

For the success of Fit-for-55 and REPowerEU, the future EU Electricity Market Design has to work for energy storage

The upcoming revision of the electricity market design is an opportunity for the European Union to accelerate the transition to a sustainable and affordable energy system by boosting investment where it is most needed to achieve the Union's Fit-for-55 and REPowerEU objectives. Energy storage must be deployed at a high speed and a large scale (2030 demand estimated at 200GW i.e. twice the current capacity) to offer cost-efficient solutions to increase the penetration of renewables in the system, contain electricity prices, and substitute fossil-based flexible generation while maintaining the security of supply.

In view of the upcoming publication of the European Commission's proposal, [Cleantech for Europe](#), [Climate Strategy](#), [EASE](#), [Future Cleantech Architects](#), [1.5° Ventures](#), and [InnoEnergy](#) urge the co-legislators to untap the full potential of energy storage by introducing ambitious provisions.

1. Strengthen the energy storage business case

The revised electricity market design must provide an appealing business case for energy storage projects to attract the necessary investment. The following measures should be introduced:

- Provide new market products - in particular for peak shaving, curtailment prevention, and congestion management - to secure predictable revenue streams for storage, both utility-scale solutions (co-located with renewable generation or facilities placed at strategic locations on the grid) and behind-the-meter solutions.
- Mandate a lower carbon cap in the Capacity Market and favour the participation of carbon-neutral facilities.
- Ensure support schemes tailored to storage when market failures occur i.e. when the storage capacity deployed is not enough to ensure the flexibility needed in the system.
- Encourage the participation of storage in the PPA market with a focus on 24/7 clean energy PPAs.

2. Provide market visibility to attract and de-risk investment

Further market visibility for storage projects should be provided with the following measures:

- Mandate energy storage targets at the Member State level, reflected in the NECPs, addressing flexibility needs from seconds to seasons.

If the right conditions for energy storage are set - with strong market signals for flexibility, harmonised capacity mechanisms and support schemes for storage facilities, and swift implementation of the new framework - it will play a key role in helping the European Union offer consumers a secure, sustainable, and affordable electricity supply.