

## EUROPEX Response to EC Guidelines for State aid for environmental protection and energy 2014-2020

EUROPEX welcomes the changes to renewable energy policy brought about by the Guidelines for State Aid. We strongly agree with Commissioner Almunia that *'It is time for renewables to join the market.'* The shift towards a more market-based, better coordinated support system, with a view to fulfilling the ambitious renewable energy (RES) targets set in the EU 2020 strategy, is certainly a step in the right direction, addressing both the costs of current feed-in tariff support schemes and the pending legal challenges they are facing<sup>1</sup>. The logic that drives the changes is undeniably sound.

EUROPEX highlights several issues regarding the implementation of the Guidelines.

Firstly, EUROPEX wishes to emphasise that its members have already implemented a number of market coupling projects, which harmonise power trading, increase liquidity, and have other advantages for renewable integration, including an increased capability to cope with the intermittent nature of RES. Moreover, they are a good example of a functioning EU-wide approach. Besides coupling, market places for "green power" in the voluntary sector have also been established by EUROPEX members. We believe that a European solution regarding support for renewables would further boost their development as well as diminish the impact of non-market-based factors onto the price of electricity.

Secondly, it is EUROPEX's opinion that the main issues of current RES support schemes stem from the distortions they cause on the market. These problems will be reduced by the Guidelines' requirements regarding direct market participation, balancing responsibilities and reducing incentives to sell at negative market prices.

---

*1 See the cases of Essent Belgium & Alands Vindkraft before the European Court of Justice, case numbers: C-573/12 & C-204/12*

Thirdly, EUROPEX believes that the EU needs to ensure a smooth transition to the new support system to maintain the confidence of market participants and to achieve 2020 RES targets.

EUROPEX will continue its work to facilitate the efficient integration of RES and help to establish a European solution. This includes the aforementioned initiatives to couple day-ahead and, particularly, intra-day and balancing markets, and also strengthening of the Guarantees of Origin (GO) system, which will enable for RES electricity to be adequately accounted for throughout Europe.

**About:** Europex, based in the European quarter of Brussels, is a not-for-profit Association of European Energy Exchanges, currently with twenty one members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets with regard to developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.



For further information, please contact:

Manuel Coxe (*General Secretary*)

| Rue Montoyer 31 Bte 9 | BE-1000 Brussels, Belgium | +32 2 512 34 10 |

| manuel.coxe@europex.org | www.europex.org |