On the EEF Programme

**ITAC (Industrial and Technical Advisory Committee) meeting**

*Tuesday 11 May; 13:30 — 14:30 (CET)*
*Online internal meeting via Webex—registration required*

**Low carbon secure supply in a climate-neutral Europe: how can nuclear contribute?**

*Wednesday 12 May; 14:30 — 16:00 (CET)*
*Online Energy Debate via Webex—registration required*

**Hybrid offshore wind projects: optimising energy flows across Europe**

*Thursday 27 May; 10:00 — 11:30 a.m. (CET)*
*Online Energy Debate via Webex—registration required*

Online Briefing for MEP Advisers

**The functioning of Europe’s Wholesale Energy Markets and the EU carbon market: how do they enable a cost-efficient transition to a carbon neutral economy?** – 23 April

Our speakers from the industry brilliantly managed to explain highly technical subjects related to wholesale markets. This event was very timely as Belgium had, just two days before, seen an increase in the price of electricity to 3000 euros/MW over the course of a few hours.
MEP Maria Spyraki, Active Member of the EEF, introduced the event by reiterating how essential competitive markets are. Over the last 2 decades, Europe has been working on an open, competitive, transparent and liquid market in power and gas and has one of the most mature carbon markets in the world. She nevertheless mentioned that in parallel to developing a market for gas and for hydrogen, work is still needed on the integration of the electricity market, which has developed at a different pace in different parts of the EU: market coupling and day ahead between Greece and Italy has been launched only in December 2020, while market coupling with Bulgaria is planned for May 2021. The development of healthy competition in liquid markets in energy commodities has a key role in enabling Europe’s transition to carbon neutrality.

Jerome Lepage, Electricity Committee Chair and Board Member, EFET, situated the different steps of the internal market legislation and the key principles for liberalised markets in Europe mentioning that internal market legislation is only part of the picture of the energy market. The rules of the market are surrounded by many policies and legislation that affect the market.

Pawel Lont, Manager for European Gas Markets, EFET, dived deep into the gas market, a success story. Liberalisation and competition were made possible on the gas market and a very reliable price signal for gas as a commodity has developed. With flexibility and trust in the market, it was possible to evolve from long term inflexible arrangements to short term transactions that reflect the actual price of the commodity. The framework is ready, yet it has not been applied smoothly across the EU: some barriers remain and the scale of development in hubs varies. The market provides a tool for cost-efficient decarbonisation.

Helene Robaye, Head of the Regulation & Market Design, ENGIE, explained the trading horizons – day-ahead, intraday and forward markets – with numerous illustrations. With the unpredictability of renewables, intraday market has developed in the recent years. She took us from bidding zones to scarcity market, hedging, shipping rights and portfolio management. It is important to utilities and small companies to secure the revenue for their assets at every moment in time and she gave clear examples to illustrate her points.

Elaine O’Connell, Policy Coordinator “Internal Energy Market” at DG ENER, spoke on the market design’s importance in ensuring that there is a level playing field for incentivising the right technologies and that there is fair access for the technologies of the transition. It is important to take the whole picture into account and to make sure that renewable energy, storage and demand response have full access if they are technologically able to. She reiterated that shorter term markets are key for renewable electricity. The market needs to be fit for renewables, but renewables also need to be fit for the market. She touched upon network investments, cross border trading, consumers, bidding zones, congestion rules among others.

Mark Copley, CEO of EFET, explained how market gives strong incentive for the right investments in innovation which have a beneficial impact for society and set the scene for his colleague speakers.
Guido Pasternack, Senior Policy Advisor, Uniper, touched upon the EU ETS and made a good transition by explaining more in details some of the aspects seen in our previous briefing session. He explained the market dynamics that are part of the climate policy, the effect of the price of CO₂ on power generation and the transparency of auctioning calendars in the regulated market.

The question on the integration of greater volumes of renewables into the wholesale market was presented by Jerome Lepage. Forward, spot and balancing markets contribute to financing renewables, to give dispatch signals to make sure they are well integrated in the market. He touched upon guarantees of origin, power purchase agreements and the need to make sure that the way the market is designed allows RES developers and producers to use the market. RES should coexist with the development of competitive flexible assets and services.

The briefing couldn’t be complete without a discussion on hydrogen. Pawel Lont offered some insights on how the experience from the gas market could serve as basis when developing a hydrogen system. He touched upon the gas quality, investment and guarantees of origin and made a distinction between the physical part of hydrogen trading and the green value attached to hydrogen.