



FTI Consulting Study Finds European Electricity Market Framework Obsolete and in Need of Major Reform

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FTI Intelligence Releases *Toward the Target Model 2.0*, a Multi-Client Study on Policy Recommendations for a Sustainable EU Power Market Design

LONDON, July 6, 2015 (GLOBE NEWSWIRE) -- FTI Consulting, Inc. (NYSE:FCN), the global business advisory firm dedicated to helping organisations protect and enhance their enterprise value, today announced the release of *Toward the Target Model 2.0*, an FTI Intelligence multi-client study on the current issues facing the European electricity markets.

The study finds that the current market framework for electricity in Europe is obsolete and at odds with the twin objectives of fighting climate change and maintaining security of supply. European power markets need a major reform in order to deliver the significant investment required for decarbonisation and to maintain security of supply. The study is authored by members of the FTI-CL Energy practice, a cross-practice team of energy experts from FTI Consulting including experts from its subsidiary, Compass Lexecon.

Its publication is timely and significant, following the European Commission's announcement that it will "propose a new European electricity market design in 2015, which will be followed by legislative proposals in 2016".

Toward the Target Model 2.0 provides a comprehensive assessment of all the issues facing the current European electricity markets, including how to better coordinate investment between networks; centralised and decentralised generation; securing revenues for investors in order to facilitate financing and reduce cost for consumers; the lessons to be learned from hybrid markets in North America and in Latin America; and the reform of the European carbon market and renewables support schemes to introduce a level playing field for all technologies.

The six-month study also presents a set of radical ideas for the reform of the European power and carbon markets. These ideas include the following:

- Refocusing market reforms toward long-term investment incentives, in addition to the historical emphasis on integrating day ahead markets, which provide short-term price signals to balance the system in real time;
- Introducing a carbon price floor at the European-level, in order to provide a long-term bankable carbon price signal and stimulate investment in clean technologies;
- Promoting long-term contracts, which support lower cost financing by implementing contracting obligations on suppliers;
- And reinventing coordination in a fragmented value chain by implementing certain planning and coordination mechanisms at the regional and European-level, such as regional renewables development plans consistent with the network development plans.

"The current power markets were designed in the 1990s in a different policy context. A major shift in focus is needed to deliver the investments required," explained [Fabien Roques](#), Senior Vice President in the FTI-CL Energy practice. "The issue is not whether regulation or markets should drive decarbonisation, but how to combine the two in an efficient way to stimulate investments."

To learn more about FTI Intelligence's [Toward the Target Model 2.0 study](#), contact Fabien Roques at froques@compasslexecon.com.

About the Study

The *Toward the Target Model 2.0* study is authored by members of the FTI-CL Energy practice, a cross-practice team of energy experts from FTI Consulting including experts from its subsidiary, Compass Lexecon. The views expressed herein are those of the authors and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals.

About FTI Intelligence

FTI Intelligence is a comprehensive online resource for energy markets news and research. In addition to the energy markets newsletters, FTI Intelligence hosts industry-related news and events, as well as comprehensively researched publications. These data-driven publications, available for purchase on the FTI Intelligence Webstore, will offer in-depth analysis and strategic insight on competitive markets, policy, finance, technology and business models across the energy spectrum for both established and emerging markets.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 4,400 employees located in 26 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management, strategic communications and restructuring. The Company generated \$1.76 billion in revenues during fiscal year 2014. For more information, visit www.fticonsulting.com and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

CONTACT: Investor Contact:

Mollie Hawkes
+1.617.747.1791
mollie.hawkes@fticonsulting.com

Media Contact:
Michael Rosen
+44.20.3727.1751
michael.rosen@fticonsulting.com

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