Summary of the responses to the open public consultation on the Revision of the EU's electricity market design

DISCLAIMER: the received contributions and the resulting summary reflect the views of the consultation participants who responded and cannot be regarded as the official position of the European Commission and its services and thus do not bind the European Commission.

The public consultation was open from 23 January 2023 to 13 February 2023. The Commission received 1369 replies. More than 700 of those have come from citizens, around 450 from businesses and business associations, around 40 from national or local administrations or from national regulators and around 70 from network operators. Also around 20 energy communities, 15 trade unions and 20 consumers organisations participated. A significant number of NGOs, think tanks and research or other academic organisations sent responses as well.

More than 550 responses from Slovakia, mainly citizens, but also some businesses, appear to be stemming from a **co-ordinated campaign**, since they are largely identical. Those respondents consider Power Purchase Agreements (PPAs) as an efficient and risk-free way to mitigate the impact of short-term markets on the price of electricity, but are of the opinion that current EU legislation prevents existing generators to enter into PPAs. They advocate a stronger obligation on suppliers and/or large final customers to hedge their portfolio and advocate to give national regulators the power to prevent the export of electricity to other Member States. Member States should be able to impose two-way Contracts for Difference (CfDs) on existing generation and public support schemes should exclude renewables that do not generate electricity at least a minimum number of hours per year.

Most contributions from **individual citizens**, besides the co-ordinated campaign from Slovakia, came from France, Slovakia and Germany. A few responses came from Austria, Belgium, Czechia, Slovakia and Sweden. A clear majority of responses coming from individual citizens considers the use of PPAs as an efficient way to mitigate the impact of short-term markets on the price of electricity. A majority of responses also considers forward hedging as an efficient way to mitigate exposure to short-term volatility for consumers and to support investment in new capacity. Only small minorities did not provide answers to those questions. For all other questions, the share of "no answer" is rather high and no clear tendency can be identified. The following summary mainly reflects the **views of organisations**.

Many respondents explained that **short term markets need to be complemented by longer term price signals**. The majority of respondents to the consultation found that **CfDs, PPAs and forward markets** were an effective way to mitigate short-term market fluctuations in electricity prices and to support investment in new capacity. The majority of respondents explained that there should not be a mandatory scheme, and that the freedom of choosing the relevant contracts should be maintained. Overall feedback is that the liquidity on forward markets is insufficient and PPAs would benefit from standardisation and more transparency.

The majority of respondents answered that **two-way CfDs** should only be offered to new low-carbon inflexible capacity and only in case new investments are not forthcoming on market-based terms. A large majority opposes giving Member States the possibility to impose two-way CfDs on existing generation capacity.

Many respondents acknowledged the particular challenges facing **offshore renewable energy projects** located in an offshore bidding zone. A majority of those who responded to the question considers that a Transmission Access Guarantee (TAG) is appropriate to support offshore renewables projects.

A majority of respondents were against maintaining a **revenue limitation on inframarginal generators**. Only a minority of respondents supported the idea that some form of revenue limitation of inframarginal generators should be maintained. Those respondents signaled that it would ensure that excess profits are channeled back to final consumers, and some of them claimed that the drawbacks from the current inframarginal revenue cap derive from the short timeframe for its implementation.

The majority of respondents considers that **short-term markets** are functioning well and do not see an alternative to the marginal pricing model. The majority of respondents considers that mandatory participation in the day-ahead market (notably for generation under CfDs and/or PPAs) would not be an improvement compared to the current situation. Such measures could, however, be envisaged if a concerning drop of liquidity is witnessed.

Many respondents did not reply to the question on the **EU emission trading system**. Most of those who responded were in favour of the EU emission trading system, explaining that the market can decide freely where and how it is most efficient to abate emissions.

The majority of respondents consider it as appropriate to enable a product to **foster demand reduction and shift energy at peak times** as an ancillary service, aiming at lowering fuel consumption and reducing prices. However, many respondents also consider that such peak shaving actions should happen through wholesale markets, without any intervention from the TSO.

The majority of respondents does not recommend some form of **demand response requirements that would apply in periods of crisis**. They mainly consider that developing market-based solutions to promote demand reduction can prevent crisis situations before they occur and can spur further investment into flexibility solutions.

The majority of respondents consider that the current setup for **capacity mechanisms** is not adequate to respond to the investment needs as regards firm capacity, in particular to better support the uptake of storage and demand side response. They fear a lock-in effect in fossil-fuel based technologies.

Stakeholders generally support the idea of giving customers the **right to deduct off-site generation from their metered consumption** under certain conditions. However, stakeholders have raised concerns, such as the need to harmonise protocols for data creation, management and transmission, to ensure cost-reflective network tariffs while avoiding unfair subsidies or cross-subsidisation of network costs to poorer consumers without generation assets, to avoid double counting of network charges and to encourage co-location of production and flexible consumption.

The majority of respondents supported introducing a right for customers to a **second meter/sub-meter** to distinguish electricity consumption/production by different devices, although views differ on the implementation with some favouring customer choice and installation by service providers, while others insist on DSO oversight.

Stakeholders have diverging views about the obligation for suppliers to offer **fixed-price and fixed-term contracts** for households. While some stakeholders explain that such obligations violate free market principles and argue that market-based fixed-price contracts should be offered voluntarily, others support the introduction of such obligation. Respondents are equally divided on the question of **regulated prices**.

Most respondents across different stakeholder groups supported the establishment of **prudential obligations** on suppliers to ensure they are adequately hedged. However, some respondents mentioned that such rules would impede the entry of new suppliers and harm competition.

The majority of respondents believe that the EU regulatory framework should set general rules on **suppliers of last resort**, but some stakeholders pointed out that certain aspects should be left to the national level as the situation in retail markets differs.

Most of the respondents agree on the need to extend the scope of **REMIT** by adapting the framework to the evolving market circumstances to cover all current and future markets and products. Additionally, the need to clarify the notions of market manipulation, insider information and insider trading, to be **coherent** to those included in **financial regulations** was highlighted. Various respondents believe that the **supervision of cross-border trading** is currently not effective enough.

A **more detailed summary** can be found in the Staff Working Document accompanying the initiative.