

# Incentives for demand-oriented renewable electricity production – lessons learned from the sliding market premium and perspectives

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Increasing the market and system integration of renewable energy sources (RES) is regarded as key for reducing the costs of RES support and the transformation of the electricity system. The Renewable Energy Sources Act 2012 introduced the optional, sliding market premium in order to improve the alignment of RES production with electricity prices and enhance the efficiency of RES marketing by increasing direct participation of producers in electricity markets. The 2014 reform of the law has made direct marketing mandatory except for small RES plants, establishing the sliding market premium as the new primary instrument of RES support. This contribution evaluates the experiences with the optional market premium scheme, and examines what efficiency gains can be realistically expected from the changes implemented in the 2014 version of the Renewable Energy Sources Act. First, we assess how well the instrument performs in incentivizing demand-oriented feed-in of dispatchable biomass plants on the one hand, and intermittent wind and solar power plants on the other. Then, we discuss whether marketing efficiency is improved compared to feed-in tariffs with their central marketing of RES electricity. Lastly, we give an outlook on further development perspectives.