Internal market for electricity: safeguard security of supplies, infrastructure investment

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PURPOSE : to establish measures aimed at ensuring the proper functioning of the EU internal market for electricity by safeguarding security of electricity supply and by ensuring an adequate level of interconnection between Member States. It establishes a framework within which Member States shall define general, transparent and non-discriminatory policies on security of electricity supply compatible with the requirements of a competitive single market for electricity. PROPOSED ACT : Directive of the European Parliament and of the Council. CONTENT : the European Union is in the process of creating the largest competitive market for electricity and gas in the world. This integration of energy markets will both lead to greater efficiency and contribute to security of supply. In order to do this, however, it is important that the correct incentives are in place on market participants and that a stable framework exists. This applies to generators, network operators and consumers. A truly functioning, integrated electricity market requires significant investment in transmission networks., Interconnections between Member States are a particular priority in order to allow for a higher level of competition between existing companies. Without additional interconnectors, the principles of market opening may become meaningless as companies consolidate their position in particular regions of the European Union and the market becomes segmented. The proposed Directive seeks to ensure that a stable framework exists. It will in particular: - require Member States to have a clearly defined policy towards the supply demand balance which allows for targets for reserve capacity to be set or measures including demand side measures; - require Member States to have defined standards to be met relating to the security of the transmission and distribution networks; - require that each Transmission System Operator submits an (multi)annual investment strategy to its national regulator; - require regulators to submit a summary of these investment programmes to the Commission for consultation with the European Regulators Group on Electricity and Gas and with account having been taken of the Trans European Energy Networks Axes of Priority European Interest; - include a right for regulators to intervene to accelerate the completion of projects and, where necessary, to issue a call for tender on certain projects in the event that the Transmission System Operator is unable or unwilling to complete the projects concerned. Lastly, the Member States shall lay down the rules on penalties applicable to infringements of the national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are implemented. The penalties provided for must be effective, proportionate and dissuasive. FINANCIAL IMPLICATIONS : - Overall multiannual estimate on expenditure : EUR 0,5 million.