

The Polish Electricity Association is holding a discussion in Rome about the Italian experiences with the functioning of the capacity markets in the EU

Rome is another capital city where the PKEE together with the Euractiv is organising a debate about the experiences relating to the functioning of the electricity market and the role of the capacity market. The series of events organised in countries with functioning capacity markets has commenced with the debate in Madrid followed by one in Paris. The expert debates are to provide an expert contribution to the process of negotiation of the Union's electricity market regulations that should be completed during the Austrian Presidency in the second half of 2018.

At present, the electricity market in many Member States is grappling with structural problems relating to the security of supply. They result from capacity scarcities and constraints in financing new investments. Capacity markets, if well designed, may provide an effective response to these problems while at the same time supporting the market reforms and the energy transition, including the integration of the renewable energy sources (RES).

During the Euractiv workshops in Rome, the experts representing the Italian power sector have stressed the **necessity to maintain synergy between the various solutions used in the EU Member States, resulting from their individual specifics, such as the energy only market (EOM), capacity markets or the strategic reserves**. At the same time, they pointed to the changes the European sector is undergoing – development and integration of new technologies, digitalisation, the new role of consumers, the growth of the RES and the need for their stable integration.

The PKEE has pointed out that both the Polish and the Italian capacity markets that have been approved this February by the European Commission are fully compliant with the rules on providing the State aid in the EU, as proven on basis of the in-depth review conducted by the Commission. **“The capacity market in Poland is based on a real need to guarantee the security of supply to customers. By 2030, the electricity consumption in Poland will increase by ca. 24%. We have to guarantee stable supplies to our customers, households and businesses alike”** – said Filip Grzegorzczuk, Vice President of the PKEE, President of TAURON Polska Energia. At the same

time, he assured that the **capacity market in Poland will be supporting the growth and integration of the RES within the framework of modernisation of the electricity sector.**

Frank Umbach, Director at EUCERS at the King's College in London, argued that in the context of energy security the **European policy is all too often based on the most optimistic scenarios that are not always realistic. Therefore, the capacity markets as an effective way of securing the energy supplies should not be administratively constrained where they are really needed.**

The PKEE reminds that on 7 February 2018, the European Commission has approved the capacity mechanisms in Belgium, France, Germany, Greece, Italy and Poland. According to the Commission, they will contribute towards guaranteeing the security of supply while at the same time assuring protection of competition on the single market. In Italy, like in Poland, the decision concerned a market-wide capacity mechanism. Paweł Wróbel, Director of the PKEE Office in Brussels, pointed out that **“the Capacity Markets effectively help in assuring the security of supply in the Member States being home to over 50 percent of the population of the European Union.”**

Similarly to the previous meetings, the participants also pointed to the threat of retroactivity of the new regulations, therefore the PKEE stresses that the auctions' participants are expecting that the contracts concluded before the date of entry into force of the new Regulation will be protected under the acquired rights principle – just like in the case of the just agreed revision of the RES Directive, which fully respects the acquired rights of the investments in the renewable sources. We need the same predictability of the regulatory environment for the conventional sources that are necessary in the power system to maintain its stability.

The series of the European debates on the capacity market, co-organised by the PKEE, will be crowned with a conference prepared in Brussels.