Basic information

2016/0379(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Internal market for electricity. Recast Repealing Regulation (EC) No 714/2009 2007/0198(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
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Food Safety	BELET Ivo (PPE)	06/07/2017
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)	26/06/2017

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)0861	Summary
27/02/2017	Debate in Council		
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	A8-0042/2018	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)000678 PE634.488	
25/03/2019	Debate in Parliament		
26/03/2019	Decision by Parliament, 1st reading	T8-0227/2019	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	2016/0379(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Recast
Legislative instrument	Regulation
Amendments and repeals	Repealing Regulation (EC) No 714/2009 2007/0198(COD) Amended by 2023/0077A(COD) Amended by 2023/0077B(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 194-p2
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/8/08718

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE597.757	16/06/2017	
Committee draft report		PE607.822	27/06/2017	
Amendments tabled in committee		PE609.623	25/09/2017	
Amendments tabled in committee		PE609.624	25/09/2017	
Amendments tabled in committee		PE609.625	25/09/2017	
Amendments tabled in committee		PE610.740	25/09/2017	
Amendments tabled in committee		PE610.751	25/09/2017	
Committee opinion	ENVI	PE609.648	07/12/2017	
Committee report tabled for plenary, 1st reading/single reading		A8-0042/2018	27/02/2018	Summary
Text agreed during interinstitutional negotiations		PE634.488	18/01/2019	
Text adopted by Parliament, 1st reading/single reading		T8-0227/2019	26/03/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2019)000678	18/01/2019	
Draft final act	00009/2019/LEX	05/06/2019	

European Commission

Document type	Reference	Date	Summary
	COM(2016)0861		

Legislative proposal		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	
Follow-up document	COM(2025)0065	03/03/2025	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2016)0861	30/03/2017	
Reasoned opinion	DE_BUNDESTAG	PE603.004	19/04/2017	
Contribution	DK_PARLIAMENT	COM(2016)0861	25/04/2017	
Contribution	CZ_SENATE	COM(2016)0861	04/05/2017	
Reasoned opinion	RO_SENATE	PE604.703	19/05/2017	
Reasoned opinion	RO_CHAMBER	PE604.704	22/05/2017	
Reasoned opinion	ES_PARLIAMENT	PE604.705	22/05/2017	
Reasoned opinion	CZ_CHAMBER	PE604.721	01/06/2017	
Reasoned opinion	PL_SENATE	PE606.273	23/06/2017	
Reasoned opinion	FR_SENATE	PE606.279	27/06/2017	
Reasoned opinion	HU_PARLIAMENT	PE604.706	03/07/2017	
Reasoned opinion	AT_BUNDESRAT	PE606.280	05/07/2017	
Reasoned opinion	PL_SEJM	PE607.887	14/07/2017	
Contribution	FR_SENATE	COM(2016)0861	20/07/2017	
Contribution	IT_CHAMBER	COM(2016)0861	07/08/2017	
Contribution	FR_ASSEMBLY	COM(2016)0861	09/04/2018	

Additional information

Source	Document	Date

EP Research Service	Briefing	
European Commission	EUR-Lex	

Final act	
Regulation 2019/0943 OJ L 158 14.06.2019, p. 0054	Summary

Delegated acts	
Reference	**Subject**
2025/2774(DEA)	Examination of delegated act

Internal market for electricity. Recast

2016/0379(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 regulation of the European Parliament and of the Council on the internal market for 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.

The main changes to the Commission's proposal are as follows:

Aim: the Regulation shall set the basis for an efficient achievement of the objectives of the European Energy Union by enabling market signals to be delivered for increased **flexibility, efficiency, decarbonisation, innovation and a higher share of renewable energy sources**.

Members pointed out that **electricity markets** shall be operated according to the following principles:

- actions which prevent price formation on the basis of demand and supply shall be avoided;
- the development of more flexible generation, sustainable low carbon generation, and more flexible demand shall be promoted;
- **customers** shall be enabled to benefit from market opportunities and increased competition on retail markets and be empowered to act as participant in the energy market and the energy transition;
- encourage **free price formation** to deliver appropriate investment incentives for generation, in particular long-term investments for a decarbonised and sustainable electricity system storage, energy efficiency, demand response and facilitate fair competition;
- **barriers to cross-border electricity flows** and cross-border transactions on electricity markets and related services markets shall be **removed**;
- electricity generation operators shall bear **full financial and legal responsibility** deriving from their assets.

Just transition: the Commission shall:

- support Member States that put in place a **national strategy for the progressive reduction of installed coal** and other solid fossil fuel generation and mining capacity through all available means, including targeted financial support to enable a “just transition” in regions affected by structural change;
- assist Member States to **address the social, skills and industrial impacts** of the clean energy transition.

Definition of bidding zones: the proposed Regulation describes the process of defining bidding zones in a coordinated manner. The amended text stipulated that the configuration of bidding zones in the Union shall be designed in such a way as to **ensure liquidity of day ahead and intraday markets**, and thus to maximise economic efficiency and cross-border trading opportunities while maintaining security of supply.

Members stated that the transmission system operators participating in the bidding zone review shall submit a proposal to the relevant Member States whether to amend or maintain the bidding zone configuration

After the bidding zone review, **relevant Member States shall agree unanimously** on the bidding zone structure and concrete commitments where necessary. When an agreement cannot be reached, **the Commission shall step in to resolve the disagreement**.

Network access, use of networks and network reinforcements: charges shall be **transparent**, take into account the need for network security and flexibility and reflect actual costs. They shall not discriminate against energy storage, specifically not double charging energy storage, and aggregation and shall not create disincentives for self-generation, self-consumption, nor for participation in demand response.

Adequacy of capacity and capacity mechanisms: the proposal lays down new general principles for Member States to respond in a coordinated manner to concerns about resource adequacy.

The amended text foresees that a Member State with identified adequacy concerns shall **publish an implementation plan** with a timeline for adopting measures to eliminate any identified regulatory distortions and/or market failures. When addressing resource adequacy concerns, the Member States shall in particular:

- remove regulatory distortions;
- remove price caps;
- introduce an administrative shortage pricing for balancing energy;
- increase interconnection and internal grid capacity;
- enable self-generation, energy storage, demand side measures and energy efficiency by removing regulatory obstacles;
- ensure cost-efficient and market-based procurement of balancing and ancillary services;
- remove regulated prices.

Member States shall submit the implementation plan to the Commission for review. The Commission may decide whether the measures are sufficient.

Members considered that a **capacity mechanisms** shall only be introduced if ENTSO's assessment of ENTSO's adequacy of resources at EU level has identified adequacy issues or the Commission has taken an affirmative decision on the implementation plan.

Capability mechanisms shall only be introduced by Member States as a **last resort**, subject to certain conditions and EU State aid rules, when the elimination of existing market distortions does not solve the problems of adequacy means.

Regional cooperation: Members consider that market rules shall provide for strong regional cooperation where effective.

To ensure system security, Members considered it essential that transmission system operators cooperate more at regional level.

Regional coordination centres shall carry out functions where their regionalisation brings added value compared to functions performed at national level. All transmission system operators shall adhere to a single regional coordination centre. The functions carried out by regional coordination centres should exclude real time operation of the electricity system.

Internal market for electricity. Recast

2016/0379(COD) - 30/11/2016 - Legislative proposal

PURPOSE: to recast the rules on the internal electricity market.

LEGISLATIVE ACT: Regulation 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. The physical nature of RES-E – more variable, less predictable and decentralised than traditional generation – requires an adaptation of market and grid operation rules to the **more flexible nature of the market**. 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.

The present electricity market design initiative thus aims to **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 this Regulation on the electricity market, the proposal on 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: this 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**. It addresses rules that discriminate between resources and which limit or favour the access of certain technologies to the electricity grid. In addition, **all market participants would bear financial responsibility** for imbalances caused on the grid and all resources would be remunerated in the market on equal terms. **Barriers to demand-response would be removed.** The chosen option would also strengthen short-term markets by bringing them closer to real-time

CONTENT : the draft regulation contains seven Chapters, which may be summarised as follows:

Subject-matter: the proposal aims at:

- setting the basis for an efficient achievement of the objectives of the European Energy Union and in particular the climate and energy framework for 2030 by enabling **market signals to be delivered for increased flexibility, decarbonisation and innovation**;
- setting fundamental principles for well-functioning, integrated electricity markets, which allow **non-discriminatory market access for all resource providers and electricity customers**, empower consumers, enable demand response and energy efficiency.

General rules for the electricity market: new provisions set out the key principles to be respected by national energy legislation in order to allow for a functioning internal electricity market. The text also sets out the main legal principles for electricity trading rules within different trading timeframes (balancing, intraday, day-ahead and forward markets), including principles for price formation. It clarifies the principle of balancing responsibility and provides for a framework for more market compatible rules for the dispatch and curtailment of generation and demand response.

Network access and congestion management: this Chapter describes the process to define bidding zones in a coordinated manner. In order to address the persisting problem of significant national limitations to cross-border electricity flows, the conditions for such exceptional limitations are clarified, notably by rules that shall ensure that electricity imports and exports are not restricted by national actors for economic reasons. The Chapter contains amendments to pre-existing principles for transmission and distribution network tariffs and sets a procedure for fostering the progressive convergence of transmission and distribution tariff methodologies. It also sets out amended rules for the usage of congestion rents.

Resource adequacy: this Chapter sets out principles and a procedure for the development of a **European resource adequacy assessment** to better determine the need for capacity mechanisms and, if appropriate, the setting of a reliability standard by Member States. It clarifies how and under which conditions capacity mechanisms can be introduced in a market-compatible manner. It also clarifies market compatible design principles for capacity mechanisms, including rules for the participation of capacity located in another Member State and for interconnection usage. It sets out how Regional Operational Centres, national TSOs, the ENTSO for electricity and national regulators via ACER will be involved in the development of technical parameters for the participation of capacities located in another Member State as well as the operational rules for their participation.

Transmission system operation (TSO): the Chapter sets out the **tasks and duties** of the European network of transmission system operators for electricity (**ENTSO)** and the **monitoring tasks of ACER** in this regard whilst clarifying its duty to act independently and for the European good. It defines the mission of Regional Operational Centres and provides for criteria and a procedure for defining system operation regions covered by each Regional Operational Centre and the coordination functions that these centres perform. It also sets out working and organisational arrangements, consultation requirements, procedures for the adoption of decisions and recommendations and their revision, the composition and responsibilities of the management board and liability arrangements of Regional Operational Centres. The Chapter also incorporates rules on the connection of cogeneration units, previously included in Directive 2012/27/EU on energy efficiency. The rules on a ten-year network development plan, inter-transmission system operator compensation, information exchange and certification remain largely unchanged.

Distribution system operation (DSO): the draft regulation sets up **a European entity for DSOs**, defines a procedure for its establishment and its tasks including with regard to the consultation of stakeholders. It also provides detailed rules on the cooperation between DSOs and TSOs with regard to the planning and operation of their networks.

Network codes and guidelines: the Commission is empowered to adopt delegated acts in the form of network codes or guidelines. The text provides for clarifications as to the legal nature and the adoption of network codes and guidelines and enlarges their possible content to areas such as distribution tariff structures. It also includes the European entity for DSOs and other stakeholders more closely in the procedure on the development of proposals for electricity network codes.

Final provisions: this includes the pre-existing rules for the exemption of new direct current interconnectors from certain requirement of the Electricity Directive and Regulation whilst clarifying the procedure for subsequent amendments made by NRAs. The Annex to the proposed Regulation defines in more detail the functions attributed to the Regional Operational Centers created by the Regulation.

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.

Internal market for electricity. Recast

2016/0379(COD) - 26/03/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 544 votes to 76 with 40 abstentions a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the internal electricity market (recast).

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

Objective

The proposed regulation aims to revise the rules and principles of the internal electricity market in order to ensure its proper functioning, competitiveness and absence of distortions. It would lay the foundations for the effective achievement of the objectives of the climate and energy policy framework by 2030, by making it possible to produce market signals encouraging efficiency, a greater share of renewable energy sources, security of supply, flexibility, sustainability, decarbonation and innovation.

The amended text specifies that electricity markets should be operated in accordance with the following principles:

- market rules should encourage free price formation and avoid actions which prevent price formation on the basis of supply and demand;

- rules should facilitate the development of more flexible generation, sustainable low-carbon generation and more flexible demand;

- opportunity for consumers to act as market players in the energy market and in the energy transition;

- rules permitting the decarbonisation of the electricity system, including making it possible to integrate electricity produced from renewable energy sources and providing incentives for energy efficiency;

- rules providing incentives for investment in production, in particular long-term investment in a low-carbon and sustainable electricity system;

- the progressive removal of obstacles to cross-border flows of electricity between bidding zones or Member States and to cross-border transactions on electricity and related service markets;

- rules allowing the development of demonstration projects in sustainable, safe and low-carbon energy sources, technologies or systems to be carried out and used for the benefit of society.

Just transition

The Commission should support Member States that are putting in place a national strategy to gradually reduce existing capacities for the extraction of coal and any other solid fossil fuels and for the production of energy from these sources in order to allow a fair transition in regions affected by structural changes. It should help Member States to address the social and economic impacts of the transition to clean energy.

Balancing market

New rules on trade and balancing responsibilities ensure that variable electricity generation from renewable energy sources can be taken into account, without creating discriminatory provisions or market distortions.

Network access and capacity management

Member States should take all appropriate measures to remedy congestion. Bidding zones should therefore be defined in such a way as to ensure market liquidity, efficient congestion management and overall market efficiency.

Every three years, the European Network of Transmission System Operators for Electricity (ENTSO for Electricity) should report on structural and other major physical congestion within and between bidding areas, including the location and frequency of such congestion.

Any Member State with an identified structural congestion would then decide, in cooperation with its transmission system operators, either to establish national or multinational action plans or to revise or amend its bidding zone configuration.

Capacity mechanism

The new regulation would set out the conditions under which Member States could set up capacity mechanisms and the principles for their creation. These mechanisms aim to ensure that electricity supply is sufficient during peak periods by remunerating resources for their availability. They should be temporary and designed to address an identified problem of resource adequacy.

An emission limit of 550 g of fossil CO2 per kWh of electricity would be put in place. New power plants that emit more than that and start commercial production after the regulation comes into force would no longer be able to participate in capacity mechanisms.

Existing power plants emitting more than 550 g of fossil CO2 per kWh and an average of 350 kg of CO2 per year per kW installed could no longer participate in capacity mechanisms after 1 July 2025. Capacity contracts concluded before 31 December 2019 would not be affected by the new rules.

Regional coordination centres

These centres would support the regional coordination of transmission system operators. They would replace the existing Regional Security Coordinators, but would have additional tasks related to system operation, market operation and risk preparedness.

The regulation would also create a European entity of distribution system operators. As an expert entity working in the common interest of the Union, the entity of the Union's distribution system operators (DSOs) should not represent any particular interest or seek to influence the decision-making process in order to promote certain interests.

Internal market for electricity. Recast

2016/0379(COD) - 14/06/2019 - Final act

PURPOSE: to provide a harmonised framework for the update the legislative framework for the Agency for the Cooperation of Energy Regulators (ACER) in order to adapt regulatory supervision to the new realities of an increasingly interconnected European energy market.

LEGISLATIVE ACT: Regulation (EU) 2019/943 of the European Parliament and of the Council on the internal market for electricity.

CONTENT: the Regulation revises the rules and principles of the internal electricity market in order to ensure its proper functioning and competitiveness. It also aims to support the decarbonisation of the EU's energy sector and to remove barriers to cross-border trade in electricity. It shall enable the EU to embark on the transition to clean energy, to complete climate related legislation by 2030 already adopted, and to honour the commitments made in the Paris Agreement.

The Regulation on the electricity market, the Directive on common rules for the internal market in electricity, 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.

Principles regarding the operation of electricity markets

Electricity markets shall be operated in accordance with the following principles:

- prices shall be formed on the basis of demand and supply;
- market rules shall facilitate the development of more flexible generation, sustainable low carbon generation, and more flexible demand;
- customers shall be enabled to benefit from market opportunities and increased competition on retail markets and shall be empowered to act as market participants in the energy market and the energy transition;
- market rules shall enable the decarbonisation of the electricity system and thus the economy, including by enabling the integration of electricity from renewable energy sources and by providing incentives for energy efficiency;
- market rules shall deliver appropriate investment incentives for generation, in particular for long-term investments in a decarbonised and sustainable electricity system;
- barriers to cross-border electricity flows between bidding zones or Member States and cross-border transactions on electricity markets and related services markets shall be progressively removed;
- market rules shall provide for regional cooperation where effective;
- all producers shall be directly or indirectly responsible for selling the electricity they generate;
- market rules shall allow for the development of demonstration projects into sustainable, secure and low-carbon energy sources, technologies or systems which are to be realised and used to the benefit of society;
- in order to allow market participants to be protected against price volatility risks on a market basis, and mitigate uncertainty on future returns on investment.

Balancing market

New rules on trade and balancing responsibilities ensure that variable electricity generation from renewable energy sources can be taken into account, without creating discriminatory provisions or market distortions.

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The Regulation also creates a European entity of distribution system operators. As an expert entity working in the common interest of the Union, the entity of the Union's distribution system operators (DSOs) should not represent any particular interest or seek to influence the decision-making process in order to promote certain interests.

Just transition

The Commission shall support Member States that are putting in place a national strategy to gradually reduce existing capacities for the extraction of coal and any other solid fossil fuels and for the production of energy from these sources in order to allow a fair transition in regions affected by structural changes. It shall help Member States to address the social and economic impacts of the transition to clean energy.

ENTRY INTO FORCE: 4.7.2019.

APPLICATION: from 1.1.2020.