

Europe's emerging energy and environment policy

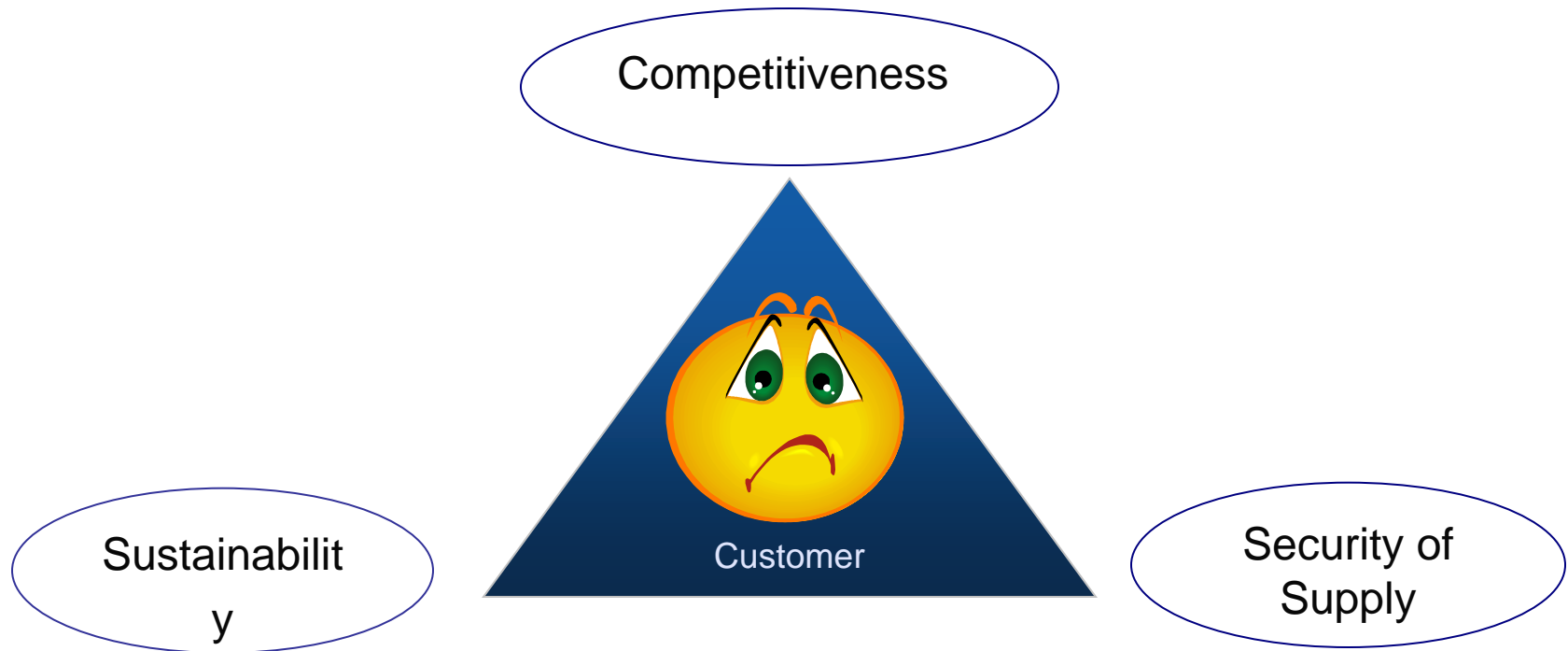
IAEE

Vienna, September 10, 2009

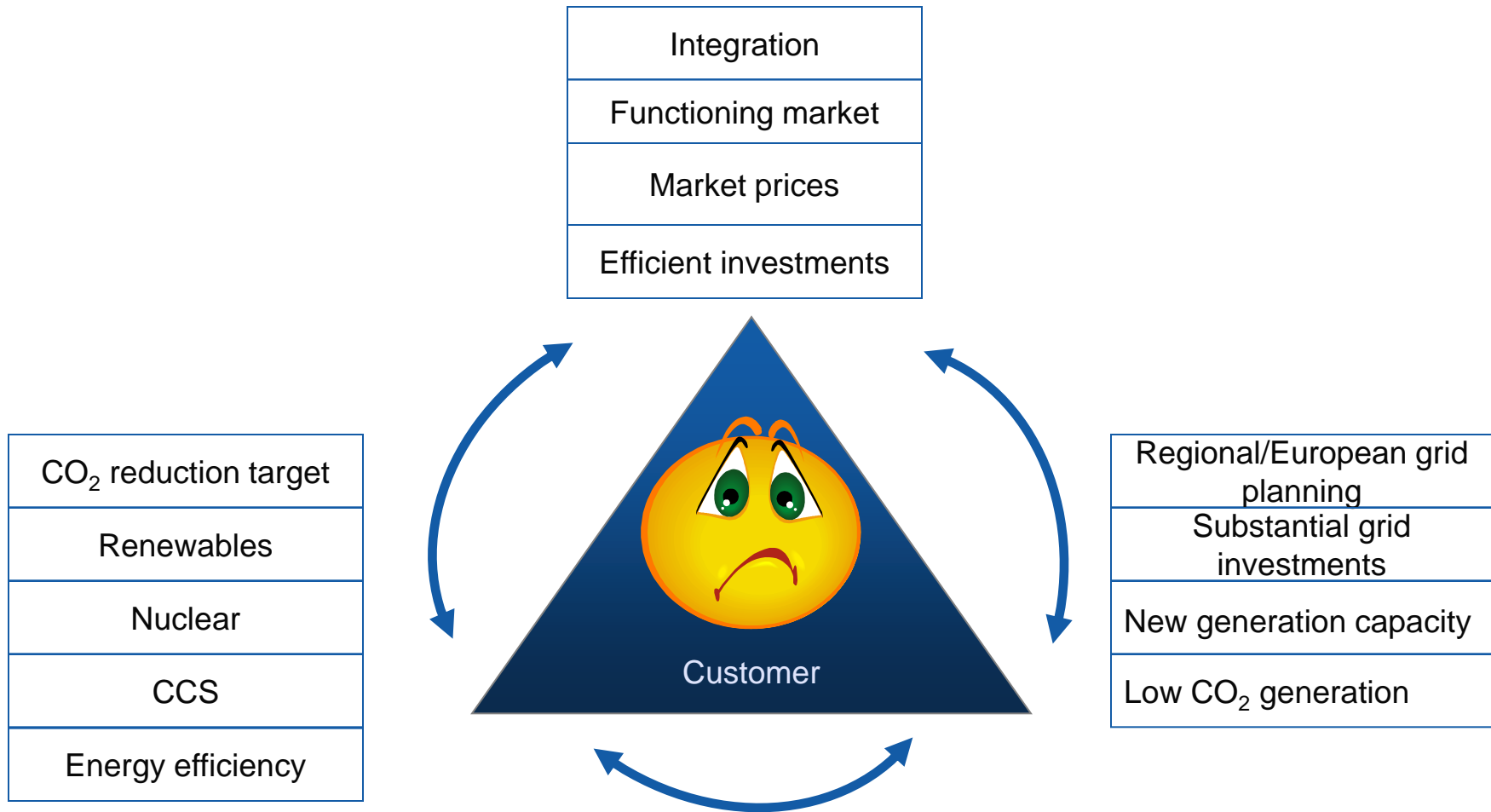
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The EU proposals should be seen in a context where we must achieve:



To find the right balance



Are targets equally important ?

- A functioning European market and



Or

- A functioning European Market and



CO₂ target in
Combination
with ETS and
a functioning
market



- Low CO₂ generation; renewables, nuclear, CCS
- Higher market prices → stimulates energy efficiency – investments
- Low CO₂ generation → better security of supply
- Technical innovation
- Cost efficiency

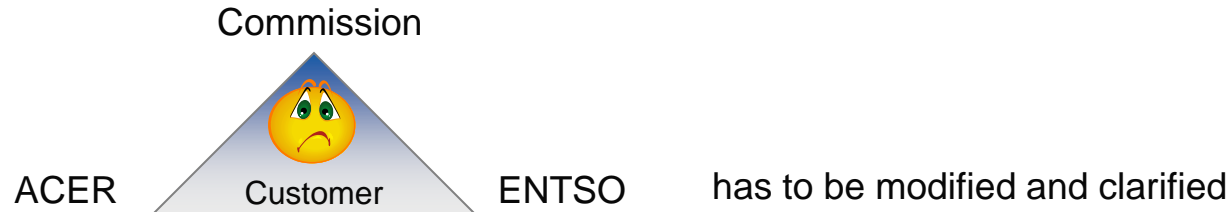
A functioning market is necessary for ETS

- Important to reach liquid wholesale markets and competitive retail markets without price regulation
- Large volumes outside the market will limit liquidity and thus competition
 - Investment decisions become more difficult and price volatility will increase
- Support to renewables should be designed not just to maximize renewables but to distort the market as little as possible

Do we believe in the values of the European idea?

- The market is no more National – it should be Regional and European
- Are solutions then National Regulation and National TSOs?
- Will cooperation be sufficient?
 - » Cooperation in ACER
 - » Cooperation in ENTSO
- Are we afraid of structural changes or can we be sure that the national mandates/decisions are the best ever?
- If we started with a clean table would we prepare the dining in the same way?

Recommendations



- Harmonization of competencies for national regulators good but Regional /European mindset necessary.
- Markets actors' and customers' voice must be heard in ACER.
- Transparency - harmonization Nordic/Germany should be spread to all regions. Binding through guidelines.
- 10 year investment plans good, but what are the criteria ? Maximizing welfare for the whole region ?
- When will we see dramatic shorter licensing procedures ?
- No form of generation shall have operational priority other than merit order – otherwise serious market distortions
- Trading with green certificates could stimulate larger markets for green certificates, harmonize support systems and integrate renewables in the market

The 3rd package is not the end

- We should start to discuss a European market Design not least with the aim to

➤ find solutions for how the long term targets to combat climate change can be integrated in the design of the internal Energy Market

The proof of success

Integrated Regional Markets

Ambitious
CO₂ reductions



Low CO₂ generation /
Fast and predictable grid
investments

Thank you for Your attention !