



The new Commission: towards greater competition in energy markets?

EPRG Winter conference

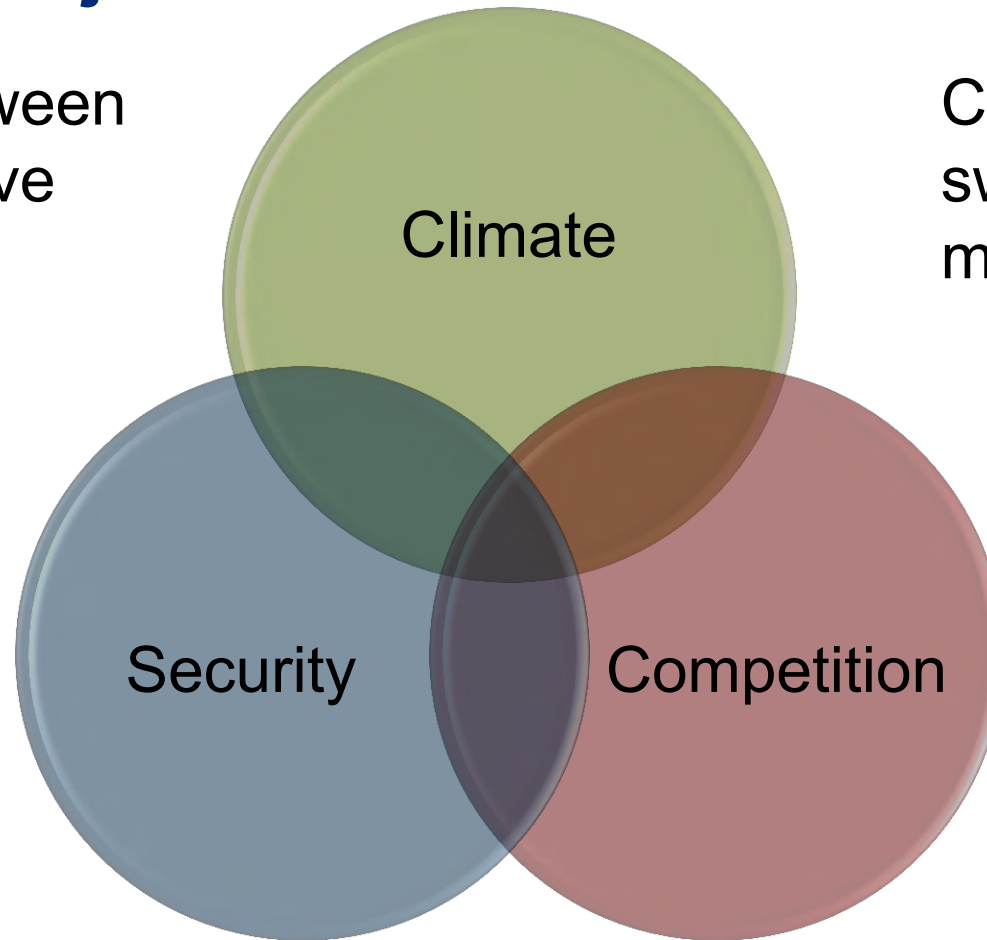
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1. EU Energy Policy – a broad range of competing objectives

Tension between
each objective



Can EU find the
sweet spot in the
middle...?

Directives and First,
Second and Third energy
packages

EU Target
Model 2014

?

2. Progress so far: on Target for an Internal Market?

- “The integration of the EU’s energy markets is delivering tangible results mainly on the wholesale markets.” (*European Commission Press Release Oct 2014*)
- The programme is now facing serious headwinds because of tensions between objectives e.g. renewables targets vs carbon markets, renewables and efficient investment and locational signals, Governments deciding the mix rather than the market.
- IEA In Depth Review of EU’s Energy Policies 2014 called for:
 - ❑ A new **commitment to the internal energy market across the EU**
 - ❑ **an interconnected energy network and competitive retail markets**
 - ❑ market integration of variable renewable generation
 - ❑ strong co-ordination of electricity system operation
 - ❑ efficient use of gas storage, LNG terminals & unconventional gas sources.

3. The new European Commission - Energy and Climate: Reform or retrenchment?



Continuity: 2030 package

- GHG 40%
- RE 27%
- Energy Efficiency 27%
- Interconnection 15%

Opportunities for enhancing competition

- EU ETS – oversupply and demand shocks.
- Integration of renewables in the market
- Competition/Auctions for subsidy
- More marginal signals – location, whole system costs
- More interconnection
- More active demand/consumers e.g. through smart meters and networks

Heavyweight enough to push through reform programme?

New structures are unclear

Energy Union? EU single buyer in gas?

Interactions between markets for energy, capacity, renewables, carbon



Thank you.