

## Press release

### EREF first response to the Commission proposal for a revised Electricity Market Design

Brussels, 15 March 2023

The European Commission published yesterday its proposal for the reform of the EU's electricity market design. The proposal comes after a series of emergency intervention measures in the electricity and fossil gas markets proposed by the Commission since the 'REPowerEU' plan – a response to the fossil fuel crisis after Russia's invasion of Ukraine.

The proposed amendment is set in this crisis environment. The amendment focuses on short term reforms and is by far not the instrument to respond to a complete different, renewable driven energy world in the European Union, which we need to have achieved at the latest by 2050 and where an accompanying and welcoming market reform to support the change needs to be in place latest by 2026. Therefore, we support that the Commission should start a thorough reform process in 2024.

Though EREF welcomes most of the proposed measures, we strongly criticise the choice of the European Commission to make two-way public Contracts for Difference (CfD) mandatory for new renewable energy projects. We welcome that CfDs are not proposed to be imposed retroactively (on existing) projects. But this is not enough. It is important that they will not be mandatory for new projects in all Member States.

EREF underlines that important elements of the electricity markets, e.g., the choice of instruments for the promotion and rapid uptake of renewables, should be designed at national level and be embedded in the national roll-out and support logic. Differences between EU Member States are too large for a one-size-fits-all support solution. A mandatory public CfD would disadvantage certain national markets with well-established and important shares of renewables and traditional sound support mechanisms such as fixed or sliding market premiums in their system.

Consequently, EREF calls on European Parliament and Council not to follow the Commission's proposal for mandatory two-way CfDs.

Moreover, EREF requests the European Commission to include bioenergy in the new legislation. As instrument to ensure the REPowerEU objectives to increase Europe's energy independence and to speed up its decarbonisation, all forms of renewable energy must be taken into considerations for an increased renewable energy production and for a better energy system integration.

Bioenergy is an important controllable part of the energy transition and, together with hydropower, green combined heat and power, storage, and sector coupling, ensures the provision of flexible power.

EREF rejects the Commission's proposal enabling nuclear power access to CfD promotion. Nuclear power had seven decades of public support and was never able to being economically viable without immense public finance contributions, apart from all the severe negative attributes of the use of nuclear energy.

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