

The Consumer Voice in Europe

## HOW TO MAKE ELECTRICITY MARKETS WORK FOR CONSUMERS

BEUC recommendations for the trilogue negotiations on the Electricity Directive and Regulation



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## Why it matters to consumers

Following Russia's decision to cut Europe's gas supply during the spring 2022, gas and electricity prices skyrocketed. This meant that millions of households were struggling to pay their energy bills. In addition, consumers have been subject to unfair practices from suppliers, such as unilateral price increases or contract terminations. To restore consumer trust in electricity markets, consumers should be better protected against price hikes. The best way to achieve this goal is to accelerate the shift to renewable power and to make it easy for consumers to invest in solar panels. In addition, consumers should enjoy better protections against unfair practices from suppliers.

## Summary

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After the European Commission published its proposal for improving the EU electricity market rules on 14 March 2023, the European Parliament and the Council have positioned themselves for the upcoming trilogues.

To better protect and facilitate consumer engagement in EU electricity markets, EU legislators should:

### **Improve consumer rights and protections:**

1. Give consumers the right to always access a fixed price contract (Electricity Directive (EMD), article 2(15a) and 11(1)),
2. Allow consumers who cannot pay, to pay in instalments and protect vulnerable and energy-poor consumers from disconnections (EMD article 28a),
3. Ban unilateral contract change of fixed price contracts (EMD article 11(1a)),
4. Improve precontractual information on electricity contracts (EMD article 11(1)(c)).

### **Broaden consumers' engagement through energy sharing:**

5. Clarify the rights and responsibilities in energy sharing (EMD article 15a(4)),
6. Allow consumers to participate in energy sharing remotely across an entire bidding zone (EMD articles 2(8) and 15a),
7. Introduce cost-reflective network charges for energy sharing and reward local self-optimisation (EMD article 15a(3)).

### **Increase long-term price stability:**

8. Simplify access to renewable power purchase agreements (PPAs) (Electricity Market Regulation (EMR), articles 19a(1a) and 19ab),
9. Avoid mandatory Contracts for Difference (CfDs) (EMR article 19b).

### **Let consumers' flexibility replace fossil gas peak power plants:**

10. Allow consumers to replace fossil capacity mechanisms (EMR article 19d).

## 1. Give consumers the right to always access a fixed price contract

Fixed price contracts guarantee a stable price of electricity supplied to consumers for a fixed period. Some household consumers prefer fixed price contracts because they value that the price remains predictable, despite this means that those prices generally are more expensive than what they would pay with dynamic or variable price contracts. BEUC member organisations have observed that suppliers in many Member States stopped offering their fixed price contracts to new customers during the price crisis.<sup>1</sup> Consumers were forced to opt for a variable or dynamic tariffs. To guarantee a broad range of choice, there always should be at least one fixed price contract available on the market.

### How can the electricity market reform improve this situation?

EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 11(1)</i>		
<p>1. Member States shall ensure that the national regulatory framework enables suppliers to offer fixed-term, fixed-price electricity supply contracts and dynamic electricity price contracts. <b>By ... [the date of entry into force of this amending Regulation],</b> Member States shall ensure that final customers who have a smart meter installed can request to conclude a dynamic electricity price contract and that all final customers can request to conclude a fixed-term, fixed-price electricity supply contract of a duration of at least one year, with at least one supplier and with every supplier that has more than 200 000 final customers.</p>	<p>1. Member States shall ensure that the national regulatory framework enables suppliers to offer fixed-term, fixed-price contracts and dynamic electricity price contracts. Member States shall ensure that final customers who have a smart meter installed can request to conclude a dynamic electricity price contract and that all final customers can request to conclude a fixed-term, fixed-price electricity price contract of a duration of at least one year, with at least one supplier and with every supplier that has more than 200 000 final customers.</p> <p><b><i>By way of derogation from the first subparagraph, Member States may exempt a supplier with more than 200 000 final customers from the obligation to offer fixed term fixed price contracts if that supplier only offers dynamic price contracts and the exemption does not have a negative impact on competition or sufficient choice of fixed term fixed price contract for customers.</i></b></p>	<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>The introduction of the right to a fixed tariff is the appropriate response to the electricity price crisis.</p> <p>The revised Directive should not allow for too broad exemptions to the right to get a fixed price tariff.</p>

<sup>1</sup> See, for example, Test-Achats, [Retour des tarifs fixes chez Engie, Luminus et Mega. Intéressant pour vous ?](#), 6 April 2023.

## 2. Allow consumers who cannot pay, to pay in instalments and protect vulnerable and energy-poor consumers from disconnections

As electricity prices skyrocketed in 2022, consumers received extremely high bills. Due to this, and the more general cost of living crisis, many consumers were struggling to pay for their electricity bill and were facing the risk of being disconnected from their electricity supply. Disconnections may be life-threatening for some people. For example, consumers who heat their homes with electric appliances or rely on life-supporting equipment may be at risk of death if they are disconnected from electricity supply during the winter.

### How can the electricity market reform improve this situation?

During the energy crisis in winter 2022, BEUC has signed a joint declaration with suppliers, grid operators and regulators on a joint declaration<sup>2</sup> to enhance consumer protection. The declaration recommended suppliers to avoid disconnections as much as possible. The revised Electricity Directive should include binding provisions protecting consumers against disconnections.

EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 28a</i>		
<p>Member States shall <b>ensure that vulnerable customers are protected from prohibit electricity disconnections of vulnerable household customers and customers affected by or at risk of energy poverty as defined in Article 2, point (52) of Directive [EED] and shall set the thresholds above which a power reduction procedure may be introduced. Member States shall ensure that disconnections are prohibited during ongoing judicial or out-of-court disputes between the supplier and customers for a period of eight weeks.</b> This shall be provided as part of the concept of vulnerable customers pursuant to Article 28 (1) of this Directive and without prejudice to the measures set out in Article10(11).</p> <p><b>Member States shall complement the provisions of paragraph 1 by adopting specific measures for the</b></p>	<p>Member States shall ensure that vulnerable customers are protected from electricity disconnections. This shall be provided as part of the concept of vulnerable customers pursuant to Article 28 (1) <del>of this Directive</del> and without prejudice to the measures set out in Article10(11).</p>	<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>Although in some cases suppliers may perceive disconnection as the only available option, it is crucial for the Directive to grant consumers appropriate protections by prohibiting disconnections under certain conditions.</p> <p>The Directive should foresee appropriate protections against disconnections for vulnerable as well as for energy poor household customers.</p> <p>Suppliers should also take concrete steps avoiding that consumers struggle with paying their annual settlement bill because they accumulate a too high energy debt during an entire year.</p> <p>To this end, there should be a requirement on suppliers to regularly inform consumers without a smart meter of the importance of sending self-readings during high</p>

<sup>2</sup> BEUC, et al.: Joint common principles for enhanced consumer protection this winter, 12 December 2022; [https://www.beuc.eu/sites/default/files/publications/BEUC-X-2022-131\\_Joint\\_common\\_principles\\_energy.pdf](https://www.beuc.eu/sites/default/files/publications/BEUC-X-2022-131_Joint_common_principles_energy.pdf).

<p><b>winter and summer seasons to enable household customers to manage their consumption and avoid high settlement bills.</b></p> <p><b>Member States shall ensure that electricity suppliers regularly invite household customers without smart meters to send self-readings in order to help them manage their consumption and avoid high settlement bills.</b></p>		<p>consumption seasons to help them manage their consumption and avoid extremely high settlement bills at the end of one year or at the end of the contract.</p>
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### 3. Suppliers should not be allowed to unilaterally change or terminate fixed price contracts

During the price crisis, many national consumer organisations observed that many suppliers unilaterally increased the prices that consumers were paying for energy before the end of the contract.<sup>3</sup> The current Electricity Directive still allows such practices. They have been widespread in Member States' markets (e.g. Denmark, Germany<sup>4</sup>, Netherlands<sup>5</sup>, Finland<sup>6</sup>, Italy<sup>7</sup>). Unilateral changes undermine consumers' trust in electricity markets. Households decided to opt for the more expensive fixed price offer to be protected against price fluctuations, but they did not receive this protection. The concept of fixed prices as such does not make sense if suppliers are allowed to change or terminate them at any time. Some suppliers claim that they would go bankrupt if they do not rise prices when wholesale prices increase. This would not be a problem if suppliers better hedged their offers with long-term contractual agreements, with own generation, and adopted their pricing policies accordingly.

How can the electricity market reform improve this situation?

EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 2(15a)</i>		
<p>(15a) 'fixed term, fixed price electricity supply contract' means an electricity supply contract between a supplier and a final customer that guarantees the same contractual conditions <b>during the whole duration of the contract</b>, including the price,</p>	<p>(15a) 'fixed term, fixed price electricity supply contract' means an electricity supply contract between a supplier and a final customer that guarantees the same contractual conditions, including the price, <b>during the whole duration of the</b></p>	<p><b>BEUC welcomes both the Parliament's and the Council's proposals.</b></p> <p>Both the Parliament and the Council improved the proposed definition of fixed price contract clarifying that, in such contracts, conditions,</p>

<sup>3</sup> BEUC, [An electricity market that delivers to consumers. BEUC position paper on the upcoming revision of the provisions on consumer rights in the Electricity Directive](#), October 2022.

<sup>4</sup> Vzbv, [Preiserhöhung unter Energie-Spartipps versteckt](#), September 2019.

<sup>5</sup> Consumentenbond, [Energiebedrijven moeten stopzetting contracten terugdraaien](#), October 2021.

<sup>6</sup> Kuluttaja, [Sähkö hintakatto poistettiin – KKV tutkii, onko asiakkaita vedätetty](#), March 2022.

<sup>7</sup> AGCM, [Antitrust: avviate sette istruttorie e adottati sette provvedimenti cautelari nei confronti di Enel, Eni, Hera, A2A, Edison, Acea ed Engie per presunte modifiche unilaterali illegittime del prezzo di fornitura di energia elettrica e di gas naturale](#), December 2022.

while it may, within a fixed price, <b>and for customers equipped with smart meters</b> include a flexible element with for example peak and off peak price variations, <b>and where changes in the final bill can only result from elements that are not determined by suppliers, such as taxes and levies.</b>	<b>contract</b> , while it may, within a fixed price, include a flexible element with for example peak and off peak price variations;	including the price, should remain the same for its entire duration.
<b>EP Mandate</b>	<b>Council Mandate</b>	<b>BEUC recommendations</b>
<i>EMD article 11(1a)</i>		
<b>By way of derogation from article 10(4), Member States shall ensure that suppliers do not modify unilaterally the terms and conditions of fixed-term, fixed-price electricity supply contracts or terminate them before their end.</b>		<b>BEUC welcomes the Parliament's proposal.</b>  The Parliament's proposal better clarifies that unilateral changes of fixed price contracts should be banned. This clarification is important to guarantee that consumers who opt for such offers receive the price certainty that they paid for.

#### 4. Improve precontractual information

The information that consumers receive on their electricity contract is often too complex. Despite efforts by EU and national legislators to make the information on their energy offers clearer, unfortunately the journey is still very long. A survey by the Norwegian Consumer Council says that 50% of consumers do not know whether they have a fixed or a dynamic price contract.<sup>8</sup> Surveys carried out by the Belgian and Irish regulator concur in saying that a majority of consumers are not aware of the basic features of their energy contract.<sup>9</sup> Consumers have difficulties to understand how much they will pay for the electricity, whether there are early termination fees and when is the termination date of their contract.

##### How can the electricity market reform improve this situation?

Suppliers should prepare an overview of key pre-contractual information, written in an understandable language, defined by the energy regulator. This should be based on guidance, preferably binding, by the European Commission. The overview should focus on those issues that are most important for the consumer (e.g. the price, whether it is fixed or variable, how long is the contract, whether there are termination fees).

<sup>8</sup> Forbrukerrådet, [Strøm og strømleverandører – kunnskap, erfaringer og holdninger i befolkningen](#), April 2021

<sup>9</sup> CREG, [Rapport relatif à l'enquête et l'étude sur le comportement des consommateurs résidentiels sur le marché de détail belge de l'électricité et du gaz naturel](#), June 2021

EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 11(1a)/(1c)</i>		
<p><b>1c.</b> Prior to the conclusion or extension of any contract referred to in paragraph 1, suppliers provide to final customers a summary of the key contractual conditions in a prominent manner and in concise and simple language. That summary shall include at least the following information on: (a) total price, <b>its breakdown and, in case of the fixed term, fixed price electricity supply contract - the average price per month over its duration;</b> (b) promotions; (c) additional services; (d) discounts; (e) <b>contract duration and conditions for termination, including notice period and fees and where relevant, penalties;</b> (f) <b>whether the price is fixed or variable, indexed to wholesale prices; one-time payments where relevant;</b> (g) <b>contact details (including customer service's address, telephone number and email),</b> and (h) the rights referred to in points (a), (b), (d), (e), <b>and (f) and (h)</b> of Article 10(3). The Commission shall provide guidance in this regard.</p>	<p>1a. Prior to the conclusion or extension of any contract, final customers shall be provided with a summary of the key contractual conditions in a prominent manner and in concise and simple language. This summary shall include at least information on total price <b>and its breakdown,</b> promotions, additional services <b>and;</b> discounts and <b>include shall set out</b> the rights referred to in points (a), (b), (d), (e) and (f) of Article 10(3). The Commission shall provide guidance in this regard.</p>	<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>Key summaries of precontractual information should feature those elements that are most important for consumers to make a choice. This means that key summaries should clearly inform whether consumers are signing up for a fixed price or a variable price contract, as well as all elements linked to the price that consumers will need to pay and to the conditions for the termination of the contract.</p>

## 5. Clarify the rights and responsibilities in energy sharing

Energy sharing is a new model for consuming renewable electricity collectively and remotely. However, there are not many of these offers in Europe yet. Consumer organisations would like to see more of them and for them to be more visible. While single households can already directly consume the solar power from the panels on their rooftops, energy sharing involves several consumers based elsewhere than where the electricity is produced. It allows tenants and people living in multi-unit buildings to benefit from affordable renewable electricity. Consumers join an energy sharing scheme in parallel to their retail electricity supplier. The sharing can be facilitated by other consumers like neighbours, an energy community, local authorities, a company or another retail supplier. The distinct roles and responsibilities however require clarification in the Electricity Market Directive.

## How can the electricity market reform improve this situation?

EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 15a(1d)(c)(d)(g)/(4)(c)</i>		
<p><b>1d.</b> Member States shall ensure that active customers participating in energy sharing:</p> <p><b>(d) customers engaged in energy sharing agreements providing for a remuneration are billed on the basis of their actual consumption and benefit via a third party from rights on billing and billing information provided for in Article 18(1) to (5), and basic contractual rights provided for in Article 10 that are granted to final electricity customers;</b></p> <p><b>(e)</b> have access to <b>voluntary</b> template contracts with fair and transparent terms and conditions for <b>peer-to-peer trading agreements between households, and for agreements on leasing, renting or investing in storage and renewable energy generation facilities for the purpose of</b> energy sharing agreements; in case of conflicts arising over such agreements, final customers <b>engaging in energy sharing or members of energy communities</b> shall have access to out of court dispute settlement <b>for disputes with other participants of energy sharing agreements or within energy communities</b> in accordance with Article 26;</p> <p><b>(h) are allowed to offer different services and participate in a non-discriminatory manner in any market, individually or aggregated through the support of market parties, with the decentralised energy resources involved in energy sharing;</b></p>	<p><b>4.</b> Member States shall ensure that active customers participating in energy sharing:</p> <p><b>(c)</b> have access to template contracts with fair and transparent terms and conditions for <b>peer-to-peer trading energy sharing</b> agreements between households, and for agreements on leasing, renting or investing in storage and renewable energy generation facilities for the purpose of energy sharing; in case of conflicts arising over such agreements, final customers shall have access to out of court dispute settlement in accordance with Article 26;</p>	<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>To preserve established consumer rights and protections in new business models where new players organise energy sharing arrangements, it is crucial to explicitly link these activities to articles 10 and 18 of the Directive. These provisions prevent 'grey zones', e.g. in case of a landlord offering electricity under a sharing agreement without any metering or billing for a fixed amount, for instance through increasing arbitrarily tenants' rent.</p> <p>Template contracts and access to alternative dispute resolution (ADR) are important to build consumers' trust in these new types of offers. In case participants of energy sharing agreements or energy communities are legally considered as co-owners, ADR may not be able to address controversies because their mandate is often limited exclusively to classic supplier-customer relations.</p>



EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 15a(1e)(b)/(5)(b)</i>		
<p><b>1e.</b> Member States shall ensure that relevant transmission or distribution system operators or other designated bodies:</p> <p><b>(b) establish one-stop shops to facilitate and register energy sharing arrangements, to distribute practical information to the public on requirements, available grid connection capacity, timelines for response and other relevant deadlines, inform about available financial support and expertise, available template contracts,</b> receive information on relevant metering points, changes in location and participation, and, where applicable, validate calculation methods in a clear, transparent and timely manner.</p>	<p><b>5.</b> Member States shall ensure that relevant transmission or distribution system operators or other designated bodies:</p> <p><b>(b)</b> provide a relevant contact point to register energy sharing arrangements, receive information on relevant metering points, changes in location and participation, and, where applicable, validate calculation methods in a clear, transparent and timely manner;</p>	<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>It requires Member States to establish one-stop-shops to facilitate and register energy sharing arrangements.</p> <p>This would considerably simplify consumers' access to energy sharing, as consumer organisations' assessment of best practice in Austria and the Brussels region shows.</p>
EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 15(2a)</i>		
<p><b>2a. Member States shall ensure that the energy sharing projects owned by public authorities provide that at least 20 % of the amount of shared electricity shared is made accessible to vulnerable customers</b></p>		<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>The Parliament is proposing to ensure that vulnerable consumers benefit from public authorities' investments in renewable power projects thanks to strong measures requiring that a share of the power produced through those projects are targeted to them. This will help reducing vulnerable consumers' energy bills.</p>

## 6. Allow consumers to participate in energy sharing remotely across an entire bidding zone

During the past decade, millions of Europeans have engaged in generating and consuming their own renewable electricity, be it individually or collectively.<sup>10</sup> Citizens could produce up to 70% of electricity in some EU Member States.<sup>11</sup> Energy sharing should not remain a local niche offer that is limited to a few neighbours around one solar panel. A study by Ghent University shows that households could save up to 1,100 € per year when they engage in energy sharing that combines solar as well as wind capacities.<sup>12</sup> To achieve economies of scale for the benefit of households, the geographical scope of energy sharing agreements should not be overly restricted. Any narrow geographical boundaries to energy sharing could undermine an efficient matching of generation and demand.

How can the electricity market reform improve this situation?

EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 2(8)</i>		
(8) 'active customer' means a final customer or a group of jointly acting final customers, who consumes or stores electricity generated within its premises <del>located within confined boundaries or, where permitted by a Member State, self-generated or shared electricity within other premises located within the same bidding zone</del> , or who sells self-generated electricity or participates in flexibility or energy efficiency schemes, provided that those activities do not constitute its primary commercial or professional activity;	(8) 'active customer' means a final customer, or a group of jointly acting final customers, who consumes or stores electricity generated within its premises located within confined boundaries or self-generated or shared electricity within other premises located within the same bidding zone, or who sells self-generated electricity or participates in flexibility or energy efficiency schemes, provided that those activities do not constitute its primary commercial or professional activity;	<b>BEUC welcomes the Council's proposal.</b>  If there is no reference to the bidding zone, Member States could limit the scope of energy sharing to arbitrarily defined areas that are geographically too restricted to allow for economically viable energy sharing.
EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 15a(1)</i>		
1. All <b>customers, in particular</b> households, small enterprises and public bodies have the right to participate in energy sharing as active customers, <b>within the same bidding zone or a more</b>	1. All households, small and medium sized enterprises and public bodies <b>shall</b> have the right to participate in energy sharing as active customers.	<b>BEUC welcomes the Council's proposal.</b>  If Member States are invited to define geographically more limited areas for energy sharing, this could lead to too

<sup>10</sup> European Environment Agency (EEA): Energy prosumers in Europe. Citizen participation in the energy transition, September 2022.

<sup>11</sup> CE Delft: Potential of prosumer technologies in the EU, March 2021.

<sup>12</sup> Benefits of collective self-consumption for an average household (4,000 kWh electricity demand) across seven EU countries with solar and wind supplying 4,000 kWh of shared energy; [Ovaere, Marten: Collective energy sharing: Cost-Benefit Analysis and Survey Evidence of the Willingness to Invest, 8 March 2023.](#)

<p><b>limited geographical area determined by Member States.</b></p>		<p>restricted areas for making many energy sharing models sufficiently attractive. Social housing companies or families should still have the opportunity to share their excess electricity with tenants in other buildings or with family members located in another, more distant region of a Member State.</p>
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## 7. Introduce cost-reflective network charges for energy sharing and reward local self-optimisation

To steer consumers' and generators' behaviour under energy sharing arrangements, network tariffs play an important role. Regulators should establish cost-reflective network tariffs for energy sharing. They can function as a price signal that incentivises households to share and consume in the most 'grid-friendly' way. All consumers and generators under an energy sharing agreement should be rewarded financially for local self-optimisation. That means they should benefit from rebates on their network tariff when they support distribution grid operators through reducing or preventing grid congestion. The better generation and consumption match timewise and geographically, the lower the network costs for all generators and consumers.

How can the electricity market reform improve this situation?

EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 15a(1b)</i>		
<p><b>1b. Active customers who participate in energy sharing may appoint an energy sharing organiser for communication with grid operators, including through a legal entity. The energy sharing organiser shall be responsible for providing grid operators with all necessary information about energy sharing arrangements, for settling the grid tariffs and applicable taxes and for notifying electricity suppliers at the same connection point about the energy sharing arrangement. The energy sharing organiser shall aim at self-balancing the behind-the-meter flexible loads, distributed renewable generation and storage</b></p>		<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>The proposal obliges generators and consumers who join energy sharing agreements to organise their interaction in the most efficient way so that it ideally reduces overall grid operation costs for all consumers, independently from being part of an energy sharing agreement or not.</p>

<i>assets part of an energy sharing arrangement.</i>		
<b>EP Mandate</b>	<b>Council Mandate</b>	<b>BEUC recommendations</b>
<i>EMD article 15a(1d)/(4)</i>		
<p><b>1d.</b> Member States shall ensure that active customers participating in energy sharing:</p> <p><b>(a)</b> are entitled to have the shared electricity <del>netted with injected into the grid deducted from</del> their total metered consumption within a time interval no longer than the imbalance settlement period and without prejudice to applicable <b>non-discriminatory</b> taxes, levies and <b>cost-reflective</b> network charges;</p>	<p><b>4.</b> Member States shall ensure that active customers participating in energy sharing:</p> <p><b>(a)</b> are entitled to have the shared electricity netted with their total metered consumption within a time interval no longer than the imbalance settlement period and without prejudice to applicable taxes, levies and network charges;</p>	<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>The network costs allocated to generators and consumers that join an energy sharing model must be fair, i.e. they must reflect the costs as well as the benefits that their specific behaviour under an energy sharing agreement causes.</p>

## 8. Simplify access to renewable power purchase agreements (PPAs)

Renewable PPAs are a key instrument to increase price stability and potentially bring more affordable renewable electricity to household consumers. PPA markets however are still in their infancy in many Member States. Many retail electricity suppliers currently cannot integrate PPAs into their portfolio because of a limited number of offers, a mismatch of available volumes, higher risks and costs.

### How can the electricity market reform improve this situation?

To kick-start and broaden the use of renewable PPAs, the revised Electricity Market Regulation should facilitate the aggregation of retailers so that the aggregated pool can purchase PPAs from one single or several renewable power plant operators. It should harmonise elements of PPA contracts, allowing them to be easily traded on dedicated platforms. This would increase price transparency and lower procurement costs for suppliers, hence lower prices for consumers.

<b>EP Mandate</b>	<b>Council Mandate</b>	<b>BEUC recommendations</b>
<i>EMR article 19a(1a)(2)</i>		
<p><b>1a. By 31 December 2024, the Commission, in cooperation with NEMOs, shall establish a market platform for power purchase agreements, to be used on a voluntary basis, including the optional standardised PPAs referred to in Article 19ac, while avoiding that this trade</b></p>	<p><b>2.</b> Member States shall ensure that instruments <del>such as guarantee schemes at market prices</del>, to reduce the financial risks associated to off-taker payment default in the framework of PPAs are in place and accessible to customers that face entry barriers to the PPA market and are not in financial difficulty <del>in line with</del></p>	<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>Together with the new articles 19ab and 19ac, the Parliament's proposal includes the key elements required to kick off more accessible renewable PPA markets.</p>

<p><b>lowers liquidity in existing electricity markets. The platform shall facilitate the pooling of demand for PPAs through aggregation.</b></p> <p>2. Member States <b>in a coordinated manner and where appropriate with the support of the European Investment Bank ('EIB') or other Union-level facilities</b> shall ensure that instruments <del>such as guarantee schemes at market prices,</del> to reduce the financial risks associated to off-taker payment default in the framework of PPAs are in place and accessible to customers that face entry barriers to the PPA market and are not in financial difficulty in line with Articles 107 and 108 TFEU. <b>Such instruments shall facilitate the pooling of demand for PPAs and may include, inter alia, guarantee schemes at market prices or private guarantees in compliance with relevant Union law.</b> For <del>this that</del> purpose, Member States shall take into account Union-level instruments. Member States shall determine what categories of customers are targeted by these instruments, applying non-discriminatory criteria <b>among each category of customers, in particular, microenterprises, SMEs, households, including via aggregators, renewable energy communities, citizen energy communities and suppliers with no generation assets.</b></p>	<p><del>Articles 107 and 108 TFEU. Such instruments may include, but are not limited to, state-backed guarantee schemes at market prices, private guarantees, or facilities pooling demand for PPAs, in compliance with relevant Union law.</del> For this purpose, Member States <del>may shall</del> take into account <b>relevant Union-level facilities instruments.</b> Member States <b>may shall</b> determine what categories of customers are targeted by these instruments, applying non-discriminatory criteria.</p>	<p>The measures are sufficiently targeted towards those consumer groups who currently have difficulties in benefitting from renewable PPAs.</p> <p>The measures that the Parliament suggests are a prerequisite for retail electricity suppliers to back at least part of their offer by renewable PPAs, and thus potentially bring higher price stability for household consumers' tariffs.</p>
<b>EP Mandate</b>	<b>Council Mandate</b>	<b>BEUC recommendations</b>
<i>EMR article 19a(3)</i>		
<p>3. Guarantee schemes for PPAs backed by the Member States, <b>the EIB or other Union-level facilities</b> shall include provisions to avoid lowering the liquidity in electricity markets <b>and</b>, shall not provide support to the purchase of generation from fossil fuels</p>	<p>3. <b>Without prejudice to Articles 107 and 108 TFEU,</b> <del>If a g</del>Guarantee schemes for PPAs is backed by the Member States <b>it</b> shall include provisions to avoid lowering the liquidity in electricity markets and shall not provide</p>	<p><b>BEUC welcomes the Council's proposal.</b></p> <p>The Parliament's proposal allows Member States to support non-renewable energy sources. It would potentially dilute support to renewable power plants and</p>

<p><b>and shall not prevent the subjected generators to participate in balancing and ancillary services markets. Whenever conditions allow, these guarantee schemes shall exclusively support the purchase of new renewable generation.</b></p>	<p>support to the purchase of generation from fossil fuels.</p>	<p>unnecessarily delay the switch to affordable renewable electricity generation.</p>
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## 9. Avoid mandatory Contracts for Difference (CfDs)

Two-way Contracts for Difference (CfDs) give the electricity generators price certainty for each kilowatt-hour injected into the grid. If wholesale market prices are lower than the fixed strike price, the government covers the difference. If wholesale market prices are higher, the producer returns the difference. This is an effective scheme to prevent disproportionately high revenues of generators and cap public support that in the end has to be paid by consumers. CfDs however should not be made mandatory for all renewable energy technologies because the most mature ones do not necessarily need such support. Other renewable technologies that have not yet entered the market in certain Member States may require other types of more targeted support. For consumers' small-scale installations, two-way CfDs would involve disproportionately high administrative costs.

How can the electricity market reform improve this situation?

EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 19b</i>		
<p>1. Direct price support schemes for new investments for the generation of electricity from the sources listed in paragraph 2 shall take the form of <del>a</del> two-way contracts for differences, <b>or equivalent schemes achieving the same goals after assessment and approval by the Commission on the equivalence of such schemes. The participation in such schemes shall be voluntary for the market participants.</b></p>	<p>1. Direct price support schemes for new investments for the generation of electricity from the sources listed in paragraph 2 shall take the form of a two-way contracts for differences. New investments for the generation of electricity shall include investments in new power-generating facilities <b>or</b>, investments aimed at <b>substantially:</b></p> <ul style="list-style-type: none"> <li><b>a) repowering existing power-generating facilities;</b></li> <li><b>b) increasing their capacity;</b></li> <li><b>or</b></li> <li><b>c) <del>investments aimed at extending existing power-generating facilities or at</del> prolonging their lifetime.</b></li> </ul>	<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>Given the differences between renewable energy technologies, national potentials and maturity, it is proportionate and pragmatic to allow Member States the use of alternative support schemes. This leaves sufficient flexibility for adapting national renewable energy policies that are tailored to different consumer groups and technologies.</p>

EP Mandate	Council Mandate	BEUC recommendations
<i>EMD article 19b(4)/RED article 4(3)</i>		
<p><b>3. <del>This sentence</del> The second subparagraph of this paragraph</b> shall not apply to support for electricity from the renewable sources listed in Article 19b(2) of Regulation (EU) 2019/943, <b>with more than 1 MW installed capacity, and more than 6 MW where the project is a citizen energy community or renewable energy community</b>, to which Article 19b(1) of that Regulation applies.</p>	<p><b>4. In line with the third subparagraph of Article 4(3) of Directive (EU) 2018/2001, Member States may exempt small-scale renewables installations and demonstration projects from the obligation under paragraph 1.</b></p>	<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>A clearly formulated exemption from two-way CfDs applies to small-scale renewable energy installations and energy community projects. Thanks to these provisions, households who engage in renewable self-generation and communities will not have to run their installations under two-way CfDs.</p> <p>This prevents bureaucratic hurdles as well as disproportionately high administrative costs for consumers who help to accelerate the energy transition.</p>

## 10. Allow consumers to replace fossil capacity mechanisms

Household consumers can provide flexibility through ramping up or down their demand or by using home batteries to stabilise the grid. By doing so, households help to reduce the need for costly capacity remuneration schemes, which incentivise, through public budget, reliance on gas power plants to ensure that demand and supply match at all times. Engaging household consumers in flexibility thus would not only mean an additional revenue for them. They also would reduce public spending and greenhouse gas emissions. Hence, Member States should promote household consumers' investments in energy storage and/or engagement in demand response.

How can the electricity market reform improve this situation?

EP Mandate	Council Mandate	BEUC recommendations
<i>EMR article 19d(1a)</i>		
<p><b>1a. By June 2025, the Commission, after assessing the national objectives for demand response and energy storage communicated by the Member States through their integrated national energy and climate plans and taking into account ACER's opinion and recommendations referred</b></p>		<p><b>BEUC welcomes the Parliament's proposal.</b></p> <p>The Parliament's proposal opens the door for dedicated EU-wide targets for demand response and storage.</p> <p>Such a target potentially promotes consumers' provision of flexibility services so that fossil fuel-based capacity</p>

<p><b><i>to in Article 19c(7), shall submit a report to the European Parliament and to the Council assessing the national plans. On the basis of the conclusions of that report, the Commission shall draw up a Union strategy on demand response and energy storage that is consistent with the Union's 2030 targets for energy and climate as defined in Article 2, point (11), of Regulation (EU) 2018/1999 and the climate-neutrality objective laid down in Article 2 of Regulation (EU) 2021/1119 which may be accompanied, where appropriate, by a legislative proposal amending this Regulation and introducing minimum demand response and energy storage targets at Union level.</i></b></p>		<p>mechanisms can be phased out soon.</p>
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