



– Position paper –

Call for comprehensive reset of CACM 2.0

Brussels, 27 June 2025 | Ahead of the upcoming **meeting of the Electricity Cross-Border Committee next Monday**, we – Europex, the Association of European Energy Exchanges – wish to express our serious concerns regarding the proposed recast of Commission Regulation 2015/1222 (EU) establishing a guideline on capacity allocation and congestion management (CACM 2.0).

While we fully support efforts to strengthen the EU electricity market, **we consider the recently tabled draft of CACM 2.0 to be fundamentally flawed in terms of legal conformity, substance and process, in particular with respect to the proposed introduction of a Single Market Coupling Operator (SMCO)**. This entity is identical in nature to the Single Legal Entity (SLE) that was discussed and politically rejected during the recent Electricity Market Design Reform in 2024. **We therefore respectfully urge you to oppose the current proposal and support a suspension and comprehensive reset of the process.**

Our **main concerns** are as follows:

- 1. Lack of justification and impact assessment:** The proposal is not supported by any credible evidence base, empirical analysis or proper impact assessment of “different governance options” for market coupling operation. This approach diverges from the principles and conclusions of the recent Electricity Market Design Reform, in which both co-legislators explicitly rejected the proposed introduction of a Single Legal Entity and instead called for the exploration of “alternative governance options”.
- 2. Legal and governance inconsistencies:** The proposal introduces a new entity – the Single Market Coupling Operator (SMCO) – which is identical to the previously rejected Single Legal Entity. The proposed SMCO setup contradicts Regulation (EU) 2019/943, which exclusively reserves the organisation of the integrated day-ahead and intraday markets to TSOs and NEMOs. Moreover, any significant disruption of national specificities established in national primary law should be the result of a clear political decision and enshrined in Level 1 legislation (e.g. the Electricity Regulation). It should not be imposed through a Commission Regulation.
- 3. Introducing higher costs and risking security of supply:** Crucially, a complete overhaul of the current, well-functioning market coupling arrangements would entail significant transitional costs and introduce a single point of failure – precisely at a time when the EU’s political priorities are to enhance affordability and ensure security of supply.

Moreover, such a move would risk stifling much-needed product innovation during the ongoing energy transition.

- 4. Lack of stakeholder involvement:** Contrary to the claims of the recast proposal, the drafting process has not involved the alleged “close cooperation” with stakeholders. In fact, it has proceeded without even basic information-sharing with key actors, namely TSOs, NEMOs, NRAs and market participants. This absence of transparency undermines the principles of good governance and inclusiveness that underpin EU energy policy.

In light of these issues, **we strongly advocate for a full reset of the CACM 2.0 drafting process.** This would also reflect the conclusions of the 40th Florence Forum, which emphasised the importance of collaborative, inclusive regulatory reform.

About

Europex is a not-for-profit association of European energy exchanges with 37 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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