Making the internal energy market work

European Parliament resolution of 10 September 2013 on making the internal energy market work (2013/2005(INI))

The European Parliament,

– having regard to the Commission Communication entitled ‘Making the internal energy market work’ and the accompanying working documents (COM(2012)0663),

– having regard to its position of 12 March 2013 on the proposal for a regulation of the European Parliament and the Council on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC¹,


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¹ Texts adopted, P7_TA(2013)0061.
Community framework for the nuclear safety of nuclear installations\(^1\),


– having regard to Decision No 994/2012/EU of the European Parliament and of the Council of 25 October 2012 establishing an information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of energy\(^2\),

– having regard to the Commission communication of 15 December 2011 entitled ‘Energy Roadmap 2050’ (COM(2011)0885),


– having regard to the Commission communication of 6 June 2012 entitled ‘Renewable energy: a major player in the European energy market’ (COM(2012)0271),


– having regard to its resolution of 12 June 2012 on engaging in energy policy cooperation with partners beyond our borders: A strategic approach to secure, sustainable and competitive energy supply\(^4\),

– having regard to its resolution of 13 December 2012 on the EU steel industry\(^5\),

– having regard to the recommendations issued on 12 February 2013 by the High-Level Round Table on the future of the European steel industry,

– having regard to its resolution of 15 March 2012 on a roadmap for moving to a competitive low carbon economy in 2050\(^6\),

– having regard to its resolution of 14 March 2013 on the Energy Roadmap 2050, a future with energy\(^7\),

– having regard to its resolution on the industrial, energy and other aspects of shale gas and shale oil\(^8\) and its resolution on environmental impacts of shale gas and shale oil extraction activities\(^9\), both adopted on 21 November 2012,

– having regard to Rule 48 of its Rules of Procedure,

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\(^1\) OJ L 172, 2.7.2009, p. 18.
\(^2\) OJ L 299, 27.10.2012, p. 13
\(^3\) OJ C 99E, 3.4.2012, p. 64.
\(^7\) Texts adopted, P7_TA(2013)0088.
\(^8\) Texts adopted, P7_TA(2012)0444.
having regard to the report of the Committee on Industry, Research and Energy and the opinion of the Committee on Internal Market and Consumer Protection (A7-0262/2013),

A. whereas the Member States have committed themselves to clear deadlines for the completion of the internal energy market by 2014 and for doing away with the EU’s ‘energy islands’ by 2015;

B. whereas a completed internal energy market is indispensable for the Union’s overall energy security and sustainability, and is of essential value for the Union’s global competitiveness, economic growth and the creation of new jobs, as recognised in the Single Market Act II and the Europe 2020 strategy;

C. whereas the Commission’s Energy 2020 strategy builds on estimates for necessary investment needs in the energy sector amounting to EUR 1 trillion by 2020, of which EUR 540 billion are for power generation and EUR 210 billion for electricity and gas networks of European importance;

D. whereas the Energy Roadmap 2050 underlines that full integration of the European energy networks and the opening up of markets are critical for maintaining the balance between energy security, competitiveness, cost efficiency, a sustainable economy and consumer interests; whereas the Energy Roadmap 2050 states that energy efficiency, renewable energies and energy infrastructures are the no-regrets options;

E. whereas the share in Europe's energy mix accounted for by renewable energy sources (RES) is growing in the short, medium and long term; whereas large-scale integration of RES presupposes an adaptation of the grid and improved flexibility;

F. whereas a single energy market will empower the Union to speak with one voice vis-à-vis external partners and ensure a level playing field for all EU and non-EU companies, while also guaranteeing social and environmental standards and working towards reciprocity in third countries;

G. whereas a system needs to be established that will allow the Member States to exchange information on energy-supply agreements with third countries;

H. whereas an internal European energy market and its respective national energy markets must be competitive and deliver real choice and transparent information to all consumers, who play a central role in the energy market; whereas the completion of the internal energy market is essential to bring down energy costs and prices to affordable and competitive levels in the short, medium and long-term; whereas reduced prices on energy markets are often not passed on to the consumers;

I. whereas a European Energy Community, applying the Community method, must be based on a strong common energy market, the coordination of energy purchasing outside of the EU, and common European funding of new sustainable energy technologies, notably in the areas of research and innovation;

J. whereas certain progress has been achieved towards enhanced cross-border cooperation, partial elimination of energy islands and prevention of supply shortages;

I. Welcomes, broadly, the Communication and the accompanying Action Plan, which
summarise the progress achieved so far and the challenges ahead for the completion of the internal energy market;

2. Acknowledges that the trend of rising energy prices is likely to continue given that these prices are currently linked – in the case of gas – to per-barrel oil price, and – in the case of electricity – to volatile fuel prices, and are further affected by Europe’s dependency on oil and gas imports, by the impact of the intervening measures, by the insufficient actions to promote energy efficiency, and by the lack of investments needed to maintain and modernise energy systems (including reverse flows and interconnectors) with a view to guaranteeing high levels of security of supply and facilitating the integration of RES; advocates, therefore, the decoupling of the gas pricing mechanism from the oil indexation to more flexible alternatives, while respecting the freedom of commercial exchange;

3. Stresses that the development of indigenous resources will lead to the emergence of new trading hubs in the EU and new spot markets for gas and electricity, thus presenting a real opportunity for the EU and the Member States to determine their own energy prices, including at a regional and local level;

4. Recognises the European added value of better energy policy coordination and cooperation among the Member States, in a spirit of solidarity, and of creating efficient and secure trans-border energy systems, thereby creating synergies through improved management of the supply and demand of energy, facilitated through smart technologies at distribution system level;

5. Points to the importance of regional markets, and of cooperation between Member States, when it comes to removing barriers, speeding up the integration process and improving network efficiency;

6. Recalls its support for the creation of a European Energy Community between the Member States, and asks the Commission and the European Council to report on the progress towards its creation;

**Consumer-oriented market**

7. Stresses that end energy-consumers – individuals, SME’s and industry alike – are at the very core of the user-friendly and transparent internal energy market; notes that, as such, they must be duly protected, and accurately informed with easy access to information, so that they are able to exercise their rights fully, while encouraged to play a more active role in stimulating market competition, moving from passive service recipients to active informed consumers and prosumers;

8. Emphasises the importance of ensuring a competitive, easily managed and transparent energy market that offers real choice and competing prices to consumers as well as provides all present and future EU energy consumers with safe, sustainable, affordable and reliable ways of generating energy that takes into account the interests of coming generations;

9. Takes the view that greater participation on the part of consumers will be facilitated by local cooperatives for renewable energy, collective switching initiatives and aggregators, or other enablers such as decentralised storage and smart appliances; believes that such enablers will help consumers better understand and manage their energy consumption, and thereby become more flexible and responsive (from both a demand and a supply perspective), and
that they can strengthen access to renewables and generate the necessary financial investments;

10. Draws attention to the advantage of applying variable network-use charges in order to encourage customers to consume energy outside peak periods, in the interest of promoting a sustainable energy use;

11. Believes that smart technologies must deliver accurate, understandable and user-friendly information to consumers, and must empower them to manage their energy consumption and production; believes, therefore, that smart technologies must be completed with dynamic, online transmission and distribution grid management, incorporating such services as grid support services, voluntary demand-side response, energy efficiency services, micro-generation and storage solutions, and local or home brokers; points out, however, that the levels of energy consumption required for smart meters to provide economic advantages must be duly scrutinised, and that consumers of energy volumes below such levels shall not be obliged to invest in them;

12. Expresses concern about developments encouraging telecommunication companies to manage distribution grid data, as such a responsibility on their part raises serious questions about the protection of data as well as the risk that operators would have to buy the technical data they need to fulfil their functions as distribution system operators;

13. Recognises that energy poverty presents considerable challenges in Member States; points out that the one-size-fits all approach does not take into account the diversity of national realities; considers, therefore, that vulnerable consumers require special and effective protection, and that, to that end, appropriate mechanisms must be put in place, while market distortions are avoided; highlights that specific measures already exist as required by the Third Energy Package;

14. Notes that the shale gas revolution in the US has reduced CO₂ emissions while creating a significant competitive advantage for the US industry;

Current challenges in completing the internal energy market

15. Stresses that the internal energy market is not completed yet, and that national energy markets fall short of satisfying the needs and expectations of consumers, as in some Member States they continue to face: high prices; a limited choice of suppliers, producers and tariffs; overall low quality of services; often too weak consumer protection; and difficulties in switching supplier; stresses, therefore, the need to build a more user-friendly market where consumers can play an active role and become prosumers in an EU-wide market in which they are informed about the terms offered by individual providers in such a way as to facilitate comparison; notes, in this regard, the role of collective switching in empowering consumers and providing lower energy bills;

16. Believes that the lack of full implementation of internal energy market legislation remains one of the main obstacles for the completion of this market; believes that the necessary consolidation of the internal market includes extending our infrastructure whilst implementing internal market law and enforcing competition rules;

17. Stresses that modernising the existing energy infrastructure, and building new, intelligent and flexible generation, transmission (especially transborder gas and electricity
interconnectors), distribution and storage infrastructures is essential for a stable, well-integrated and well-connected energy market, where any negative effects, such as unplanned power flows, are avoided, where supply at affordable and competitive prices is secured, where the full potential of all sustainable energy sources, and of micro-generation, cogeneration and efficiency, demand-side management and storage, is fully exploited, and where no Member State remains isolated from the European gas and electricity networks by 2015, to be achieved, i.a., through the synchronous integration of isolated power systems into the European continental networks; emphasises that large-scale investments should be made in parallel with investments in regional or even local networks, as energy generation increasingly takes place at regional/local level;

18. Notes, in this regard, that a decentralised renewable energy supply reduces the need to build new transmission lines, and hence the associated costs, as decentralised technologies – which can be directly integrated in homes, cities and remote areas – are much closer to the end-consumers;

19. Acknowledges that allowing renewable electricity production to grow without a commensurate development of the necessary infrastructure may result in uncoordinated cross-border loop-flows and, consequently, sub-optimal energy prices;

20. Recalls than the Member States’ target to reach a level of electricity and gas interconnections equivalent to at least 10% of their installed production capacity, as agreed on at the European Council summits in 2002 and 2007, has not yet been achieved;

21. Welcomes the Commission's emphasis that Europe's future energy systems will be characterised by flexibility; notes that, in all timeframes, well-functioning cross-border wholesale markets are easily accessible sources of flexibility; calls for further efforts to stimulate the future uptake of energy storage technologies and demand-side responsiveness, all of which offer additional sources of flexibility;

22. Believes that energy efficiency is one of the most sustainable and cost-effective ways of reducing energy bills, enhancing security of supply, reducing fossil fuel import needs and avoiding carbon emissions; recognises that any measure which promotes energy efficiency must be appropriate to the needs of consumers, cost-effective and supported by the right incentives;

23. Underlines that according to International Energy Agency findings, bolder action on energy efficiency can reduce EU gas imports by one-third in 2035, corresponding to 100 bcm of gas;

24. Recalls that synergies between telecommunication and energy infrastructure development, deployment and maintenance will play a key role in the efforts to fulfil the European Union energy efficiency objectives;

25. Highlights the need to continue to unbundle European energy markets in order to secure competition and ensure the supply of electricity at the lowest possible price;

26. Believes that investment in infrastructure needs to be encouraged through a stable, innovation-friendly and predictable regulatory frameworks that does not impede the functioning of the internal market, and that pension funds and institutional investors should be allowed to invest in transmission, recognising that this cannot be achieved unless market-
driven; recognises at the same time, however, that, in certain specific cases, infrastructural transformations can hardly be achieved unless public funding is provided to support key infrastructure projects that may not be commercially viable; stresses, in this connection, the importance of the Connecting Europe Facility, and regrets that this mechanism’s share of the energy budget is less than the amount proposed by the Commission;

27. Calls for studies exploring the possibility of establishing a European fund for investment in energy networks;

28. Underlines that streamlining authorisation procedures within the Member States will contribute to the development of infrastructure networks and to the unlocking of investments; stresses that local and regional authorities should play an important role in this respect by simplifying planning procedures and integrating energy infrastructure in their local and regional planning schemes;

29. Notes that the lack of open and non-discriminatory access to transmission infrastructure continues in some cases to hinder new entrants from joining the network or, indeed, from competing on the market on fair terms against incumbent companies; underlines the need to tackle structural market distortions that lead to the high level of concentration existing in several Member States;

30. Stresses, in this regard, that the rules of the third energy package should be applied fully to both European and foreign companies; believes that any exemptions from these rules granted by the Commission should be limited in their scope and length of application, and be subject to review by Parliament and the Council;

31. Stresses that the lack of transparency and the existence of anticompetitive practices in wholesale energy markets undermine consumer trust; believes there is an urgent need to understand cost formation in wholesale markets as well as the impact on consumers’ bills;

32. Fully supports measures taken to introduce a level playing field by creating more decentralised and competitive market models, given that they create more opportunities for local energy producers and for new industrial players;

33. Recalls that in order to prevent dominant incumbent suppliers from foreclosing the opening of the market, it is important to enable the development of new business models, such as the ability to contract simultaneously with several suppliers;

34. Notes that a stable regulatory framework – for producers, regulators, network operators, energy suppliers, demand-related service providers and, most importantly, end consumers and prosumers – is essential for a well-functioning internal market and for attracting long-term investment in infrastructure development; underlines that development of network codes encompassing sound, non-discriminatory and well-balanced rules should lead to harmonisation of grid management, market design and interoperability; emphasises that it is crucial that agreements on unbundling of transmission networks, production and delivery are respected across the EU, including agreements on the independent position of energy regulators and on requirements for consumer protection; stresses, therefore, the need to support and further develop the role of the EU Agency for the Cooperation of Energy Regulators (ACER), particularly its capacity to scrutinise national regulatory decisions and settle disputes;
35. Notes that concerns exist that some Member States have already implemented or plan to implement national capacity-remuneration mechanisms (CRMs) in order to secure the supply of electricity without duly exploring all potential alternative solutions, in particular in terms of cross-border solutions and flexibility resources; recognises that although these mechanisms are necessary in some circumstances, they could interfere with and distort wholesale market design and, if badly designed, potentially create lock-in effects; calls on the Commission to ensure a more coordinated approach at EU level to guarantee that any such CRMs are needed, efficient, transparent, technologically neutral and non-discriminatory;

36. Regrets that, to date, the cooperation mechanisms introduced by Directive 2009/28/EC on the promotion of the use of energy from renewable sources have not yet been utilised; points to the Commission's findings indicating that better use of the existing scope for cooperation could bring considerable benefits, such as boosting trade; calls on the Member States, therefore, to make better use of the cooperation mechanisms where it is appropriate and to increase communication among themselves;

37. Stresses that, without prejudice either to the Member States' right to choose their energy mix or to the need for increased EU-wide coordination, the EU as a whole must make full use of the potential of all sustainable energy sources that are at the disposal of the Member States, in full respect of the threefold objectives of EU energy policy as a whole, namely competitiveness, sustainability and security of supply;

38. Notes that some Member States, being energy islands, are still totally isolated from the European gas and electricity networks and continue to pay higher price for energy resources, which alters their competitiveness; points out that without substantial infrastructure investment, those Member States will not be able to achieve the commitment reiterated by the European Council that no Member State should remain isolated from the EU networks by 2015; believes that the Commission should, at the request of those Member States, take part in negotiations with non-EU energy suppliers on the subject of energy prices, for instance where the purchase of gas is concerned;

39. Stresses that the solidarity between Member States called for by the EU Treaty should apply to both the daily working and the crisis management of the internal and external energy policy; calls on the Commission to provide a clear definition of 'energy solidarity' in order to ensure that it is respected by all Member States;

40. Emphasises the need to tackle the anticipated growth of gas and electricity imports from third countries to the EU in the short- and medium-term, with view of ensuring security of energy supply, burden-sharing and a fair functioning of the internal market; reiterates that, for some Member States, this challenge is closely linked to a dependency on gas and oil imports from a single third country and that meeting it requires actions oriented at diversifying the portfolio of energy suppliers, routes and sources; acknowledges that strategic objectives in this regard is the realisation of Southern Gas Corridor, including the Nabucco pipeline and its potential lineage to countries of Central and Eastern Europe, and the achievement of supply routes to the EU capable of providing roughly 10-20 % of the EU’s gas demand by 2020, with a view to securing each European region physical access to at least two different sources of gas;

41. Believes that an open and transparent internal market, where all EU and third country companies respect the acquis communautaire in the field of energy, can help strengthen the
negotiating position of EU energy suppliers vis-à-vis external competitors, which is particularly important for the potential of further coordinating external energy purchasing at the EU level; calls on the EU to consider the establishment of a joint gas purchase agency, and the mechanisms needed for this, in order to counterbalance the monopolistic position of dominant external suppliers; notes that the reciprocity principle must be used to guide relations with EU and third-country energy suppliers; stresses the need for the Commission, in its relations with third country energy suppliers, to take into account, and be transparent about, the impact of its decisions on consumer prices;

42. Is convinced that the Commission should be granted mandates to conduct negotiations on infrastructure projects of strategic importance that affect the security of supply to the EU as a whole, and that such mandates should also be considered in the instances of other intergovernmental agreements considered to have a significant impact on the EU's long-term energy policy objectives, in particular its energy independence; welcomes, in this regard, the progress made in the Commission-led negotiations on the treaty between EU, Azerbaijan and Turkmenistan to build the Trans-Caspian Pipeline System;

43. Stresses that progressive convergence of renewable- and efficiency-related incentives, and of auxiliary energy costs across all Member States post 2020, is essential for a well-functioning and efficient internal energy market, at both the wholesale and retail level, and for creating favourable conditions for the long-term development, and large-scale uptake, of renewable energy sources;

44. Believes that, in the short term, regional groupings of neighbouring Member States should be encouraged to move away from national plans towards a harmonised or single regional support scheme for renewables;

45. Encourages the Member States to review their feed-in or other support tariffs regularly and in a transparent manner which would allow for their adjustment in pace with falling technological and supply costs;

46. Recognises that joint EU research projects supported by framework programmes and initiatives such as the SET-Plan have not been used sufficiently in the development of new technologies allowing for improvements in efficiency, renewables, safety and security of nuclear power plants, low-emission usage of fossil fuels, and intelligent networks, all of which areas are critical for the energy market;

47. Believes it is important to make more progress on the electricity highways of the future, and in particular the South Eastern-North Electricity Highway (SENEH), which would also help in accommodating the transfer of the energy produced by photovoltaic parks, such as the Helios project, from south-east Europe to the north and west;

Urgent actions are needed

A well-integrated, open and well-regulated, and competitive internal energy market

48. Calls on the Member States to transpose and implement fully all relevant EU legislation, in particular the third energy package, as a matter of urgency; urges the Commission to undertake action against those Member States in which implementation has been unduly delayed; welcomes the fact that the Commission has already opened formal proceedings to investigate breaches of EU rules;
49. Underlines the need to tackle structural market distortions, and lack of market transparency; calls on the Commission to increase its efforts to enforce the implementation of the third energy package;

50. Asks the Commission to monitor closely the effective implementation of EU energy legislation, in particular the provisions that create essential consumer rights, as well as those that concern system operators, national regulating authorities and competition and state aid rules, and those that aim to reduce the phenomenon of loop flows in the internal electricity market, the latter constituting a significant though manageable challenge to the internal energy market as it weakens the security of the energy system by reducing storage options and network capacity; urges the Commission to use the most appropriate means at its disposal to address any continued non-compliance with relevant EU legislation;

51. Notes that all blackouts so far have been the result of operational failures, not capacity shortages; acknowledges that as a result of the economic recession, high natural gas prices and the increasing share of intermittent renewable electricity production, investors in the EU face considerable uncertainty when developing flexible electricity generation capacities; calls on the Commission to conduct a comprehensive assessment of generation adequacy, based on a harmonised methodology, and to provide guidance on how to enhance flexibility and maintain supply;

52. Urges the Commission and the Member States to coordinate infrastructure projects in a better way and to plan network development jointly, thereby ensuring full, EU-wide system connectivity and cost-effectiveness by taking advantage of cross-border synergies and a more efficient energy infrastructure network; points out that an integrated approach, which includes the distribution operators, should be promoted; encourages, to that end, the Commission and the Member States to ensure the rapid assessment, selection, permitting and implementation of projects of common European interest, especially with regard to electricity and gas trans-border interconnectors, including reverse flow mechanisms, liquefied natural gas, energy storage infrastructures and smart transmission and distribution networks, which are vital for a well-integrated and well-functioning energy market;

53. Recommends that, when implementing the energy budget of the ‘Connecting Europe’ facility, the Commission give priority to projects having the greatest impact on the functioning of the internal market, thereby boosting competition, speeding up the market penetration of renewables, creating necessary cross-border interconnections and enhancing security of supply;

54. Calls on the Commission to conduct a fresh review of existing plans for energy projects, especially for the construction of new liquefied natural gas terminals scheduled to take more than ten years to complete, to assess their economic benefit – taking account of the liquefied natural gas terminals which are already under construction or at the planning stage in individual Member States and which, in the near future, will contribute to energy supply security in Member States classed as ‘energy islands’ – and to contribute to the financing of such projects;

55. Urges the Commission and the Member States to put in place an efficient congestion management system in order to foster the efficient use of existing gas and electricity transmission capacity, reducing the cost of expanding network capabilities, and facilitate the increased connection of renewable generation sources to the electricity network;
56. Calls on the Member States to refrain, as soon as possible, from using price caps or regulated energy retail prices set, at national level, below the cost incurred, as such measures can distort competition and seriously threaten future investments in capacity and infrastructure in the energy sector; stresses, however, that policies in this regard shall take into account the legitimate interests of vulnerable consumers, who are not always able to benefit from real competition in the energy markets;

57. Welcomes the Commission's determination to enforce anti-trust and state-aid rules vis-à-vis all energy sector undertakings and their subsidiaries operating on the territory of the European Union, ensuring that a level playing field is established with equal conditions of access for all market players; calls on the Commission to issue guidelines on how to assess the abuse of a dominant position in gas and electricity markets by any company, as well as to provide guidance on best practices and on experiences gained in renewable energy support schemes;

58. Asks the Commission to review state aid rules in relation to national energy efficiency measures and to energy projects co-financed under the cohesion policy, in order to ensure that more of these actions are eligible for state funding, leading to more completed projects;

59. Recommends that the Commission use its state aid scrutiny powers to encourage the development of cross-border infrastructure; believes that such interconnectors would play a vital role when it comes to increasing the ability to draw on a neighbour's supplies in the event of an energy emergency or imbalance and to reducing subsidies over time;

60. Strongly supports the Commission's efforts, based on the coordinated work developed by ENTSOs, to introduce harmonised network codes by 2014 and rules in accordance with the plan, and to ensure the stability and increased innovation-friendliness of the regulatory framework of the internal energy market;

61. Strongly supports the regulatory measures taken by ACER and the national regulatory authorities to encourage, improve and simplify the cross-border energy trade, including on intra-day, day-ahead and balancing markets, and to bridge the gap between energy systems in different Member States by promoting transparent use of interconnectors; emphasises the need for appropriate numbers of staff – with necessary qualifications, experience and expertise – in ACER and the national regulatory authorities to carry out the tasks relating to the monitoring of wholesale transactions and the identification of insider trading practices and attempts to manipulate the market;

62. With regard to the internal electricity market, calls on the Commission urgently to provide a thorough analysis of the system adequacy and flexibility of national generation capacities in the short and long term, fully taking into account the potential contribution of all flexible measures, such as demand response, energy storage and interconnection, and to report on the impact of the applied national measures related to capacity assessment and development planning on the internal energy market and competition rules, taking into account the consequences in terms of both security of supply and the cross-border aspects of this complementary market design policy; calls, in this regard, on further efforts to be put on the future uptake of energy storage technologies and demand-side responsiveness, all of which are additional sources of flexibility;

63. Calls on the Commission to prepare guidance on the use and deployment of flexibility resources – such as demand-side management, storage, and physical infrastructures,
including cross border ones – so that the Member States can prepare and implement national strategies to deploy flexibility resources on their territories;

64. Calls on the Commission and on ENTSO-E to develop a coherent and aligned methodology for ensuring generation adequacy in Europe, including the positive contribution of renewable energy sources and, in particular, variable renewables;

65. Calls on the Commission to explore future energy market forms which, contrary to present national capacity mechanisms, could provide additional non-discriminatory revenue streams to investors in all forms of power generation and ensure a most cost-effective provision of flexibility services in the energy sector;

66. Calls on the Commission to set up rules to promote the further development of a market for ancillary services open to the participation of all energy sources, including renewables;

67. Calls on the Commission, the Member States and the relevant stakeholders to provide incentives, and to support regional initiatives and partnerships, aiming at closer market integration, through the setting up of regional energy exchanges and gas trading centres, and through more harmonised rules for gas trading and market coupling mechanisms on all timeframes, and through the uptake of an adequate level of market liquidity and transparency;

68. Underlines that internal market measures should promote the diversification of energy sources, both indigenous and external, and should not primarily focus on the continued development or enlargement of current routes and supplies;

69. Draws attention to the external dimension of the energy market, the aim of which is to make it easier for all Member States to gain access to diversified energy sources; calls on the Commission, in coordination with the EEAS, to use its foreign policy instruments to promote the rules and standards of the internal energy market in relation to third countries and, especially, within the EU’s neighbourhood; urges the Commission to resolve, in bilateral dialogues with relevant third countries, the issue of clear rules on congestion management of cross-border electricity and gas connections and on third-party access to transmission networks; strongly urges the Commission to take measures to prevent anti-competitive practices on the part of third-country companies that may lead to restricted competition, higher prices or reduced security of the energy supply; calls on the Commission to ensure, in its relations with external partners, that EU companies are able to compete on equal footing globally; urges the Commission to enhance cooperation with EU neighbouring countries on nuclear safety; calls on the Commission to be transparent about all factors still causing problems with regard to the implementation of the third energy package, and to present clear figures on their impact on consumer prices;

70. Asks the Member States and the Commission to increase political and financial support to the Energy Community and to take further measures to support the extension of internal market rules to South-East and Eastern Europe;

71. Calls on the Commission and the Member States, in the light of the creation of an information exchange mechanism for intergovernmental agreements between the EU Member States and third countries on energy policy, to show further ambition in ensuring that agreements contrary to internal market legislation are not put in place; takes the view that the Commission should be able to examine draft agreements for their compatibility
with the acquis communautaire and to participate in the negotiations whenever relevant;

72. Reminds the Commission that the internal market is not independent from the global market; asks the Commission, when planning its internal market actions, to take Parliament's recommendations on the external dimension of energy policy fully into account; confirms its support for the idea that only a fully functioning internal market will allow the EU to speak with one voice globally; asks the Commission to develop further additional actions in the area of external energy policy;

73. Believes that the future EU-US Free Trade Agreement should include a chapter focused on such energy matters as could affect the internal market, including, among other issues: energy wholesale trading, commodities trading, maritime energy transport rules, emission trading schemes, fuel safety standards, accounting practices, state energy subsidies, and the transfer of intellectual property in relation to energy exploration, production, transformation and end-of-lifecycle products;

74. Supports the mandate given by the European Council to the Commission to present an analysis of the composition and drivers of energy prices and costs in individual Member States before the end of 2013, with a particular focus on the impact on households, SMEs and energy intensive industries, and looking more widely at the EU's competitiveness vis-à-vis its global economic counterparts; calls also on the Commission continuously to monitor energy prices and costs in the Member States;

75. Calls on the Commission and the Member States, with regard to the internal gas market, to review all gas contracts based on obsolete pricing mechanisms – in particular the oil indexation principle – that impose high prices on the consumers, and urges the Commission to assist in exploring the possibilities of renegotiating these contracts, not only in the context of their prolongation; stresses the need to develop and support all products and mechanisms aimed at strengthening short-term gas trading capacities; underlines that the aforementioned measures are crucial for ensuring real competitiveness when it comes to the price of supplying gas to all consumers on the internal gas market.

**Effectively protecting and supporting consumers**

76. Calls on the Commission, the Member States and the relevant stakeholders to improve the quality and availability of the information offered to consumers, to provide them with clear and transparent billing methods, to establish price-comparison tools that let them make the best-informed choices, and to make them aware of ways to control consumption of the possibilities for energy saving, energy efficiency and small-scale production; urges the Member States to implement the Directive on Alternative Dispute Resolution and the Regulation on Online Dispute Resolution for consumer disputes; welcomes the Commission’s proposal to establish an information platform on consumer rights; recommends that the Commission and the Member States roll-out consumer-friendly information campaigns in which governments and civil society organisations should take active part;

77. Points out that even though energy prices on wholesale energy markets have fallen worldwide, consumers continue to pay high prices; calls on the Commission and the Member States, and on Member State regulators, to ensure that consumers benefit directly

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and adequately from wholesale market price developments;

78. Invites the Members States and the Commission to develop a comprehensive strategy aimed at encouraging consumers and prosumers to participate actively in the energy market, inter alia by inclusion through existing legislation as well as through the implementation of the relevant provisions of the Energy Efficiency Directive; suggests that the network-use pricing signal be adjusted regularly in order to provide both existing and future users with the necessary guidance and thus ensure consistency between network development and individual decisions;

79. Calls on the Commission to encourage further cooperation between the energy and the information and communications technology (ICT) sectors, and to review existing regulatory frameworks to encourage energy-related innovations to the benefit of all consumers, and to facilitate the deployment, in a user-friendly, secure and reliable way, of smart grids that do not place a financial burden on the consumers and that take their data privacy into account; calls for cooperation in the development of smart grids at European, national and regional level and in the development of European standards for smart grids;

80. Urges the Member States, and regional and local authorities, to incorporate and create financial incentives for investments in ICT solutions in smart grids, and to aim for a prosumer market, leading to more flexibility, energy efficiency/savings and voluntary demand-side participation;

81. Looks forward to the Commission's guidelines to help set ambitious policy objectives with regard to vulnerable consumers, which will assist the Member States in better defining their approach to this category of consumers; calls on the Commission to prepare these guidelines, taking due account of the existing national mechanisms and instruments for protecting such consumers, with a view to achieving a more coherent and comprehensive approach at EU level, while leaving it to the Member States to select the most suitable instruments for providing such support; adds that comprehensive advisory services for this category of consumers, and the exchange of best practices, can play an important role;

82. Welcomes the Commission's impending analysis on energy poverty in the EU; believes that, as part of its analysis, the Commission should make efforts to ensure that combating energy poverty becomes part of the social basket of services for Europe, e.g. through the social and cohesion funds; stipulates that existing and new energy efficiency programmes should always include a targeted focus on low-income groups;

83. Urges the Commission to develop and recommend a proper supplier-centric retail market design to harmonise European retail markets, thereby easing the administrative burden on consumers by letting the suppliers charge all levies directly on the electricity bill;

**Helping future energy and climate challenges**

84. Calls on the Member States, the Commission and the relevant stakeholders to convert the necessary supporting schemes for all power generators into transparent, predictable, convergent and market-driven mechanisms, as soon as it is feasible, in order to create a common market for requested support features – such as energy efficiency, prosumers, cogeneration, flexibility, renewables, and grid support services – in a way that ensures their compatibility and that avoids any overlap; calls on the Commission to present guidance on efficient and cost-effective support schemes for renewables energies;
85. Calls on the Commission, the Member States and the national regulatory authorities to revise the indicators used to measure the degree of competition in energy markets, and to include indicators such as the proportion of consumers on the cheapest tariffs, the ability of new companies to enter the market, and the levels of customer service and innovation, all of which will help provide a real picture of the level of competition on the market;

86. With regard to the internal electricity market, calls on the Commission to examine thoroughly the implications of integrating the growing share of renewables, into the energy grids with regard to financial support, system-wide technical requirements and market design; underlines that the lack of a coordinated approach towards those sources has until now hampered their integration within the European energy systems; underlines the fact that the current European energy grid and storage infrastructures need to be adapted to the contribution of distributed generation from renewable energy; stresses the importance of gas as a back-up fuel to cope with the variability of renewable electricity production, and asks the Commission to assess the necessary level of flexibility in the power system (smart grids, demand-side management, storage and flexible back-up capacity); believes that pumped storage has a large role to play in storing electricity;

87. Asks the Commission to continue to use regional development, cohesion and other EU structural funds to support the creation of smart gas and power grids in the next period in order to better absorb new types and sources of energy and to modernisation all regions of Europe; believes that distribution system operators should also be encouraged to accept adaptations to their networks;

88. Calls on the Commission and the Member States to promote incentives to unlock the untapped possibilities of micro-generation and to pay attention to the need to develop cogeneration further, as it is one of the most efficient ways of producing electrical energy and heat, and to base this option on the wide implementation of efficient district heating and cooling;

89. Stresses the potential of combined heat and power/district heating and cooling to accommodate the rising share of intermittent power by adding flexibility and resilience to the energy market and providing an economical energy storage for surplus electricity; calls on the Commission to address and reward this ability in its forthcoming initiative concerning CRMs and to support this kind of cross-sectorial integration and balancing under Horizon 2020;

90. Calls on the Commission to launch a study analysing new and cost-efficient market designs for the European electricity market with a view to ensuring that consumers receive reasonably priced electricity and to preventing carbon leakage;

91. Welcomes the work done to make research in the energy field a priority of the Horizon 2020 programme, and calls on the Member States to take full advantage of this programming area; encourages the Commission and the Member States to support research on, and the development of, innovative energy technologies, and to improve existing technologies that fall outside of the framework of Horizon 2020 and European Institute of Innovation and Technology (EIT) projects; urges the Member States to create synergies between EU and national research programmes, in recognition of the fact that research is the only way forward to reduce emissions, improve energy security, increase the competitive position of EU industry on the global market, maintain EU technology leadership, and contribute to the European agenda for growth and jobs; underscores the
need to offer industry legislative certainty over a time span that extends beyond 2020;

92. Urges the Commission to make sufficient funding available for the development of smart distribution grids, which offer the most-cost effective way to realise the large-scale penetration of distributed generation from renewable energy sources while ensuring security of supply and making the most of energy saving potentials;

93. Notes that the current system, characterised by a fragmented internal market, poses challenges to the long-term stability of companies and investors that could lead to plant closures and uncertainties with regard to employment and capacity; asks the Commission to undertake an independent evaluation of the future of the internal market for electricity and gas in which issues pertaining to investments, sector employment, the environment and the protection of consumers are given a central role; asks that this evaluation be ready by March 2014 and that it be inclusive by taking on board the opinions of stakeholders such as social partners, representatives of low-income households, environmental organisations and SMEs;

94. Instructs its President to forward this resolution to the Council and the Commission.