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MPP Statement on Article 14 of the Electricity regulation

In light of the current trilogue negotiations on the Clean Energy Package, the members of the Market Parties Platform, the electricity industry associations from Austria, Belgium, France, Germany, Luxemburg, the Netherlands and Switzerland, express their strong concerns with the current status of the discussions on article 14 of the Electricity Regulation, in particular concerning the 75% cross-zonal capacity threshold.

The MPP reiterates that the Electricity Regulation should strive to maximise cross-zonal capacities in a cost-efficient way. However, the threshold introduced under Article 14 is likely to either artificially increase the level of cross-zonal capacities, far beyond what the physical infrastructure can manage, or on the contrary serve as an excuse for a level that is too low. This would harm the functioning of the markets, by reducing the relevance of wholesale price signals, which are key to drive investment and operation decisions by market parties.

The MPP therefore calls on policymakers to:

- 1/ Ensure the objective of **maximising cross-zonal capacities in a cost-efficient way from a European welfare perspective** remains the core of the Electricity Regulation;
- 2/ **Consider the concept of a threshold as a guidance, or a benchmark, which should not hamper the implementation of capacity calculation methodologies leading to more efficient results from an economic point of view.** In particular, it should not interfere with the methodologies developed at regional level under the CACM guideline if they prove more efficient in terms of European welfare (including by setting their own threshold).