

# Internal market in electricity. Third energy package

2007/0195(COD) - 06/05/2008

The Committee on Industry, Research and Energy adopted the report by Eluned **MORGAN** (PES, UK) amending, under 1<sup>st</sup> reading of the codecision procedure, the proposal for a Directive of the European Parliament and of the Council, amending Directive 2003/54/EC concerning common rules for the internal market in electricity.

The main amendments adopted are as follows:

**Ownership unbundling:** supporting the European Commission's position, MEPs decided to support the option of the effective unbundling of transmission system operators and electricity supply and production activities. To ensure full separation, MEPs rejected the alternative option proposed by the Commission, consisting of 'independent system operators', as this option implies bureaucracy and costly regulatory control. MEPs also backed a Commission proposal to prevent control of transmission systems or transmission system operators 'by a person or persons from third countries'.

**Public service requirements and consumer protection:** MEPs consider that all household customers and small enterprises should enjoy universal service, in other words the right to be supplied with electricity of a specified quality within their territory at cost-based and easily and clearly comparable, transparent and non-discriminatory prices. MEPs also added some consumer protection measures to the proposal. Therefore, consumers shall have:

- the right to have their electricity provided by a supplier regardless of the Member State in which the supplier is registered;
- the right to change suppliers within two weeks;
- the right to withdraw from contracts with their electricity providers without charge;
- the right to compensation if service quality levels are not met (as with, for example, inaccurate and delayed billing);
- access to information on their rights through bills and electricity company web sites;
- access to information on procedures to be followed in the event of disputes;
- the right to be informed, at least quarterly, of actual electricity consumption and costs;
- access to smart meters within 10 years of the directive's entry into force;
- access to information on the environmental impact (CO2 emissions and radioactive waste) resulting from the electricity produced by the supplier;
- the right to protection against market abuse: to that end, national authorities must be able to impose price caps in uncompetitive markets for a defined and limited period.

**Vulnerable energy consumers:** MEPs call on Member States to ensure that there are adequate safeguards to protect vulnerable customers, including appropriate measures such as those relating to payment terms to help them avoid disconnection. They also call on Member States to reduce the price of energy to low income households, and they have added an amendment enabling national regulatory authorities to introduce pricing formulas, which increase in the cases of greater levels of consumption, in order to promote energy efficiency.

Member States shall also take appropriate measures to **address energy poverty** in National Energy Action Plans. Such measures may include benefits in social security systems, support for energy efficiency improvements and energy production at the lowest possible prices.

A further amendment stipulates that where it can be proved that electricity undertakings have passed on to their customers the costs of emissions trading scheme certificates that have been allocated free of charge, Member States may demand re-imbursement from these undertakings through additional taxation. The proceeds should be used to promote energy efficiency in the collecting Member State.

**Regional integration:** national regulatory authorities shall cooperate among themselves for the purpose of harmonising the market design and integrating their national markets, at least at one or more regional levels, as a first step towards a fully liberalised internal market. In particular, they shall promote the cooperation of network operators at a regional level and facilitate their integration at regional level with the aim of creating a competitive European market, facilitating the harmonisation of their legal, regulatory and technical framework and, above all, integrating the ‘electricity islands’ currently present in the EU. Member States shall therefore promote the cross-border and regional cooperation of national regulatory authorities.

**Energy efficiency and climate change:** MEPs have also enabled national regulatory authorities to give priority to generating installations using renewable energy sources, or even waste, or producing combined heat and power, except when the safety and reliability of the grid would be compromised. Member States may require that a minimum of 2% of all electricity revenues from domestic consumers be spent to fund energy efficiency.