

Common rules for the internal market in electricity. Recast

2016/0380(COD) - 27/02/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Industry, Research and Energy adopted the report by Krišjnis KARIŠ (EPP, LV) on the proposal for a directive of the European Parliament and of the Council on common rules for the internal market in electricity (recast).

The committee recommended that the European Parliament adopt its position at first reading under the ordinary legislative procedure, taking into account the recommendations of the Consultative Working Party of the legal services of the European Parliament, the Council and the Commission.

Members amended the Commission's proposal as follows:

Aim: the proposed Directive seeks to establish common rules for the generation, transmission, distribution, storage and supply of electricity, together with consumer protection provisions, with a view to creating truly integrated, consumer-centred and flexible electricity markets in the Union.

Using the advantages of an integrated market, the Directive aims at ensuring **affordable** energy prices for consumers, a high degree of **security of supply** and a smooth transition towards a **decarbonised energy system**.

Competitive electricity market: Members considered that national legislation shall ensure a level playing field **without discriminating against market players**, including those in other Member States. Member States shall ensure that no undue barriers exist for aggregators to enter organised electricity markets, as long as they meet the entry criteria for these markets. Market participants from third countries shall comply with the applicable legislation of the Union and the Member States, including environmental and safety legislation.

It is specified that the amended Directive also sets out **means of cooperation** among Member States, regulatory authorities and transmission system operators towards the creation of a fully interconnected internal market that increases the integration of renewable electricity, the mechanisms of solidarity among Member States, the free competition and the security of supply.

Consumer rights: the contract with an electricity supplier shall specify, *inter alia*, the **duration of the contract, the conditions for renewal and termination of services** including additional products and/or services (bundled services) and of the contract and whether withdrawal from the contract without charge is permitted.

Before the contract is concluded, customers shall, among other things:

- **be given adequate notice of any intention to modify contractual conditions** and are informed about their right to dissolve the contract when the notice is given. Suppliers shall notify their customers directly of any adjustment in the supply price as well as of the reasons and preconditions for the adjustment and its scope, as soon as they have the information on the adjustment, and no later than one month before the adjustment comes into effect in a transparent and comprehensible manner;

- be provided with a **summary of the key contractual conditions** (such as the main features of the service, detailed information on prices, conditions for switching and price increase) in concise and simple language on the first page of the contract or together with the contract.

Member States shall ensure that adequate safeguards on the exposure of price changes for final customers are in place to **avoid bill shocks** or high levels of financial liability.

Right to switch supplier: by 1 January 2022, the technical process of switching supplier shall take no longer than **24 hours** and shall be possible on any working day.

Member States may choose to permit suppliers to charge contract **termination fees** to final customers willingly terminating fixed term, fixed price supply contracts before their maturity provided that the customer has willingly entered into such a contract. Such fees shall be **proportionate** to the advantage provided to the customer.

Household customers shall be entitled to participate in collective switching schemes.

Comparison tools: at least one tool per Member States shall cover the whole of the market. Customers shall be informed of the availability of such tools in or together with their bills.

Active energy customers: Members want customers who produce, use and sell energy (also known as **prosumers** or active energy customers because they produce and consume electricity at the same time) are not discriminated.

In particular, Members agreed on **clear conditions for creating and exploiting local energy communities**, that is, groups of people who produce and consume energy locally. These local networks shall contribute to the costs of the electricity system to which they are connected without distorting competition.

Conditions and standards are set up for local energy communities with networks in order to preserve efficient network planning. These conditions and standards shall also ensure that customers and members in the local energy community receive the same quality and standard of network services that are available to customers outside the local energy community.

All consumers across the EU have the ability to participate in a local energy community. Local energy communities are **entitled to share electricity** from generation assets within the community between its members or shareholders based on market principles.

Billing information: suppliers shall provide **plain and clear** information about real energy consumption and costs on each bill. Final customers who have had the same rate for more than two years shall be proactively alerted by their supplier as to whether they could reduce their bills by switching to an alternative, perhaps newer tariff, offered by that same supplier.

Smart meters: consumers may request the installation of a smart electricity meter that will inform them of their **consumption and costs at the near real time of use**. Validated historical consumption data shall be made easily available and visualised to final customers on at least an in-home display at no additional cost.

Energy poverty: in order to protect vulnerable customers, Member States shall develop **action plans** to reduce the number of households in energy poverty, including both short-term and long-term objectives and measures and a timeframe for achieving these objectives. Measures may include, *inter alia*, providing

benefits in social security systems to ensure the necessary electricity supply to vulnerable customers, providing for support for energy efficiency improvements and the prohibition of disconnection of electricity at critical times.