Challenge
The aim of the Trialog “Green Paper electricity market design – from national climate goals to sustainable European energy generation” was to contribute to the public consultation process of the Green Paper “An Electricity Market for Germany’s Energy Transition” published by the German Federal Ministry of Economic Affairs and Energy. The main question of the Green Paper centers around the issue whether Germany should introduce a capacity market or not. But also further aspects for discussion have been addressed: intensifying European cooperation, developing the power grid and maintaining a single price zone. The Trialog debate and the subsequent analysis filtered short-term self-serving interests from long-term interests for the well-being of society. We hereby facilitated the identification of basic consensuses for sustainable political decisions on the design of the electricity market.

Approach
The HUMBOLDT-VIADRINA Governance Platform (HVGP) organized a whole-day Trialog on December 10, 2014 that was funded by the Federal Ministry of Economic Affairs and Energy. The Trialogs of the HVGP are multi-stakeholder events that discuss current social, political or economic challenges. They bring together multiple, often conflicting perspectives of national and international actors and embrace the differing societal positions and rationales. Through methodological analysis, we identify most important and intersecting arguments and thereby, common grounds for consensus. This process unfolds alternatives and their implications before the actual political decision is taken.

A total of 51 representatives from the political sphere, the business sector and organized civil society including media and academia participated in the Trialog. The participants came from various European countries including Germany, Poland, France, Great Britain and the Netherlands.

Results
One challenge for answering the question of sufficient supply security and market design is the requirement to assume a number of factors for giving a forecast. Besides current and future overcapacities, the consolidation process of the power plant fleet, the expected grid expansion, the level of European cooperation, flexibilization of demand as well as the development of related technologies will be decisive factors in forecast calculations. All these factors can only be estimated to a certain extend as they are mutually dependent. All the more, it is imperative that forecasts, data, sources as well as scenarios are transparent and comprehensible, in order to facilitate political decision making that takes into account relevant stakeholder positions and builds upon broad societal acceptance.

For the summary of the Trialog the following consensuses and implications were identified:

I) Within Germany:

- All participants support the **triangle of goals consisting of security of supply, sustainability and competitiveness**. None of these three goals should be neglected in the decision-making process. However, sometimes short-term priorities may have to be set.
  
- The **power plant fleet** is currently subject to an adjustment process with various consequences:
  
a) Crowding out of climate friendly gas power plants by coal plants in the process of market adjustment should be avoided. Does this entail a prioritization in favor of gas power plants? Should we – at least temporarily – take further factors into account, e.g. regional implications for coal mining areas?
  
b) The closure of power plants will generally imply **risks and chances**. So far the discussion centered on the risks related to national or regional **supply shortfalls**. But also other
implications and solutions such as regional job losses due to plant closures have to be made a subject of discussion. Furthermore, the debate should not only centre on the risks of supply shortfalls. The attention should also be drawn to energy efficiency potentials of the industry or options of decentralized energy supply. In this way, *new dynamics* in relation to energy efficiency measures and job creation could be triggered.

- **Changes on the labor market**, for example regarding the quality of jobs, must be openly and explicitly discussed, in order to find agreeable and sustainable solutions for this important political challenge.

- There is broad support for **grid expansion**. Yet participants demand a better coordination between affected and involved actors. The list of Projects of Common Interest (PCI) and connected financing options, both initiated by the European Commission, are considered useful. Nevertheless, the selection process of projects to be promoted is criticized due to lack of transparency. Creating more transparency can contribute to a consensus concerning this matter.

- All actors realize that the **energy system** is currently undergoing a **huge transformation**. This system is apparently splitting into an “old conventional” and a “new renewable” world with differing fundamental logic. Therefore, steps towards optimizing the electricity market and a strategic reserve are supported as a transitional solution. However, it should be subject of further discussion, which measures are to be adopted in detail and how the strategic reserve is to be designed.

**II) In Europe**

- In principle, a more intense and expanded **exchange of information, as well as cooperation efforts with European neighbor countries** are welcomed. The Energy Union is considered to be one possible forum to further discuss the triangle of goals as well as European supply security while reflecting the differing national starting points. However, guiding principles and the functioning of the Energy Union are yet to be elaborated.

- As anticipated, different opinions existed concerning the **fundamental question of the Green Paper**. The lowest common denominator is the need of enhanced European coordination if Germany – just as other European countries - is to set up a capacity market. Already now a discussion on the risks and chances of creating different national capacity markets and their coordination should be initiated on the European level.

- Yet, more sustainable and far-sighted, and even more urgent would be an **intensified and trustful communication with our European neighbors** about opportunities for security of supply in Germany and Europe through a common European strategy. This strategy would have to shed light on diverging interests, perspectives and implications and could provide room for consensuses in energy-related policy question in Germany and Europe.

Specific conclusions concerning the alternatives capacity market or energy-only market have been elaborated for the Federal Ministry of Economic Affairs and Energy.