



Session 1: The Outlook for Wholesale Markets

Key issues for *Target Model 2.0*

CEEM SEMINAR ON EUROPEAN ELECTRICITY MARKET INTEGRATION AFTER THE WINTER PACKAGE: NEW IMPULSE OR BUSINESS AS USUAL?

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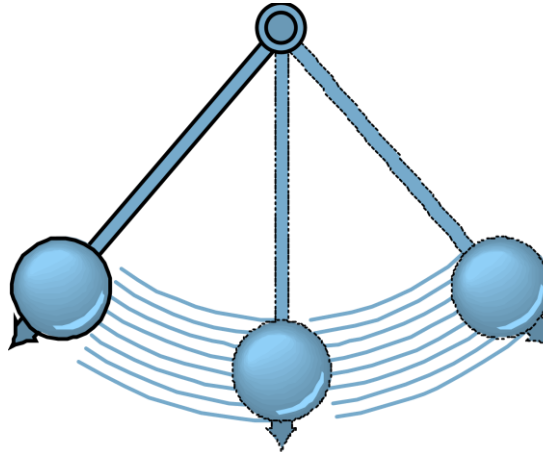
Professeur Associé, Université Paris Dauphine

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Changing policy priorities: which implications for power market design?

Context of the 2010s

- Policy priorities: Security of supply and decarbonization
- Market: focus should turn to long term investment incentives
- Technology: dominance of fixed costs (CAPEX) technologies, growth of decentralised generation
- Networks: Need for large investments
- Financing: distrust in current market framework, high hurdle rates



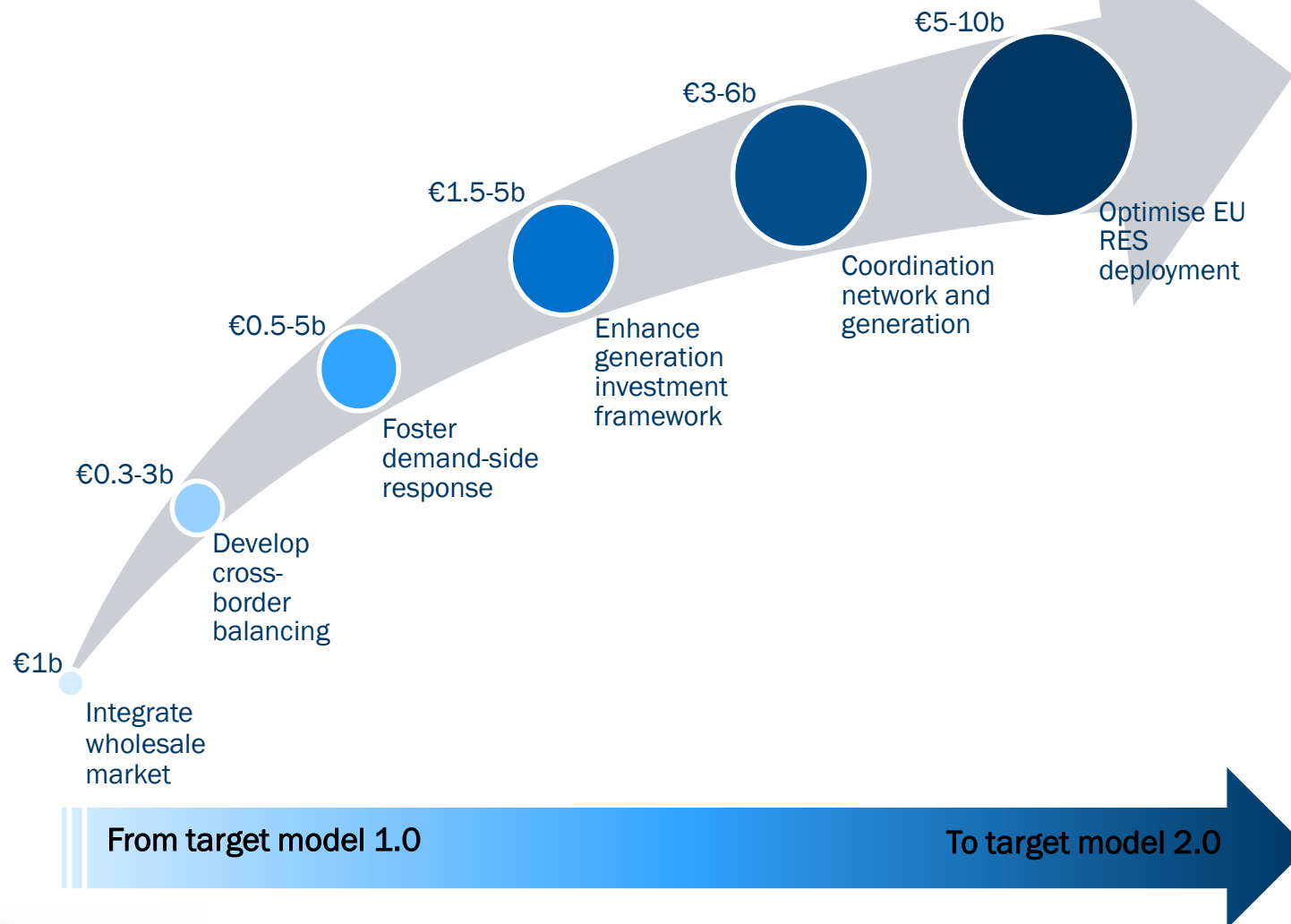
Context of the 1990s and early 2000s

- Policy priority: focus on market integration
- Market: Focus on day ahead competition and integration
- Technology: dominance of variable costs technologies (dash for gas')
- Networks: Optimization of use of pre-existing infrastructures
- Financing: Easy access to capital

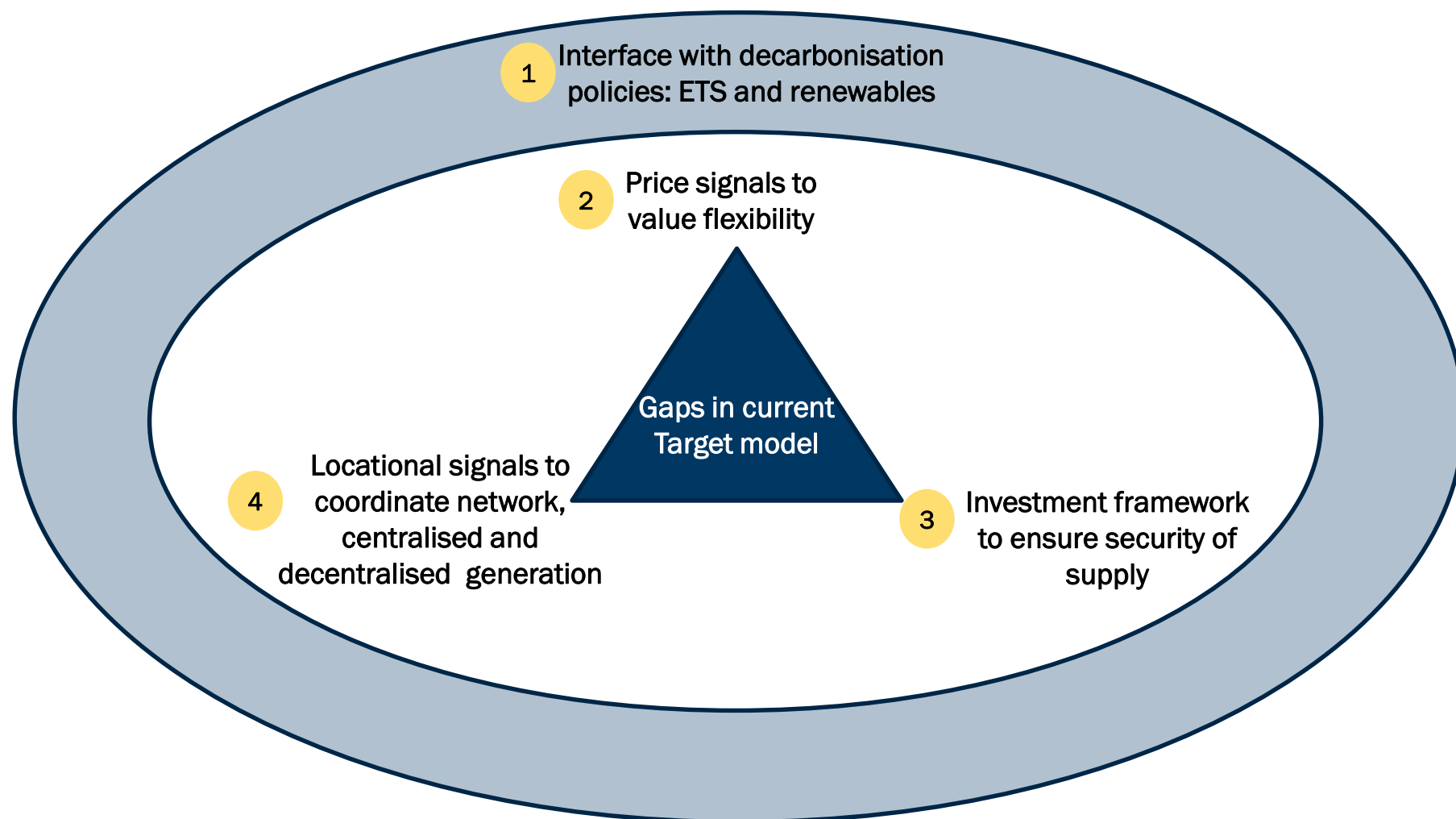
- Current Target Model was designed in a different context ...
- ... and needs to evolve to address long-term investment incentives and flexibility remuneration issues associated with decarbonisation and security of supply objectives

EU Target Model insufficient as potential gains from investment coordination larger than those of current approach

Orders of magnitude of the potential gains associated with different types of reforms
(EU wide, billion €/year, based on a literature review)



Key issues in current regulatory framework



Our recent work in this area

Toward the Target Model 2.0 – Policy Recommendations for a sustainable market design

[Web link](#)



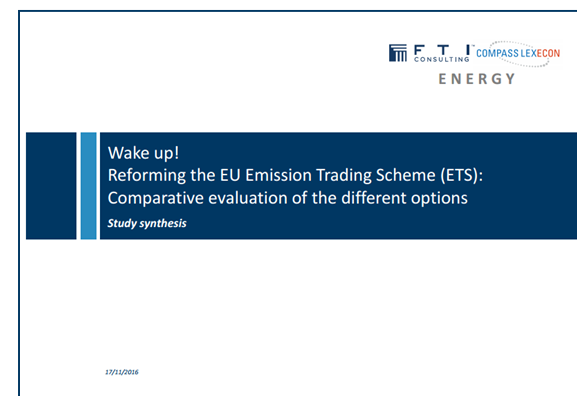
The new European Energy Union - Toward a consistent EU energy and climate policy?

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Wake Up! Reforming the EU ETS: Comparative Evaluation of the Different Options

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Merci pour votre attention

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