

Where we stand on the EMD reform implementation

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EEM25
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Context



01. Context

Purpose and components

BASIS



Boost renewable
energy investments



Better protect and
empower EU consumers



Enhance the
competitiveness of
EU industry

Improving the Union's electricity market design

**DIRECTIVE (EU) 2024/1711 OF THE
EUROPEAN PARLIAMENT AND OF
THE COUNCIL of 13 June 2024**

Targeted amendments to:

- Directive (EU) 2018/2001, renewables
- Directive (EU) 2019/944, common rules internal electricity market

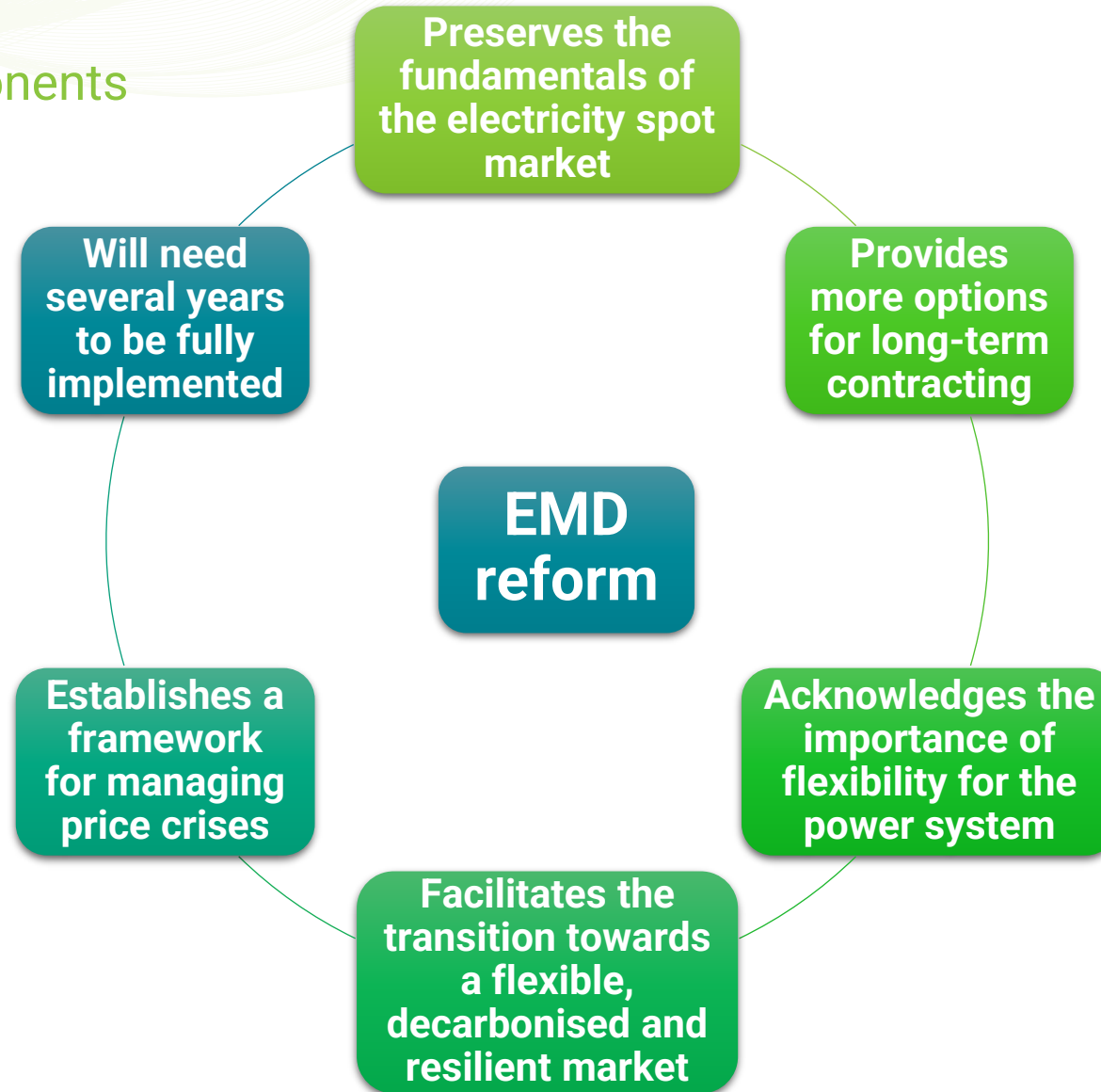
**REGULATION (EU) 2024/1747 OF THE
EUROPEAN PARLIAMENT AND OF THE
COUNCIL of 13 June 2024**

Targeted amendments to:

- Regulation (EU) 2019/942, ACER
- Regulation (EU) 2019/943, common rules internal electricity market

01. Context

Purpose and components



01. Context

New RES capacity



Boost renewable
energy investments

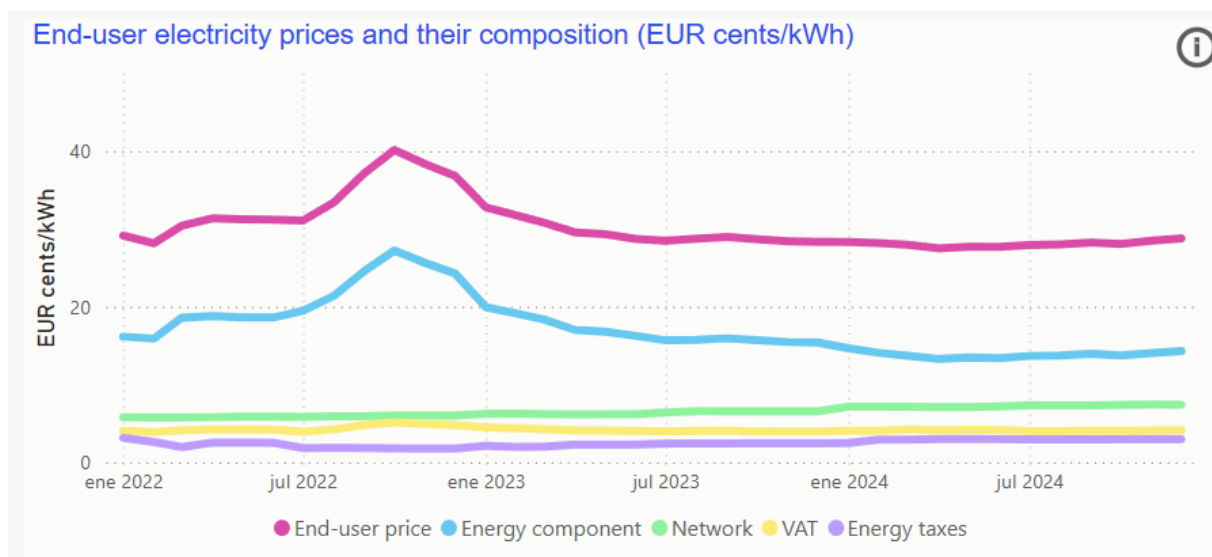
In **2024**, **77 GW** of new renewable capacity was installed in the EU. 62 GW was photovoltaics and 15 GW wind power. EU's total photovoltaics by end 2024 reached 323 GW and wind 234 GW.



EU countries are expected to add **89 GW** of new renewable energy capacity in **2025**, including 70GW of solar and 19GW of wind

01. Context

Stable prices in 2024



Source: ACER

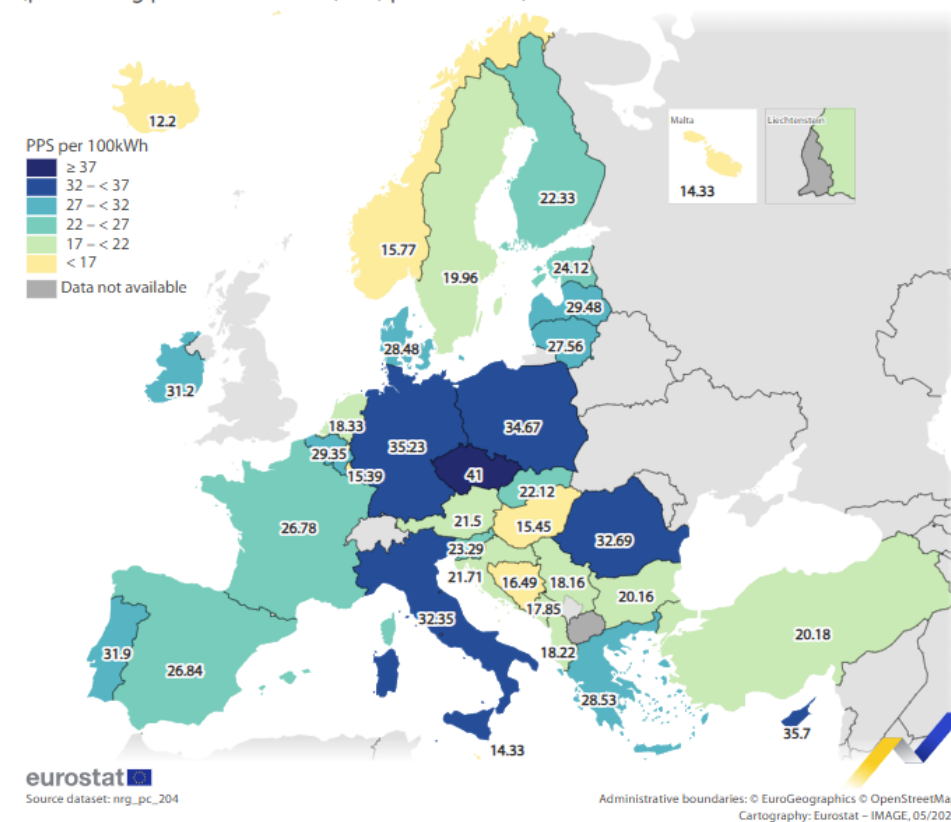


Better protect and empower EU consumers



Enhance the competitiveness of EU industry

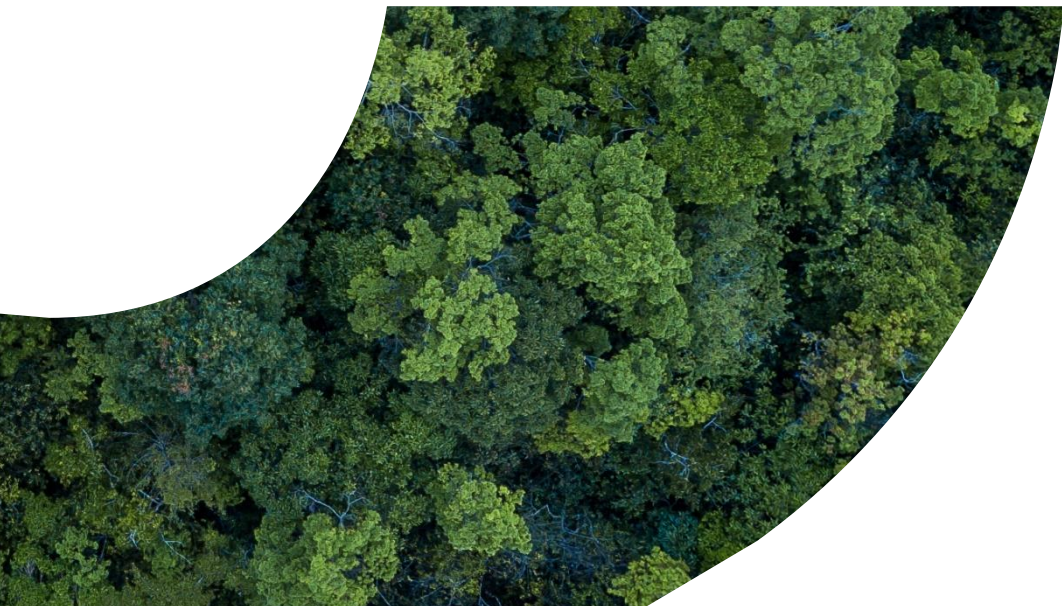
Electricity prices for household consumers, second semester of 2024
(purchasing power standards (PPS) per 100 kWh)





02

EMD reform – Directive



02. EMD reform - Directive

Highlights

Free choice of supplier (and/or energy sharing agreement)

Flexible connection agreements

Right to energy sharing

Supplier risk management

Process to declare an electricity price crisis

Protection of vulnerable customers from disconnections

Access to affordable energy during an electricity price crisis

02. EMD reform - Directive

Status of the transposition



- **17/01/2025**

Deadline for EU Member States to transpose the new Electricity Market design rules into national law.



- **27/03/2025**

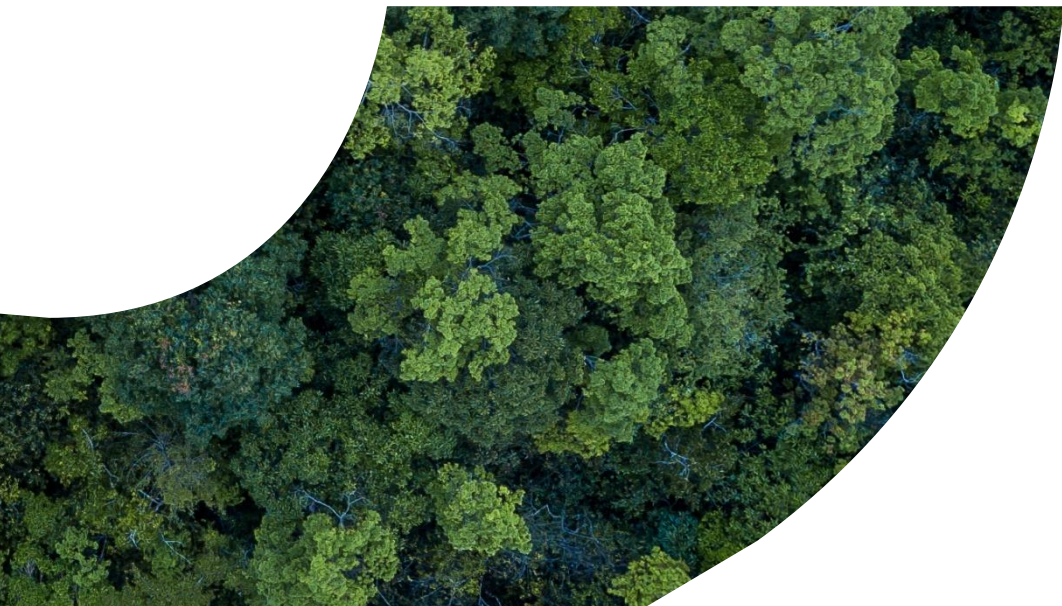
Most of the MSs* failed to transpose the Directive. The European Commission opened infringement procedures, sent a letter and gave two months to answer and complete the transposition.

* Belgium, Bulgaria, Czech Republic, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, and Sweden



03

EMD reform – Regulation



03. EMD reform - Regulation

Highlights

PPAs

CfDs

Regional Virtual Hubs

Sharing of liquidity between NEMOs

IDCZGCT 30 min before delivery

Peak shaving products

Assessment of flexibility needs

03. EMD reform - Regulation

PPAs

- **Article 19a. Power purchase agreements**



- Member States shall **promote the uptake** of PPAs.



- Instruments to **reduce the financial risks** associated to offtaker payment default in the framework of PPAs.

- **Article 19b. Voluntary templates for PPAs and monitoring of PPAs**



- By 17 October 2024, **ACER** shall assess the need to develop and issue **voluntary templates for PPAs**. If there is a need, **ACER**, together with the **NEMOs**, shall develop such templates.



Point closed by ACER in October 2024: There is no need to introduce new voluntary PPA contract templates.



03. EMD reform - Regulation

CfDs

- **Article 19d. Direct price support schemes in the form of two-way contracts for difference for investment**



- Direct price support schemes for **investment in new power-generating facilities** for the generation of electricity from: **wind energy, solar energy, geothermal energy, hydropower without reservoir or nuclear energy** shall take the form of **two-way CfDs** (or equivalent).

Shall preserve incentives to operate and **participate efficiently in the electricity markets** and shall **prevent any distortive effect**.

Participation of market participants in CfDs shall be **voluntary**.

Guarantee the long-term **economic viability** while **avoiding overcompensation**.

Remuneration to be determined through a **competitive bidding process**.

Revenues arising from CfDs shall be distributed to **final customers**.

03. EMD reform - Regulation

Regional Virtual Hubs

- “regional virtual hub” means a non-physical region covering more than one bidding zone for which a reference price is set on the basis of a methodology

- **Article 9. Forward markets**



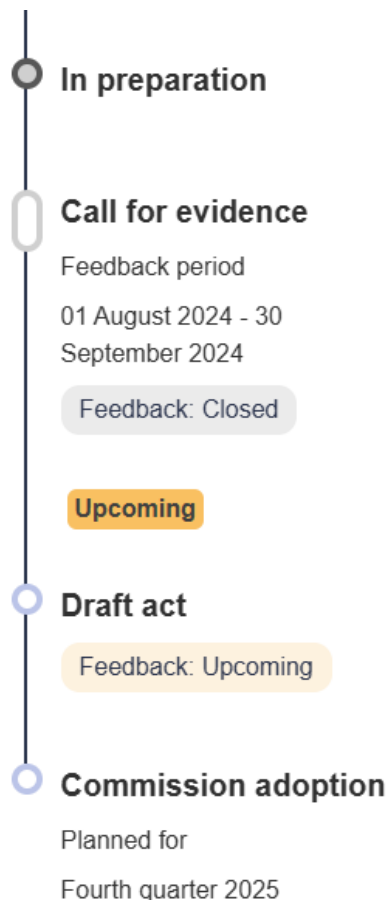
- By 17 **January 2026**, the **Commission** shall carry out an **assessment of the impact** of:
 - [...] the **possible introduction of regional virtual hubs** for the forward markets.



- On the basis of the outcome of the impact assessment, the **Commission** shall, by 17 **July 2026**, adopt an **implementing act**.

03. EMD reform - Regulation

Public Consultation FCA GL



About this initiative

Summary

The European electricity forward market appears to be struggling with issues such as insufficient liquidity, barriers to accessibility, and lack of competition and transparency.

These challenges prevent market participants from having access to effective and efficient forward markets to hedge their price exposure.

This revision aims to improve the rules on forward capacity allocation in the electricity sector to ensure market participants in the EU can benefit from hedging opportunities.

Topic

Energy

Type of act

Implementing regulation

Committee

[C08200](#)

Call for evidence

Feedback: Closed

Feedback period

01 August 2024 - 30 September 2024 (midnight Brussels time)



03. EMD reform - Regulation

Sharing of liquidity between NEMOs

- **Article 7.2.ca**



- For the **day-ahead market**, from one hour before the gate closure time until the latest point in time where day-ahead trade is allowed, **NEMOs shall submit all orders** for day-ahead products to the **SDAC**.
- NEMOs shall not organise trading with day-ahead products outside the SDAC.



- For the **intraday market**, from the single intraday coupling **gate opening time** until the **latest point in time** when **intraday trading is allowed in a given bidding zone**, **NEMOs shall submit all orders** for intraday products to the **SIDC**.
- NEMOs shall not organise trading with intraday products outside the SIDC.

This implies the obligation to share order books after IDCZGCT within a given bidding zone

IMPLEMENTED IN 2024

03. EMD reform - Regulation

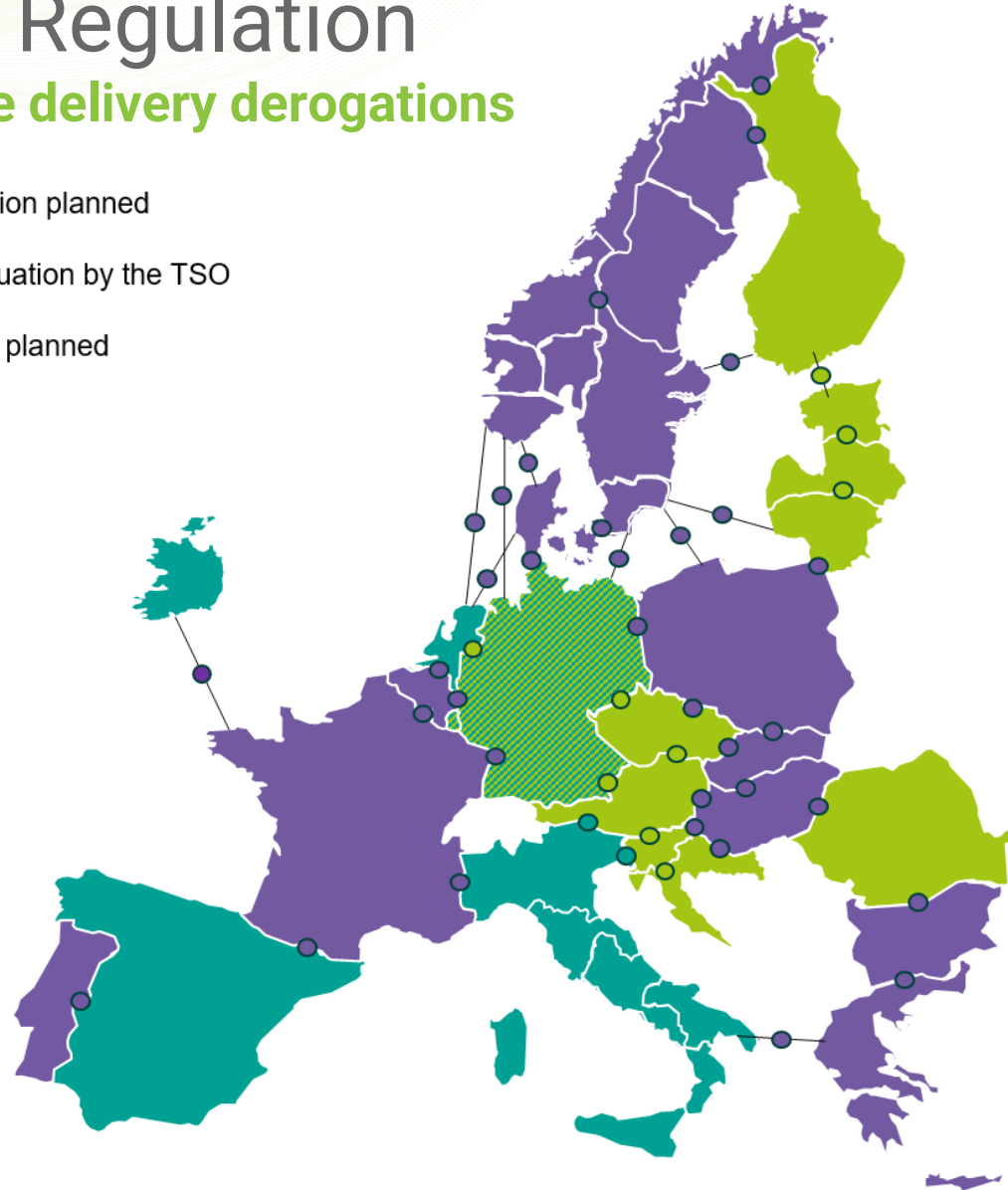
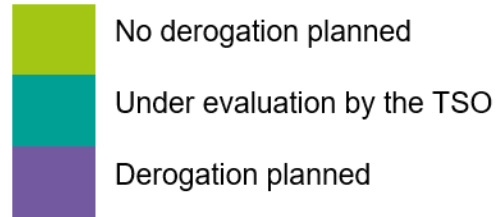
IDCZGCT 30 min before delivery



- **Article 8.1**
- NEMOs shall allow market participants to trade energy as close to real time as possible and at least up to the intraday cross-zonal gate closure time. **From 1 January 2026, the intraday cross-zonal gate closure time shall not be more than 30 minutes ahead of real time.**
 - The regulatory authority may, at the request of the TSO concerned, grant a **derogation** from this requirement until **1 January 2029**.
 - The regulatory authority may, at the request of the TSO concerned, grant a **further derogation** by up to **two-and-a-half years more**.

03. EMD reform - Regulation

IDCZGCT 30 min before delivery derogations



Source: MCCG

03. EMD reform - Regulation

Peak shaving products



- **Article 7a. Peak-shaving product**

- **Where a regional or Union-wide electricity price crisis is declared in accordance with Article 66a of Directive (EU) 2019/944, Member States may request system operators to propose the procurement of peak-shaving products in order to achieve a reduction of electricity demand during peak hours.**
- Not implemented so far since no electricity price crisis has been declared after the EMD reform entered into force.
- Public consultation on the impact of **peak-shaving products** on the EU electricity market **under normal market conditions** run by ACER between 20/03/2025 and 17/04/2025. Findings of the assessment are expected to be published in **summer 2025**.

03. EMD reform - Regulation

Assessment of flexibility needs



- **Article 19e. Assessment of flexibility needs**

On 16 April 2025, ENTSO-E and the EU DSO entity jointly submitted to ACER the proposal regarding the type of data and format and the methodology for the analysis of the flexibility needs




No later than one year after the approval by ACER of the methodology (expected by 16 July 2025) and every two years thereafter, the regulatory authority shall adopt a report on the estimated flexibility needs for a period of at least the next 5 to 10 years at national level

The regulatory authority shall submit the report to the Commission and to ACER and shall publish them. Within 12 months of receipt of the reports, ACER shall issue a report analysing them and providing recommendations on issues of cross-border relevance

03. EMD reform - Regulation

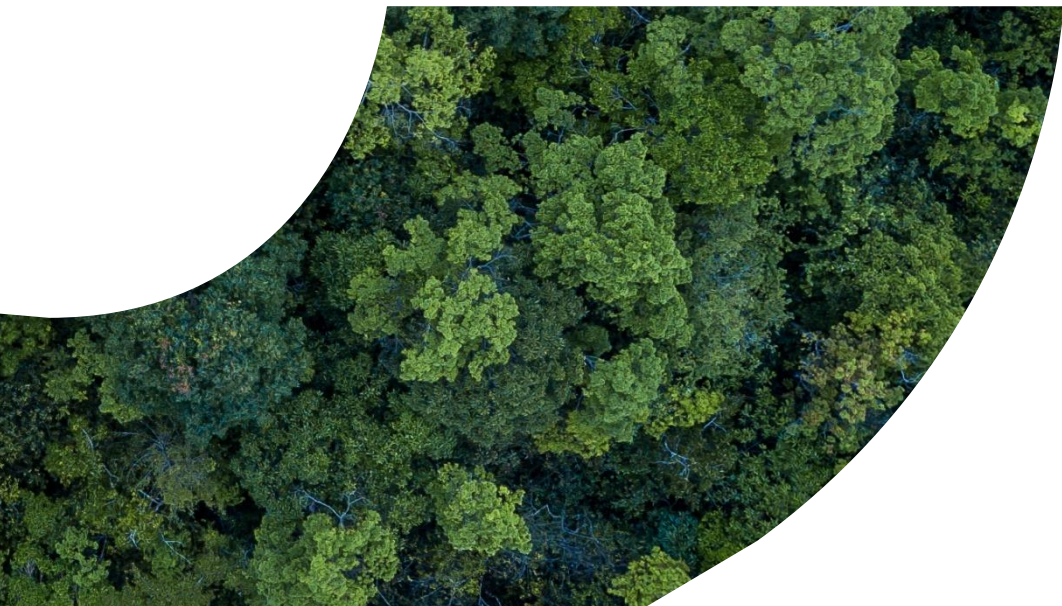
Other aspects

- 
- **Report assessing possibilities of streamlining and simplifying the process of applying a capacity mechanism published in March 2025**
 - **EC review**
 - By 30 **June 2026**, the EC should deliver a report assessing:
 - i. the functioning of **short-term markets**;
 - ii. the suitability of the EU legal and financing **framework on distribution grids** to deliver the EU decarbonisation and IEM objectives;
 - iii. **EU market platforms** for PPAs



04

Final remarks



04. Final remarks

Transposition of Directive is pending

As regards the Regulation:

- A few quick wins already fulfilled
- Some deliverables progressing as expected
- Still a long way to go on many points



omie

THANK YOU

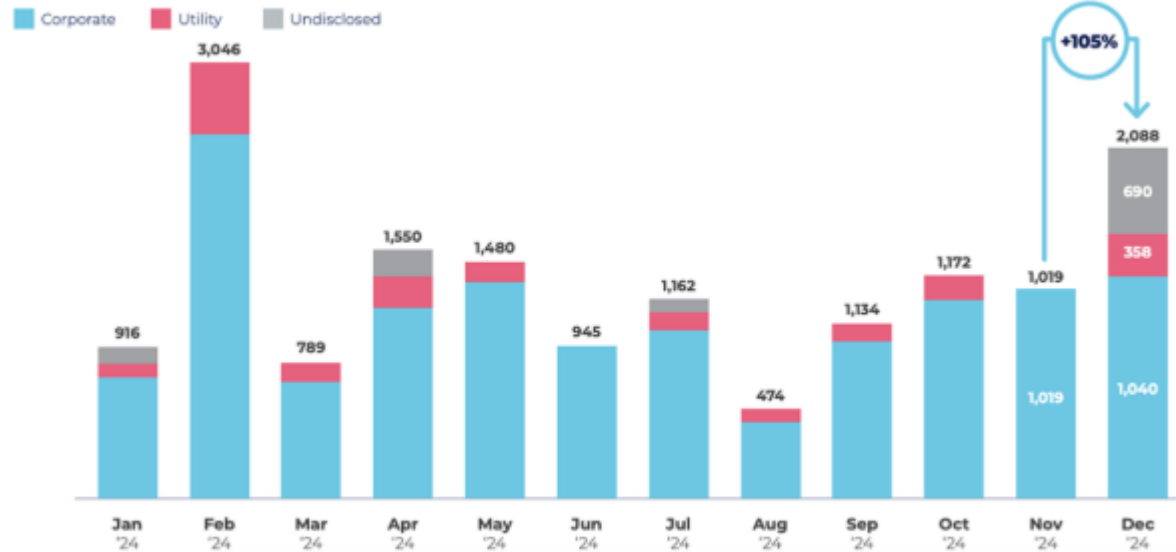
www.omie.es

Backup slides

PPAs

Number of PPAs jumps in 2024, but volume weakens

12-MONTH ROLLING: MONTHLY PPA MW SIGNED



The manifestation of cannibalization risk through increased negative price events and low capture rates, alongside multi-faceted price risk, resulted in a year with vivid appetite in Europe for (PPAs), but for more conservative volumes, the showed.

Overall, the year saw at least 316 long-term PPAs.

Pexapark Renewables Market Outlook 2025

image: Pexapark



Backup slides

PPAs

- **Next steps**

- By 31/01/2026 the EC shall assess whether **barriers** persist, and whether there is sufficient **transparency**, in the PPA markets.
- By 30/06/2026 the EC shall assess the potential and viability of one or several Union **market platforms for PPAs**.

Backup slides



- **Article 19f. Indicative national objective for non-fossil flexibility.**
 - No later than six months after the submission of the report on the **estimated flexibility needs** each Member State shall define an **indicative national objective for non-fossil flexibility**, including the respective specific contributions of both demand response and energy storage to that objective.