

## Restoring confidence – the key to the short and long-term success of Electricity Market Design reform

Brussels, 23 March 2023 - EFET welcomes the publication of the European Commission proposal on electricity market design reform. Since the summer of 2021, energy supply has become scarcer in Europe, with a significant impact on end-consumer bills. In this difficult context however, markets have contributed to keeping the lights on everywhere in Europe. Therefore, **we support the European Commission's approach for targeted evolutions, rather than a revolution, of electricity market design.**

- Geopolitical uncertainty and supply tensions generated market volatility over the past 18 months. But so did the unpredictability of legislative and regulatory interventions. [ACER accounted 439 national measures](#) impacting energy markets from September 2021 to February 2023. But as we know from previous crises, Europe stands stronger together, not divided. Hence, **we must ensure these emergency measures are phased out to preserve our collective resilience.**
- Consumers are at the heart of this reform. We agree to the importance of making sure that all are properly informed. To make contractual choices. To provide incentives to adapt consumption to changing circumstances and prices. And to get the right level of protection when needed – especially for the vulnerable. **More diverse contractual offers, appropriate risk management strategies, and attentive regulatory oversight of retail suppliers are no-regret measures to improve consumer choices and trust, while leaving potential for demand response.**
- Securing decarbonised energy will remain Europe's main challenge to achieve carbon neutrality by 2050. Doing this without emptying public budgets will necessitate harnessing the power of the private sector. **Commercial PPAs and forward contracts should be prioritised: they can underpin new investments in renewables and provide a hedge against price volatility for consumers.**
- Long-term policy options should allow the internal energy market to continue delivering benefits – 34 billion euros in savings for consumers in 2021 only! It means improving integrated short-term markets to allow greater resource optimisation closer to delivery. It also means **resisting untested solutions such as the establishment of virtual forward hubs, which will make hedging on behalf of consumers less efficient and more costly.**

This reform is about restoring the confidence of consumers and investors. Strengthening the existing market design is essential to ensure that markets adapt to the changing needs of consumers and foster the development of renewables and other technologies needed for the energy transition. Doing so will require an unambiguous political commitment to a coherent, European market-led approach to decarbonisation. We look forward to contributing to the work of the co-legislators to help them on this path.