

CEER Call for Evidence on **Generation Adequacy Treatment in Electricity (C09-ESS-05-03)**

TIWAG-Tiroler Wasserkraft AG welcomes the Call for Evidence as a part of the work to develop and integrate the European market for electricity. We are contributing to the work of the Austrian Association of Electricity Companies VEO on European level which results also in the EURELECTRIC response to the consultation. Considering the input of this work we intend to contribute additionally with a short own response as market player as well on the European energy markets as on capacity markets across national borders in Germany and especially also in Austria. So we reduce our contribution to an opportunity to highlight some core aspects for the further development of the European Electricity market according the structure of the formulated questions.

1) What are the key elements for ensuring generation adequacy in the competitive electricity market in EU MS and the EU as a whole?

Responsibility of market players should be according the actual legal situation. To ensure functioning of the markets it is required to have the necessary tools available: market based formation of prices under the rules of free competition, no price-fixing by authorities or regulators, Contracts with different runtime, Contracts with different price elements (Energy and Power) and conditions (e.g. Interruptible contracts, Flexible Prices,...).

If certain aspects of Security of Supply are recognised as a public task or requirement it might be an argument of enhanced regulation to enable market participants to fulfil the requirements of the services to ensure the intended and published level of Security of Supply. In any case it is required to establish a well designed regulation of the measures and a transparent procedure for procurement of the required services (Ancillary Services at shorter time scale as well as any incentive for e.g. building up generation at longer time scale).

Essential for the realisation of a market orientated structure of the European Electricity system will be the definition of certain aspects of Security of Supply - also regarding long term aspects - as public task regarding defined customers and the market based announcement and procurement of the required services on the one side and on the other side the relation and influence to the contractual responsibility of those market players (with all consequences) which are exposed to the market risks.

2) Do you observe any barriers for investing in new generation capacity? If yes, please list and explain them

- Costs and duration of authorisation procedures
- Less and not enough support of politicians and authorisation
- Risks regarding regulatory environment
- Clear and long term valid as well as in a long period in advance acknowledged targets and rules (e.g. ETS 2020...)
- Availability of grid infrastructure and time scale for grid investments

3) In case of additional measures for ensuring generation adequacy, what would be the key issues to take into account?

Regulation and procurement should be realised not only at national level but coordinated for larger market regions proceeding the way of realisation of European market integration for Electricity. This enables the diversification of products (time scale), geographical conditions and technologies. The result will be the reduction of the dependency on single resources or external conditions like weather. Procurement of required capacities should be transparent and without any discrimination. Market distortions by incentives only for new capacities and certain (limited) technologies should be avoided. National borders should not be a reason for discrimination regarding market access.

There must be a clear and long term valid setting of political and strategic targets as well as in a long period in advance acknowledged and stable regulations and rules (e.g. ETS 2020...).