intermittent generation. The development of network codes is instrumental for this and we believe the current drafts lack this clear vision on the market model in which the TSOs should act as one.

We therefore urge the EU Commission and Member States to continue taking action to ensure the preconditions for an EU approach and EU market to deal with the issues of capacity.

Yours Sincerely,



André Jurjus

Managing Director Energie Nederland