Basic information

2016/0380(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Directive	Procedure completed
Common rules for the internal market in electricity. Recast Repealing Directive 2009/72/EC 2007/0195(COD) Amended by 2023/0077A(COD) Amended by 2023/0077B(COD) **Subject** 3.60.03 Gas, electricity, natural gas, biogas 3.60.06 Trans-European energy networks	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	BUZEK Jerzy (PPE)	25/01/2017
	Shadow rapporteur WERNER Martina (S&D) KRASNODĘBSKI Zdzisław (ECR) PETERSEN Morten (ALDE) ERNST Cornelia (GUE/NGL) MARCELLESI Florent (Verts/ALE) TAMBURRANO Dario (EFDD) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Food Safety	POC Pavel (S&D)	14/02/2017
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	

Committee for opinion on the recast technique	Rapporteur for opinion	Appointed
JURI Legal Affairs	MAŠTÁLKA Jiří (GUE/NGL)	26/07/2017

Council of the European Union	Council configuration	Meetings	Date
	Transport, Telecommunications and Energy	3554	2017-06-26
	Education, Youth, Culture and Sport	3693	2019-05-22

European Commission	Commission DG	Commissioner
	Energy	ŠEFČOVIČ Maroš

European Economic and Social Committee

European Committee of the Regions

Key events

Date	Event	Reference	Summary
30/11/2016	Legislative proposal published	COM(2016)0864	Summary
01/03/2017	Committee referral announced in Parliament, 1st reading		
26/06/2017	Debate in Council		
21/02/2018	Vote in committee, 1st reading		
21/02/2018	Committee decision to open interinstitutional negotiations with report adopted in committee		
27/02/2018	Committee report tabled for plenary, 1st reading	A8-0044/2018	Summary
28/02/2018	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
12/03/2018	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72)		
23/01/2019	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	GEDA/A/(2019)000681 PE634.478	
25/03/2019	Debate in Parliament		
26/03/2019	Decision by Parliament, 1st reading	T8-0226/2019	Summary
26/03/2019	Results of vote in Parliament		
22/05/2019	Act adopted by Council after Parliament's 1st reading		
05/06/2019	Final act signed		
05/06/2019	End of procedure in Parliament		

14/06/2019	Final act published in Official Journal		

Technical information

Procedure reference	2016/0380(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Recast
Legislative instrument	Directive
Amendments and repeals	Repealing Directive 2009/72/EC 2007/0195(COD) Amended by 2023/0077A(COD) Amended by 2023/0077B(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 194-p2
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/8/08686

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE597.758	15/06/2017	
Committee draft report		PE609.387	30/08/2017	
Amendments tabled in committee		PE609.628	26/09/2017	
Amendments tabled in committee		PE610.738	26/09/2017	
Amendments tabled in committee		PE610.807	26/09/2017	
Amendments tabled in committee		PE609.626	28/09/2017	
Amendments tabled in committee		PE609.627	28/09/2017	
Committee opinion	ENVI	PE604.859	24/11/2017	
Committee report tabled for plenary, 1st reading/single reading		A8-0044/2018	27/02/2018	Summary
Text agreed during interinstitutional negotiations		PE634.478	23/01/2019	
Text adopted by Parliament, 1st reading/single reading		T8-0226/2019	26/03/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2019)000681	18/01/2019	
Draft final act	00010/2019/LEX	05/06/2019	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2016)0864	30/11/2016	Summary
Document attached to the procedure	SWD(2016)0410	01/12/2016	
Document attached to the procedure	SWD(2016)0411	01/12/2016	
Document attached to the procedure	SWD(2016)0412	01/12/2016	
Document attached to the procedure	SWD(2016)0413	01/12/2016	
Commission response to text adopted in plenary	SP(2019)437	30/07/2019	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2016)0864	30/03/2017	
Contribution	DK_PARLIAMENT	COM(2016)0864	25/04/2017	
Contribution	CZ_SENATE	COM(2016)0864	04/05/2017	
Contribution	CZ_CHAMBER	COM(2016)0864	09/05/2017	
Contribution	ES_PARLIAMENT	COM(2016)0864	09/05/2017	
Contribution	RO_SENATE	COM(2016)0864	10/05/2017	
Contribution	DE_BUNDESRAT	COM(2016)0864	16/05/2017	
Reasoned opinion	AT_BUNDESRAT	PE604.702	16/05/2017	
Reasoned opinion	HU_PARLIAMENT	PE604.707	02/06/2017	
Reasoned opinion	PL_SENATE	PE606.274	26/06/2017	
Contribution	IT_CHAMBER	COM(2016)0864	07/08/2017	
Contribution	FR_ASSEMBLY	COM(2016)0864	09/04/2018	

Additional information

Source	Document	Date
European Parliament	Briefing	
European Commission	EUR-Lex	

Final act

Directive 2019/0944
OJ L 158 14.06.2019, p. 0125 Summary

Common rules for the internal market in electricity. Recast

2016/0380(COD) - 14/06/2019 - Final act

PURPOSE: to ensure that the EU electricity market is competitive, consumer-oriented, flexible and non-discriminatory.

LEGISLATIVE ACT: Directive (EU) 2019/944 of the European Parliament and of the Council concerning common rules for the internal market in electricity and amending Directive 2012/27/EU

CONTENT: The Directive establishes common rules for the production, transmission, distribution, storage and supply of electricity, as well as consumer protection provisions for the creation of truly integrated, competitive, consumer-oriented and flexible, fair and transparent electricity markets in the Union. The Directive shall enhance national policies in favour of vulnerable and energy poor customers.

The Directive on common rules for the internal market in electricity, the Regulation on the electricity market, the Regulation on risk preparedness and the Regulation establishing a European Agency for the Cooperation of Energy Regulators (ACER) are part of the Commission's broader set of initiatives entitled "Clean Energy for All Europeans". This package includes the Commission's main proposals for implementing the Energy Union.

Market-based supply prices

Under the Directive, suppliers shall be free to determine the price at which they supply electricity to customers. Member States shall take appropriate actions to ensure effective competition between suppliers. They shall ensure the protection of energy poor and vulnerable household customers by social policy or by other means than public interventions in the price setting for the supply of electricity.

The Directive also allows Member States to apply public interventions in the setting of prices for the supply of electricity to other household customers and micro-enterprises with a view to a transition period aimed at establishing effective competition between suppliers and achieving fully efficient market-based retail electricity pricing.

Empowerment and consumer protection

The revised Directive puts consumers at the heart of the energy transition, offering them more choice and increased protection.

Member States shall ensure that all final customers are entitled to have their electricity provided by a supplier, subject to the supplier's agreement, regardless of the Member State in which the supplier is registered, provided that the supplier follows the applicable trading and balancing rules.

Final customers shall be provided with a summary of the key contractual conditions in a prominent manner and in concise and simple language.

The Directive also provides for the possibility of switching suppliers free of charge within a maximum of three weeks (and 24 hours by 2026). Household customers shall be entitled to participate in collective switching schemes.

Consumers shall become full market players through:

- smart meters: consumers will be able to request the installation of a smart electricity meter at no additional cost, which will inform them of their consumption and costs in near real time. Where final customers do not have smart meters, final customers will need to have individual conventional meters that accurately measure their actual consumption;
- price comparison tools: household customers and microenterprises with an expected yearly consumption of below 100 000 kWh, shall have access, free of charge, to at least one tool comparing the offers of suppliers, including offers for dynamic electricity price contracts;
- dynamic electricity pricing contracts: final customers who are equipped with a smart meter will be able to request to conclude a dynamic electricity pricing contract with at least one supplier and with each supplier who has more than 200 000 final customers;
- citizens' energy cooperatives: final customers will have the right to act as active customers, for example by selling self-generated electricity, without being subject to disproportionate or discriminatory technical requirements, by participating in flexibility and energy efficiency programmes or by joining the citizens' energy communities.

The Electricity Directive also sets out the regulatory framework for transmission and distribution system operators.

ENTRY INTO FORCE: 4.7.2019.

TRANSPOSITION: from 31.12.2020 (some provisions shall be transposed by 31.12.2019 or 25.10.2020 at the latest).

Common rules for the internal market in electricity. Recast

2016/0380(COD) - 27/02/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Industry, Research and Energy adopted the report by Krišjānis KARIŅŠ (EPP, LV) on the proposal for a directive of the European Parliament and of the Council on common rules for the internal market in electricity (recast).

The committee recommended that the European Parliament adopt its position at first reading under the ordinary legislative procedure, taking into account the recommendations of the Consultative Working Party of the legal services of the European Parliament, the Council and the Commission.

Members amended the Commission's proposal as follows:

Aim: the proposed Directive seeks to establish common rules for the generation, transmission, distribution, storage and supply of electricity, together with consumer protection provisions, with a view to creating truly integrated, consumer-centred and flexible electricity markets in the Union.

Using the advantages of an integrated market, the Directive aims at ensuring **affordable** energy prices for consumers, a high degree of **security of supply** and a smooth transition towards a **decarbonised energy system**.

Competitive electricity market: Members considered that national legislation shall ensure a level playing field **without discriminating against market players**, including those in other Member States. Member States shall ensure that no undue barriers exist for aggregators to enter organised electricity markets, as long as they meet the entry criteria for these markets. Market participants from third countries shall comply with the applicable legislation of the Union and the Member States, including environmental and safety legislation.

It is specified that the amended Directive also sets out **means of cooperation** among Member States, regulatory authorities and transmission system operators towards the creation of a fully interconnected internal market that increases the integration of renewable electricity, the mechanisms of solidarity among Member States, the free competition and the security of supply.

Consumer rights: the contract with an electricity supplier shall specify, *inter alia*, the **duration of the contract, the conditions for renewal and termination of services** including additional products and/or services (bundled services) and of the contract and whether withdrawal from the contract without charge is permitted.

Before the contract is concluded, customers shall, among other things:

- **be given adequate notice of any intention to modify contractual conditions** and are informed about their right to dissolve the contract when the notice is given. Suppliers shall notify their customers directly of any adjustment in the supply price as well as of the reasons and preconditions for the adjustment and its scope, as soon as they have the information on the adjustment, and no later than one month before the adjustment comes into effect in a transparent and comprehensible manner;
- be provided with a **summary of the key contractual conditions** (such as the main features of the service, detailed information on prices, conditions for switching and price increase) in concise and simple language on the first page of the contract or together with the contract.

Member States shall ensure that adequate safeguards on the exposure of price changes for final customers are in place to **avoid bill shocks** or high levels of financial liability.

Right to switch supplier: by 1 January 2022, the technical process of switching supplier shall take no longer than **24 hours** and shall be possible on any working day.

Member States may choose to permit suppliers to charge contract **termination fees** to final customers willingly terminating fixed term, fixed price supply contracts before their maturity provided that the customer has willingly entered into such a contract. Such fees shall be **proportionate** to the advantage provided to the customer.

Household customers shall be entitled to participate in collective switching schemes.

Comparison tools: at least one tool per Member States shall cover the whole of the market. Customers shall be informed of the availability of such tools in or together with their bills.

Active energy customers: Members want customers who produce, use and sell energy (also known as **prosumers** or active energy customers because they produce and consume electricity at the same time) are not discriminated.

In particular, Members agreed on **clear conditions for creating and exploiting local energy communities**, that is, groups of people who produce and consume energy locally. These local networks shall contribute to the costs of the electricity system to which they are connected without distorting competition.

Conditions and standards are set up for local energy communities with networks in order to preserve efficient network planning. These conditions and standards shall also ensure that customers and members in the local energy community receive the same quality and standard of network services that are available to customers outside the local energy community.

All consumers across the EU have the ability to participate in a local energy community. Local energy communities are **entitled to share electricity** from generation assets within the community between its members or shareholders based on market principles.

Billing information: suppliers shall provide **plain and clear** information about real energy consumption and costs on each bill. Final customers who have had the same rate for more than two years shall be proactively alerted by their supplier as to whether they could reduce their bills by switching to an alternative, perhaps newer tariff, offered by that same supplier.

Smart meters: consumers may request the installation of a smart electricity meter that will inform them of their **consumption and costs at the near real time of use**. Validated historical consumption data shall be made easily available and visualised to final customers on at least an in-home display at no additional cost.

Energy poverty: in order to protect vulnerable customers, Member States shall develop **action plans** to reduce the number of households in energy poverty, including both short-term and long-term objectives and measures and a timeframe for achieving these objectives. Measures may include, *inter alia*, providing benefits in social security systems to ensure the necessary electricity supply to vulnerable customers, providing for support for energy efficiency improvements and the prohibition of disconnection of electricity at critical times.

Common rules for the internal market in electricity. Recast

2016/0380(COD) - 26/03/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 551 votes to 72 with 37 abstentions a legislative resolution on the proposal for a directive of the European Parliament and of the Council on common rules for the internal market in electricity (recast).

The position of the European Parliament adopted at first reading under the ordinary legislative procedure has amended the Commission proposal as follows:

Aim

The directive would establish common rules for the production, transmission, distribution, storage and supply of electricity, as well as consumer protection provisions for the creation of truly integrated, competitive, consumer-oriented and flexible, fair and transparent electricity markets in the Union.

The directive also sets out ways of cooperation between Member States, regulatory authorities and transmission system operators with a view to creating a fully interconnected internal electricity market that enhances the integration of electricity produced from renewable sources, free competition and security of supply.

Competitive, consumer-oriented electricity market

Member States should ensure that there are no unjustified barriers within the internal electricity market and ensure a level playing field under which electricity undertakings are subject to transparent, proportionate and non-discriminatory rules, charges and treatment, in particular with regard to balancing liability, access to wholesale markets, access to data, switching procedures and billing schemes and, where applicable, the granting of authorisations.

Market participants from third countries operating in the internal electricity market should comply with applicable Union and national law, including with regard to environmental and safety policy.

Consumer rights

The contract with an electricity supplier should specify, among other things, (i) the services provided, the levels of quality of the services offered, as well as the time required for the initial connection, (ii) the types of maintenance services offered, (iii) the means by which up-to-date information on all applicable tariffs, maintenance charges and bundled products or services can be obtained, (iv) the duration of the contract, the conditions for renewal and termination of the contract and for termination of the services and whether termination of the contract without charge is permitted.

Final customers should receive a summary of the main contractual conditions in a clearly visible manner, and in simple and concise language.

Right to a dynamic electricity pricing contract

Final customers who are equipped with a smart meter could apply to enter into a dynamic pricing electricity contract with at least one supplier and with each supplier who has more than 200,000 end customers. Suppliers should obtain the consent of each end customer before they switch to a dynamic pricing electricity contract.

Right to change supplier

The amended directive provides for the possibility of switching suppliers free of charge within a maximum of three weeks (and 24 hours by 2026). Residential customers would be entitled to participate in collective switching arrangements.

Comparison tools

At least one tool per Member States should cover the whole of the market. Customers should be informed of the availability of such tools in or together with their bills.

Active energy customers

Final consumers would have the right to act as active customers, without being subject to disproportionate or discriminatory technical requirements, or administrative requirements, procedures and charges, and network access charges, which do not reflect costs.

The directive would also empower Member States to allow citizen energy communities to become distribution system operators, either under the general regime or as "closed distribution system operators".

Billing information

Invoices and invoicing information should be accurate, easy to understand, clear, concise, accessible and presented in a form that facilitates comparison by final customers. Upon request, final customers would receive a clear and understandable explanation of how the invoice was issued, in particular when invoices are not issued on the basis of actual consumption. Member States considering amending the content requirements of invoices should consult consumer organisations.

Smart meters

Consumers would be able to request the installation of an intelligent electricity meter that will inform them of their consumption and costs in near real time. They could easily access validated consumption history data and view it easily, securely, on request and at no additional cost. Member States should ensure the deployment of these smart meters but would not be obliged to finance their installation if their cost outweighs the benefits.

Fuel poverty

Member States should ensure that vulnerable and fuel-poor residential customers are protected through social policy or by means other than public intervention in the setting of prices for the supply of electricity. The notion of "vulnerable customers" could include income levels, the share of energy expenditure in disposable income, the energy efficiency of housing, high dependence on electrical equipment for health reasons, age or other criteria.

Common rules for the internal market in electricity. Recast

2016/0380(COD) - 30/11/2016 - Legislative proposal

PURPOSE: to recast the common rules for the internal market in electricity.

LEGISLATIVE ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the energy sector plays a key role in the obligation to reduce greenhouse gas emissions in the Union by at least 40% until 2030 with an expected share of 50% of renewables by 2030. The European Parliament adopted a resolution in September 2016 stressing that a well-functioning integrated energy market is the best tool to guarantee affordable energy prices, secure energy supplies and to allow for the integration and development of larger volumes of electricity produced from renewable sources in a cost efficient manner.

The current electricity market design is based on the rules of the Third Energy Package, adopted in 2009. The latter has brought tangible progress for consumers but **new developments have led to fundamental changes in European electricity markets.** The share of electricity generated from renewable energy sources (RES-E) has steeply increased, and this shift will continue as it is a key condition to fulfilling the Union's obligations under the Paris Agreement on climate. In parallel, **state interventions**, often designed in an uncoordinated manner, have led to distortions of the wholesale electricity market, with negative consequences for investments and cross-border trade. Significant changes are also taking place on the **technological** side. The shortcomings of the current market arrangements also reduce the attractiveness of the energy sector for new investment. At the level of wholesale markets, barriers to cross-border trade persist and interconnector capacities are rarely fully exploited. With regards to retail markets, competition performance could be significantly improved.

Furthermore, **fully integrating industrial, commercial and residential consumers into the energy system can avoid significant costs** for 'backup' generation - costs which consumers would otherwise end up paying. Delivering a new deal for energy consumers is a key commitment of the Energy Union.

The present electricity market design initiative thus aims to **put consumers at the heart of the energy market**, and adapt the current market rules to new market realities, by allowing electricity to move freely to where it is most needed when it is most needed via undistorted price signals, whilst **empowering consumers**, reaping maximum benefits for society from cross-border competition and providing the right signals and incentives to drive the necessary investments to decarbonise our energy system. It will also give priority to energy efficiency solutions, and contribute to the goal of becoming a world leader in energy production from renewable energy sources, thus contributing to the Union's target to create jobs, growth and attract investments.

The proposal for a recast of the Regulation on the electricity market, this proposal the recast of the Directive on common rules for the internal market in electricity, and the proposal on the recast of the Regulation establishing a European Agency for the Cooperation of Energy Regulators are part of the Commission's broader package of initiatives ("Clean Energy for All"). That Package comprises the Commission's key proposals to implement the Energy Union.

The proposal is also closely linked to the proposal for a revised Renewable Energy Directive, providing for a framework to achieve the 2030 renewable target, including principles in relation to support schemes for renewable energy sources.

IMPACT ASSESSMENT: all proposed measures are supported by the impact assessment, on which the Regulatory Scrutiny Board issued a positive opinion on 7 November 2016. The impact assessment endorsed an enhancement of current market rules in order to create a level-playing field among all generation technologies and resources by **removing existing market distortions**.

Regarding the **retail market**, the preferred option included Member States being encouraged to progressively phase-out blanket price regulation, starting with prices below cost. Vulnerable consumers can be protected by a transitional price regulation.

CONTENT: the draft Directive contains eight Chapters, the main provisions of which may be summarised as follows:

Objectives: the draft directive establishes **common rules** for the generation, transmission, distribution, storage and supply of electricity, together with consumer protection provisions, with a view to creating truly integrated, consumer-centred and flexible electricity markets in the Union. The Directive aims at ensuring **affordable energy prices for consumers**, a high degree of security of supply and a smooth transition towards a decarbonised energy system. It lays down key rules relating to the organisation and functioning of the European electricity sector, in particular rules on consumer empowerment and protection, on open access to the integrated market, on third party access to transmission and distribution infrastructure, unbundling rules, and on independent national energy regulators.

General rules for the organisation of the sector: the general principle is that Member States have to ensure that the EU electricity market is competitive, consumer-centred, flexible and non-discriminatory. The text emphasises that **national measures should not unduly hamper cross-border flows, consumer participation or investments**. It further enshrines the principle that supply prices shall be market-based, subject to duly justified exceptions. The Chapter also clarifies certain principles relating to the functioning of the EU electricity markets, such as the right to choose a supplier. It also provides for updated rules on possible public service obligations that may be imposed by Member States on energy undertakings under certain circumstances.

Consumer empowerment and protection: this Chapter reinforces pre-existing consumer rights and **introduces new rights** that aim at putting consumers at the heart of the energy markets by ensuring that they are empowered and better protected. The proposal:

- contains rules on clearer billing information and on certified comparison tools;
- sets out provisions ensuring that consumers are able to freely choose and change suppliers or aggregators, are entitled to a dynamic price contract and are able to engage in demand response, self-generation and self-consumption of electricity;
- entitles every consumer to request a smart meter equipped with a minimum set of functionalities;
- aims to ensure that energy poverty is addressed by Member States;
- requires Member States to define frameworks for independent aggregators and for demand response along principles that enable their full participation in the market;
- defines a framework for local energy communities which may engage in local energy generation, distribution, aggregation, storage, supply or energy efficiency services;
- provides clarification on pre-existing provisions on smart meters, single points of contacts, and rights to out-of-court settlement, universal service and vulnerable consumers.

Distribution system operation (DSO): the text clarifies the tasks of DSOs, notably relating to the activities of DSOs concerning the procurement of network services to ensure flexibility, the integration of electrical vehicles and data management. It also clarifies the role of DSOs with respect to storage and recharging points for electric vehicles.

General rules applicable to the transmission system operator (TSO): this Chapter summarises the rules, providing only some clarifications concerning ancillary services and the new Regional Operational Centres.

Unbundling of TSOs: the rules on unbundling as developed in the Third Energy Package, remains unchanged as concerns the main substantive rules on unbundling, notably with respect to the three regimes for TSOs (ownership unbundling, independent system operator and independent transmission operator), as well as with respect to the provisions on TSO designation and certification. It only provides a clarification on the possibility for TSOs to own storage or to provide ancillary services.

Independent system operator: the proposal notably emphasises the obligation of regulators to cooperate with neighbouring regulators and ACER in case issues of cross-border relevance are concerned and updates the list of tasks of regulators, inter alia with respect to the supervision of the newly created Regional Operational Centres.

Final provisions: this Chapter changes some general provisions, inter alia on derogations to the Directive, exercise of delegated powers by the Commission and the Committee established under comitology rules pursuant to Regulation (EU) No 182/2011.

The new Annexes to the proposed Directive set out more requirements on comparison tools, billing and billing information and amends pre-existing requirements for smart meters and their roll-out.

BUDGETARY IMPLICATIONS: the budgetary impact associated to the proposal under this package concerns the resources of the Agency for the Cooperation of Energy Regulators (ACER). Essentially, the new tasks to be carried out by ACER, notably as regards the assessment of system adequacy and the establishment of Regional Operation Centres, require a phasing in of 18 additional full-time staff in the Agency in 2020, as well as corresponding financial resources.