

SECURITY OF EU ELECTRICITY SUPPLY

2023 REPORT



EUROPE'S INTEGRATED ENERGY MARKETS

mitigated price shocks and strengthened security of supply during the energy crisis.



Emergency measures need to be targeted, tailored and coordinated in the future.

No-regret measures:

- energy savings,
- decarbonisation,
- electricity security of supply risk preparedness.



Coordinated assessment of security of supply risks is key:



- ▶ Improvements still needed in the European Resource Adequacy Assessment (ERAA). ERAA 2021 and 2022 were not approved by ACER.
- ▶ National adequacy assessments need to follow the harmonised methodology.

EU COSTS OF CAPACITY MECHANISMS

doubled (from 2020-2022) to

€5.2 BILLION

and set to rise by another 40% in 2023.



MEMBER STATES WITH CAPACITY MECHANISMS

- 8 (two thirds of EU electricity demand) have capacity mechanisms.
- 2 have not yet set their reliability standard.

Cross-border participation in capacity mechanisms still lagging behind.



Clean technologies are beginning to be contracted, but most (57%) capacity mechanism support still goes to fossil-fuels.

Potential lock-in effects could undermine the EU Green Deal objectives.



Capacity mechanisms'

PENALTIES

for not building new capacity or not making it available when needed are not always strong enough.



RECOMMENDATIONS

Capacity mechanisms should:

- Avoid risk of lock-in to fossil fuels.
- Have strong incentives and penalties to ensure capacity mechanisms deliver.
- Create a level playing field between domestic and foreign providers.

Uncoordinated measures to address security of supply, beyond capacity mechanisms, risk fragmenting the integrated EU electricity market.



RECOMMENDATIONS

- Further streamline the EU process for assessing adequacy and approving capacity mechanisms.
- Need for guidance on the type of security of supply measures suitable for exceptional situations.

