

Power market rules

Main barriers and solution pathways

Implementation map

Please find detailed information on the policy approach in the ENEFIRST report [“Priority areas for implementing Efficiency First”](#)

<https://enefirst.eu/reports-findings/>



Short introduction to the policy approach

Power market rules

Demand-side resources can be mobilized next to generation to guarantee that supply and demand in the power system are balanced at all times. However, this requires market rules that provide access to them to the various power markets (wholesale, balancing) and the capacity mechanisms as well, where applicable.

Business as usual	E1st scenario
Only generation units compete in the various power markets	Demand-side resources have access to these markets not only de jure but de facto as well
Power markets are designed for large scale units only	Aggregation of smaller capacities (across generation and demand as well) are allowed, and these aggregated resources are treated as single units at these markets

Overcoming the main barriers to the design and implementation of E1st

Power market rules

I. Policy design

Main *barriers* to policy design

Stakeholders required to act

Solutions to overcome the barrier

Main barriers

Possible legislative or other changes

Unclear/missing regulation on aggregators

National authorities

National regulation on the status/right and duties of aggregators

Implementation of the EU Electricity Directive

Unclear rules on supplier compensation

National authorities

National regulation as this is an important element for the aggregator business

Implementation of the EU Electricity Directive

Resource pooling is not allowed

National authorities

National regulation enabling pooling

Defining power market products accordingly

Existence of capacity markets

EU

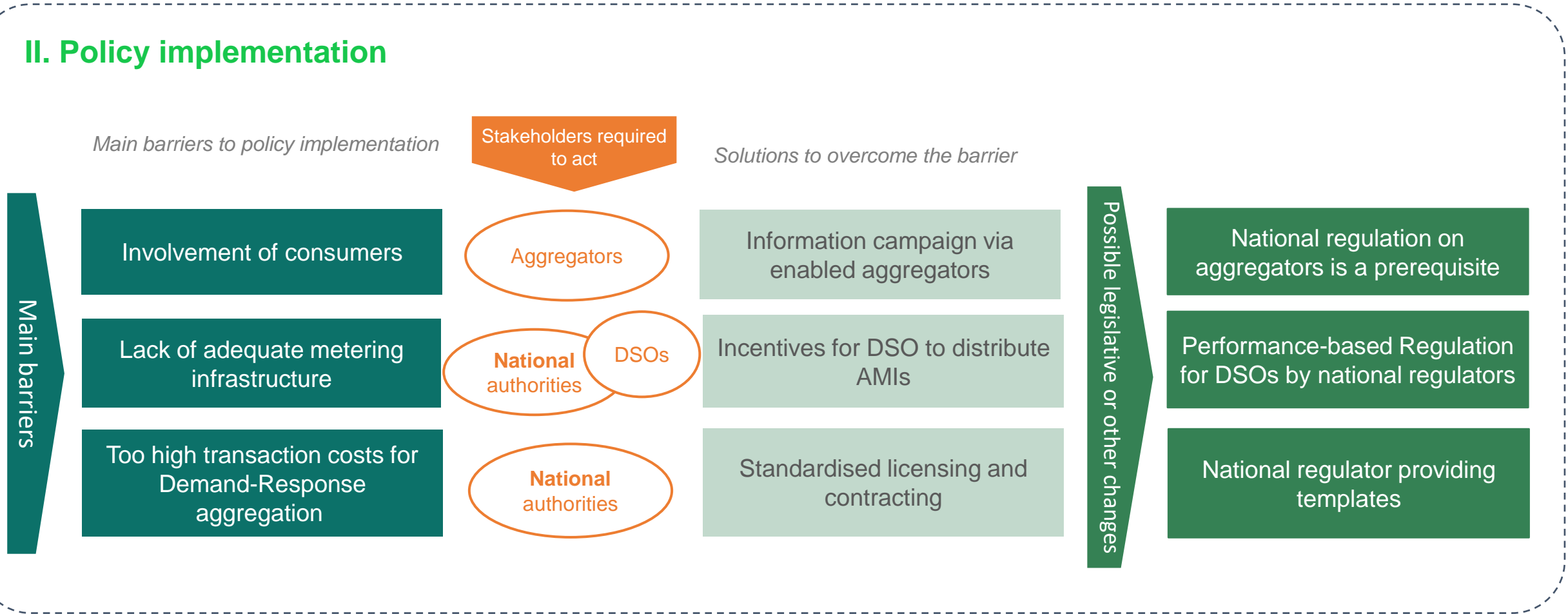
National authorities

EU requiring MSs to substitute capacity mechanisms with market reform

More stringent assessment of market reform plans

Overcoming the main barriers to the design and implementation of E1st Power market rules

II. Policy implementation



Further reading

- ENEFIRST report [“Priority areas for implementing Efficiency First”](#)
 - Chapter 3.2.3 Identified policy approaches in the power sector
- Michael Hogan (2017). [Follow the missing money: Ensuring reliability at least cost to consumers in the transition to a low-carbon power system](#), The Electricity Journal, Volume 30, Issue 1, 2017, Pages 55-61,
- Pató, Z., Rosenow, J. & Cowart, R. (2019). [Efficiency First in Europe’s new electricity market design — how are we doing?](#) Proceedings of the ECEEE 2019 Summer Study, 495-502.