

European Workshop on
DRIFTING APART: COSTS, PRICES AND TARIFFS IN EU ELECTRICITY MARKETS
Wednesday, 9 July 2014, Université Paris-Dauphine

On 9 July 2014, The Chaire European Electricity Markets with its partners RTE, EDF, EPEX Spot and UFE, organised at the Université Paris-Dauphine, an international workshop on “Drifting apart: Costs, prices and tariffs in EU electricity markets”. The workshop was attended by more than 80 European participants. Scientific experts discussed the potential dangers of the current disconnect between energy prices, operators’ revenues and costs as well as some possible solutions, which include capacity remuneration mechanisms to complement the revenues of generators and ensure security of supply. They agreed that wholesale electricity prices as well as regulated retail tariffs which include the cost of electricity production, the added costs for RES-E support as well as the costs for new investments in transportation and distribution grids, have increasing difficulties in providing electricity companies with the revenues they need. Average prices in the Franco-German EPEX Spot day-ahead market are now 50 % below their level in 2008, impacting investment, security of supply and plant availability, due to a combination of low demand and low cost electricity produced by subsidies renewables. The situation is further complicated by political constraints as several European countries, including France, have maintained regulated tariffs below cost of new investment. In terms of solutions, the workshop advanced in two directions: first, the review of support schemes for renewable energies and second, improving the remuneration of *capacity* rather than of energy.