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Strommarkttreffen

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& Price Shock Absorber
EU Power Market Blueprint
https://blueprint.raponline.org/
Make Prices Reflect System Conditions
Market Based Retail Prices

- Market-based prices expose consumers to the true cost of electricity and provide an incentive to consume optimally: ‘how much and when’.
- Across the board regulated prices risk disconnecting consumer choices from efficient system choices, and engaging in energy efficiency and demand response.
- Market-based tariff design can accommodate the different risk appetite of consumers.

![Bar chart showing electricity household consumers with price intervention compared to the total number of households in the country in 2019.](chart.png)

**Key Recommendations**

01

European Commission should set a firm deadline for the phase-out of regulated retail prices in 2025 or earlier.

02

Member States should upgrade their effort to assist vulnerable households by dedicated energy efficiency support— and minicredit— to ease the phase-out of regulated prices.

Source: ACEB, 2020
Locational Marginal Pricing

• The cost of politically defined bidding zones is increasing with more renewables.
• The redefinition of zones cannot follow shifting congestions.
• Benefits of locational pricing include better transmission siting, lower operating contingency costs, greater utilisation of transmission and generation assets and lower renewables curtailment.
• Risk related market power and liquidity can be mitigated.
Locational Marginal Pricing

Key Recommendations

01
Monitor regularly all costs associated with zonal pricing, including both congestion costs and renewable curtailment costs.

02
Establish nodal pricing, at least for generation, explicitly as the end state of market design and monitor experience in existing nodal markets.

03
In any contemplated transition to more granular LMP, identify potential losers and consider whether explicit subsidies are warranted to compensate for the loss of implicit subsidies.
Energy Price Formation

**Locational Pricing**
- Supports locational investment signals for generators and consumers and addresses network bottlenecks, without costly redispatch
- Focus of reform: wholesale prices

**Marginal Pricing**
- Supports an efficient allocation of effort between markets
- Focus of reform: imbalance pricing and balancing energy prices

**Scarcity Pricing**
- Allows efficient valuation of reserves that enable the least cost penetration of renewables, and limits need for costly interventions
- Focus of reform: Imbalance pricing and balancing energy prices

**Single Pricing**
- Provides efficient signals to guide balancing behaviours and removes unhelpful signals to integrate vertically
- Focus of reform: imbalance pricing and balancing energy prices

Source: RAP graphic
Energy Price Formation

Key Recommendations

01 Robust scrutiny is required by NRAs and ACER of progress and exemption applications

02 In assessing applications, NRAs (and ACER) should take account of the full benefits of an efficient and harmonised approach as envisaged in Electricity Balancing Guideline

03 Resist politically motivated intervention in price formation of wholesale markets, and put in only time limited interventions if action is politically unavoidable
Price Shock Absorber

RAP - Vorschlag für eine vorübergehende Minderung der Strom-Großhandelspreise.
Wenn es den politischen Willen für einen Eingriff gibt, dann sollte dieser kurzfristig wirken, minimal sein und auf gemeinsamer EU-Ebene erfolgen. Energiearmut und Übergewinne sind extra zu diskutieren und nicht Teil des Vorschlags.

Link: Price Shock Absorber
Vorschlag

• Auslöser: In def. Zeitraum (Monat) erreicht die inframarginale Rendite ein mehrfaches der durchschnittlichen Fixkosten der CO2-freien Erzeugung
• Preis-Begrenzung: Vorab definiert (€/MWh), oberhalb der Grenzkosten von Gas-freier Erzeugung
• Mechanismus für Knappheitspreise bleibt
• Gas-Erzeugung & DSM bietet weiter zu Grenzkosten und werden entsprechend vergütet
• Umlage/Lieferantenabgabe für Differenzkosten
Bei Auslösung der Begrenzung zahlen Verbraucher A+B+D und vermeiden C.
About RAP

The Regulatory Assistance Project (RAP)® is an independent, non-partisan, non-governmental organization dedicated to accelerating the transition to a clean, reliable, and efficient energy future.

Learn more about our work at raponline.org