

## Press Release

### **EU Electricity Market Design: Improvements with long-term effect must come together with measures to make power prices competitive today**

Brussels, 16 March 2023. “The European Commission’s proposal to improve the EU’s Electricity Market Design brings some positive changes that can improve copper producers’ access to affordable electricity in the long-term. We regret, however, that the Commission did not take this opportunity to introduce measures to reduce the electricity bills of the EU’s electro-intensive industries already today” said Bernard Respaut, Chief Executive of the European Copper Institute.

The current situation of sustained high electricity prices is having a devastating impact on the competitiveness of electro-intensive industries in the EU. It has substantially increased the operational costs of copper miners, smelters and refiners in Europe, and is causing a competitive disadvantage vis-à-vis producers in other regions of the world where electricity prices remain considerably lower. The unpredictability of electricity prices is also heavily impacting on the ability of copper producers to make investments.

The European Commission has defined copper as a strategic raw material, acknowledging that copper is indispensable for achieving the EU’s objective of a carbon-neutral economy. Given its widespread use in the main decarbonisation technologies, Europe’s need for copper is forecast to increase by 35% by 2050.

Bernard Respaut continued: “There is potential to increase copper mining, processing and recycling capacity in the EU and our members are committed to doing this sustainably. Through our [Pathway to Net Zero](#), copper producers in the EU have committed to bringing their scope 1 and 2 GHG emissions to net zero by 2050, and aim to cut these emissions by 30-40% already in 2030. But copper producers can only achieve this if they have sufficient access to competitively priced fossil-free electricity.”

Electricity is the most important energy source for copper smelting and refining in Europe today and consumption is increasing as the sector decarbonizes. Increasing the use of fossil-free electricity is the main way for copper producers to reduce their GHG emissions.

“We welcome some of the proposals aimed at improving access to Power Purchase Agreements, increasing flexibility through demand response and storage as well as increasing supply of fossil-free electricity. These measures have potential to improve copper producers’ access to affordable decarbonized electricity in the long-term. However, action is also needed in the short-term.”

The European Copper Institute has suggested putting in place a price shock absorber mechanism as an immediate remedy, to limit the ability of fossil generation to set wholesale electricity clearing prices in the EU in situations of extraordinarily high market prices. Such a pre-defined system could significantly lower market prices for consumers during price spikes, while bringing certainty to investors.

Bernard Respaut concluded: “Copper producers need stable access to competitively priced electricity now, to be able to make the investments needed to meet growing demand for copper and to decarbonise production. It is therefore important that the proposed measures are complemented with immediate support for the EU’s electro-intensive industry until such time that sufficient and competitive renewable generation capacity will be available.”

#### **About the European Copper Institute (ECI)**

ECI is the leading advocate for the copper industry in Europe and the European arm of the International Copper Association (ICA). Our members mine, smelt, refine and recycle copper for use across the economy, in the electricity system, buildings, transport and industry.

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