

# Energy: rules for the internal market in electricity. 'Electricity Directive'

2001/0077(COD) - 13/03/2001

**PURPOSE** : to revise amending Directives 96/92/EC and 98/30/EC concerning common rules for the internal market in electricity and natural gas with a view to completing the internal energy market.

**CONTENT** : in response to the Lisbon European Council's call for the energy markets to be opened up more rapidly, the European Commission has proposed a set of measures aiming to open up gas and electricity markets fully by 2005 for the benefit of European consumers. These measures include bringing forward the schedule, reinforcing the conditions which encourage real and fair competition, and introducing a genuine single market (refer also to COD/2001/0078). By amending the Directives governing the internal market in gas and electricity, the Commission is now proposing the following schedule: - 2003: freedom for all non-domestic customers to choose their electricity supplier - 2004: freedom for all non-domestic customers to choose their gas supplier - 2005: all consumers, without exception, should be able to choose their gas and electricity suppliers. For competition to be genuine, consumers and competing producers need to enjoy non-discriminatory access to the gas and electricity transmission and distribution grids. The Commission is therefore proposing that: - management of these grids be legally separate from production and sales activities, and that they operate entirely independently. This requirement will not apply to small-scale distribution companies; - network access tariffs be set, published and approved by national regulators before entering into force; - each Member State have such a regulator. Regulators will need to be independent of Member State administrations. They will be given the requisite basic competence. They will inter alia set the tariffs and conditions for access to the gas and electricity transmission grids. They will thus play an important role in preventing distortions of competition. They will bring continuity and transparency to the market. To provide the people and businesses with a gas and electricity market which is not only open, but also gives them the best protection, the Commission is proposing specific additional measures regarding security of supply and public service. The Commission also proposes measures to add to the safety nets already provided by the existing Directives. These measures are designed inter alia to oblige the Member States and the Commission: - to carefully monitor the balance between supply and demand; - if and when necessary, to launch public tenders for the creation of new electricity and gas production capacity. To make quite sure that the opening-up of the gas and electricity market serves the interests of all the people of Europe, the Commission has decided to add to the Directives' existing provisions on the quality of public service. The aim is to provide the highest level of consumer protection, in all the Member States of the Union. The new proposals require Member States inter alia: - to guarantee a secure supply for all consumers; - to take steps to protect vulnerable persons, such as the elderly or disabled; - to take steps to protect the rights of energy consumers: energy supply contracts governed by strict rules; transparent information on prices; simple, low-cost and transparent procedures for dealing with consumer complaints.