

EURELECTRIC views on CRM: key drivers

- We see different **drivers** for possible capacity mechanisms:
 - Extreme peak load coverage (e.g. France, Sweden, Finland)
 - Risk of loosing existing flexible generation capacity (e.g. Spain)
 - Weak business case for flexible generation capacity to back-up intermittent generation (many European markets)
- EURELECTRIC favours the **stepwise development of European generation adequacy standards**
- Generation adequacy should take into account **contribution of cross border connections** (MS's commitment to share interconnection capacities in stress situations)
- A common capacity mechanism is unlikely (SofS within national responsibility, but **EU Compatibility criteria** are crucial to ensure a level playing field and consistency with the broader market integration process)

EURELECTRIC views on CRM: EU compatibility criteria

- An as **large market coverage** as possible in order to minimize distortions on the competitive market
- **Equal treatment of existing/new plants** of different technologies – i.e. CRMs oriented to services not to assets
- **Competition between generation, demand response and storages** on a level playing field to ensure that the most efficient solution is achieved
- **Price of capacity** to be established based on a **competitive market-based methodology** to ensure that the most efficient solution is provided by the market
- CRM should **remunerate only capacity**, flexibility should be remunerated by the balancing/ancillary services markets
- **Consideration of cross-border transmission** in the dimensioning of national CRM
- CRM should be designed **as a self-regulated instrument** that will lead to very low capacity prices when there is overcapacity and sufficient earnings in the energy market.