

3.9 Intermittent generation and power market design

- Harmonisation of schemes is desirable but we recognise achievement is time consuming and hence not feasible in the short term
- Ensure funding of schemes do not distort the market as this radically increases costs (e.g. customers pay for subsidy, increased costs for conventional generators, and negative prices)
- Hence regulators must reform RES-E mechanisms to
 - Remove regulation of wholesale/retail prices
 - Remove priority dispatch obligations
 - Improve intraday market and balancing (including RES balancing requirements)
- Energy-only markets are most efficient way to ensure supply=demand, but if capacity markets are used:
 - accompany with measures to improve market functioning
 - gradually phase out as market functioning improves