**Inframarginal revenue caps proved toxic for investment certainty – Member States should not prolong them**

*Brussels, 22 June 2023 – The EU electricity industry calls on Member States not to prolong the EU emergency measures on power market interventions – in particular inframarginal revenue caps – adopted in the midst of the energy crisis last year.*

The structural policy measures now foreseen under the targeted EU electricity market design reform e.g. facilitating the uptake of Power Purchase Agreements, introducing voluntary 2-sided Contracts for Difference, diversifying consumer contracts, exceptional and temporary regulated retail prices in case of electricity price crisis etc., will help shield consumers against potential future short-term price volatility.

But **the best protection against a repeating energy crisis remains for Europe to deploy at scale the technologies that will deliver its net zero ambitions.** National interventions in the wholesale market in the form of revenue caps have proved toxic to new investments in these technologies. For instance, they resulted in 21% less PPA contacts signed in 2022 vs 2021, and in only €17bn invested in new wind energy – the lowest since 2009. They have also reduced the possibility for market participants to stabilise prices for consumers (hedging) on a number of markets, and lowered consumers’ interest in PPAs and other market tools.

Inframarginal revenue caps are a clear policy failure with grave impact on investor certainty and high risks to the power market functioning and the European energy transition. This was also the conclusion of the European Commission’s assessment on their application which recommended their discontinuation.

In view of the ongoing discussions on the targeted EU Electricity Market Design reform, **we call on Member States:**

- To discontinue the application of EU emergency power market interventions and the inframarginal revenue caps in national legislation as prescribed by EU law by 30 June 2023; and

- To enact clear and strict criteria for triggering a regional electricity price crisis and to stay clear from embedding inframarginal revenue caps in the Market Design reform.

Failure to do so would mean further and permanent damage to the integrity of the Internal Energy Market, Europe losing its competitiveness in the global race for clean energy investments, putting energy investors in a constant state of policy uncertainty and ultimately compromising the delivery of a Green Deal ‘made in Europe’.

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1 European Commission report on the review of emergency measures to address high energy prices, 5 June 2023