

All NEMO Committee press release: 10 May 2023

European Power Exchanges: EU Commission proposes a pan-European Single Legal Entity depriving NEMOs of their function and putting market resilience at strong risk.

The European power exchanges that have started the integration of the Single European Electricity Spot markets more than 15 years ago are seriously concerned about the centralising and anti-competitive provision contained in the reform of the Electricity Market Design, presented by the European Commission on 14 March 2023 and now under review by the EU Parliament and the EU Council. This provision mentions the possibility to create a Single Entity that would be entrusted with the management of all national electricity markets (proposed amendments to articles 7 and 59 of Regulation (EU) 2019/943). This is clearly a first step towards a de-facto centralisation of the European Market Coupling operations, and goes against the principles of proportionality and subsidiarity.

Moreover, the introduction of such a provision for a new entity which should be managing the integrated day-ahead and intraday markets in accordance with Regulation (EU) 2015/1222 has been done without any prior proper consultation, without any cost-benefit analysis and without considering the destructive effects this could have. This provision, which has nothing to do with the issues covered by the Electricity Market Design reform, was reinserted after it had been set aside in the amendment process to the CACM Guideline because it was considered by NEMOs and TSOs as well as EU industry associations such as Eurelectric and EFET to be dangerous to the very functioning of the single European electricity market.

The current market design, which has been achieved primarily thanks to the work of the European Power Exchanges, ensures multilateral and decentralized cooperation that respects the peculiarities specific to each EU country national market, effectively achieving integration and coordinated management at the European level. These achievements have been recognized in the proposed reform.

The European Commission's proposal, by mentioning the possibility of entrusting the management of EU integrated electricity markets to a single entity, throws the door wide open to an unnecessary and indefinite transition that results in critical operational, regulatory, and management issues, putting at high risk the very operation of these well integrated day-ahead and intraday markets. This proposal would require a significant implementation time, and would create legal-regulatory difficulties, transition costs and very important insolvency risks, which have been completely overlooked by the European Commission, and would not generate any benefits either for the operational management or for the security of the system.

The NEMO Committee therefore believes that the passages related to the Single Legal Entity included in articles 7 and 59 of Regulation (EU) 2019/943) should be deleted from the Electricity Market Design reform proposal under discussion.

[About All NEMO Committee:](#)

The All NEMO Committee facilitates the cooperation among NEMOs for all common European tasks necessary for the efficient and secure design, implementation and operation of single day-ahead and intraday coupling. The All NEMO Committee is formed by the appointed representatives of each NEMO.

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