

# Electricity: common rules for the internal market

1991/0384(COD) - 19/12/1996 - Final act

**OBJECTIVE:** to promote the completion of the internal market in electricity. **COMMUNITY MEASURE:** European Parliament and Council Directive 96/92/EC concerning common rules for the internal market in electricity. **SUBSTANCE:** the Directive establishes common rules for the production, transmission and distribution of electricity. It lays down the rules relating to the organization and functioning of the electricity sector, access to the market, the criteria and procedures applicable to calls for tender and the granting of authorizations, and the operation of systems. The internal market in electricity will initially be subject to a gradual market opening so that the electricity sector can adapt to its new environment. Member States may impose on undertakings operating in the electricity sector public service obligations which may relate to security, including security of supply, regularity, quality and price of supplies, and to environmental protection. For the construction of new generating capacity, Member States may choose between an authorization procedure and a tendering procedure; the criteria should be objective, transparent and non-discriminatory. To grant access to the grids, Member States may choose between 'negotiated third party access' and the 'single buyer' systems. Member States should designate a system operator responsible for operating, maintaining and developing the transmission system in a given area, and its interconnectors, with other systems in order to guarantee security of supply. As regards distribution system operation, Member States may impose on companies an obligation to supply certain customers, and regulate the tariffs applicable to certain categories of customers; they may require the distribution system operator to give priority to generating installations using renewable energy sources or producing combined heat and power. As regards unbundling and transparency of accounts, the Directive requires integrated electricity undertakings, in their internal accounting, to keep separate accounts for their generation, transmission and distribution activities, and to include a balance sheet and a profit and loss account for each activity in notes to their accounts. In the event of a sudden crisis in the energy market a Member State may temporarily take the necessary safeguard measures. Member States may qualify for a transitional regime where commitments or guarantees of operation given before the entry into force of the Directive may not be honoured, and may qualify for derogations for their small isolated systems. The Directive will be the subject of a review, on the basis of a report by the Commission, in order to allow the Council and the EP 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. **DATE OF ENTRY INTO FORCE:** 19 February 1997. **DEADLINE FOR TRANSPOSITION:** 19 February 1999. Belgium, Greece and Ireland will have an additional period of respectively 1 year, 2 years and 1 year.