

P R E S S R E L E A S E

Electricity Market Design: Long-term improvements missing short-term action

Brussels, 14 March 2023: “Today’s EU electricity market design proposal introduces targeted improvements that will help European metals companies accessing decarbonised electricity in the longer-term. But we see it as a missed opportunity overall, lacking meaningful measures to address the critical short-term impacts of Europe’s high electricity prices on strategic industries to the energy and digital transition”, said Guy Thiran, Director General of Eurometaux (Europe’s metals association), after the European Commission’s electricity markets publication.

Europe’s non-ferrous metals industry is amongst the sectors most impacted by the ongoing energy crisis. 50% of EU aluminium and zinc capacity has been forced to curtail production in the last year, and over 30% of silicon. EU electricity prices are still at a high-level compared with pre-COVID years and continue to have a detrimental effect on electricity-intensive industries. In the last week alone, two aluminium smelters in Slovenia and Germany have announced a complete closure. Europe’s metals producers are an essential part of clean energy supply chains, with metals required in higher volumes in the shift from fossil fuels.

Evangelos Mytilineos, Eurometaux President, commented: “We urgently need a European solution to prevent further electricity price shocks in the next five years. This will give our companies breathing space ready for when today’s longer-term measures begin having effect. We commend the European Commission for avoiding a complete overhaul of Europe’s electricity market principles. But we need more actions from legislators to place competitiveness equally to decarbonization at this proposal’s foundation”.

Eurometaux had submitted a proposal for a “price-shock absorber” mechanism for the European Commission’s further evaluation, which would temporarily but predictably limit the ability of fossil generation to set wholesale electricity clearing prices, during periods where market prices are extraordinarily high. Contrary to problematic inframarginal caps, the Eurometaux-proposed mechanism is market-based, does not require state aid, brings certainty over power prices to investors, and benefits all consumers. Whatever the approach taken, the EU must act to prevent future unbearable price shocks like those experienced in the last year, that would result in complete plant closures and lower capacity as per the above examples.

Guy Thiran concluded: “We welcome the European Commission’s new proposals on improving power purchase agreements and the demand response framework, as well as measures aiming at reducing electricity generation scarcity. Metals companies in Europe will need access to available and affordable decarbonized electricity, but the immediate critical imperative is having the capability to weather the ongoing storm. Today’s long-term framework will only work if we get the short-term right too”.

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About Eurometaux: Eurometaux is a trade association representing the collective European non-ferrous metals industry, including miners, smelters, refiners, fabricators and recyclers. The industry employs 500,000 people across over 900 facilities, with an annual turnover of €120bn.

