Basic information

2000/2097(COS) COS - Procedure on a strategy paper (historic) Energy, electricity and gas: liberalisation of markets (Directives 96/92 /EC, 98/30/EC) **Subject** 3.60.03 Gas, electricity, natural gas, biogas	Procedure completed

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, External Trade, Research, Energy	MOMBAUR Peter Michael (PPE-DE)	19/04/2000

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs and Internal Market	TITLEY Gary (PSE)	18/04/2000
ENVI Environment, Public Health, Consumer Policy	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Energy	2267	2000-05-30
Energy	2394	2001-12-04
Industry	2318	2000-12-05

Key events

Date	Event	Reference	Summary
04/05/1999	Non-legislative basic document published	COM(1999)0198	Summary
10/04/2000	Committee referral announced in Parliament		
30/05/2000	Resolution/conclusions adopted by Council		Summary
21/06/2000	Vote in committee		
21/06/2000	Committee report tabled for plenary	A5-0180/2000	
04/07/2000	Debate in Parliament		

06/07/2000	Decision by Parliament	T5-0340/2000	Summary
06/07/2000	End of procedure in Parliament		
05/12/2000	Debate in Council		
24/04/2001	Final act published in Official Journal		
04/12/2001	Debate in Council		Summary

Technical information	
Procedure reference	2000/2097(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/5/12641

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0180/2000 OJ C 121 24.04.2001, p. 0008	21/06/2000	
Text adopted by Parliament, single reading		T5-0340/2000 OJ C 121 24.04.2001, p. 0178-0451	06/07/2000	Summary

European Commission

Document type	Reference	Date	Summary
Document attached to the procedure	COM(1999)0164	16/04/1999	Summary
Non-legislative basic document	COM(1999)0198	04/05/1999	Summary
Document attached to the procedure	COM(1999)0612	23/11/1999	Summary
Document attached to the procedure	COM(2000)0297	16/05/2000	Summary

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

2000/2097(COS) - 16/05/2000 - Document attached to the procedure

This communication gives a brief analysis of the state of play and examines, notably on the basis of the latest results of the Florence process, the action to be taken by operators and the regulatory authorities, under the supervision of the Commission, to make the internal electricity market work smoothly. Certain progress has been made with the implementation of the electricity market both in terms of the degree to which it has been opened up and in the form of falling prices for industrial and domestic consumers. However, if the Community is to reap the full benefits of a competitive, dynamic market, any further liberalisation needs be both quantitative and qualitative in nature. It should lead to a situation where, in due course, all consumers have the right to choose their supplier. In order to secure this right, fair access to the network must be guaranteed through transparent and objective rules and non-discriminatory tariffs. At the same time, standards of public service must be kept high and raised and the effects on employment and the environment must be taken into account. The existing Directive lays down the basic principles concerning the conditions, procedures and rate of liberalisation. However, complementary measures are essential, notably on the cross-border aspects and congestion mmanagement, before a real single electricity market can come into operation. The Florence process was established to meet this need. Based on concertation between the players, it marks an original approach from the institutional and governance points of view. The Commission has involved the Member States and all the leading players in this process, while preserving each party's respective powers. In this way, the Florence process offers incontestable advantages in terms of efficiency and speed, bearing in mind the nature of the issues concerned. For example, the March 2000 meeting of the Forum made tangible progress on cross-border pricing and market transparency. The Commission, in close collaboration with the national regulators, will ensure that the preliminary pricing mechanism scheduled in October 2000 meets the declared objectives, i.e. reflects costs, is objective and transparent and is non-discriminatory. This transitional system will lay the foundation for putting in place a stable, harmonised system. The Commission is overseeing this work. The latest results of the Florence process, notably on the principles for cross-border pricing, will be taken into account or adapted in the amendments to the Directive on the internal market in electricity which the Commission will submit in its communication to the Stockholm European Council. On the same occasion, the Commission could make further proposals on the internal market in electricity, particularly for a significant and faster increase in the number of customers eligible, for greater unbundling of the operational and accounting sides and regulated third-party access. Lastly, as regards congestion and the lack of major interconnectors, the Commission plans to propose a mechanism for concertation between stakeholders with a view to defining a European plan for the major interconnector infrastructure still missing.

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

2000/2097(COS) - 06/07/2000 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution drafted by Peter Michael MOMBAUR (EPP/ED, Germany) on the Commission's second report on the liberalisation of the energy markets. Parliament felt that delays in implementing internal market directives in some Member States are damaging the entire EU market and are unacceptable; this also applies to candidate countries which are already exporting electricity to Member States at suspiciously low prices, but are keeping their own markets closed. Parliament regretted that some countries only intend to carry out the minimum liberalisation possible and hoped that they would be more ambitious in future. The Commission is asked to adopt a detailed timetable for the achievement of accurately defined objectives with a view to gradually but completely liberalising the energy markets, and is also asked to take resolute action against those Member States which do not implement the directives correctly. The fully successful liberalisation of the market will require a harmonisation of the energy policy frameworks within the Member States. Competition law must be strictly applied in order to protect customers, and in particular, the placing of legal obstacles in the way of access for new market participants is to be avoided, but competition must not be achieved at the expense of security of supply. The Commission is asked to oblige all Member States to establish fully independent National Regulatory Authorities with the powers to enforce full competition and promote the interests of consumers in a liberalised energy market.

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

2000/2097(COS) - 30/05/2000

After the Commissioner, Ms DE PALACIO, had given a progress report on the liberalisation of the electricity and gas markets and outlined the role played here by the Florence process (electricity) and the Madrid process (gas), the Council discussed the present state of liberalisation of these markets (Directives 96/92/EC (electricity) and 98/30/EC (gas)). The discussion centred on: - the most appropriate indicators for monitoring market developments following liberalisation, the obstacles to speeding up liberalisation and the time schedule to be followed for this process; - the role to be played by services of general economic interest in ensuring the highest possible standards of service; - the elements to be given the highest priority in an overall evaluation of the possible social implications of liberalising the markets. After its discussion, the Council adopted the following conclusions: 1. in regard to the electricity market, it welcomes the recent presentation by the Commission of its communication "Recent progress with building the internal electricity market", as well as the progress made on the implementation of the Electricity Directive (96/92/EC) and the fact that most Member States have already opened their markets beyond the minimum requirements set by that Directive; The Council stresses the need to ensure that the levels of inter-TSO (transmission systems operator) payments to enter into force by October 2000, as well as the systems for financing the payments, are refined and fully in line with the principles of non-discrimination, cost-reflectiveness, simplicity and transparency and are on a non-transaction basis; It invites Member States, regulators/national administrations and the Commission to ensure that the way in which these systems are designed and the payments and compensation of individual TSOs are passed through to their respective network users, which to a certain extent would be left to subsidiarity under the provisional system, does not distort competition and, as far as is reasonably possible, is cost-reflective and places costs on those responsible for them, and provides the appropriate cost-allocation signals to market players; It stresses the need to harmonise, where necessary, national tarification systems for cross-border transactions, including the split between the charges on G (generation, i.e. production) and L (load, i.e. consumption) applied, in order to achieve a level playing field for cross-border transactions; It invites the Commission, Member States and national regulators/national administrations to develop, in liaison with ETSO, a robust tarification system for the longer term; It calls on the Commission, Member States and regulators / national administrations to ensure a timely implementation of these tarification mechanisms and congestion

management measures, in line with the schedule for implementation proposed at the recent meeting of the Florence Forum; It asks the Commission to present a progress report at the latest by April 2001. 2. In regard to the gas market, the Council notes with satisfaction the progress made on the implementation of the GasDirective (98/30/EC) and stresses the importance of timely implementation by Member States to allow gas market opening and competition to take real effect no later than 10 August 2000; In order to ensure the smooth functioning of the internal gas market, it invites Member States, regulators/national administrations, the Commission, gas transmission system operators and all other relevant market players, in line with the principle of subsidiarity, to continue progress and to proceed speedily, in the context of the European Gas Regulatory Forum, "the Madrid process", to identify potential problems and to seek solutions to relevant issues related to the internal gas market, including ensuring non-discriminatory tarification of access to the gas system for cross-border trade, access to necessary ancillary services, congestion management and interoperability; The Council recognises the need to develop sufficient and, where necessary, additional interconnector capacity in Europe to ensure that the functioning of the internal electricity and gas market is hampered by neither physical constraints nor institutional factors affecting trade, including as regards isolated, peripheral and island networks, thereby contributing to security of supply; It stresses the need to create favourable market conditions for further investments and to mobilise all relevant resources to this effect; Lastly, the Council underlines the necessity to analyse carefully the effects of liberalisation on the development of employment in the electricity and gas sector as well as in other sectors potentially benefiting from the overall positive effects of liberalisation in terms of competitiveness and price and cost reductions.

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

2000/2097(COS) - 04/12/2001

The Council held a policy debate on the proposals for a Directive and a Regulation aiming to speed up the liberalisation of the markets in electricity and gas in order to achieve an effective and efficient internal market in those two sectors. It furthermore took note of the presentation by the Commission of a benchmarking report on the implementation of the gas and electricity Directives already in force in this area. At the end of this exchange of views, the President of the Council, while recognising the need to take account of Member States' specific situations, the role of subsidiarity in the implementation of these Directives and the need to clarify some technical aspects further, believed that there was some convergence of views, especially on the following points: - on regulatory authorities, one model to follow could be that of leaving Member States the freedom to establish the appropriate institutional framework, while specifying in the Directive a precise list of regulatory functions to be fulfilled, particularly regarding monitoring, approval of methods and rules, and dispute settlement; - on prices and tariffs, one approach balancing efficiency and transparency could be to establish methods for setting prices and tariffs ex ante; - regarding the independence of electricity network managers, and subject to finalisation of details, it seems appropriate to combine legal requirements, focused on access to resources for maintaining and developing networks, and compliance measures; - in the gas sector, it seems desirable that the formula to be adopted on third-party access to networks should consider specific transit situations adequately; - regarding cross-border electricity exchanges, it would seem useful to introduce a provisional mechanism while continuing to examine the proposal for a Regulation. The "pilot" mechanism would make it possible to gauge the permanent mechanism better; - although the extent and nature of the public service obligations remain open, they must reflect concerns about environmental protection; - in any event, attention must continue to be paid to the successful development of interconnections between networks.

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

2000/2097(COS) - 04/05/1999 - Non-legislative basic document

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.

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

2000/2097(COS) - 16/04/1999 - Document attached to the procedure

PURPOSE : to present the second report on harmonisation of technical requirements stemming from Directive 96/92/EC concerning common rules for the internal market in electricity. CONTENT : this report is the follow up to the first report to the Council and the European Parliament on harmonisation requirements pursuant to Article 25 (1) of Directive 96/92/EC concerning common rules for the internal market in electricity. According to Article 25, the first report had to be submitted within one year following the entry into force of the Directive on 19 February 1997. At that early stage of the two year implementation phase, it was unclear which structural choices several Member States would take in order to implement the Directive. Based on the discussions with Member States at the biannual meetings of the "follow-up" Group for the implementation of the Electricity Directive, the Commission identified the issue of promotion of renewables as the main focus of the first report on harmonisation requirements. However, the Commission was already aware that there might be several other areas, which are not specifically addressed by the Directive, but nevertheless might require harmonisation or at least which deserve regulatory attention to guarantee the proper and efficient functioning of the internal electricity market. In this light, the Commission proposed that there should be not one report on harmonisation requirements, but that at least a second report would be drafted in the light of experience after finalisation of the implementation at national level of the Directive. Thus approach has been supported by the Council. It is the objective of the second report to draw attention of the Council and the European Parliament to a wide range of already existing or expected obstacles within the single market of electricity. This report is structured in three parts: - the first deals with the need to ensure that the implementation of the electricity directive does not result in 15 liberalised but separate and rather isolated electricity markets, thereby failing to produce the benefits from synergies, scale economies and shared resources throughout the EU. Thus, obstacles to the cross-border trade of electricity among Member States have to be actively addressed. This report therefore focuses on three issues: firstly, the availability of tranmission capacity over the interconnectors between Member States; secondly, the necessity to establish a system of non prohibitive, but rather trade facilitating, crossborder transmission tarification; and, thirdly, the issue of crossborder exchanges of electricity with third countries; - the second part of this report discusses whether there is a need for regulation of the electricity network at the European level, in particular in order to address the cross-border issue discussed in part one; - part three considers the necessity to ensure a level playing field on the EU internal market for electricity, addressing therefore, structural issues that might lead to important distortions of the conditions of competition between Member States. To a large extent, this will be achieved through theapplication of the competition rules of each Member State and those of the Community. However, some areas might create structural distortions, which cannot be tackled by the competition rules alone. This report examines three such areas, without prejudice that there might exist an even wider field of problems. The issues covered in this report are environmental standards in electricity generation, accounting standards for nuclear decommissioning, and taxation. In conclusion, this report does not intend to draw final conclusions on the issues raised. It does not claim to be exhaustive in the selection of questions, not to cover all aspects of the issues discussed. The questions addressed by this report are so far reaching that the chapter can only draw the attention to the problems and, in some cases, indicate some first lines of reflection. Concrete follow-up of the individual issues raised will be decided upon by the Commission in the light of the outcome of the subsequent discussions with the Council and the European Parliament, and comments received from interested parties in reponse to this document.

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

2000/2097(COS) - 23/11/1999 - Document attached to the procedure

PURPOSE : to present the report on harmonisation requirements stemming from Directive 98/30/EC concerning common rules for the internal market for natural gas. CONTENT: pursuant to Article 27 (1) of Directive 98/30/EC of the European Parliament and of the Council of 22 June 1998 concerning common rules for the internal market for natural gas (the Gas Directive), "the Commission shall submit a report to the Council and the European Parliament before the first year following the entry into force of this Directive". This harmonisation report shall analyse the harmonisation requirements and, if appropriate, submit proposals aiming at a more efficient interoperability of natural gas networks". In this respect, a study on the interoperability of the different gas networks in the Member States has been carried out. This study has allowed the identificaton of a number of issues, which could potentially represent obstacles to cross-border trade. These issues are the following: - access conditions to pipelines with different gas quality specifications and publication of the range of technically compatible gas qualities; - publication of the range of ancillary services provided for by the network operator and the cost of these services; - odorisation in transmission and distribution networks which may prevent the exchange of natural gas and the interoperability of gas networks; - diversity of national technical codes and standards for the design and construction of pipelines; - in-put/out-put balancing regimes; - access tarification. The objective of this report has been to identify issues relevant in the framework of the effective operation of the internal gas market and which have not been covered by the provision of the Gas Directive. The present report, however, does not claim to be exhaustive in the selection of the questions nor to cover all aspects of the issues discussed. Before making any proposals for harmonisation, further analysis of the different issues identified in this report and possible other issues is therefore considered appropriate. The Commission will invite all relevant and interested parties, including national regulatory authorities, to participate in these analyses with a view to identifying possible harmonisation requirements to ensure the proper functioning of the internal gas market. Following these further analyses, the Commission will submit a second report to the Council and the European Parliament including possible recommendations with regard to harmonisation requirements.