

APREN welcomes ACER's final assessment on the design of the European electricity market

*ACER, the agency that brings together European energy regulators,
has made suggestions to improve the internal electricity market*

[ACER](#) - Agency for the Cooperation of Energy Regulators, published at the end of April, the [final assessment on the design of the European electricity market](#), which includes a set of energy policy measures to be adopted to overcome some of the challenges of the future.

[APREN – Portuguese Renewable Energy Association](#) welcomes the work carried out by ACER and considers that its indications can be taken into account by public decision-makers.

ACER considers that the integration of electricity markets should be accelerated, obliging to comply with all that is already defined in this area. The integration of electricity markets has brought many millions of euros a year in benefits to consumers over the last decade and is therefore a measure to be deepened, alongside the simplification of processes. “A more effective interconnection between the various European markets will have a positive impact on price volatility and energy security”, recognizes the CEO of APREN, Pedro Amaral Jorge.

Another measure proposed by ACER is to promote long-term contracts for the purchase and sale of renewable electricity (PPA – *Power Purchase Agreements*), what can be an advantageous tool for all market players, promoters, traders and their customers.

European regulators believe that renewable incentives and support should continue to be addressed even if mechanisms can be adjusted and improved. Stimulating “market making” to promote liquidity in markets is another suggestion. The agency's assessment also highlights the need to enhance consumer flexibility as a security of supply tool.

ACER also suggests that governments must protect the most vulnerable customers, businesses and citizens, from price volatility, with direct financial transfers or VAT reductions. ACER stresses, on the other hand, the importance of geographically diversifying suppliers while safeguarding security of supply. The removal of barriers is another need identified by regulators, who consider that market interventions, induced by strong pressures, should be analysed prudently.

ACER advocates less interventionist options whenever possible but admits temporary measures to cope with excessively high prices, as will happen next year in Portugal and Spain.

The "Iberian exception", i.e. the recognition that Portugal and Spain constitute an "energy island", will allow the price of electricity not to be "closed" in the next 12 months through normal operation without restrictions of the Iberian marginalist market, with the technology with higher prices to enter the system, the combined cycles of natural gas, as has happened in recent months, but that is imposed on the latter a ceiling of up to 50 euros per megawatt hour. "This measure will have to take any compensation into account", says Pedro Amaral Jorge.

In 2021 the European Commission instructed the agency to assess the design of the European electricity market considering the rising electricity prices. ACER has now presented its final assessment, identifying ways to design a market prepared for the challenges of the future in order to maintain electricity at an economically affordable price for consumers, while also ensuring the integration of an increasing share of renewables into the European electricity production matrix.

This position comes when Europe is facing high electricity price volatility and great supply insecurity associated with Russia's invasion of Ukraine, one of the world's largest suppliers of natural gas.

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For further information, do contact:

Diogo Carvalheda | diogo.carvalheda@apren.pt | +351 918 775 963

About APREN

[APREN – Portuguese Renewable Energy Association](#), is a non-profit association, established in October 1988, with the mission of coordinating and representing the common interests of its Members in the promotion of Renewable Energies in the electricity sector.

APREN develops work together with official bodies and other similar entities, at national and international level, assuming itself as an instrument for participation in energy and environmental policies through the use and valorization of natural resources for electricity production, namely in the fields of water, wind, solar, geothermal, biomass, biogas, and urban solid waste.