



Brussels, 5 October 2016

Object: A market design fit for the energy transition

Dear President Juncker,

Europe's energy mix has evolved substantially in recent years thanks to ambitious political decisions. Households and businesses today can benefit from competitive and secure renewable power sources, some of which only emerged in the last decade. New business models and services are proposed by existing players and new entrants in the energy sector every day.

The continuation of the energy transition and, in particular, the continued cost-effective integration of renewables in the energy system requires decisions as ambitious as those that enabled the emergence of renewables in the first place.

Today, this major energy and industrial transformation is in jeopardy as a result of an antiquated set of energy market rules. Those rules, that were predicated on national borders and centralised electricity production, act now as a cap for renewables deployment.

To enable our energy system to become more flexible, cost-efficient and decarbonised, energy market rules need to be revisited. In particular, it is urgent to roll-out the following energy market reforms:

1. Send the right price signals by making short-term markets more liquid and fully integrated across borders.
2. Take a European approach when assessing system adequacy. The current re-nationalisation of energy policies via capacity mechanisms is not only a reflection of an anachronistic silo approach, it also bears the risk of locking our system into a centralized carbon intensive pathway at the expense of renewables and new market actors.
3. Foster regional and Pan-European trading of electricity and grid-support services by opening markets up to all providers of flexibility, including from renewable energy technologies.
4. Provide investors with long-term visibility and stability to ensure that the EU's 2030 objectives are met.
5. Strengthen the role of citizens in renewable energy production and provision of flexibility services.

The Commission's decision on whether to make the energy market fit for renewables is a litmus test for the EU's commitment to global leadership in renewables. As the energy sector faces a new investment cycle, we urge you to seize the opportunity of the upcoming legislative package on market design to send the right signals and unlock investments in a sustainable, secure and competitive energy system.

Yours sincerely,

**James Watson**  
CEO, Solar Power Europe



**Giles Dickson**  
CEO, Wind Europe



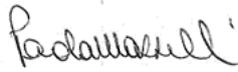
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