



How much Europe does the German energy transition need?

Views from the European electricity industry

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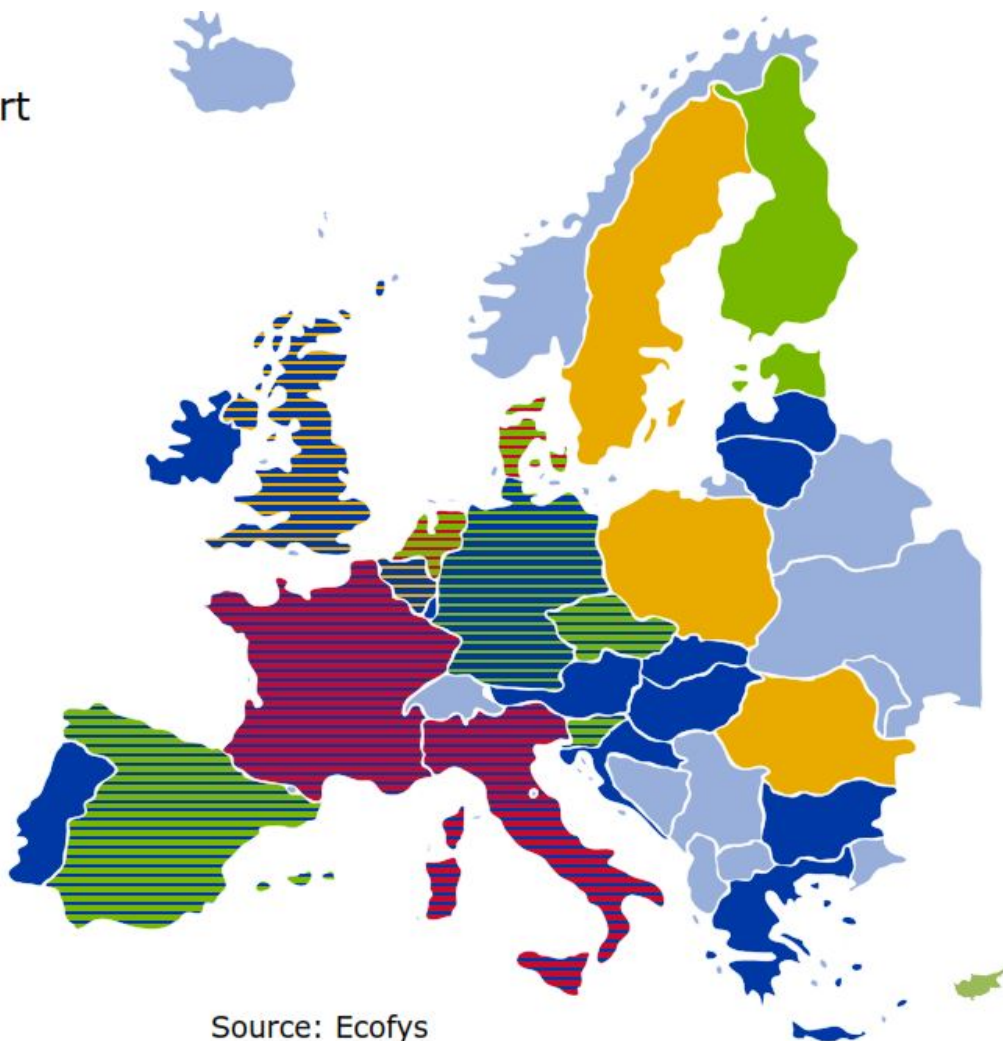




Example renewables

Diversity of RES-E support schemes in the EU-28

- Feed-in tariff (FIT)
- Feed-in premium (FIP)
- Quota
- Tenders

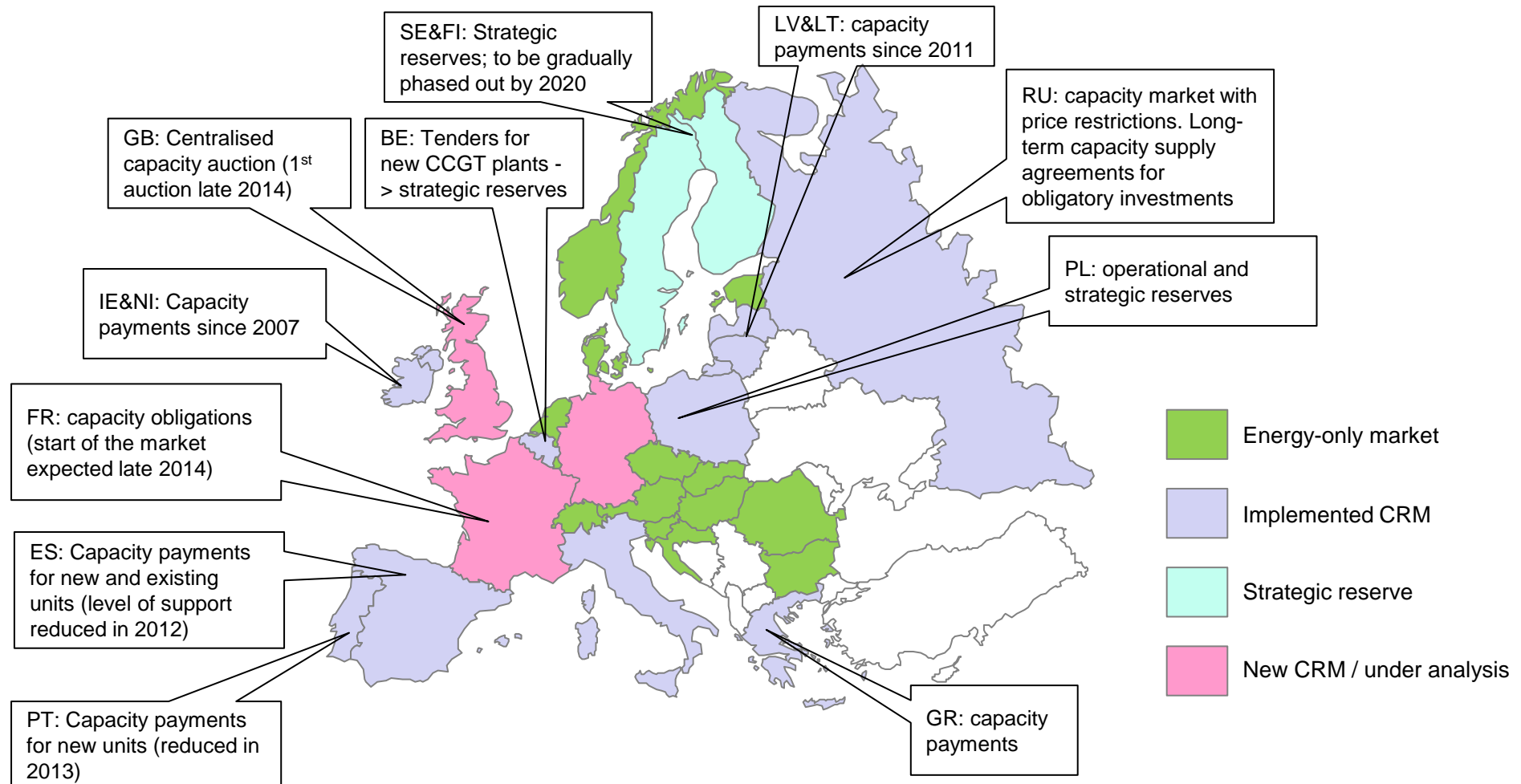


Note: This map does not include secondary support instruments like tax incentives, investment grants, etc.

Source: Ecofys



Example capacity markets

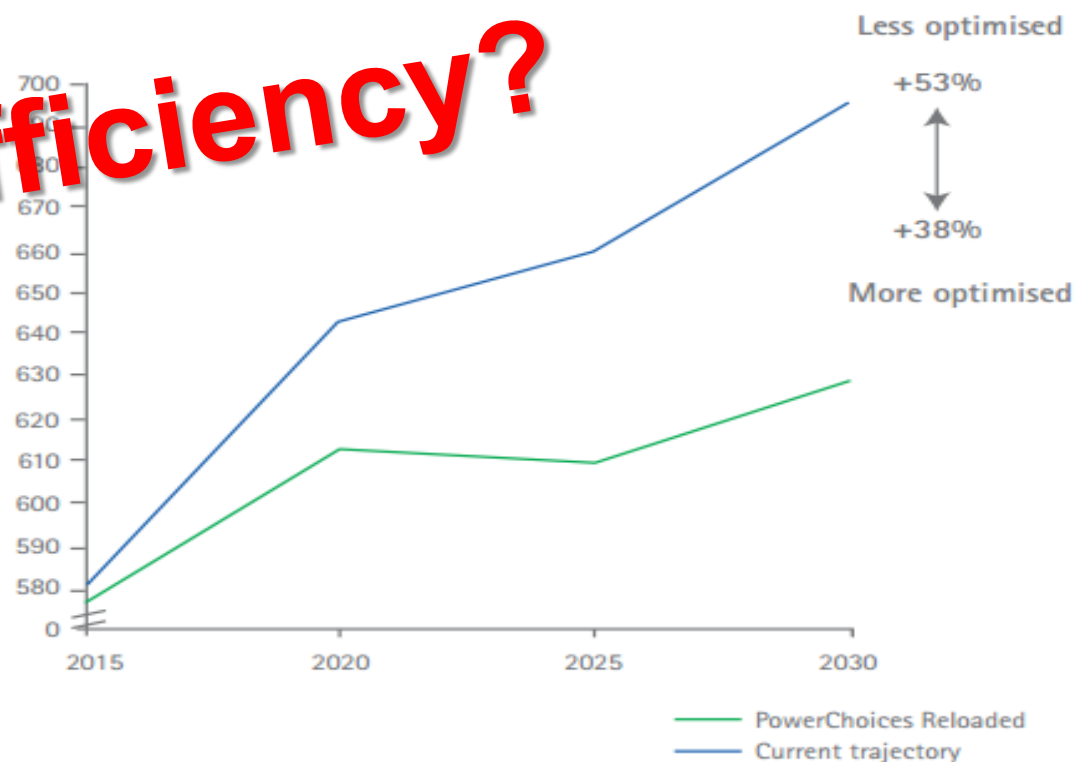




The transition towards the low carbon economy is more costly than necessary

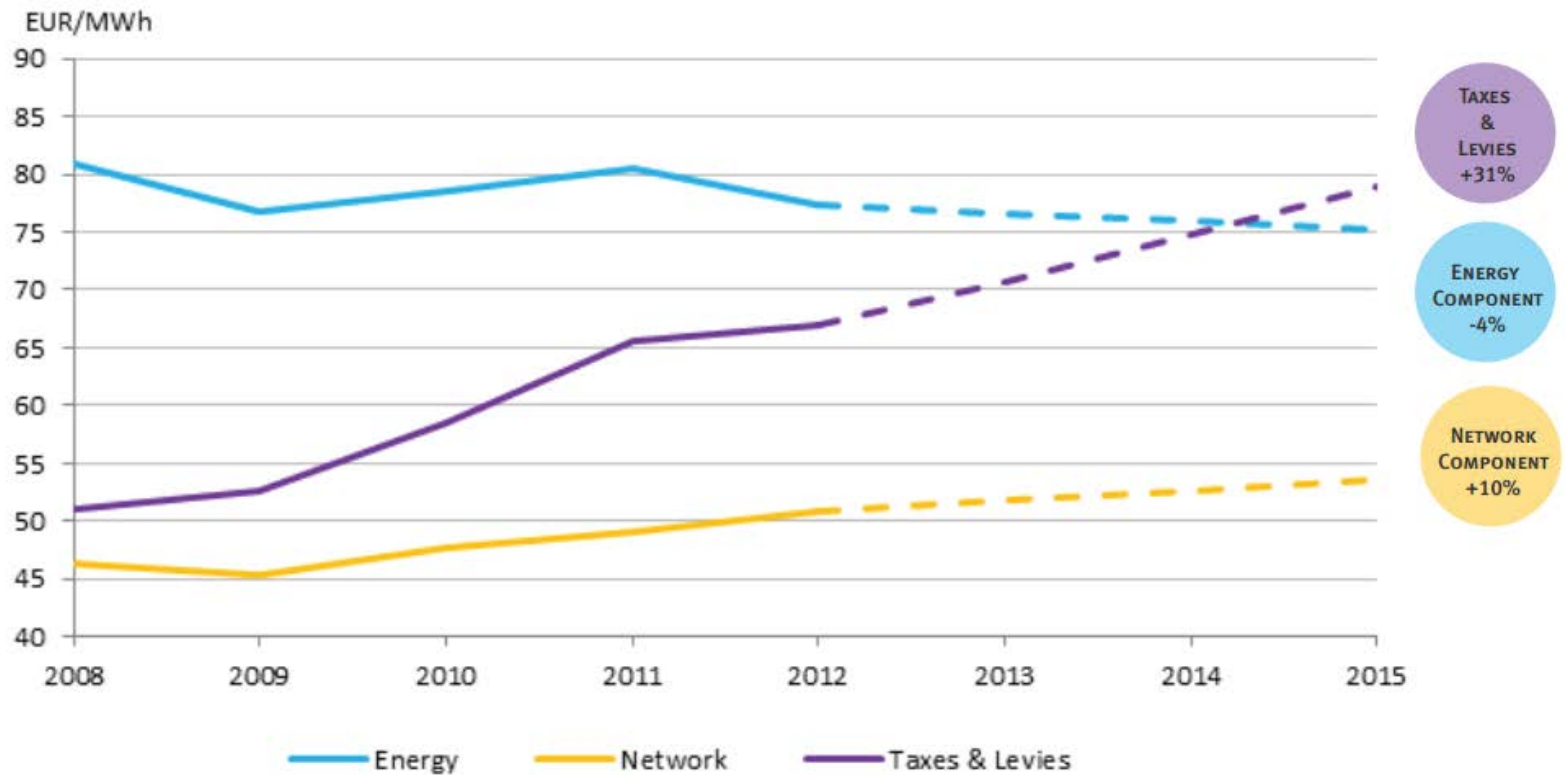
Figure 3. Electricity and gas expenditure 2010-2030 (bn€ in 2005 monetary value) projection – optimisation scenario.

Cost efficiency?





What's driving price increases?

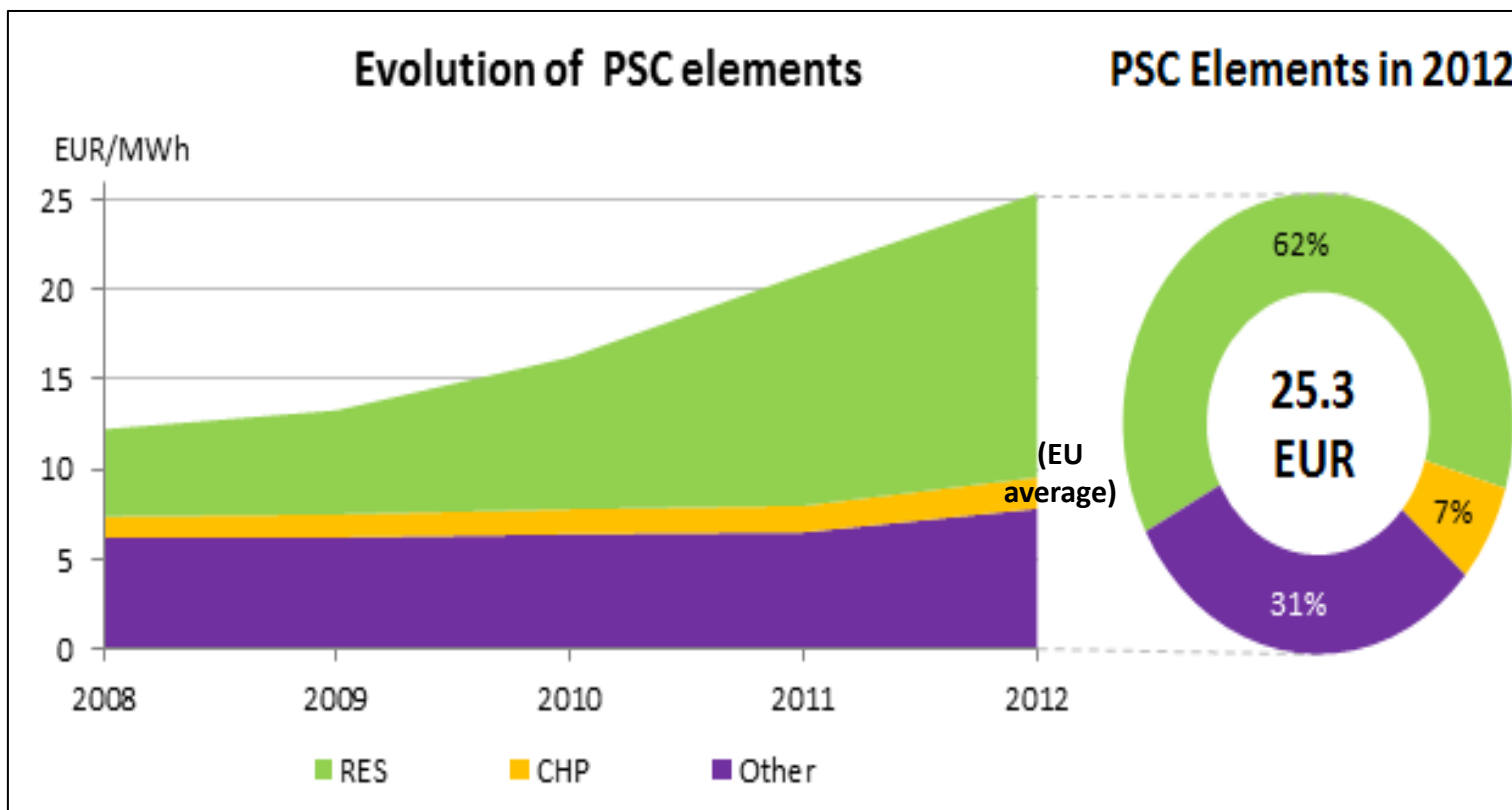


Evolution of Household Components

source: EURELECTRIC

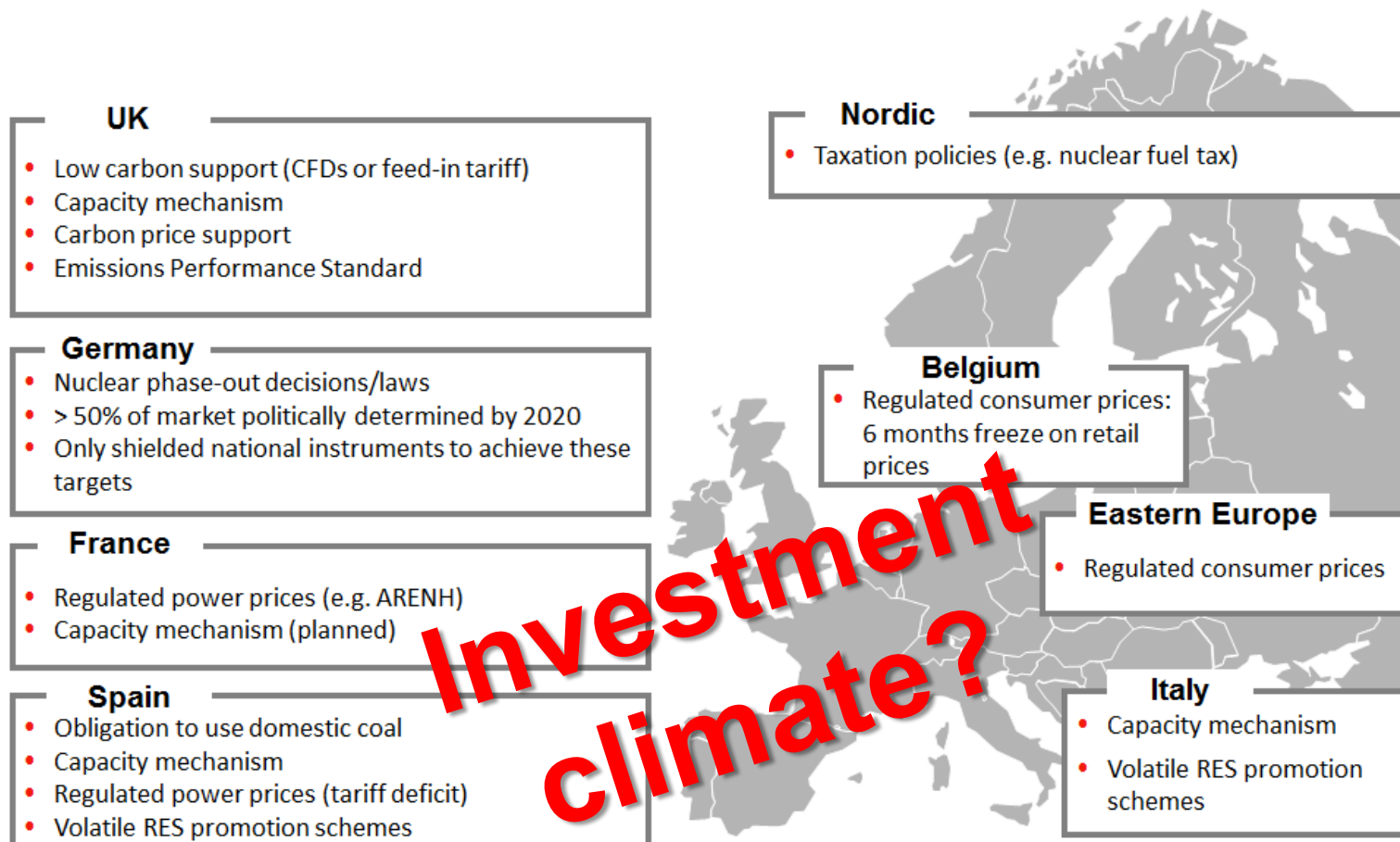


Policy support costs are dominated by RES support





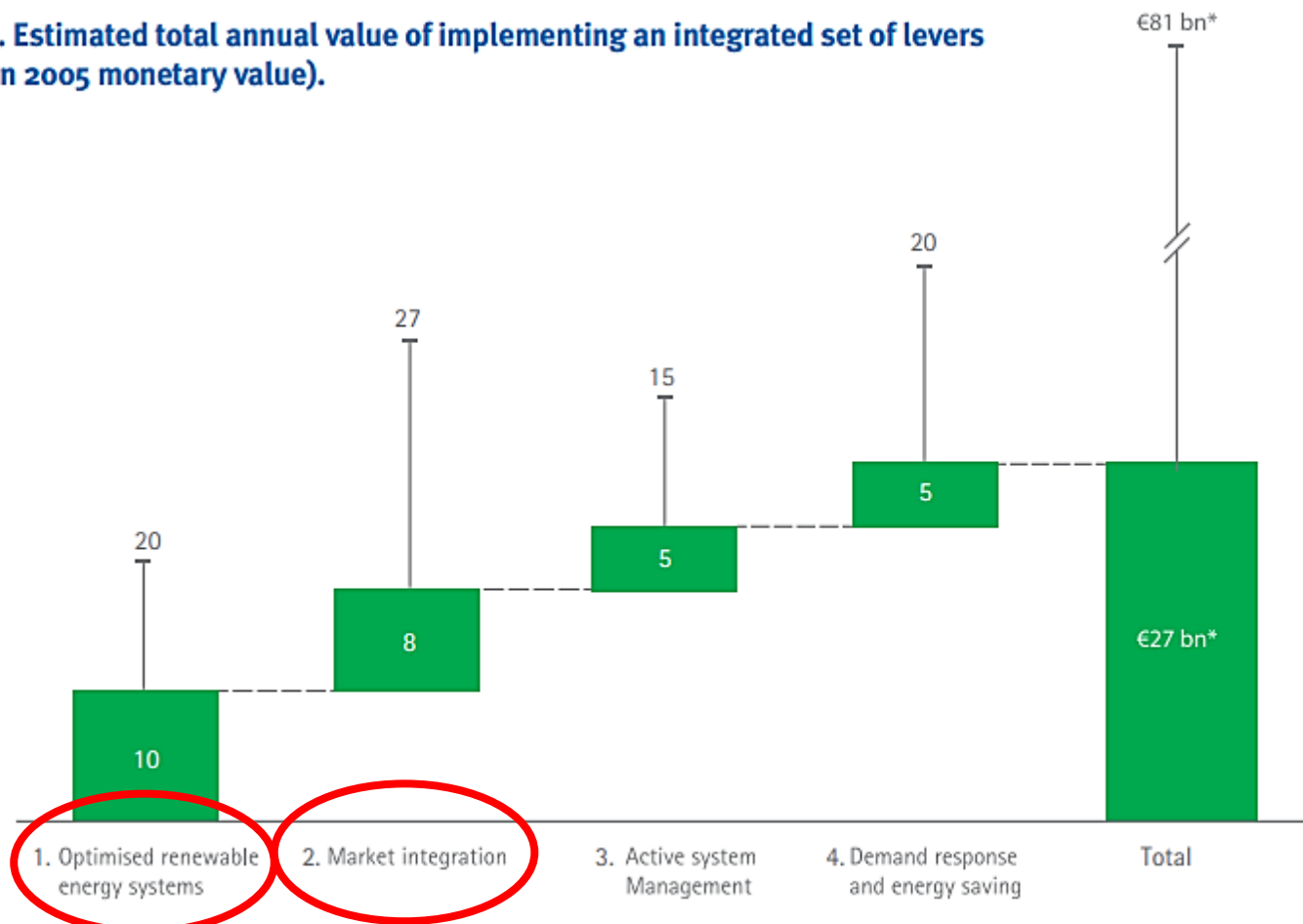
The lack of a European approach is hampering investment





Building blocks for a more cost-efficient system

Figure 6. Estimated total annual value of implementing an integrated set of levers (bn€05 in 2005 monetary value).



* The green bars are the bottom of the range, and therefore represent a conservative estimate. In total, the set of value levers could generate a value of €27 to €81 billion relative to the PowerChoices Reloaded scenario. All blocks refer to electricity only.



A European approach to RES growth

1: EU RES target delivered through national targets and support schemes

Market fragmented and distorted



2: EU RES target with EU harmonisation of support schemes (not yet clear how this would work)

Market distorted but not fragmented



3: EU RES target delivered through ETS (mature RES) and innovation support (immature RES)

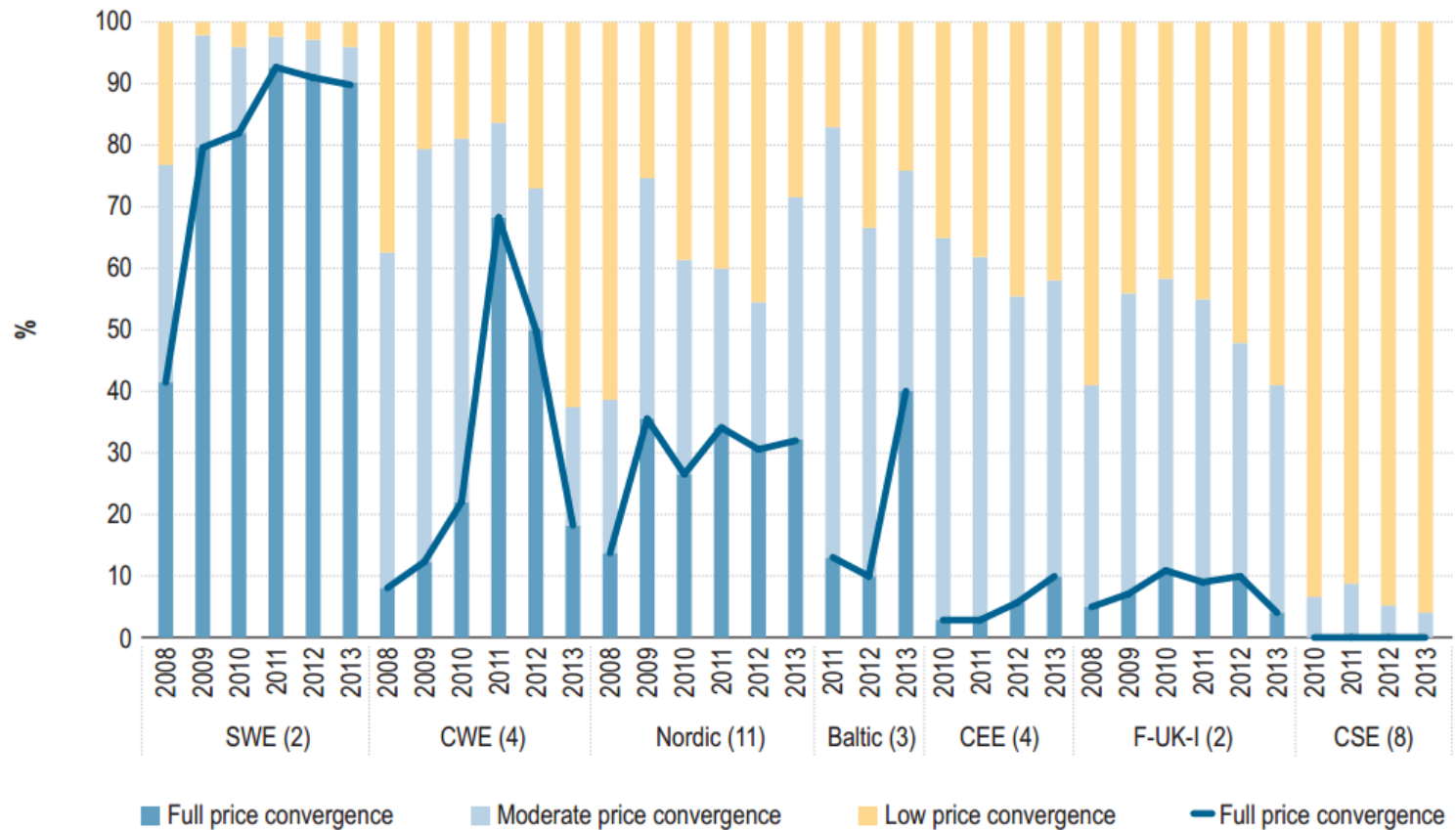
Fully market compatible





Market integration needs a serious boost

Figure 37: Price convergence in Europe by region (ranked) – 2008–2013 (% of hours)



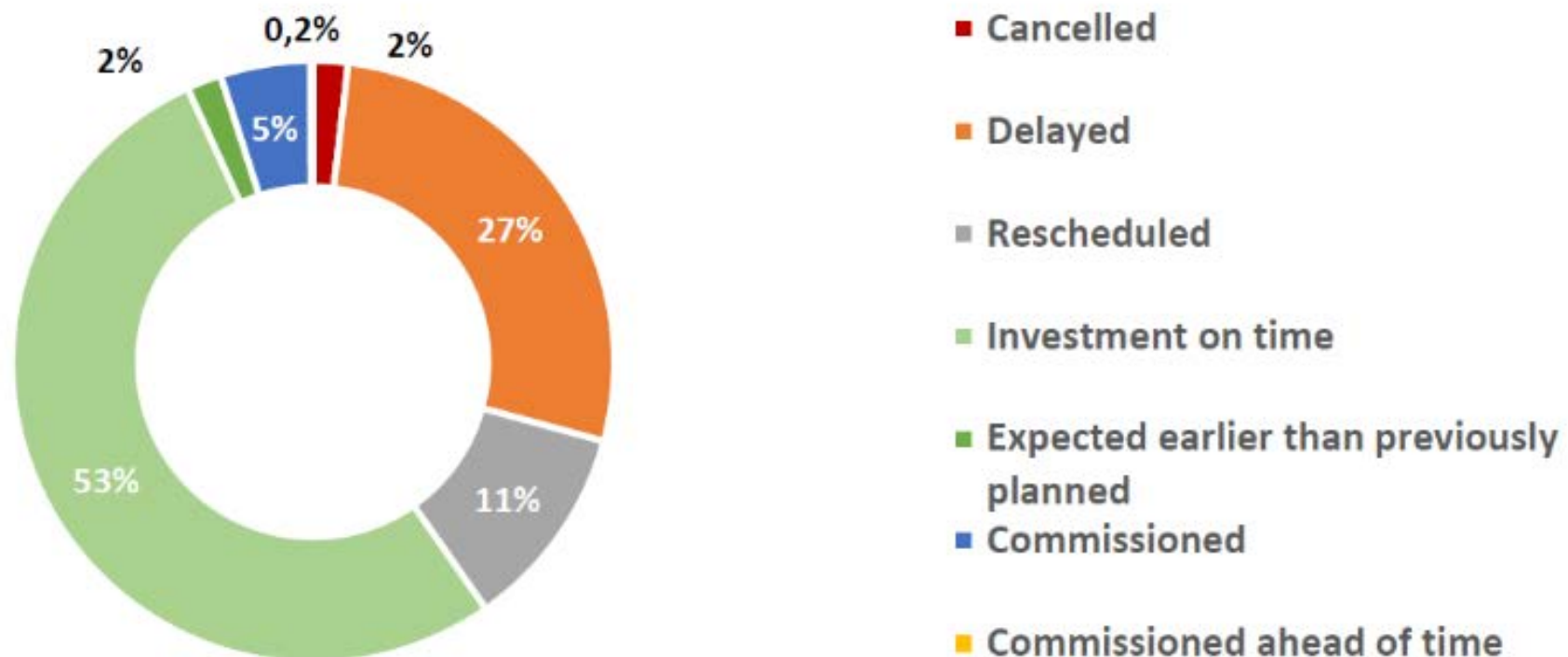
Source: Platts, PXs and data provided by NRAs through the ERI (2014) and ACER calculations

Note: The numbers in brackets refers to the number of bidding zones per region included in the calculations.



Adequate network infrastructure: increasing interconnections

TYNDP 2012: more than 100 pan-European projects for € 100 billion in next 10 years





Electricity markets need a European mindset

**Enhance market
functioning as
a no regrets option**

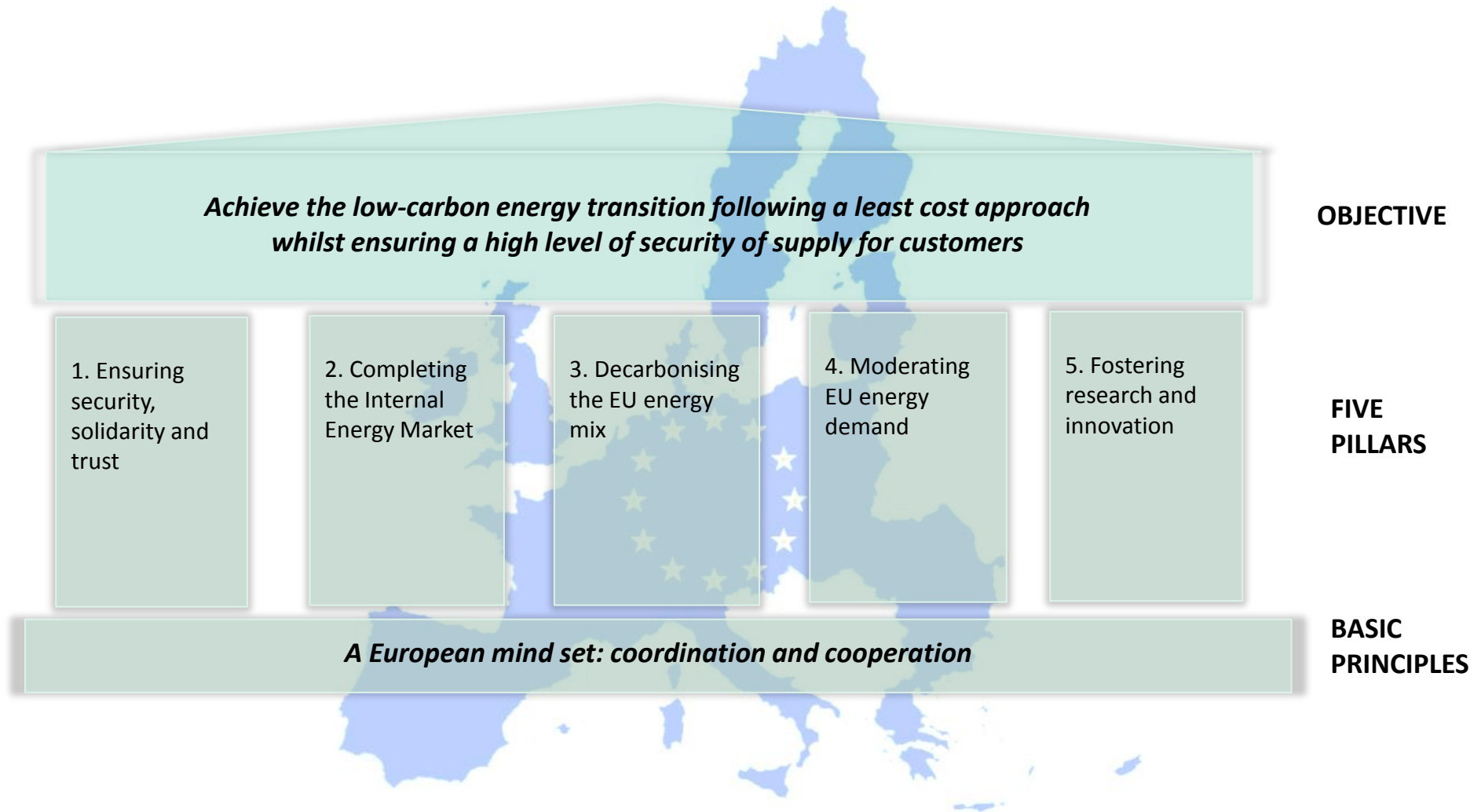
- Full execution of an integrated European energy market – intraday, day-ahead, balancing
- More interconnections between national markets
- Removal of wholesale price caps and regulated end-user tariffs and other market distortions

**Complement the
market design**

- Regional instead of national approach to capacity markets
- Where introduced, CRM schemes must be open to cross-border participation



Looking ahead: an Energy Union for Europe





Thank you for your attention!

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