Mr Dan Jørgensen
Commissioner for Energy and Housing
European Commission
Rue de la Loi 200
B - 1000 Bruxelles

5th March 2026

Subject: Maintaining regulatory stability and investors' certainty on the internal energy market

Commissioner,

Over the last decade, the integration of the EU electricity market has proven to be resilient and able to ensure security of supply across Europe, through an efficient allocation of demand and supply, and by fully leveraging the benefits of interconnection, cross-border trade and European solidarity even in times of crisis. The current EU market design, according to ACER estimates, has yielded a yearly EUR 34 bn in benefits over the last decade compared to a situation with no cross-border flows[1].

This has been facilitated by a common electricity market, with marginal pricing and cross-border trade, where accurate price signals have ensured an efficient dispatch of generation units at lowest available cost. These market arrangements trigger the investments needed to deploy cheaper, more efficient and decarbonized energy production, to enhance security of supply and to incentivize energy savings, flexibility and storage. No satisfactory alternative model has been identified. All other options discussed would introduce inefficiencies through inaccurate price signals caused by an increase in strategic bidding patterns, disincentivize forward market hedging, increase system costs and could result in higher prices for the consumers. Furthermore, intervening in the electricity market design and changing price formation mechanisms would also increase market and regulatory uncertainty, which is harmful for investments and European competitiveness. Therefore, **the merit order and the marginal pricing system are and shall remain the cornerstone of the EU electricity market design**.

At the same time, the 2022 energy crisis challenged affordability for consumers, both households and industry, requiring a convincing response. We acknowledge the difficulties faced by citizens whose purchase power is affected and those of energy intensive companies exposed to international competition. National and EU policies to enhance the competitiveness of European companies have been implemented. Structurally higher wholesale prices, caused by the EU dependency on expensive, imported gas, combined with significant volatility, are producing negative effects that cannot be ignored. **We would like to underline that the existing electricity market design based on marginal pricing system is not accountable for higher EU wholesale electricity prices**. A solid response should be delivered through policies aimed at addressing the root causes of high electricity prices.

Firstly, the most recent reform of the electricity market agreed in 2023 and still to be fully implemented promotes instruments such as contracts for difference, power purchase agreements and solid forward

[1] ACER, *Final Assessment of the EU Wholesale Electricity Market Design*, 29 April 2022.

markets to pass on lower costs of power generation to consumers. Secondly, the accelerated deployment of lower-cost energy sources is pushing gas out of the merit order for an increasing number of hours. Producing more home-grown energy, including from renewable sources, should remain a priority. Meanwhile, short-term price peaks should be addressed during circumstances where gas-fired generation capacity must increase their running hours during a transition phase. Thirdly, improved market coupling contributes to more efficient electricity cross-border flows. Fourthly, flexibility, demand response, energy efficiency measures and storage tend to stabilize wholesale prices and shave price peaks. The latest electricity market reform includes a new framework to promote flexibility that will play an increasingly important role in our electricity system.

The success of these continuous developments and improvements depends on regulatory stability in view of the full implementation of adopted policies. It also depends on the rapidity and intensity of the large investment required, mostly coming from the private sector. **Therefore, we invite the Commission to refrain from presenting power market reforms that risk to impair the much-needed investor's confidence and to further degrade the situation on the electricity markets**. Instead, the EU and Member States should act swiftly in the four areas described above.

Sincerely yours,

Mr Lars Aagaard
Minister for Energy, Climate and Utilities, Denmark

Ms Sari Multala
Minister of Climate and the Environment, Finland

Mr Kaspars Melnis
Minister for Climate and Energy, Latvia

Mr Lex Delles
Minister for Energy, Luxembourg

Ms Stientje van Veldhoven - van der Meer
Minister of Climate and Green Growth, the Netherlands

Ms Maria da Graça Carvalho
Minister for Environment and Energy, Portugal

Ms Ebba Busch
Minister for Energy, Business and Industry and Deputy Prime Minister, Sweden