

Europex Policy Lunch

# The Market Integration of Renewables in the Context of the New Energy Market Design

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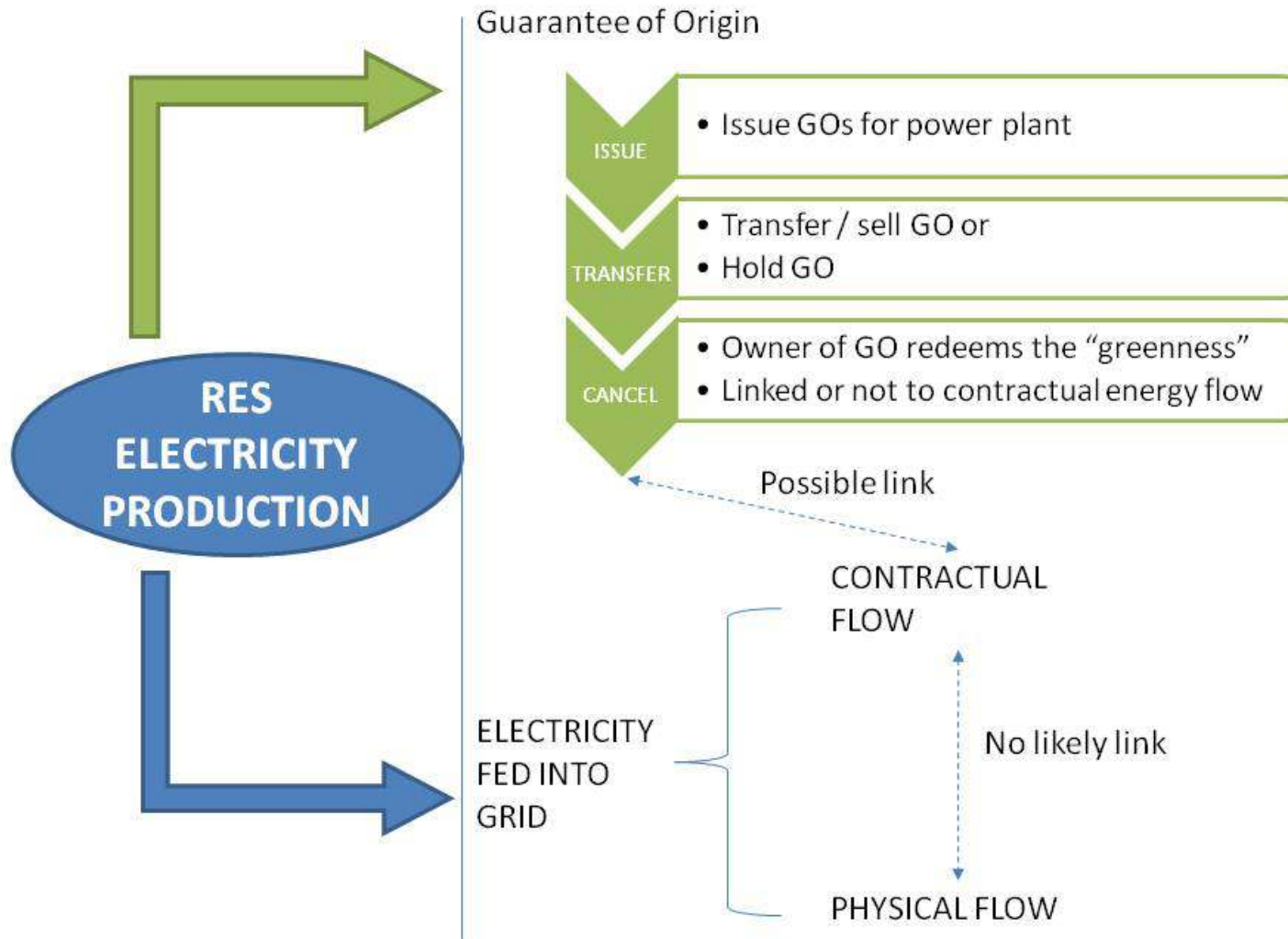
# 1. Key Messages

1. RES **long term interests better served with full market integration** rather than with partial measures.
2. Need to ensure a **stable transition** – e.g. with more market-friendly support system options.
3. If RES are „special“, then **strengthen the „differentiation tool“** – Guarantees of Origin.
4. RES integration also means **balancing / ancillary services responsibility**.
5. The development of **connected day-ahead, intraday and balancing electricity markets will facilitate the integration**.

## 2. Useful First Step: Strengthen the GO System

- **Assuming that electricity produced with different production technologies has different „values“, then a „differentiation tool“, even before considering any type of support, is needed.**
- **This tool is already available: Guarantees of Origin (GO) (included in the former as well as current RES Directives), but not yet used to its full potential.**
- **A GO system extended to all production sources and based on full disclosure will allow this already existing tool to deliver its full potential and enhance transparency in the market.**
- **WEB: [Europex 11 Recommendations on GOs](#)**
- **WEB: [Joint Communication on transparency and consumer choice](#) (AIB, CDP, CEDEC, EKOenergy, Europex, RECS International)**

### 3. How Does the GO System Work (RES Example)?



## 4.1 Eleven GO Recommendations: 1-4

### Extend scope



Explicitly extend the scope of GOs to all production sources

### Full disclosure



Implement full disclosure

### Only one tool

1

Use GOs as the sole tool for disclosure

### Standardisation

EECS

...

Advance the standardisation of GOs

## 4.2 Eleven GO Recommendations: 5-8

One piece of legislation

**RED II**

Regulate GOs and disclosure in one piece of legislation

Formal role for AIB



Assign a formal role to the AIB

Calculation of residual mix

**RED II**

Include the calculation of the residual mix in RED II

VAT fraud protection

~~VAT carousel~~

Apply the same level of VAT fraud protection to GOs as there is for emission, power and gas markets

## 4.3 Eleven GO Recommendations: 9-11

**Transparent  
tariffs**

**GO-based**

Empower consumers by offering a greater choice of transparent tariffs

**GOs for 2020  
target auctions**



Explore the possibility of using GOs for 2020 target auctions and/or for post-2020 targets

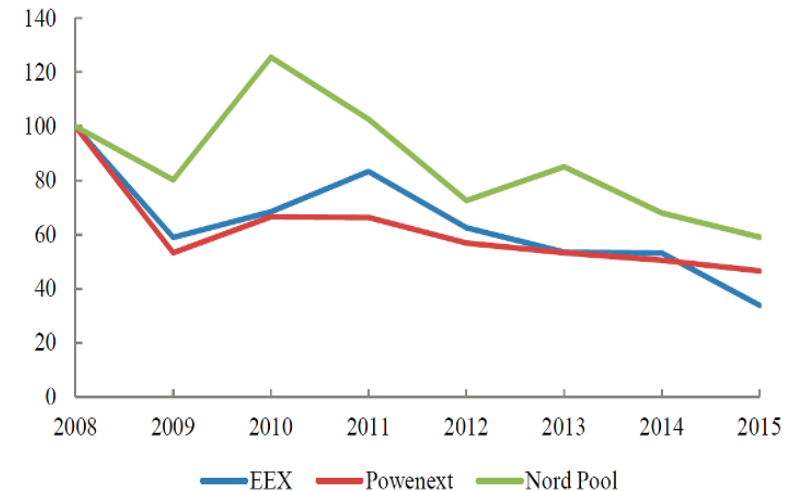
**GO systems for  
heating /  
cooling**

**RES H/C**

Consider the possibility of a mandatory application of the GO systems to heating / cooling

## 5.1 RES Market Integration

- The European electricity market has undergone **profound changes**.
- One of the key determining factors were **RES subsidies**, distorting the market.
- Other developments – such as the progressive **connection of day-ahead, intraday and balancing electricity markets through market coupling** – a key priority for Europex – will aid in resolving the RES integration challenge.
  - **WEB: [Europex position paper on market design](#)**
  - **WEB: [Europex response to the market design consultation](#)**



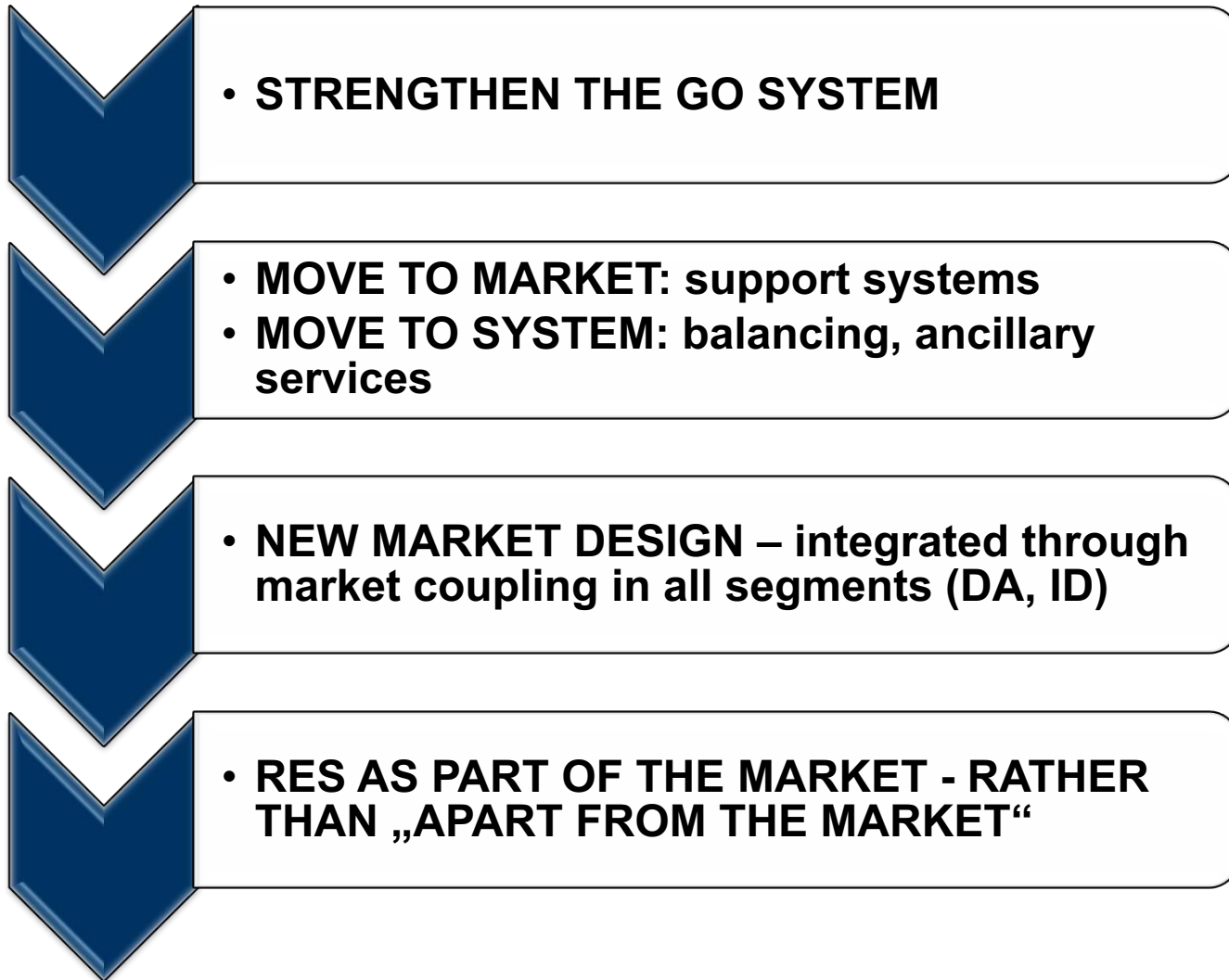
Average DA prices – index, base = 2008 (source: EU COM)



## 5.2 RES Market Integration

- A step towards market integration would be a **transition to more „market friendly“ or less distorting support mechanisms**, ideally EU-harmonised.
- All production units should be put on an **equal footing when it comes to balancing responsibility**, proportional to their size and technical ability.
- The approach should be **comprehensive**, starting from the basics (GO) and taking into account the market as a whole. This is in the **long term interest for all involved parties, contrary to some partial measures** (e.g. some net-metering implementations).
- The development of connected day-ahead, intraday and balancing electricity markets will facilitate the integration.
  - **WEB: [Europex response to RED II consultation](#)**
  - **WEB: [Europex – EFET common position on RED II](#)**

## 6. RES Can and Should Be Part of the Market



# Thank you for your attention!

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