



– Press Release –

The Electricity Market Design review: an opportunity to further enhance well-functioning European electricity markets

Brussels, 14 March 2023 | Today's publication of the European Commission's proposal for a revision of the EU Electricity Market Design is an opportunity to recall the significant benefits of the existing well-integrated, efficient and transparent Internal Energy Market that has been gradually built over the past 25 years. Europex strongly believes in the "*evolution, not revolution*" approach to the market design review.

In view of the proposals published today, we would like to underscore three important aspects of a future-proof electricity wholesale market:

- **Fully implement what has already been agreed:** The Clean Energy for all Europeans Package has already laid the groundwork for an energy system that can meet the needs of a decarbonising economy. In particular, encouraging progress towards achieving the 70% minimum target for cross-zonal capacity made available for trading and market-based flexibility procurement would significantly improve the efficient integration of more renewables into the system. Market participants need regulatory stability to enable the necessary investments to deliver an energy transition at least cost.
- **Enable the necessary tools for long-term risk mitigation:** Forward markets are critical for providing market participants with the tools to hedge their price and volume risks. Existing long-term markets can be effectively strengthened by ensuring fair competition, free choice of available hedging instruments, removing regulatory barriers that stifle liquidity growth as well as improved access to collateral for market participants.
- **Support the development of demand-side flexibility and local flexibility markets:** Flexibility solutions will play a much larger role in Europe's future energy system as more renewables are integrated into the market and traditional fossil based electricity production is phased out. The proposals should incentivise flexibility solutions, demand-response and energy storage, yet via a technological-neutral and market-based approach.

Finally, the Electricity Market Design review should not be seen as an additional piece of crisis legislation but rather a process that learns from the experience of the crisis and aims to take a structural approach to finetune market design and bring it in line with the new challenges ahead.

About

Europex is a not-for-profit association of European energy exchanges with 32 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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