



Electricity Market Design: Commission launches consultation on reform to support a clean and affordable energy transition

Brussels, 23 January 2023

Today, the European Commission is launching a [public consultation](#) on the reform of the European Union's electricity market design to better protect consumers from excessive price volatility, support their access to secure energy from clean sources, and make the market more resilient.

The current system has delivered an efficient, well-integrated market for many years, allowing the EU to reap the economic benefits of a single energy market, ensuring security of supply and spurring the decarbonisation process. However, the system has also demonstrated some shortcomings. In the current crisis of high and volatile electricity prices, the economic burden has been pushed on to final consumers. A reform is therefore needed to better shield households and businesses from high energy prices, to increase resilience, and to accelerate the transition set out in the [European Green Deal](#) and [REPowerEU Plan](#).

It is crucial that all Europeans, from large industrial consumers to SMEs and households, benefit from the growth and low operational costs of renewables. Guaranteeing direct access to affordable clean energy to all consumers will require market tools to achieve more stable prices and contracts based on the true costs of energy production.

The consultation launched today will support the Commission's work on a legislative proposal aimed to be delivered in the first quarter of this year. The consultation will run until 13 February and focuses on four main areas:

- Making electricity bills less dependent on short-term fossil fuel prices, and boosting the deployment of renewables;
- Improving market functioning to ensure security of supply, and fully utilise alternatives to gas, such as storage and demand response;
- Enhancing consumer protection and empowerment;
- Improving market transparency, surveillance and integrity.

Background

Since the summer of 2021, energy prices have seen unprecedented spikes and volatility, and have had a severe impact on EU households and the economy. To mitigate the effect of these market dynamics, the Commission has proposed and Member States have agreed a wide range of emergency measures to tackle high energy prices, while ensuring security of supply.

The European Council has called on the Commission to work swiftly on the structural reform of the electricity market, with the dual objective of securing European energy sovereignty and achieving climate neutrality. The planned reform of the electricity market design was announced by President von der Leyen in her annual [State of the Union Speech](#) last year and is included in the [Commission's 2023 Work Programme](#). The outline of an improved electricity market design was presented to Ministers by Commissioner for Energy Kadri **Simson** at the Energy Council on 19 December.

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Quotes:

The EU's electricity market has served us well for over twenty years. But the unprecedented energy crisis we are facing shows that we need to make the electricity market design fit for the future, allowing it to deliver the benefits of affordable clean energy to everyone. I look forward to the contributions from a wide variety of stakeholders, which will help guide our legislative proposal this year.

Kadri Simson, Commissioner for Energy - 23/01/2023

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