

A new energy market design for an Energy Union that delivers on demand side flexibility and “efficiency first”

Vice President Šefčovič,
Commissioner Cañete,

The February Energy Union communication and its strong endorsement by European heads of state and government resonated like a promise to European citizens and businesses. **The promise that the European Commission, under your leadership, will drive a fundamental transformation from an “economy driven by fossil-fuel fuels [...] where energy is based on a centralised, supply-side approach and which relies on old technologies and outdated business models” to a sustainable, climate-friendly and inclusive economy built for citizens and with strong, innovative and competitive European companies.** In particular, you committed to ensure that “*energy efficiency and demand side response can compete on equal terms with generation capacity*” as part of the market design review.

The signatories of this letter – gathering a wide range of actors from Europe’s energy sector from green NGOs, cities, industry and consumer groups – give you their full support in this endeavour. The signatories of this letter will also pay close attention to your work on delivering this promise. The vision laid out in the Energy Union communication is the benchmark by which future proposals and decisions will be judged.

The launch of the Market Design Initiative is a unique opportunity for the European Commission to further orientate EU energy policy in that direction, and to:

- > **Improve energy efficiency** – first by ensuring that energy efficiency does compete on equal terms with supply-side solutions at all decision points in the energy system;
- > **Develop new business models** – through competition and flexibility, to develop European expertise, new skills and job profiles, in the electricity as well as heating and cooling sectors.
- > **Empower active consumers** – include the participation in flexible energy markets to the list of consumer rights that EU citizens should enjoy as energy consumers;
- > **Address security of supply** – by considering the security of supply contributions of energy efficiency, demand side management, smart grids and renewable energy;
- > **Support renewable energy growth and self-generation** – self generation and successful renewable energy integration into an adapted market are critical to an inclusive energy transition.

We look forward to working with you in creating a truly viable energy market for energy efficiency and demand side flexibility.

Yours sincerely,



EREF
European Renewable Energies Federation