Executive summary

Transitioning to Net Zero is an urgent global challenge. Countries across Europe have set ambitious renewable electricity targets for 2030 to meet decarbonisation goals. Most will be met through new wind and solar renewables. But rapid growth in these variable renewables will need to be matched by rapid growth in flexible low carbon electricity resources e.g., flexible demand or storage, needed to balance generation and consumption and ensure security of supply when these renewables are not available.

Investment in these flexibility resources will also help electricity systems to become more efficient, reducing costs for customers struggling to pay their energy bills. Independent analysis shows these flexible electricity resources could deliver annual cost savings of up to €300 per customer in 2030[1].

The growth needed in new flexibility resources offers major new investment opportunities, but easy access to electricity markets is needed to enable this investment. The transition to a decarbonised energy system depends on the successful attraction of this investment.

In this, our third Energy Transition Readiness Index report, we have ranked the progress of 13 European countries according to progress against:

- Socio-political support for the energy transition
- Ability to exploit new technologies and business models
- Open market access for low carbon flexibility services

We have engaged with experts across these countries to assess and compare the transition of electricity markets in each country. Overall country rankings from this analysis are shown below:

	Overall rankings
5	Finland
4	Denmark, France, Netherlands, Norway, Sweden
3	Germany, Ireland, Italy, Poland, Spain, Switzerland, UK
2	
1	

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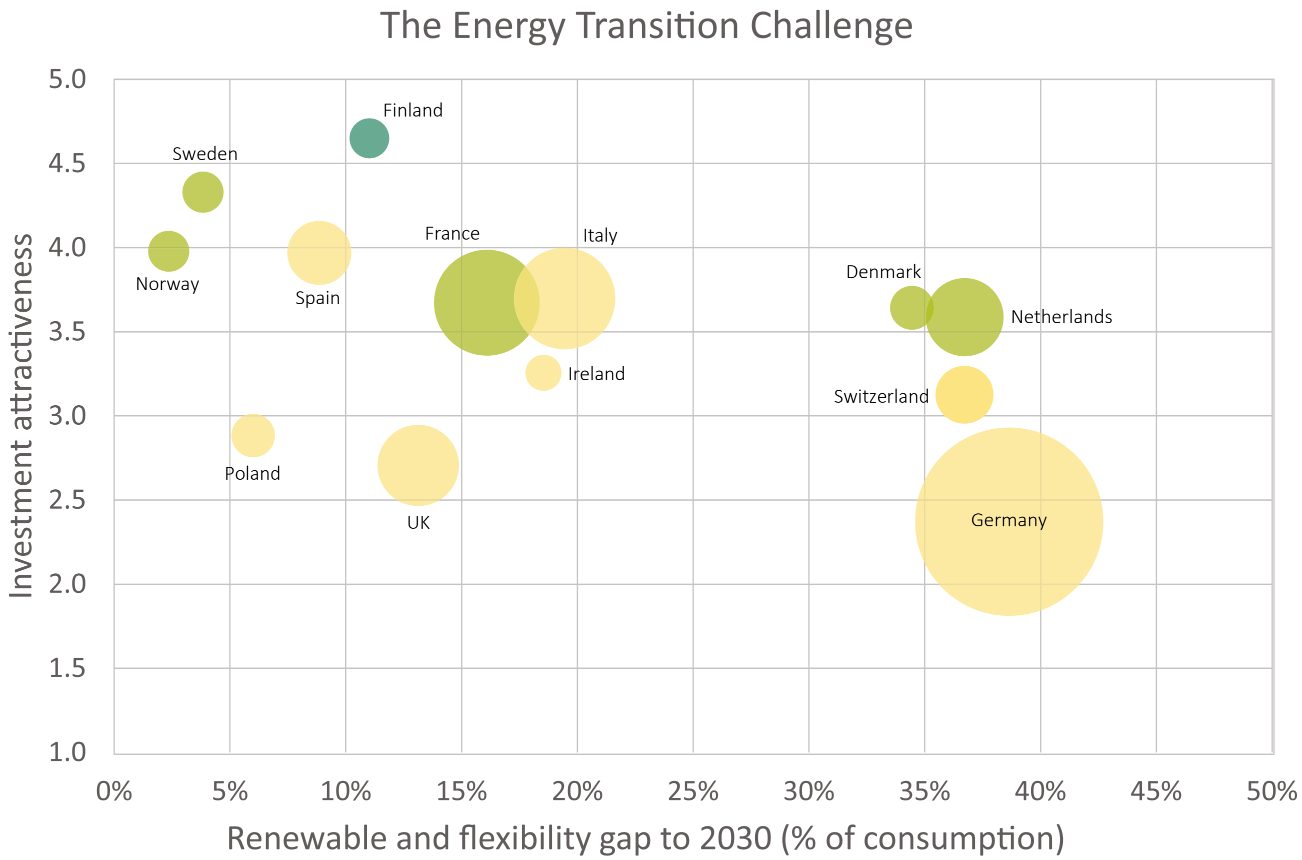
[1]See Section 5 of the full report for source and savings calculation.



All countries show strong ambition towards decarbonisation targets, but the higher-ranking ones have flexibility markets that better deliver fair, transparent, and simple access for all participants. Investment by new flexibility providers is encouraged through clear price signals and policies to enable flexibility technologies. Lower ranking countries have flexibility markets and policies that present barriers to investment by being complex, slow to change, and dominated by incumbents.

The urgent need for low carbon flexibility to displace gas is being highlighted by the current energy crisis, and investment momentum is building as a result. Low carbon flexibility opportunities, numbers of participants and investment volumes are all growing. But many barriers remain, both in technology enablers and in accessibility to markets. These barriers must be urgently addressed if the benefits are to be realised. Many countries are facing a huge flexibility challenge and prompt action is needed to achieve energy transition targets.

The report has three main recommendations:

- **Quantify and plan to address future flexibility needs:** the vast increases in flexibility resources needed to enable 2030 decarbonisation targets should be defined and should drive market and policy planning and reforms. There should be clear and co-ordinated accountability for forecasting and planning.

- **Prioritise and accelerate flexibility market reforms:** policies to enable wider participation in flexibility markets must accelerate if the energy transition is not to be put at risk. These reforms must create fair and predictable markets that give investment confidence to a wide range of potential new providers.

- **Urgently address current investment barriers:** There are often multiple barriers in existing markets to low carbon flexibility resources being deployed, ranging from grid access, metering, and market rules and IT systems. Increased momentum for low carbon flexibility investment has bought existing market barriers into sharper focus. For example, we would highlight:

    - Barriers to gaining grid access are becoming increasingly critical in several countries, including Germany, Ireland, Poland, and the UK.

    - Barriers to flexibility market access can result from complex and unduly onerous technical standards and market rules, and slow change processes. This was highlighted for Germany and the UK.

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