

Electricity Market Design – Coalition of energy buyers calls on policymakers: do not discourage industries from using renewable energy

Our call to policymakers: Use the proposal on Electricity Market Design to help companies buy and consume renewable energy and accelerate their decarbonisation by creating a legal environment that fosters the widespread use of power purchase agreements (PPAs). Do not approve provisions that will discourage corporate renewable energy sourcing.

The European critical industries aiming to procure more renewable energy call¹ on the European Parliament and the Council to apply 5 key principles for PPAs as they work on the Electricity Market Design proposal.

- 1. Keep things simple to make it easier to unlock corporate PPAs; and do not confuse them with other types of PPAs:** New reporting obligations will make PPAs burdensome for companies of all sizes and create new barriers. This would achieve exactly the opposite of what policymakers want and what Europe needs. Targeted support tackling the hurdles faced by different consumer categories is actually a better approach to unlock the full potential for PPAs. Energy consumers do not call for new obligations (EU database), obligatory PPA trading platforms, or standardised contracts in legislation. It is inherently contradictory for policymakers to want to promote PPAs as a market tool whilst at the same time seeking to re-regulate and standardise. Companies need the freedom to put in place their own procurement strategies which best fit their energy needs.
- 2. Clear the way for all routes to market for renewable energy:** PPAs, merchant projects, or voluntary contracts for difference (CfDs) all are legitimate routes to market and play their role in the build out of new renewable energy capacity. Companies signing PPAs are paying for new wind and solar farms which benefit us all, so volumes must be reserved for this in order to work in harmony with other renewable energy routes to market.
- 3. Transparency is not a corporate PPA barrier and this Regulation is not a solve-all tool:** Barriers to corporate PPAs include the level of financial risk involved in signing a long-term contract or the national regulatory framework, or the shaping and firming costs in the case of renewable energy PPAs with electro-intensive industries. The overall barriers to renewable energy rollout, like permitting or slow grid expansion, also impact the PPA market. Let's focus on solving these problems by using every market-based tool to increase deployment of renewables and to reduce persisting high electricity prices.
- 4. Provide regulatory certainty and end the emergency measures:** Corporate energy buyers and renewable energy suppliers need regulatory certainty which creates an investment-friendly European market. The emergency measures introduced in 2022 must end. Institutionalising the market revenue cap would be a mistake as it has not delivered lower prices for consumers, deters investment and creates bottlenecks in the PPA market. We must put in place a market design that delivers investments in new power capacity. At the same time, the market design needs to deliver secure, carbon-free, affordable, and globally competitive electricity for Europe's electro-intensive industries and for society as a whole.

¹ Signing this joint letter does not prevent the signatory parties from supporting other parts of the Commission's proposal or amendments that have been tabled by Members of the European Parliament on the Electricity Market Design reform

5. **Apply caution when we have no impact assessment:** We remind policymakers that no impact assessment has been carried out for the Commission's proposal, and certainly not for the transparency reporting obligations (EU database), trading platforms, or standardised contracts in legislation being discussed in the European Parliament. We caution against adopting measures that could have an impact on the energy transition and achievement of climate goals.

In this reform, we ask that policy-makers listen to actual renewable energy buyers and heed to their needs. We look forward to continuing working with the EU institutions on this critical file.

Signed



RE-Source Platform, corporate renewable energy buyers and energy developers



Cepi, Europe's paper and pulp industry



European Aluminium



Eurometaux, Europe's non-ferrous metals industry