Internal market for electricity. Recast

2016/0379(COD) - 26/03/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 544 votes to 76 with 40 abstentions a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the internal electricity market (recast).

The position of the European Parliament adopted at first reading under the ordinary legislative procedure has amended the Commission proposal as follows:

Objective

The proposed regulation aims to revise the rules and principles of the internal electricity market in order to ensure its proper functioning, competitiveness and absence of distortions. It would lay the foundations for the effective achievement of the objectives of the climate and energy policy framework by 2030, by making it possible to produce market signals encouraging efficiency, a greater share of renewable energy sources, security of supply, flexibility, sustainability, decarbonation and innovation.

The amended text specifies that electricity markets should be operated in accordance with the following principles:

- market rules should encourage free price formation and avoid actions which prevent price formation on the basis of supply and demand;

- rules should facilitate the development of more flexible generation, sustainable low-carbon generation and more flexible demand;

- opportunity for consumers to act as market players in the energy market and in the energy transition;

- rules permitting the decarbonisation of the electricity system, including making it possible to integrate electricity produced from renewable energy sources and providing incentives for energy efficiency;

- rules providing incentives for investment in production, in particular long-term investment in a low-carbon and sustainable electricity system;

- the progressive removal of obstacles to cross-border flows of electricity between bidding zones or Member States and to cross-border transactions on electricity and related service markets;

- rules allowing the development of demonstration projects in sustainable, safe and low-carbon energy sources, technologies or systems to be carried out and used for the benefit of society.

Just transition

The Commission should support Member States that are putting in place a national strategy to gradually reduce existing capacities for the extraction of coal and any other solid fossil fuels and for the production of energy from these sources in order to allow a fair transition in regions affected by structural changes. It should help Member States to address the social and economic impacts of the transition to clean energy.

Balancing market

New rules on trade and balancing responsibilities ensure that variable electricity generation from renewable energy sources can be taken into account, without creating discriminatory provisions or market distortions.

Network access and capacity management

Member States should take all appropriate measures to remedy congestion. Bidding zones should therefore be defined in such a way as to ensure market liquidity, efficient congestion management and overall market efficiency.

Every three years, the European Network of Transmission System Operators for Electricity (ENTSO for Electricity) should report on structural and other major physical congestion within and between bidding areas, including the location and frequency of such congestion.

Any Member State with an identified structural congestion would then decide, in cooperation with its transmission system operators, either to establish national or multinational action plans or to revise or amend its bidding zone configuration.

Capacity mechanism

The new regulation would set out the conditions under which Member States could set up capacity mechanisms and the principles for their creation. These mechanisms aim to ensure that electricity supply is sufficient during peak periods by remunerating resources for their availability. They should be temporary and designed to address an identified problem of resource adequacy.

An emission limit of 550 g of fossil CO2 per kWh of electricity would be put in place. New power plants that emit more than that and start commercial production after the regulation comes into force would no longer be able to participate in capacity mechanisms.

Existing power plants emitting more than 550 g of fossil CO2 per kWh and an average of 350 kg of CO2 per year per kW installed could no longer participate in capacity mechanisms after 1 July 2025. Capacity contracts concluded before 31 December 2019 would not be affected by the new rules.

Regional coordination centres

These centres would support the regional coordination of transmission system operators. They would replace the existing Regional Security Coordinators, but would have additional tasks related to system operation, market operation and risk preparedness.

The regulation would also create a European entity of distribution system operators. As an expert entity working in the common interest of the Union, the entity of the Union's distribution system operators (DSOs) should not represent any particular interest or seek to influence the decision-making process in order to promote certain interests.