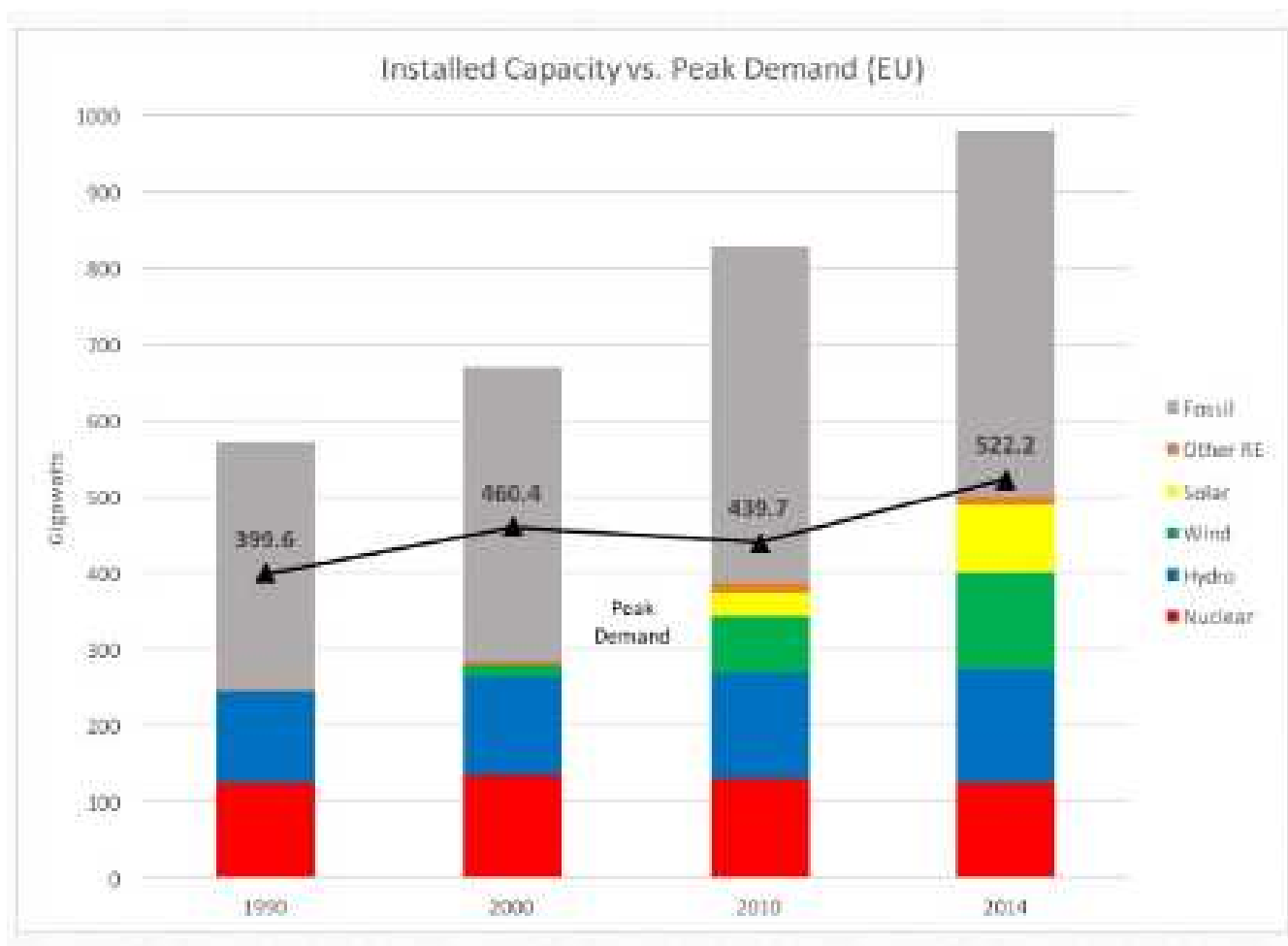


The Future of Renewables and the Electricity Market Design in the European Union

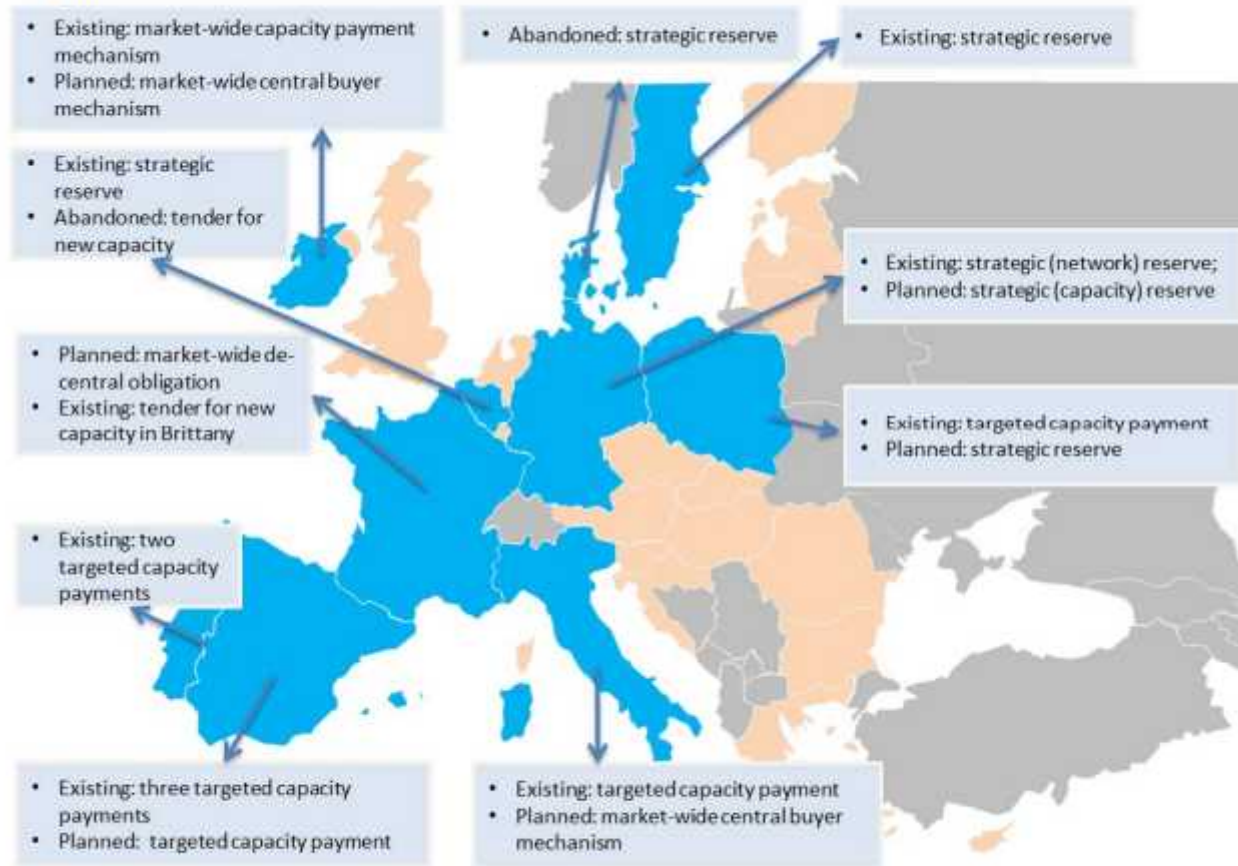
27 June 2016

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Greenpeace EU Unit



Source: The Regulatory Assistance Project

Figure 24: Capacity mechanisms in the 11 Member States – excluding interruptibility schemes



Source: European Commission based on replies to sector inquiry

UK capacity market results (2015) for October 2019 - October 2020

		MW derated				£m (in 2014/5 prices), based on MW derated	
		1-year contracts	15-year contracts	Not Contracted	Not Qualified	Cost of this auction (2019-2034)	Cost of CapMech for 2019 alone*
Existing	Coal	4,425	0	3,071	0	£80	£139
	Nuclear	7,575	0	0	0	£136	£136
	Interconnector	1,862	0	0	0	£34	£34
	Large Gas	24,704	0	1,633	0	£445	£445
	Embedded Diesel	220	0	180	0	£4	£4
	Other (hydro, pump, OCGT)	5,176	0	220	0	£93	£93
New	Interconnector	0	0	540	0	£0	£0
	Large Gas	810	0	4,604	0	£15	£50
	Embedded Diesel	0	650	220	736	£176	£18
	Embedded Other	144	333	361	635	£92	£14
	Demand Response	456	0	217	0	£8	£8
TOTAL Existing		43,961	0	5,104	0	£791	£851
TOTAL New		1,410	983	5,942	1,370	£291	£90
TOTAL		45,372	983	11,046	1,370	£1,082	£942
* Includes multi-year contracts in last year's auction covering 2019 (5524MW in total)							

NOTE: Participants in the auction are not required disclose fuel type. However, fuel type is needed in order to have meaningful analysis, so we have done our best to split by fuel. This split is fairly robust, except for the split of embedded generation between gas and diesel, which is hard to judge, and therefore should be viewed as approximate.

about the crucial state of the European energy market. They underlined that current European Union institutions and member states energy policies threatened security of supply, was increasing CO₂ emissions, and dis-incentivizing investments in the sector while contributing to high energy bills for citizens and industrial customers. To respond to these major challenges, the leaders of these groups drafted concrete propositions to reinvigorate Europe's energy policy.

Since then the CEOs have contributed actively to the debate with the main stakeholders to seek energy reforms that will set Europe's energy policy on the right track. The European Commission's 2030 package, which will be discussed at the European Council, is a positive step in the right direction. However, it is vital that European leaders reach agreement on the framework for a new energy policy for the period 2020-2030, in order to avoid the real risks facing the sector at present of rising energy costs, loss of competitiveness and possible shortages.

more harmonized European energy policy, greater interconnections, increased competitiveness and greater stability and regulatory visibility in order to provide customers with access to clean and reliable energy at a competitive price.

With a view to facilitating decisions on these important issues, the CEOs have submitted nine detailed recommendations* to the European summit including solutions to making Europe's energy prices more competitive, the need to opt for a single CO₂ reduction target, restoring the emissions trading system, arrangements for capacity mechanisms at EU level aimed at ensuring backup supply, incorporating mature renewables into the energy market by progressively reducing subsidies and enhancing indigenous gas production.

Therefore, ahead of tomorrow's Council we ask European Heads of State and government, in the interest of European Energy and Climate policy as well as of competitiveness, to take these proposals into consideration .

The Magritte Group's nine recommendations to reform Europe's energy and climate policy so as to achieve the three key objectives of competitiveness, sustainability and security of supply

1. Make Europe's energy prices more competitive.
2. Restore the ETS as a flagship climate and energy policy.
3. Achieve a global climate partnership with Europe's global competitors in international climate negotiations.
4. Adjust public support for new renewable energy sources so that they can compete and be integrated progressively into the energy system.
5. Restore the ETS as a flagship climate and energy policy.
6. Restore the ETS as a flagship climate and energy policy.
7. Multiply energy routes for the import of cost-effective low-carbon energy sources and enhance indigenous production.
8. Remunerate available and qualified capacities as a service provided to ensure security of supply for the energy system.
9. Achieve a more fluid, transparent and interconnected internal market.

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MAGRITTE GROUP CALLS FOR

immediate and drastic measures to safeguard Europe's

CEZ GROUP, Enel, eni, e-on, Fortum, gasNatural, Jentova, GDF SUEZ, GasTerra, 44, ANW

8. Remunerate available and qualified capacities as a service provided to ensure security of supply for the energy system.

