

Electricity: common rules for the internal market

1991/0384(COD) - 25/07/1996 - Council position

The common position roughly corresponds to the Commission's amended proposal and incorporates a number of amendments adopted by Parliament at first reading. It provides for the gradual stepping up of competition on the electricity market, while guaranteeing the supply of essential services to the public. The text of the common position is based on the following general framework: - separation of the Directive on the internal market in electricity from the Directive on the internal market in gas; - the internal market in electricity will initially be subject to a gradual market opening over nine years; - Member States may invoke either a tendering procedure or an authorization procedure when granting licences to construct new general capacity; - Member States may invoke either the 'negotiated third party access' or the 'single buyer' systems to grant access to the grids; - all issues related to public service obligations are addressed in a specific Article; - with due regard to the principle of subsidiarity, Member States have been given a larger role in the implementation provisions. More specifically, the amendments introduced by the Council concern the following points: - general rules for the organization of the sector: opening up of the market to competition, a balance between competition and public service obligations and the scope of public service, with the introduction of procedures for the identification of public service obligations at the level of the Member States; - transmission system operation: elimination from the scope of the Directive of new transmitting capacity; objective, transparent and non-discriminatory criteria for the construction of new generating capacity; possibility for Member States to choose between the authorization procedure and the tendering procedure; - distribution system operation: Member States may impose on distribution companies an obligation to supply customers located in a given area, and regulate the tariff applicable to certain categories of customers; the distribution system operator may give priority to generating installations using renewable energy sources or producing combined heat and power; - unbundling and transparency of accounts: clarification of unbundling of accounts, which is maintained outside the scope of the Directive; obligation of integrated electricity undertakings, in the internal accounting, to keep separate accounts for their generation, transmission and distribution activities, and to publish, in notes to the annual accounts, a balance sheet and a profit and loss account for each of the electrical activities in which they are engaged; total independence of operation under the single buyer system; independence of operation under the negotiated access system; - organization of access to the system: obligation on system operators to publish an indicative range of prices for use of the transmission systems under the negotiated access system; Member States may opt for a regulated system of access procedure on the basis of published tariffs; single buyer system as an alternative to negotiated access; - opening up of the market: introduction of rules and mechanisms for the gradual and regular opening of the electricity market over a period of six years: the initial opening rate will reach approximately 22%, calculated on the basis of an average Community share (40 GWh) obligatory for all Member States, and will gradually rise to 33% (9 GWh) after six years; in the event of a larger opening decided at the national level, a safeguard clause, reviewed by the Commission after four and a half years, will prevent imbalance between the markets; - final provisions: introduction of rules covering the transitional regime applicable when commitments or guarantees of operation given before the entry into force of the Directive may not be honoured, and covering small isolated systems; abolition of the regular consultation procedures, but clarification of the review procedures, so that the Council and the EP would be able to consider the possibility of a further opening of the market which would be effective nine years after the entry into force of the Directive. .