Energy, electricity and gas: liberalisation of markets (Directives 96/92/EC, 98/30/EC)

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PURPOSE : to present the second report from the Commission to the Council and the European Parliament on the state of the liberalisation of the energy markets. CONTENT : energy is a very important element of economic activity and social welfare. The creation of a single energy market based on open and competitive markets represents a great challenge for the Union as it is envisaged to have a direct impact on European industry and consumers welfare. Firstly, the introduction of competition in the electricity and gas sectors is a means to enhance the competitiveness of the European industry competing in world markets. Secondly, the creation of a single market will also strengthen the security of supply across the EU by permitting diversification and flexibility of supplies as a result of the closer integration of the internal energy markets. It will provide for more outlets and better interconnections in the EU. Thirdly, the internal energy market is likely to have positive effects on the environment. For instance, liberalisation will facilitate in all Member States a switch over to cleaner energy sources for electricity generation such as gas; the operation of a single market will lead to less waste of natural resources as less reserve capacity will be needed in each country, and the single market will offer the possibility to energy consumers to choose cleaner energy sources. Furthermore, over the last years very important steps have been taken to create a single energy market for the EU. Following the unanimous adoption of the Electricity Directive on December 1996, its implementation has been now completed in the majority of the Member States. The Directive lays down rules for allowing real competition between electricity producers while allowing an increasing number of consumers a free choice of their electricity suppliers. While providing for the liberalisation of the electricity markets, it gives special emphasis to public services by providing the mechanisms to pursue public service considerations in the context of a competitive market. In addition, the Directive providing an internal market for natural gas has been adopted on 22 June 1998 and Member States should implement it by August 2000. These Directives have provided the foundations for the creation of a single energy market. They have transformed the conditions under which electricity and gas trade will be carried out in the future with a view to leading to significant price reductions across the EU, to enhanced efficiency and to improved security of supply. In conclusion, at present, there is every reason to be optimistic regarding the creation of a single market for electricity and gas. Furthermore, the Union should take action to promote electricity generated from renewable energy sources with a view to increasing green electricity in a substantial and sustainable way, and increasing attention will need to be paid to the environmental dimension of the internal energy market to meet EU environmental objectives. The Commission will also examine the consumer dimension of the liberalisation process, especially its impact on residential consumers and how the provisions put in place to guaranteeuniversal service and the protection of consumers are functioning. Last, but not least, in the prospect of enlargement of the EU in the coming years, the Union should ensure the smooth transition to a wider single market for electricity and gas. In this respect, the Commission will implement a specific technical assistance programme vis-à-vis candidate countries.