



– Consultation Response –

## European Commission call for evidence on the single market strategy 2025

Brussels, 31 January 2025 | As Europex, we firmly believe that the EU Internal Energy Market (IEM) is a key part of the EU Single Market and, hence, can significantly contribute to enhancing the competitiveness of the EU industry while advancing the decarbonisation trajectory. As the new European institutional mandate begins, we welcome that the Commission not only remains committed to the EU Single Market but also aims to further integrate it via a series of initiatives, incl. the horizontal 2025 Single Market Strategy.

Regarding the IEM, we call for the European Commission to further integrate it by fully implementing the legislation already agreed upon (e.g., Clean Energy Package, Electricity Market Design reform, Hydrogen and Decarbonised Gas Package, etc.) and expand it to neighbouring countries (e.g., Energy Community Contracting Parties, United Kingdom and Switzerland). Most importantly, further market integration cannot be achieved without heavily investing in grid infrastructure – including with the aim to maximise cross-border capacity made available – preserving the EU decentralised governance set-up and developing local/regional flexibility markets. By strengthening the IEM integration, end-consumer benefits will most likely increase, beyond the EUR 34 billion figure estimated by ACER in 2022 for the EU-wide integrated day-ahead and intraday wholesale markets:

[https://www.acer.europa.eu/sites/default/files/documents/Publications/Final\\_Assessment\\_EU\\_Wholesale\\_Electricity\\_Market\\_Design.pdf](https://www.acer.europa.eu/sites/default/files/documents/Publications/Final_Assessment_EU_Wholesale_Electricity_Market_Design.pdf).

In addition, we firmly believe regulatory stability is key to preserve the well-functioning, liquidity and transparency of the IEM. Hence, we recommend the European Commission abstain from launching new reforms of market fundamentals and from introducing market corrective instruments (e.g., price caps). On the contrary, in order to advance market integration, regulatory initiatives should prioritise and accommodate products and features for which there is market and/or power system demand, thereby best fostering innovation.

Additionally, we welcome the Strategy focus on *horizontal* governance of the Single Market. Regarding the IEM, despite large portions of the energy system are evolving from a centralised, fossil-fuel to a decentralised, renewable-based structure, we have noted regulatory proposals in favour of centralisation, especially in relation to the wholesale electricity market coupling operation. In this respect, we would like to remark that the existing NEMOs- and TSOs-led market coupling is a formidable pan-European structure which guarantees the most efficient bidding zone level supply/demand equilibrium and flow of electricity across bidding zones in Europe, ensures security of supply and finally drives innovation forward. Within the upcoming CACM 2.0, while we agree that there is possible

room for improvements (e.g., enhancing market coupling projects implementation phase, simplifying and harmonising procedures as well as systems and increasing NEMOs shared resources), there is no evidence that centralising market coupling operation would be beneficial for the efficiency and development of market coupling. Moreover, the decentralised set-up is particularly suited for SMEs, i.e., small electricity producers and consumers, since through NEMOs they not only have market access as their contractual partners but also are involved in market design discussions. In other words, such a decentralised set-up prioritises those products and services that offer an incremental benefit to SMEs and are explicitly requested by them. This eventually boosts liquidity and efficiency and fosters competitiveness for all enterprises active in the EU wholesale electricity markets. Therefore, the horizontal and decentralised set-up is an added value to be preserved and maintained.

### **About**

Europex is a not-for-profit association of European energy exchanges with 33 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.

### **Contact**

Europex – Association of European Energy Exchanges

Address: Rue Archimède 44, 1000 Brussels, Belgium

Phone: +32 2 512 34 10

Website: [www.europex.org](http://www.europex.org)

Email: [secretariat@europex.org](mailto:secretariat@europex.org)

Twitter: @Europex\_energy

EU Transparency Register: 50679663522-75