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

2003/0301(COD) - 05/07/2005 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Giles **CHICHESTER** (EPP-ED, UK) making several amendments to the Commission proposal, which are acceptable to the Council. The procedure will therefore be concluded without a further reading. Parliament emphasised the importance of ensuring continuity of electricity supplies throughout the text. The principal points are as follows:

- Article 1 was reworded to reflect the fact that the primary aim of the directive should be to safeguard security of electricity supply in order to ensure the proper functioning of the EU internal market for electricity.

- Article 2 on definitions was redrafted so that most definitions were those referred to in Directive 2003/54 /EC. In addition, Parliament defined some additional phrases, such as “balance between supply and demand” and "security of electricity supply".

- Article 3 was reworded to state that Member States shall ensure a high level of security of electricity supply by taking necessary measures to facilitate a stable investment climate and by defining the roles and responsibilities of competent authorities including regulatory authorities where relevant, and all relevant market actors. The relevant market actors include: transmission and distribution system operators, electricity generators, suppliers, final customers. The Commission’s text had mentioned only transmission system operators and suppliers. In ensuring an appropriate level of interconnection between Member States, special consideration shall be given to each Member State's specific geographical situation, to maintaining a reasonable balance between the costs to build new interconnectors and the benefit for the final consumers, and to ensuring that existing interconnectors are used as efficiently as possible.

- A new clause 4 states that Member States or the competent authorities must ensure that the transmission system operators set the minimum operational rules and obligations on network security. Before setting these rules and obligations, they shall consult with the relevant actors in the countries concerned with which interconnection exists. Member States may require transmission system operators to submit these rules and obligations to the competent authority for approval. Member States will, in particular, ensure that interconnected transmission and, where appropriate, distribution system operators exchange information relating to the operation of networks in a timely fashion and in an effective manner in line with the minimum operational requirements. The same requirements will apply to transmission and distribution system operators that are interconnected with system operators outside the Community.

- In Article 6, Parliament replaced selective references to various pieces of Community legislation by a more general requirement to establish a regulatory framework that provides investment signals for both the transmission and distribution system network operators to develop their networks in order to meet foreseeable demand from the market, and facilitates maintenance and, where necessary, renewal of their networks

- In Article 7, the text now states that Member States must ensure that the report referred to in Directive 2003/54/EC covers the overall adequacy of the system to supply current and projected demands for electricity. This will comprise, inter alia, the projected balance of supply and demand for the next five year period. The section of the report relating to interconnection investment must take account of the principles of congestion management. Parliament also limited the powers of the regulatory authorities when it came to the construction of interconnections, and therefore deleted the provisions stipulating that

these authorities should endorse or amend the transmission system operators' plans and have the power to impose financial penalties, issue instructions or arrange for an alternative contractor.

- The date of transposition is 24 months after the entry into force of the directive rather than 1 January 2006.

- A progress report will be submitted 48 months after its entry into force.