In theory there is no difference between practice and theory, in practice there is....... 

- European agreement on the creation of an internal energy market with a central role for market based wholesale prices
- European agreement on climate goals and commitment for a market based ETS approach
- Serious hiccups:
  - Slow down of creation internal energy market
  - Threat of distorting national subsidy schemes and capacity mechanisms
  - ETS is currently not producing the sufficient incentives to efficiently meet the climate goals
Does target model support energy transition?

- Features of target that will support transition
  - Cost reflective wholesale prices
  - Cross border balancing market
  - Improved allocation of interconnection capacity

- However
  - Combination of target model and current ETS have not yet generated the required outcome
  - Target model and national subsidy schemes/capacity mechanisms are not mutually supportive
Future for “enhanced” energy only markets?

- Implemented target model
- Reduce current distorting effects on wholesale prices
- Stop end user price regulation
- Remove distorting wholesale price caps
- Value flexibility
Conclusions

- An enhanced energy only model will be able to deliver SOS, affordability and can support sustainability.

- Cross border market integration should dash forward instead of slowing down.

- Current level of interconnection and generation capacity is sufficient to allow for fundamental analysis and developing solutions for the root cause of current problems.

- ETS does currently not provide sufficient incentives towards a low carbon economy - adjustments are urgently desired.