



EC 2050 Roadmap: EURELECTRIC's “no regrets” priorities

The Energy Roadmap **confirms** that *“electricity will play a much greater role and will have to contribute to the decarbonisation of transport and heating/cooling”*

The **guiding principles** that EURELECTRIC supports are:

- A **least cost approach** delivered through **markets**
- A **coherent system approach** to the energy transformation, based on policies which are:
 - EU-wide, rather than 27 national variations
 - Clear and consistent over time
 - Provide a level playing field for all generation technologies
 - Support a coordinated approach to the expansion of generation and grids
 - and which do not contradict each other

The **key policies** to achieve this are:

- **Completion of a well-functioning internal energy market**
- Early agreement on a firm 2030 climate target with the **ETS as its central policy instrument**

RES integration into the internal energy market

1. The **fast growing RES development** requires increased flexibility in the system following a **comprehensive RES strategy**:
 - **HARDWARE**: Investment in transmission grid infrastructure (EC Infrastructure Package + TYNDP);
 - **SOFTWARE**: Integrated wholesale electricity markets (in particular via integrated intra-day platform and harmonised cross-border balancing markets);
 - **SMARTWARE**: Demand-side management provided on a commercial basis:
 - to create the appropriate price signals for investment in flexibility and back-up;
 - To allow smart meter development through the removal of regulated end-users prices;
 - **GAS FLEX**: Flexible and competitive gas markets

2. **Bringing RES gradually into the market** is the only way to **currently find the hidden value of flexible and back-up generation**:
 - RES producers need to react to market price and bid into the market;
 - They should be made subject to the same rules as any other producers (ie. connection, scheduling, balancing, etc.);
 - A phase out of RES subsidies after 2020 will further enhance the compatibility with electricity markets. Public support should then after be oriented towards high-potential low carbon technologies that have not yet reached maturity.



RES integration into the internal energy market

3. EURELECTRIC believes that the need of CRMs should be considered:

- Where all efforts to improve **energy-only markets have not yet produced their effects**;
- And thus, where **generation adequacy is at risks** and the closing down of uneconomic flexible plants would **further jeopardize the system**;

EURELECTRIC thus recommends that in this case:

- CRMs should ideally be put in place at **regional level** or at least **in coordination with neighbouring countries** and be consistent with **market integration**;
- Where introduced, CRMs should be able to be **phased out** once the market itself delivers the appropriate investment incentives;
- **The EC should elaborate a set of minimum EU harmonisation requirements.**

4. Enabling demand to participate in the market:

- Smart Grid should be seen as **a means to achieve well functioning retail markets** where customers should be actively **engaged** and able to **respond to market price**;
- The roles and responsibilities between regulated and commercial entities should be adequately defined so that they are fully **consistent with the fundamentals of the Third Package** and do **not prevent the emergence of commercial services.**