

ELECTRICITY MARKET REFORM

Regulation (EU) 2024/1747 and Directive (EU) 2024/1711 on improving the Union's electricity market design

WHAT'S IN IT?

OBJECTIVE	GOOD PROSPECTS IN VIEW OF THE OBJECTIVE	MIXED PROSPECTS	A STEP BACKWARDS, UNDERMINING THE OBJECTIVE
Climate ambition in view of respecting the limit of 1.5°C global warming under the Paris Agreement			
100% renewables accelerating the phase-out of fossils and nuclear			
Fair participation of citizens in the benefits of the European Green Deal			

WHAT'S NEXT?

STATUS	MILESTONES			
Entered into force	●	●	●	●
	By January 2025 EU Member States to transpose new legislation	By January 2025 European Commission report on simplifying the process of applying a capacity mechanism	By June 2026 European Commission report and potential proposal on the Regulation	By July 2026 EU Member States to transpose new right to share energy

WHAT TO WATCH OUT FOR?

RISKS	LIMITED RISK	MEDIUM RISK	HIGH RISK
Speed. Slowing down the EU law's progress or implementation.			
Money. Conflict on distributional effects or lack of finance for making this EU law impactful.			
Fossil fuels. Open door to supporting the use of fossil fuels.			
Nuclear power. Open door to supporting the use of nuclear power.			

NO RISK N/A NOT APPLICABLE



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eu.boell.org/green-deal-risk-radar

WHAT'S IN IT?

 **Climate ambition**

Missing an explicit link to more ambitious climate targets but including a reference to EU-wide auctions to reach the renewable energy target (Regulation art. 19c). Promoting investment security for an accelerated growth of renewable capacities. New indicative objectives for flexibility solutions that largely exclude fossil fuels (Reg. art. 19f, h).

 **100% renewables**

Turns capacity mechanisms from an exception into a structural element of electricity markets with a derogation allowing continued use of fossil fuels. Allows EU Member States to support new nuclear power plants, repowering and lifetime extensions through long-term Contracts for Difference (CfDs).

 **Fair participation**

Introduces a new right to share energy (Directive, art. 15a) facilitating access to renewable energy independently from ownership, asking for fair and cost-reflective network tariffs. Right to have a dynamic as well as a fixed-price tariff (Dir. art. 11). Strengthening consumer protections against disconnections (Dir., art. 28a), introducing the right to dedicated measurement devices to save costs with demand response (Reg. art. 7b).

WHAT TO WATCH OUT FOR? RISKS

 **Speed**  **Money**  **Fossil fuels**  **Nuclear power**

Some EU Member States (such as PL) are pushing for a simplified introduction and prolongation of capacity mechanisms for continued use of fossil fuel-fired power plants, hindering the uptake of renewables, of demand response and other flexibility solutions.

CfDs potentially allow for subsidies for nuclear power plants (as envisaged by Member States such as FR), distorting wholesale markets and renewables growth. If the European Commission does not apply strict criteria for assessing potential market distortion from CfDs for nuclear power plants, national governments could shift considerable financial support to their national nuclear power plant operators.

Provisions for the case of an energy price crisis do not guarantee a fast and fair reaction. Member States could protect national industries to the disadvantage of (energy-poor and vulnerable) households and small businesses.

‘Síkela [Czech industry minister] insisted on improving access to finance for nuclear projects, which have frequently gone over budget and deadline in the past years, spooking off private investors.’ – EURACTIV, 9 JANUARY 2024

WHAT'S NEXT?



STATUS

Entered into force on 16 July 2024**Transposition by EU Member States**

By 17 January 2025, except for the new right to share energy by 17 July 2026.

Revision clauses and reporting duties

By 17 January 2025, European Commission (EC) report on simplifying the process of applying a capacity mechanism, followed by proposals for simplification by 17 April 2025.

By 31 December 2025, EC report and potential legislative proposal on the Directive, in particular to assess the service quality offered to final customer and protection of vulnerable and energy-poor customers (art. 69.2).

By 30 June 2026, EC report and potential legislative proposal on the Regulation, in particular on the functioning of electricity markets, the legal and financing framework on distribution grids and market platforms for PPAs (art. 69.2).

Delegated acts and other related legislative action

EC tasked to assess the gap filler mechanism of the Governance Regulation (EU) 2018/1999 (art. 33) to close the gap between the binding 42.5% and the indicative 45% renewables target (Reg., art. 19c).

EC guidance on energy sharing to be expected by end of 2024/early 2025.

HOW TO IMPROVE IT? OPPORTUNITIES

EC proposals on capacity mechanisms should set phase out dates for the use of fossil fuels.

Dedicated EC guidance on the design of CfDs should avoid ambiguity on support to nuclear power.

Households and consumers should get access to long-term price stability by obliging retail electricity suppliers to integrate a certain share of renewable PPAs into their portfolios.

FURTHER READING

- Heinrich-Böll-Stiftung EU & Environmental Action Germany (DUH): [The 100% Renewable Energy Action Plan for the next European Commission, April 2024](#)
- Heinrich-Böll-Stiftung EU & Environmental Action Germany (DUH): [Accelerating the European energy transition. Impetus for the EU reform debate, September 2024](#)