

# WINDEUROPE PRIORITIES FOR A NEW POWER MARKET DESIGN

Deploying large amounts of variable renewables requires the transformation of power markets and ensuring renewables contribute to system security and market fundamentals.

A market fit for a future where renewables are the backbone of the power system can be achieved with:

## 1) No regret measures

- Complete the Internal Energy Market (IEM) through the EU-wide Target Model;
- Move from a supply-side oriented to a more balanced approach;
- Reinforce the grid and expand interconnectors;

## 2) Revitalised price dynamics

- Implement structural measures to fix the EU ETS;
- Improve power market operations:
  - Make full use of cross-border transmission capacities;
  - Ensure continuous intraday trading with short and harmonised gate closure times;
  - Expand cross-border balancing;
  - Create instruments to hedge against price differences between bidding zones in case of congestion;
- Making the energy only market fit for renewables:
  - Allow for price spikes in the energy only market;
  - End price regulation and link wholesale and retail markets;
  - Improve liquidity in power markets;
  - Replace day-ahead prices with short-term market signals;
- Create commercial markets for ancillary services;
- Reduce overcapacity:
  - Accelerate the decommissioning of the most polluting and inflexible generation assets;
  - Avoid incentives for superfluous capacity – make Capacity Remuneration Mechanisms (CRM) a last resort;
- Use revenue stabilisation mechanisms to send clear price signals to investors;

## 3) New products and institutional roles

- Develop new financial products to hedge long-term risks;
- Increase the role of long-term contracts for financing new power generation;
- Develop ACER oversight competences;
- Enhance TSO coordination at regional level including for market facilitation services.