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Challenges in aligning the EU Electricity Policy towards the Energy Union

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Growing need to ensure a **level playing field** in Europe



- **Wholesale and retail prices are diverging** due to an increasing part of subsidies
- **Electricity prices do not reflect** neither the real costs of technology nor that of the transport
- **Industrial consumers preference through cross-subsidies** passed down to households differs across countries

Integration of renewables energies is an important part of the answer



- **Balancing costs** of intermittent generation should be included
- Cost of **reserve capacities** should be recognized and let in
- All sources and technologies should be able to **compete on equal basis**

Lack of appropriate price signals in Europe increases risk



- **New investments in generation capacities** are not stimulated causing generation adequacy problems, and...
- ...in particular **baseload generation** is not properly remunerated
- No **locational signals** stimulating infrastructure development

Need for a holistic approach



- **Full network model** returns right information and price signals
- **Central dispatch** allows for simultaneous co-optimization of market players decisions and thus raises the social welfare
- **Flexibility** is increased and **capacity value** is recognized
- Problems are solved there where are generated: **polluter pays**

Regional cooperation must answer to real challenges



- **Transmission capacity allocation** (Flow Base Market Coupling) should be introduced
- **Re-configuration of bidding zones** should help eliminate unplanned flows of electricity
- **Regional security cooperation** should allow TSO to better coordinate emergencies
- **Responsibility of TSO for non-cross border relevant congestion** should be recognized, remedial actions should be taken and costs have to be born



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Thank you for your attention

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