

Protecting the climate, consumers and ensuring investments

The European electricity market reform

*Mechthild Wörsdörfer,
Deputy Director-General for Energy,
European Commission*

How we got to the electricity market design reform

Challenges, including

- COVID-19 pandemic
- Russia's invasion of Ukraine in February 2022
- Russia's weaponization of energy

Effects, including

- high and volatile prices
- need to reduce dependency on imported fossil fuel
- need to accelerate integration of renewables

→ **Reform of EMD necessary**



Electricity market design reform timeline

Commission proposal – March 2023



Provisional political agreement – December 2023



Adoption – May 2024



Entry into force – July 2024



Transposition deadline for the Directive – 17 January 2025



Measures towards long-term price signals

Power Purchase Agreements (PPAs)

Contracts for Difference (CfDs)

Non-fossil flexibility solutions

Forward markets

Measures towards long-term price signals

Power Purchase Agreements

- Member States shall **facilitate Power Purchase Agreements** to reach objectives in National Energy and Climate Plans

Non-fossil flexibility solutions

- Member States shall **assess** their flexibility **needs** and **define** indicative **objectives** for non-fossil flexibility; they may **apply support schemes** for non-fossil flexibility

Contracts for Difference

- Member States shall **apply design principles** in all contracts to preserve efficient operation, to minimise system costs, to avoid competition distortions

Forward markets

- Commission shall **assess** by 17 January 2026 **possible measures** to improve hedging opportunities for market participants

Better protect and empower consumers

Variety of offers

- Consumers' **access to variety of electricity offers**
- Consumers' possibility to have **more than one electricity supply contract**, by using dedicated sub-meters

Vulnerable and energy poor households

- Member States to ensure vulnerable and energy poor consumers are **fully protected from disconnections** by taking appropriate measures

Better communication

- Suppliers will **not be allowed to modify unilaterally terms and conditions** of fixed-term, fixed-price contracts
- Guidance on contractual information

Energy sharing

- It will be easier for consumers to benefit from renewables through **energy sharing**



New policies

Action Plan for Affordable Energy

- High energy costs strain households and businesses and undermine EU competitiveness
- Action Plan to be presented within first 100 days of this mandate
- Aim: reduce energy costs for households and industries by addressing structural issues

Electrification Action Plan

- Electrification can drive energy costs down and ensure smooth energy transition
- Action Plan to be presented by end 2025
- Aim: address horizontal barriers to electrification and propose way forward for different sectors



Next steps

EMD reform implementation

Action Plan for Affordable Energy

Electrification Action Plan



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