



EU electricity market model: from integration of energy markets toward hybrid markets

IAEE Webinar - Electricity Markets Assessment: Europe & the US

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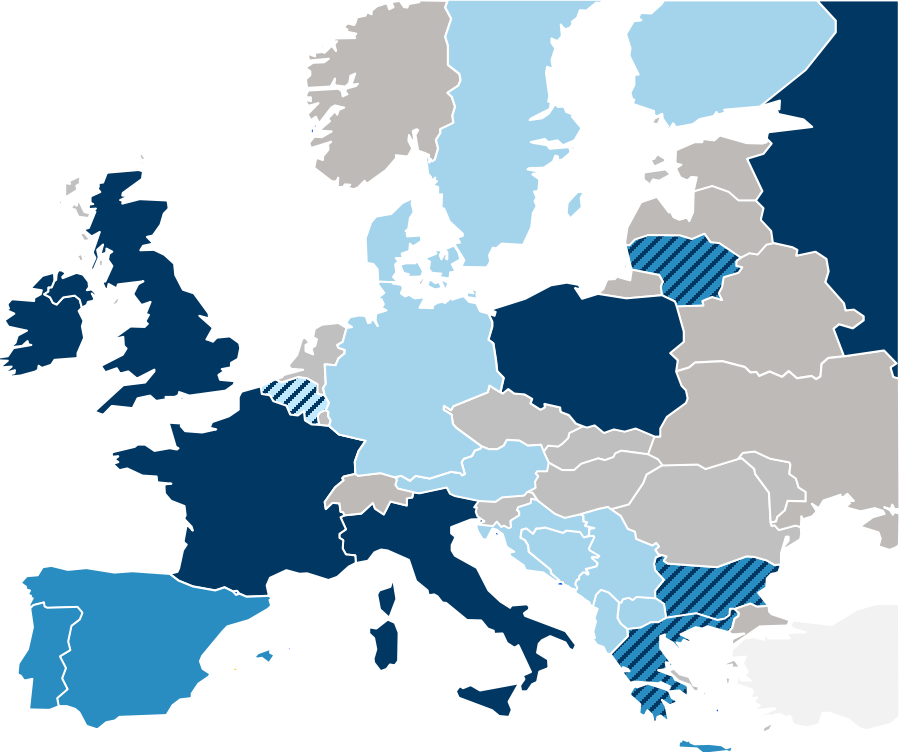
11th October 2021



EU HAS A COMMON ENERGY MARKET... BUT NATIONAL APPROACHES FOR SECURITY OF SUPPLY AND RES SUPPORT SCHEMES

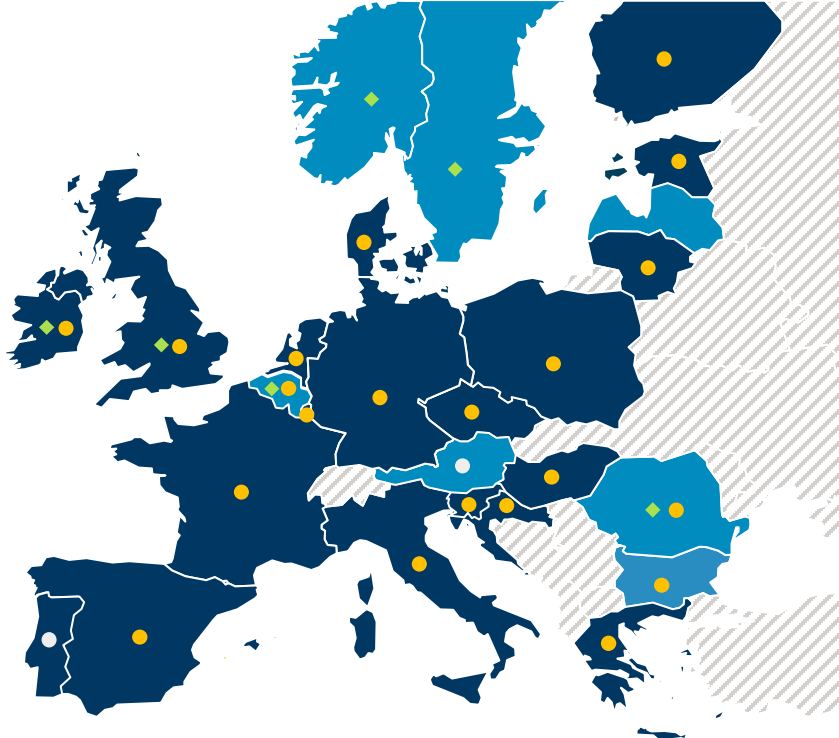
Capacity remuneration mechanisms

- Capacity market
- Capacity payment
- Strategic reserve
- No capacity mechanism



Support schemes for utility-scale RES

- Tenders in place
- No tendering legislation
- Green certificates
- Market Premium
- Feed-in-Tariff

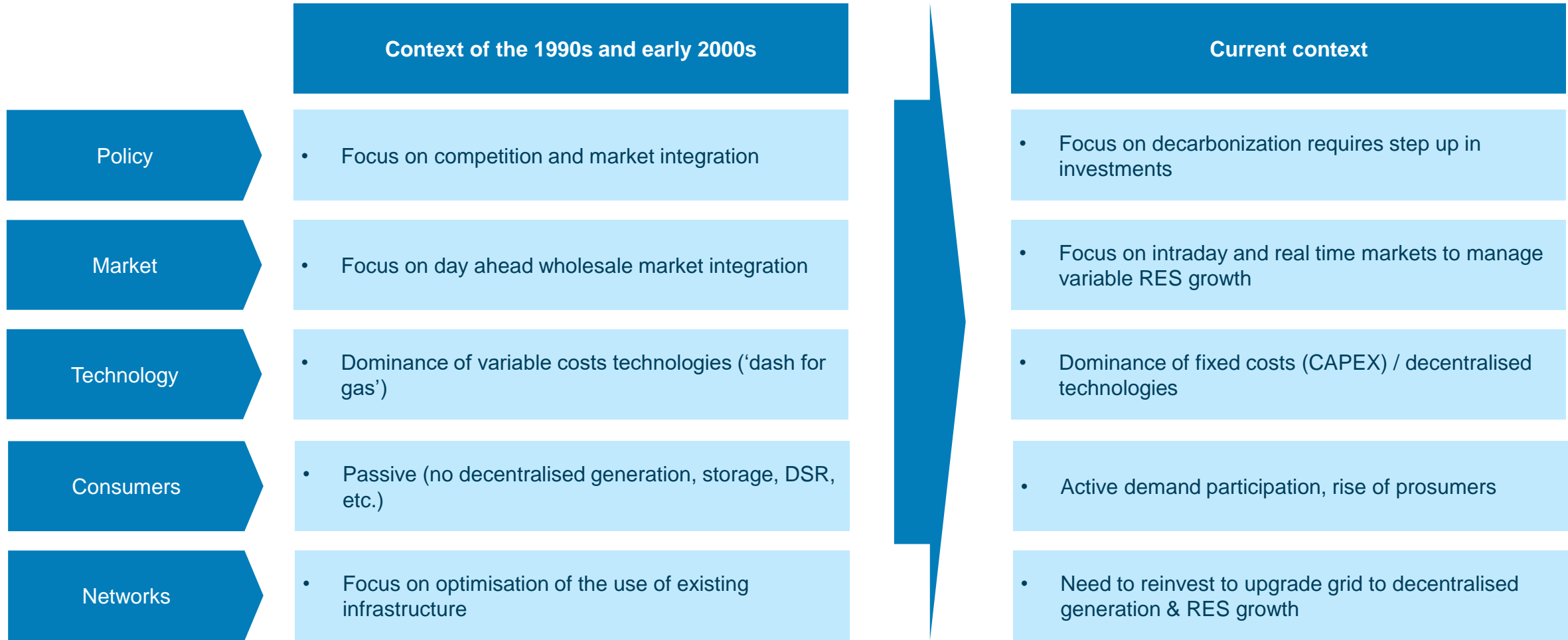


Sources :
 European Commission - Final Report of the Sector Inquiry on Capacity Mechanisms
 European Commission - RES Legal CEER - 2nd CEER Report on Tendering Procedures for RES in Europe
 CEER - Status Review of Renewable Support Schemes in Europe for 2016 and 2017
 European Commission - Final Report of the Sector Inquiry on Capacity Mechanisms
 CEEM – Capacity Remuneration in power markets : an empirical assessment of the cost of production

CL Intelligence

In practice most countries have put in place some form of tendering and/or long term contracts to support investment in clean technologies and/or dispatchable resources

THE CURRENT EU MARKET MODEL HAS ITS ROOTS IN THE CONTEXT OF THE 1990S – BOTH TECHNOLOGIES, CONSUMERS, AND POLICY OBJECTIVES HAVE CHANGED...



THE EU DECARBONISATION WILL REQUIRE A NEW MARKET MODEL TO STEP UP AND COORDINATE INVESTMENTS

The Green Deal requires a step up in power sector investments

- 800 bn€ investments needed in power generation in the next decade, a significant increase compared to the previous decades

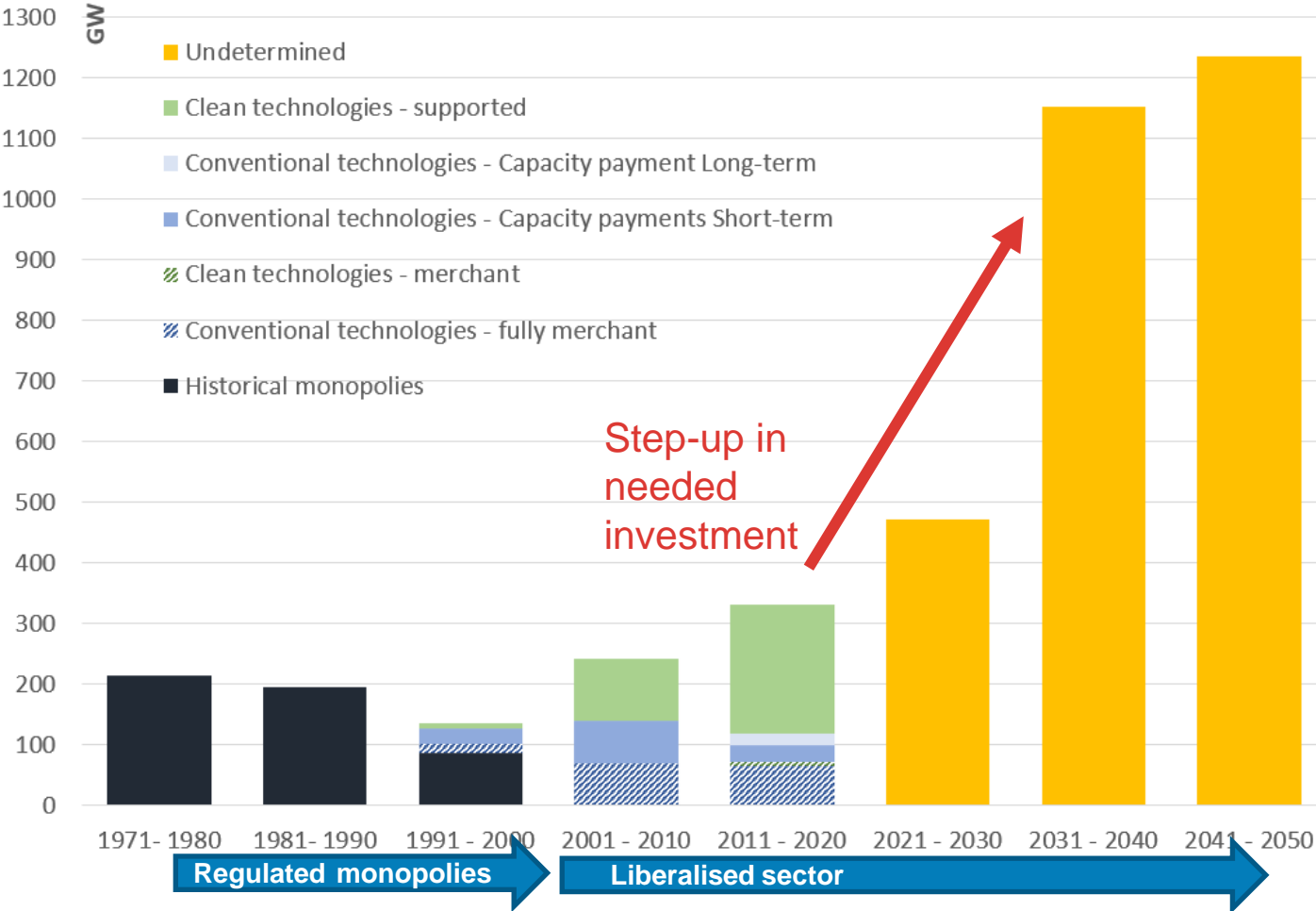
A framework to boost private investment is needed to support the energy sector decarbonisation

- Private investments in energy assets can play a key role in the economic recovery but requires a sound investment framework

Historically most EU investments in the power sector were made under regulation or supported by long term contracts

- Based on the current regulatory framework, only a small share of total generation investments in the next decade are expected to be merchant

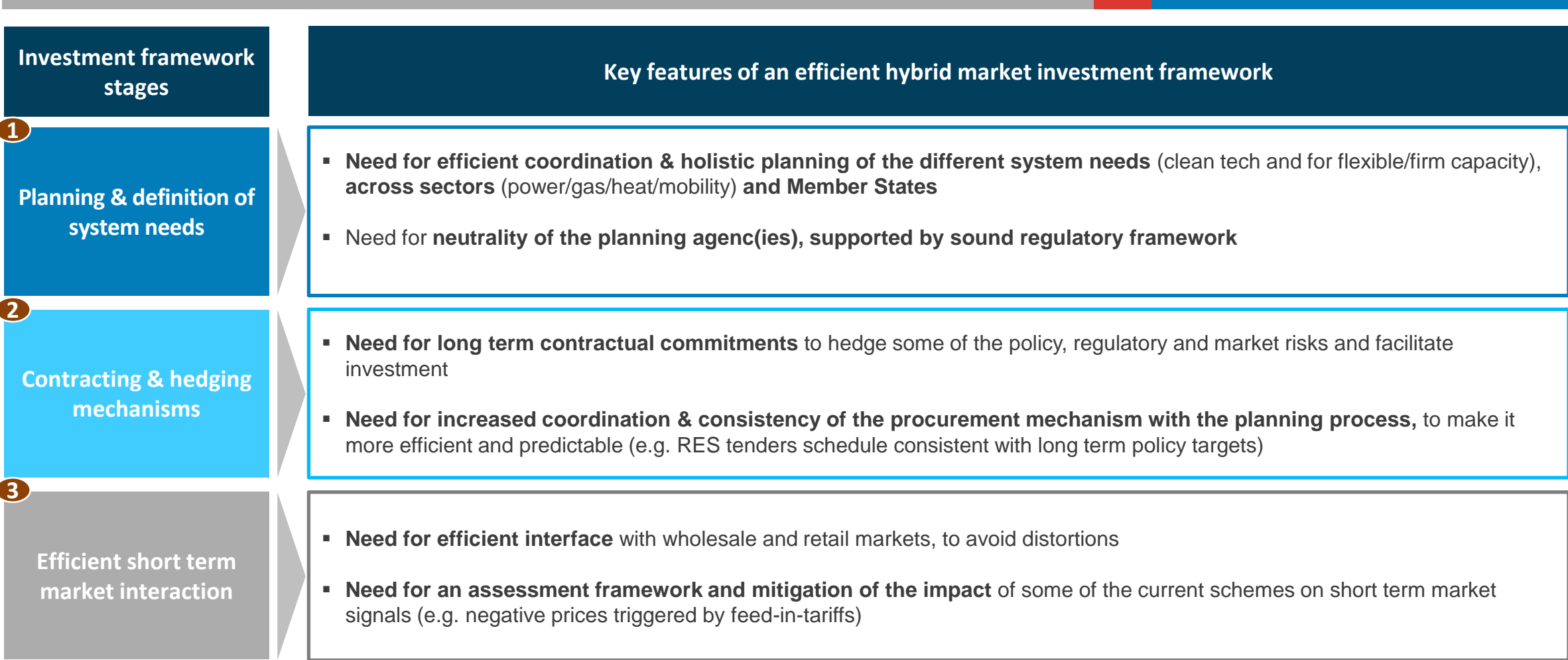
Capacity additions in Europe based on the regulatory framework when the decision was taken



TOWARDS HYBRID MARKET: COMPETITION IN TWO STEPS THROUGH TENDERING OF LONG TERM CONTRACTS



THE THREE KEY STAGES FOR A HYBRID MARKET FRAMEWORK: PLANNING, CONTRACTING AND SHORT TERM MARKET INTERACTION



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