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The German Retail Federation (HDE) is the voice for 400 thousand retail, wholesale, and other trading companies. Our members include national commerce federations in 31 countries, Europe's leading retail and wholesale companies, and federations representing specific sectors of commerce.

The transition to a new energy market design is a major challenge for all stakeholders. HDE welcomes the decision for further development of the electricity market. It supports this on-going process as the current EU energy market design definitely needs a revision and further evolution to facilitate the further development of renewables and to ensure both a stable and cost-efficient energy supply.

HDE would like to highlight a number of aspects in advance:

- The past shows that EU legislation often is too complex and results in diversity in interpretation by the EU countries. Energy markets in Europe currently are far from a homogeneous EU market design. For that reason we have to put great effort into this legislative process to obtain a joint basis for one forward-looking new market design for all EU countries. It needs an effective regulatory and governance framework which reduces the need for interventions such as capacity mechanisms. HDE encourages fostering a truly unique European dimension.
- The retail sector goes ahead and is prepared to act as a fully integrated market player, including flexible demand. It demonstrates the benefit of a working demand side management and already includes renewables reasonably on-site. Therefore HDE welcomes the expected move towards an interconnected EU-wide electricity market providing clear price signals for all consumers.
- The Energy Union should ensure that the transition to a new energy market design goes on at minimum costs. Energy consumers will have to be the center of the new energy system. The transition costs will have to be apportioned among all commercial sectors and households to a reasonable extend. This will also have to include the industrial sector, which currently benefits from a disproportional low share of the transition costs in some EU countries.
- HDE welcomes the principle energy efficiency first. Regarding energy efficiency EU retail business is a success story and has already contributed significantly to the declared EU energy efficiency target. Continuously the specific energy consumption has decreased last years and ongoing energy efficiency measures will result in further reductions. However, HDE would like to highlight that further reductions in energy consumption will have to be a joint effort of all commercial sectors and households.
- The competition in European cross-border markets should be established and enhanced, respectively. Energy markets should provide the right signals and incentives to drive right investments or a change in consumption behavior, so e.g. consequently existing price caps at wholesale markets should be removed.
- Electricity will have to be dispatched on market signals. Therefore all market players will need to fully integrate into the new market design; accordingly investments are driven by the market.



HDE welcomes the idea that all market players will have to be integrated – including flexible demand and renewables.

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