

Response to the Swedish Energy Agency consultation on supporting RES robustness

Brussels, 12 May 2025

Key messages

- Overall, Energy Traders Europe supports further market integration initiatives.
- Regarding the integration of renewable energy sources, we suggest fully implementing current EU regulations as a starting point.
- To help RES development, we call for a combination of market-based instruments, like PPA development, and when necessary, state-backed support, such as two-CfDs.

Detailed comments

1. Market Design and Transparency Challenges for RES

The integration of a 15-minute market time unit, more specifically of mFRR EAM, in March 2025 has made balancing operations more granular but has also introduced volatility and extreme price spikes. Weather-dependent RES are inherently subject to small deviations from forecast, and shorter time units combined with increased price volatility in the imbalance market are disproportionately impacting RES operators. This may have contributed to the observed drop in intraday liquidity and widening price spreads in the Nordic markets—factors which challenge the economic viability of new RES projects and may slow the energy transition.

Transparency in the balancing market is a crucial precondition for market efficiency. At present, Sweden has an exemption under Article 12 of the European Electricity Balancing Guideline (EBGL) that limits data publication in the balancing market. This reduces market visibility and hinders effective participation. In contrast, Finland publishes anonymized bid volumes and prices, allowing market participants to assess trends better and react

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accordingly. We urge SvK and the Swedish regulator to reassess the exemption and move toward greater data transparency in line with best practices elsewhere in the Nordics.

2. Enabling Future Services and Flexibility from RES

SvK should also explore how RES can contribute to system robustness by offering additional services, including congestion management (both turn-up and turn-down) and potentially inertia, especially as conventional synchronous generation is phased out. The decentralised nature of RES assets may be particularly useful in regional congestion management.

3. Designing Incentives and State Aid to Support Balancing Participation

If Sweden considers introducing a state-aid scheme for RES, the design should include incentives for participation in balancing markets. For example, capacity-based support rather than production-based remuneration can encourage flexibility. In parallel, the design should support the development of power purchase agreements (PPAs) as a supplementary hedging tool to enhance investment certainty.

As a European trade association, we have also issued guiding principles for the design of two-way CfDs, should there be a CfD scheme considered in Sweden.¹ We trust that 2-way CfD schemes can deliver for consumers and the environment - as long as they preserve electricity price signals and the efficient functioning of the internal electricity market.

4. Supporting a Technology-Neutral Market

Finally, we emphasize the importance of creating a technology-neutral, competitive market. When a level playing field is established, diverse technologies can complement each other to enhance system resilience. Increased RES participation would not only strengthen competition in balancing services but also help reduce costs—benefiting both SvK and end consumers.

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