



## Position Paper

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### **EUROCHAMBRES recommendations for the Trilogues on the Internal Electricity Market**

**EUROCHAMBRES support the push towards a more market-driven and coherent response to the challenges that arise due to the energy transition. The overhaul of the internal electricity market gives the European Union the unique opportunity to streamline the electricity market with the targets of a competitive, secure and sustainable energy system. Affordability and security of power supply are paramount for EU businesses. We therefore aim at the full completion of the internal electricity market.**

**In light of the above and the current trilogue negotiations, EUROCHAMBRES urge the co-legislators to keep in mind the following recommendations.**

#### **National capacity mechanisms only as last resort**

Capacity mechanisms should only be introduced as a measure of last resort, ie after all alternatives, such as ambitious market reforms, have proven ineffective. They must be based on strict guidelines as to their adequacy and necessity, be limited in time and phased out as soon as functioning cross-border markets ensure security of supply. The capacity adequacy assessment should be primarily based on a European perspective, taking into account market and physical realities. By no means must potential capacity mechanisms fragment the internal market or further increase electricity prices. Costly national mechanisms and the resulting competitive advantages for domestic power suppliers must be avoided. The existing capacity mechanisms must be aligned with the new regulation in a timely manner in order to prevent market distortion.

#### **Free price formation is crucial**

European Chambers are in favour of a free price formation without any restrictions. To increase the flexibility on both the supply and the demand side, it is necessary to remove regulated end-user prices. Above all, a regulation of electricity prices for corporate consumers is unacceptable. A liberalisation would enable further flexibilisation of the electricity market and avoid distortions for companies in different member states. Clear and free price signals and sufficient transmission capacities across borders would furthermore make national capacity mechanisms redundant.

## **Strong incentives for more flexible market**

The increasing amount of renewable energy represents, among others, one major challenge: renewable energy is highly volatile and must be integrated in the grid, which is often missing. To relieve the electricity grid, producers need strong signals which lead them to self-consume the energy. Phasing-out taxes and levies for self-produced and self-consumed renewable energy would send a strong signal. Demand-response must be actively incentivized. We are convinced that this will contribute to the flexibilisation of the market and decrease costs.

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*EUROCHAMBRES – The Association of European Chambers of Commerce and Industry represents over 20 million enterprises in Europe – 93% of which are SMEs – through members in 44 countries and a European network of 1700 regional and local Chambers.*

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