



**President Charles Michel**  
European Council President

**President Ursula von der Leyen**  
European Commission President

**CC: Vice-President Frans Timmermans,  
Commissioner Kadri Simson**

Brussels, 28 October 2022

**Solar industry asks for quality and transparent decision-making with respect to long-term electricity market reform**

Dear President Michel,  
Dear President von der Leyen,

As a key stakeholder, SolarPower Europe would like to share some reflections in relation to the European Commission's recent 'Non-Paper on Policy Options to Mitigate the Impact of Natural Gas Prices on Electricity Bills.'

We are fully aware of the impacts of current energy price crisis in Europe, which our companies are confronted with as well. The situation is not sustainable for many European households and businesses. We have, therefore, cooperated with European decision makers around the Regulation for a temporary revenue cap on renewable electricity revenues and a solidarity contribution from the oil and gas industries. Beyond that, we support immediate measures to assist businesses, in particular the solar manufacturing industry, and consumers.

**It is, however, essential to keep the focus on the origins of the problem and tackle the root cause of the crisis: Europe's reliance on imported fossil fuels.** The problem is not the rules of the European electricity markets but rather the lack of sufficient investments in renewable energies. **The only structural solution to this crisis is a massive and accelerated deployment of renewables and their efficient integration via storage or demand side response.** Any other temporal solution



should be oriented to the origin of the problem, being the import price of gas.

**We are very concerned about some of the proposals in the non-paper,** be it with respect to an EU-wide cap on gas prices in electricity or the suggestions to move all new inframarginal technologies (particularly solar and wind) outside of the market and into mandatory Contracts for Difference.

First of all, **the Iberian cap proposal must be carefully examined.** In particular, as the Commission's non-paper acknowledges, recent evidence has shown limited benefits of such solution, while resulting into an increase of gas demand. Secondly, the proposal to move all new renewables to CfDs would constitute a complete U-turn from the years of progressively and successfully bringing renewables to market exposure and building the Internal Energy Market. **Although CfDs have been, and still are, very beneficial to drive the deployment of renewables, relying on administrative measures *only* is not the right way forward.** It would mean coming back to central planning and auctions, potentially crowding out investors and stifling innovative business models. Most importantly, it would not create additional revenues on top of the market cap but, on the contrary, lock governments into mechanisms that could be less profitable when prices go down, opening the door to future retroactive changes on support schemes.

Exposing renewables to market prices provides essential dispatch signals – decoupled from gas price – providing an incentive to displace production to cope with energy scarcity, in turn significantly reducing overall system costs. It also allows the industry to develop new solutions, such as combined solar and storage, and drives efficient long-term contracting models like Power Purchase Agreements, which is what European industries looking for price stability need.



All of the above would be in peril. **Changing the rules of electricity markets overnight, or even just feeding the debate with non-papers, has a chilling effect on investments and will slow down the energy transition.** It harms investor confidence in exactly those structural solutions and at the precise moment when we need to accelerate renewables and clean flexibility solutions to maintain Europe's energy competitiveness and security.

**We call on the European institutions to abide to the highest standards of quality and transparent decision-making on this and any other topic, and to resist temptations to overregulate.** The existing emergency measures from early October, if correctly implemented and calculated on the basis of monthly net revenues, already provide a robust response to energy price increases.

We stand ready to provide more details and support you in finding the best solutions to get Europe out of this unsustainable crisis as fast as possible.

Your sincerely,

**Walburga Hemetsberger**  
CEO, SolarPower Europe