

New rules for the EU internal electricity market

The European Parliament is expected to vote on four legislative proposals related to the EU electricity market during the March II plenary session: a regulation and a directive on the internal electricity market, complemented by a regulation on risk-preparedness in the electricity sector and a regulation on the Agency for the Cooperation of Energy Regulators (ACER). The new rules aim to empower customers, streamline cross-border electricity trading, ensure the security of supply and facilitate climate-friendly electricity generation.

Background

EU electricity markets are faced with serious challenges, such as the transition towards a low-carbon energy system, the cost-efficient integration of renewable energy sources, the trend towards decentralised renewable energy production, the evolving role and stronger participation of energy customers, and the requirement to ensure the security of supply in the short and long term efficiently and at affordable costs.

European Commission proposal

The Commission put forward proposals on EU energy market design in November 2016, as part of the 'Clean energy for all Europeans' package. The proposal for a [directive](#) on common rules for the internal market in electricity aims to prevent energy poverty, make it easier for customers to compare offers and switch suppliers, and entitle them to play an active role in the electricity market. The proposal for a [regulation](#) on the internal electricity market aims to enable free price formation and facilitate cross-border trade, regional coordination, and the integration of storage, flexible demand and renewable energy. It also establishes criteria on subsidies for standby capacity. The revised regulation on risk preparedness aims to help system operators prevent supply crises and handle them effectively if they should occur. An updated regulation aims to strengthen the Agency for the Cooperation of Energy Regulators' supervisory role.

European Parliament position

On 21 February 2018, Parliament's Committee on Industry, Research and Energy (ITRE) adopted its reports on the proposals. The committee proposed to further strengthen the rights of consumers through clearer information about contract conditions and more transparent energy bills, comparison tools and the possibility to switch suppliers within 24 hours and to conclude contracts with multiple suppliers. It sought to clarify the conditions under which local energy communities can participate in the electricity market, free of discrimination and bearing a fair share of the system costs. On 19 December 2018, Parliament and Council reached a provisional agreement on the proposals. The agreements take up most of the customer-focused amendments introduced by the Parliament, establish the regional coordination centres proposed by the Parliament, and set out detailed rules for capacity mechanisms that are in line with EU climate objectives while protecting existing investments. As regards the protection of vulnerable consumers, the agreed texts would oblige Member States to ensure their access to electricity and allow regulated prices only under clearly specified conditions. The texts now need to be formally adopted by Parliament, and are scheduled to be voted during the March II plenary session. The new Electricity Regulation with the rules on electricity markets would apply from 1 January 2020. EU Member States would have until the end of 2020 to apply the consumer-oriented Electricity Directive.

First-reading reports: [2016/0379\(COD\)](#), [2016/0380\(COD\)](#);
Committee responsible: ITRE; Rapporteur: Jerzy Buzek (EPP, Poland). For further information see our 'EU Legislation in progress' briefings on the [electricity regulation](#) and [directive](#).

