

The EU Commission's proposal for improving the electricity market design: treading water, but not drowning

C. Batlle López; P. Mastropietro; P. Rodilla Rodríguez; T. Schittekatte

Abstract-

Purpose of Review

On March 14, 2023, the European Commission (EC) published the much awaited "Proposal for a regulation (•) to improve the Union's electricity market design." The proposed regulation reflects the verdict of the EC after several months of fervent debate triggered by the energy crisis that has affected the European region. In this paper, we discuss several crucial elements that are part of the proposed regulation.

Recent Findings

In a nutshell, we deem the EC has done a great job managing a highly complicated situation. The proposal preserves the crucial role of short-term electricity markets and puts the focus on the key flaw: the perennial incompleteness of long-term power markets. The EC has put forward a large battery of measures, covering different dimensions and with very different potential impacts on the market design.

Summary

Here we focus on what we consider to be the four key elements of the proposal: (i) the promotion of long-term contracting, (ii) interventions during electricity price crises, (iii) the strategy for an efficient supplier risk management, and (iv) flexibility support schemes and capacity remuneration mechanisms.

Index Terms- Electricity market design; European Union; Energy crisis; Renewables; Flexibility

Due to copyright restriction we cannot distribute this content on the web. However, clicking on the next link, authors will be able to distribute to you the full version of the paper:

[Request full paper to the authors](#)

If your institution has an electronic subscription to Current Sustainable/Renewable Energy Reports, you can download the paper from the journal website:

[Access to the Journal website](#)

Citation:

Batlle, C.; Mastropietro, P.; Rodilla, P.; Schittekatte, T. "The EU Commission's proposal for improving the electricity market design: treading water, but not

drowning", Current Sustainable/Renewable Energy Reports, vol.10, no.4, pp.197-205, December, 2023.