

Janne Kauppi  
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## **Finnish Energy's main messages regarding the revision of the EU's electricity market design**

The wholesale electricity market has been put under extreme pressure as a severe imbalance between the supply and demand for power has led to soaring and volatile electricity prices. Mainly due to the Russia's energy war, combined with low availability of nuclear and droughts occurring in Europe during the summer.

Finnish Energy believes that changes and actions should be made to the current electricity market, however, rushing into an extensive reform can be detrimental. The current electricity market has worked well for the last couple decades, and we fear that a far-reaching governmental participation can at worst damage a well-functioning market.

To tackle the climate change crisis and to make Europe independent from Russian gas, as well as protecting consumers from high prices, it is crucial that investments in renewable energy are profitable. Better terms to invest in renewables, will result to lower prices along with better security of supply. Below are our key remarks regarding the upcoming reform:

### **The main objective must be to enable future investments**

- Political risk of investments should be mitigated while investors' confidence in the market should be endorsed.
- Long-term hedging opportunities must be improved for all market actors – PPA's are an important tool in creating long term certainty for investors.
- Government-backed CfDs should be reserved to enable investments that need public support for its realization.
- Enabling investments in flexibility solutions such as demand response, energy storage and firm and flexible capacity are key solutions for our future proof system – the future market design needs to be able to finance these.

### **How do we ensure that the price for customers is affordable?**

- More competition between market actors, technologies and variety of retail contracts are key to lower and manageable costs for customers.
- The revision of the financial legislation (EMIR, MIFID II) should reduce the regulatory burden for companies who are active on regulated marketplaces.
- Availability of long-term fixed contracts and hedging opportunities must be improved for all kind of customers.
- Implementation of the third electricity market package is lacking in many member states and should be speeded up.

### **How do we ensure the security of supply?**

- The internal market and cross-border flows are crucial when ensuring security of supply.
- Versatile energy system is more resilient than the system dependent on one source.
- Efficient short term price signal is essential in telling for producers when they should produce and costumers when they should consume or save energy.
- The geopolitical risks need to be minimized when planning the energy system.

**Concluding remarks**

A future-proof electricity market design should enable electrification and green transition, while also ensuring security of supply and competitive prices through sufficient investment signals for new fossil free electricity generation and system need.

**Sincerely,**

Janne Kauppi  
Senior Advisor | Energy Markets  
[janne.kauppi@energia.fi](mailto:janne.kauppi@energia.fi)  
[+358 50 478 7415](tel:+358504787415)  
Finnish Energy

*Finnish Energy represents 270 companies that produce, acquire, transmit and sell electricity, district heating and cooling and gas and offer related services. Our vision is to make Finland carbon neutral. Finland's energy system is on top of many sustainability indicators with a high share of renewables, low emissions, affordable prices for the customers and a secure supply. With our advocacy, we aim to speed up the shift to a fully sustainable energy future.*

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