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Revised Electricity Market Design Embraces Energy Storage to Replace Fossil Fuel Flexibility

14 March 2023: EASE – The European Association for Storage of Energy welcomes the European Commission’s raised ambition for energy storage in their proposed Electricity Market Design revision, which recognises the **crucial role of energy storage in enabling the deployment of renewable energy and reducing dependence on fossil generation**. In this context, it is incredibly positive that the European Commission has decided to improve capacity markets, design flexibility support schemes, introduce national flexibility objectives, and encourage Power Purchase Agreements (PPAs).

Historically, capacity mechanisms have provided long-term, lucrative contracts almost exclusively to fossil gas turbines under the justification of energy security. Russia’s invasion of Ukraine has demonstrated that relying on fossil fuel imports has detrimental consequences on security of supply. Therefore, the encouraging **capacity mechanism reform can be further improved by gradually lowering the existing carbon cap**, alongside longer contracts and higher capacity payments for carbon-neutral facilities.

EASE **warmly welcomes the new national flexibility objectives**. This mandates Member States and system operators to evaluate how much storage capacity is needed to ensure system security and renewable roll-out. A long-term perspective for energy storage bolsters investor confidence and accelerates deployment.

The **proposed flexibility support schemes strike a good balance between providing revenue certainty and ensuring exposure to price signals**, which is crucial for a healthy business case for energy storage projects. Similarly, supporting the deployment of renewable PPAs will provide long-term revenue streams, but **time-matching generation and consumption would be key to ensure storage deployment** goes in parallel with renewable uptake.

Finally, while the revision addresses demand reduction during peak hours, the proposed **peak shaving product overlooks the potential of front-of-the-meter and co-located storage** to shift energy and manage peaks – only behind-the-meter storage seems able to participate.

EASE applauds the European Commission’s efforts to improve the energy storage regulatory framework, and therefore its business case. While this new market design shows clear political

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commitment, **only an energy storage strategy can provide the long-term investment signal needed to address the [200GW energy storage needs](#) by 2030.**

About EASE

The European Association for Storage of Energy (EASE) is the leading member-supported association representing organisations active across the entire energy storage value chain. EASE supports the deployment of energy storage to support the cost-effective transition to a resilient, climate-neutral, and secure energy system. EASE was established in 2011 and represents around 60 members including utilities, technology suppliers, research institutes, distribution system operators, and transmission system operators.

For more information please visit: www.ease-storage.eu

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