



2016/0379(COD)

16.6.2017

*****I**

DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council
on the internal market for electricity (recast)
(COM(2016)0861 – C8-0492/2016 – 2016/0379(COD))

Committee on Industry, Research and Energy

Rapporteur: Krišjānis Kariņš

(Recast – Rule 104 of the Rules of Procedure)

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the ▯ symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council on the internal market for electricity (recast)
(COM(2016)0861 – C8-0492/2016 – 2016/0379(COD))**

(Ordinary legislative procedure – recast)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2016)0861),
 - having regard to Article 294(2) and Article 194(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0492/2016),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the reasoned opinions submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the German Bundestag, the German Bundesrat, the Polish Senate, the Czech Chamber of Deputies, the Hungarian Parliament, the Spanish Parliament, the Romanian Senate, the Romanian Chamber of Deputies, the Polish Sejm, the Austrian Bundesrat and the French Senate, asserting that the draft legislative act does not comply with the principle of subsidiarity,
 - having regard to the Interinstitutional Agreement of 28 November 2001 on a more structured use of the recasting technique for legal acts¹,
 - having regard to the opinion of the European Economic and Social Committee of 31 May 2017²
 - having regard to the opinion of the Committee of the Regions of ...³
 - having regard to Rules 104, 59, 39 and 40 of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, Research and Energy (A8-0000/2017),
- A. whereas, according to the Consultative Working Party of the legal services of the European Parliament, the Council and the Commission, the Commission proposal does not include any substantive amendments other than those identified as such in the proposal and whereas, as regards the codification of the unchanged provisions of the earlier acts together with those amendments, the proposal contains a straightforward codification of the existing texts, without any change in their substance;
1. Adopts its position at first reading hereinafter set out, taking into account the

¹ OJ C 77, 28.3.2002, p. 1.

² [OJ C 0, 0.0.0000, p. 0. / Not yet published in the Official Journal].

³ [OJ C 0, 0.0.0000, p. 0. / Not yet published in the Official Journal]

recommendations of the Consultative Working Party of the legal services of the European Parliament, the Council and the Commission;

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation

Recital 10

Text proposed by the Commission

(10) Short-term markets will improve liquidity and competition by enabling more resources to participate fully in the market, especially those that are more flexible. Effective scarcity pricing will encourage market participants to be available when the market most needs it and ensures that they can recover their costs in the wholesale market. It is therefore critical to ensure that, *as far as possible*, administrative and implicit price caps are removed to allow scarcity *prices to increase up to the value of lost load*. When fully embedded in the market structure, short-term markets and scarcity pricing will contribute to the removal of other measures, such as capacity mechanisms, to ensure security of supply. At the same time, scarcity pricing without price caps on the wholesale market should not jeopardize the possibility for reliable and stable prices for final customers, in particular households and SMEs.

Amendment

(10) Short-term markets will improve liquidity and competition by enabling more resources to participate fully in the market, especially those that are more flexible. Effective scarcity pricing will encourage market participants to be available when the market most needs it and ensures that they can recover their costs in the wholesale market. It is therefore critical to ensure that administrative and implicit price caps are removed to allow scarcity *pricing*. When fully embedded in the market structure, short-term markets and scarcity pricing will contribute to the removal of other measures, such as capacity mechanisms *and other subsidies*, to ensure security of supply. At the same time, scarcity pricing without price caps on the wholesale market should not jeopardize the possibility for reliable and stable prices for final customers, in particular households and SMEs.

Or. en

Amendment 2

Proposal for a regulation

Recital 11

Text proposed by the Commission

(11) Derogations to fundamental market principles such as balancing responsibility, market-based dispatch, or curtailment and redispatch reduce flexibility signals and act as barriers to the ***development of*** solutions such as storage, demand response or aggregation. ***While derogations are still necessary to avoid unnecessary administrative burden for certain actors, in particular households and SMEs, broad derogations covering entire technologies are not consistent with the objective of achieving market-based and efficient decarbonisation and should thus be replaced by more targeted measures.***

Amendment

(11) Derogations to fundamental market principles such as balancing responsibility, market-based dispatch, or curtailment and redispatch reduce flexibility signals, ***increase consumer bills*** and act as barriers to the ***investment into*** solutions such as storage, demand response or aggregation. ***Fair competition should be ensured and the existing derogations should be phased out. Member States should encourage producers benefitting from derogations to become market players, with the same rules as other producers.***

Or. en

Amendment 3

Proposal for a regulation

Recital 24

Text proposed by the Commission

(24) To better ensure optimum investment in the trans-European grid and address the ***challenge*** where viable interconnection projects cannot be built for lack of prioritisation at national level, the use of congestion rents should be ***reconsidered and only allowed in order*** to guarantee availability and maintain or increase interconnection capacities.

Amendment

(24) To better ensure optimum investment in the trans-European grid and address the ***challenges*** where viable interconnection projects cannot be built for lack of prioritisation at national level, the use of congestion rents should be ***used*** to guarantee availability and maintain or increase interconnection capacities. ***National regulatory authorities should be able to allow the use of the revenues to reduce network tariffs.***

Or. en

Amendment 4

Proposal for a regulation Recital 26

Text proposed by the Commission

(26) A robust medium to long-term Union level resource adequacy assessment should be carried out by the ENTSO for Electricity to provide an objective basis for the assessment of adequacy concerns. The resource adequacy concern that capacity mechanisms address should be based on the EU assessment.

Amendment

(26) A robust medium to long-term Union level resource adequacy assessment should be carried out by the ENTSO for Electricity to provide an objective basis for the assessment of adequacy concerns. ***The assessment should address levels of the Union, the regions, the Member States and the bidding zones.*** The resource adequacy concern that capacity mechanisms address should be based on the EU assessment.

Or. en

Amendment 5

Proposal for a regulation Recital 27

Text proposed by the Commission

(27) The medium to long-term resource adequacy assessment (from 10 year-ahead to year-ahead) set out in this regulation has a different purpose than the seasonal outlooks (six months ahead) as set out in Article 9 [Regulation on risk preparedness as proposed by COM(2016) 862]. Medium- to long-term assessments are mainly used to assess the need for capacity mechanisms whereas seasonal outlooks are used to alert to risks that might occur in the following six months that are likely to result in a significant deterioration of the electricity supply situation. In addition, Regional ***Operational*** Centres also carry out regional adequacy assessments as defined in European legislation on electricity transmission system operation. These are very short-term adequacy

Amendment

(27) The medium to long-term resource adequacy assessment (from 10 year-ahead to year-ahead) set out in this regulation has a different purpose than the seasonal outlooks (six months ahead) as set out in Article 9 [Regulation on risk preparedness as proposed by COM(2016) 862]. Medium- to long-term assessments are mainly used to assess the need for capacity mechanisms whereas seasonal outlooks are used to alert to risks that might occur in the following six months that are likely to result in a significant deterioration of the electricity supply situation. In addition, regional ***coordination*** centres also carry out regional adequacy assessments as defined in European legislation on electricity transmission system operation. These are very short-term adequacy

assessments (from weak-ahead to day-ahead) used in the context of system operation.

assessments (from weak-ahead to day-ahead) used in the context of system operation.

(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.)

Or. en

Amendment 6

Proposal for a regulation Recital 28

Text proposed by the Commission

(28) Prior to introducing capacity mechanisms, Member States should assess regulatory distortions contributing to the related resource adequacy concern. They should be required to ***adopt*** measures to eliminate the identified distortions ***including a timeline for their implementation. Capacity mechanisms should only be introduced for the residual concerns that cannot be addressed through removing such distortions.***

Amendment

(28) Prior to introducing capacity mechanisms, Member States should assess regulatory distortions contributing to the related resource adequacy concern. They should be required to ***draw up an implementation plan with concrete measures on how*** to eliminate the identified distortions. ***The implementation plan should be made public and should be regularly reviewed by the Commission and the Agency.***

Or. en

Amendment 7

Proposal for a regulation Recital 28 a (new)

Text proposed by the Commission

Amendment

(28a) Capacity mechanisms should be introduced only as a last resort, where adequacy concerns cannot be addressed through removing existing market distortions. The strategic reserve is enabled in rare cases when markets can no longer clear, which would lead to financial consequences to market

operators not fulfilling their balancing responsibilities and consequently bearing a significant cost. Strategic reserves are limited and less distortive. Member States should evaluate whether strategic reserves would be sufficient to address the adequacy concerns.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 8

Proposal for a regulation

Recital 29

Text proposed by the Commission

(29) Member States intending to introduce capacity mechanisms should derive resource adequacy targets following a transparent and verifiable process. ***Member States should have the freedom to set their own desired*** level of security of supply.

Amendment

(29) Member States intending to introduce capacity mechanisms should derive resource adequacy targets following a transparent and verifiable process. ***National regulatory authorities should set the necessary*** level of security of supply.

Or. en

Amendment 9

Proposal for a regulation

Recital 31

Text proposed by the Commission

(31) Detailed rules for facilitating effective cross-border participation in capacity mechanisms other than ***reserve schemes*** should be laid down. Transmission system operators across the borders should facilitate interested generators wanting to participate in

Amendment

(31) Detailed rules for facilitating effective cross-border participation in capacity mechanisms other than ***strategic reserves*** should be laid down. Transmission system operators across the borders should facilitate interested generators wanting to participate in

capacity mechanisms in other Member States. Therefore, they should calculate capacities up to which cross-border participation would be possible, enable participation and check availabilities. National regulatory authorities should enforce the cross-border rules in the Member States.

capacity mechanisms in other Member States. Therefore, they should calculate capacities up to which cross-border participation would be possible, enable participation and check availabilities. National regulatory authorities should enforce the cross-border rules in the Member States.

Or. en

Amendment 10

Proposal for a regulation Recital 33

Text proposed by the Commission

(33) The coordination between transmission system operators at regional level has been formalised with the mandatory participation of transmission system operators in regional security coordinators, which should be complemented by an enhanced institutional framework via the establishment of regional **operational** centres. The creation of regional **operational** centres should **take into account** existing regional coordination initiatives and support the increasingly integrated operation of electricity systems across the Union, ensuring their efficient and secure performance.

Amendment

(33) The coordination between transmission system operators at regional level has been formalised with the mandatory participation of transmission system operators in regional security coordinators, which should be complemented by an enhanced institutional framework via the establishment of regional **coordination** centres. The creation of regional **coordination** centres should **build on** existing regional coordination initiatives and support the increasingly integrated operation of electricity systems across the Union, ensuring their efficient and secure performance.

Or. en

Amendment 11

Proposal for a regulation Recital 35

Text proposed by the Commission

(35) Regional **operational** centres should carry out functions where their

Amendment

(35) Regional **coordination** centres should carry out functions where their

regionalisation brings added value compared to functions performed at national level. The functions of regional **operational** centres should cover the functions carried out by regional security coordinators as well as additional **system operation, market operation and risk preparedness functions**. The functions carried out by regional **operational** centres should exclude real time operation of the electricity system.

regionalisation brings added value compared to functions performed at national level. The functions of regional **coordination** centres should cover the functions carried out by regional security coordinators as well as additional **ones of regional importance**. The functions carried out by regional **coordination** centres should exclude real time operation of the electricity system.

Or. en

Amendment 12

Proposal for a regulation Recital 36

Text proposed by the Commission

(36) Regional **operational** centres should primarily act in the interest of system and market operation of the region over the interests of any single entity. Hence, regional **operational** centres should **be entrusted with decision-making powers to act and to direct actions to be taken by transmission system operators of the system operation region for certain functions and with** an enhanced advisory role **for the remaining functions**.

Amendment

(36) Regional **coordination** centres should primarily act in the interest of system and market operation of the region over the interests of any single entity. Hence, regional **coordination** centres should **have** an enhanced advisory role **through issuing recommendations**.

Or. en

Amendment 13

Proposal for a regulation Article 1 – paragraph 1 – point a

Text proposed by the Commission

(a) setting the basis for an efficient achievement of the objectives of the European Energy Union and in particular

Amendment

(a) setting the basis for an efficient achievement of the objectives of the European Energy Union and in particular

the climate and energy framework for 2030³⁰ by enabling market signals to be delivered for increased flexibility, decarbonisation and innovation;

³⁰ COM/2014/015 final.

the climate and energy framework for 2030³⁰ by enabling market signals to be delivered for increased **investment in** flexibility, decarbonisation and innovation;

³⁰ COM/2014/015 final.

Or. en

Amendment 14

Proposal for a regulation

Article 2 – paragraph 2 – point u

Text proposed by the Commission

(u) 'capacity mechanism' means an administrative measure to ensure the achievement of the **desired** level of security of supply by remunerating resources for their availability not including measures relating to ancillary services;

Amendment

(u) 'capacity mechanism' means an administrative measure to ensure the achievement of the **necessary** level of security of supply by remunerating resources for their availability not including measures relating to ancillary services;

Or. en

Amendment 15

Proposal for a regulation

Article 2 – paragraph 2 – point v

Text proposed by the Commission

(v) 'strategic reserve' means a capacity mechanism in which resources are only dispatched in case day-ahead and intraday markets have failed to clear, transmission system operators have exhausted their balancing resources to establish an equilibrium between demand and supply, and imbalances in the market during periods where the reserves were dispatched are settled at the value of lost load;

Amendment

(v) 'strategic reserve' means a capacity mechanism in which resources are only dispatched in case day-ahead and intraday markets have failed to clear, transmission system operators have exhausted their balancing resources to establish an equilibrium between demand and supply, and imbalances in the market during periods where the reserves were dispatched are settled at **technical price limits or at** the value of lost load;

Amendment 16

Proposal for a regulation

Article 2 – paragraph 2 – point x

Text proposed by the Commission

Amendment

(x) *‘demonstration project’ means a project demonstrating a technology as a first of its kind in the Union and representing a significant innovation that goes well beyond the state of the art.*

deleted

Or. en

Amendment 17

Proposal for a regulation

Article 3 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) actions which prevent price formation on the basis of demand and supply *or constitute a disincentive to the development of more flexible generation, low carbon generation, or more flexible demand* shall be avoided;

(b) actions which prevent price formation on the basis of demand and supply shall be avoided;

Or. en

Justification

Text moved to Article 3 paragraph 1 point b a (new)

Amendment 18

Proposal for a regulation

Article 3 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(b a) development of more flexible generation, low carbon generation, or more flexible demand shall be promoted;

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 19

Proposal for a regulation

Article 3 – paragraph 1 – point f

Text proposed by the Commission

Amendment

(f) market rules shall deliver appropriate investment incentives for generation, storage, energy efficiency **and demand response *to meet market needs*** and thus ensure security of supply;

(f) market rules shall ***encourage free price formation to*** deliver appropriate investment incentives for generation, storage, energy efficiency, demand response ***and facilitate fair competition*** and thus ensure security of supply;

Or. en

Amendment 20

Proposal for a regulation

Article 3 – paragraph 1 – point g

Text proposed by the Commission

Amendment

(g) barriers to cross-border electricity flows and cross-border transactions on electricity markets and related services markets shall be ***avoided***;

(g) barriers to cross-border electricity flows and cross-border transactions on electricity markets and related services markets shall be ***removed***;

Or. en

Amendment 21

Proposal for a regulation

Article 3 – paragraph 1 – point m

Text proposed by the Commission

(m) market rules shall allow for entry and exit of electricity generation and electricity supply undertakings based on their assessment of the economic and financial viability of their operations;

Amendment

(m) market rules shall allow for **unrestricted** entry and exit of electricity generation and electricity supply undertakings based on their assessment of the economic and financial viability of their operations;

Or. en

Amendment 22

Proposal for a regulation

Article 3 – paragraph 1 – point n

Text proposed by the Commission

(n) long-term hedging opportunities, which allow market participants to hedge against price volatility risks on a market basis, and **eliminate** uncertainty on future returns on investment shall be tradable on exchanges in a transparent manner subject to compliance with EU treaty rules on competition.

Amendment

(n) long-term hedging opportunities, which allow market participants to hedge against price volatility risks on a market basis, and **mitigate** uncertainty on future returns on investment shall be tradable on exchanges in a transparent manner subject to compliance with EU treaty rules on competition.

Or. en

Amendment 23

Proposal for a regulation

Article 4 – paragraph 1

Text proposed by the Commission

1. All market participants shall **aim for system balance and shall** be financially responsible for imbalances they cause in the system. They shall either be balance responsible parties or delegate their

Amendment

1. All market participants shall be financially responsible for imbalances they cause in the system. They shall either be balance responsible parties or delegate their responsibility to a balance responsible

responsibility to a balance responsible party of their choice.

party of their choice.

Or. en

Amendment 24

Proposal for a regulation Article 4 – paragraph 2

Text proposed by the Commission

2. Member States may provide for derogation from balance responsibility in respect of:

- (a) *demonstration projects;*
- (b) *generating installations using renewable energy sources or high-efficiency cogeneration with an installed electricity capacity of less than 500 kW;*
- (c) installations benefitting from support approved by the Commission under Union State aid rules pursuant to Articles 107 to 109 TFEU, and commissioned *prior to* [OP: entry into force]. Member States may, subject to Union state aid rules, *incentivize* market participants which are fully or partly exempted from balancing responsibility to accept full balancing responsibility against appropriate compensation.

Amendment

2. Member States may provide for a derogation from *the financial consequences of* balance responsibility in respect of *installations benefitting from support approved by the Commission pursuant to the Union State aid rules pursuant to Articles 107, 108 and 109 TFEU, and commissioned before ... [OP: date of entry into force of this Regulation]. Member States may, subject to the Union State aid rules, provide incentives to market participants which have a full or partial exempting relating to the financial consequences of balance responsibility to accept full balance responsibility against appropriate compensation.*

Justification

Providing exemptions to some market participants means discriminating against others, which fundamentally undermines the market structure, increases the costs to consumers and creates uncertainty for investors. The existing participants benefiting from the derogation should not be penalized. Nevertheless, Member States should be obliged to encourage such participants to accept full balancing responsibility in exchange for fair compensation.

Amendment 25**Proposal for a regulation
Article 4 – paragraph 3***Text proposed by the Commission**Amendment*

3. From 1 January 2026, point (b) of paragraph 2 shall apply only to generating installations using renewable energy sources or high-efficiency cogeneration with an installed electricity capacity of less than 250 kW. **deleted**

Or. en

Amendment 26**Proposal for a regulation
Article 5 – paragraph 2***Text proposed by the Commission**Amendment*

2. Balancing markets shall be organised in such a way as to ensure effective non-discrimination between market participants *taking account of the different technical capability of generation from variable renewable sources and demand side response and storage.*

2. Balancing markets shall be organised in such a way as to ensure effective non-discrimination between market participants.

Or. en

Amendment 27

Proposal for a regulation Article 5 – paragraph 8

Text proposed by the Commission

8. The procurement of balancing capacity shall be *facilitated on a regional level in accordance with point 8 of Annex I*. The procurement shall be based on a primary market and organised in such a way as to be non-discriminatory between market participants in the prequalification process individually or through aggregation.

Amendment

8. The procurement of balancing capacity shall be *performed by the transmission system operators*. The procurement shall be based on a primary market and organised in such a way as to be non-discriminatory between market participants in the prequalification process individually or through aggregation.

Or. en

Amendment 28

Proposal for a regulation Article 7 – paragraph 1

Text proposed by the Commission

1. Market operators shall allow market participants to trade energy as close to real time as possible and at least up to *the intraday cross-zonal gate closure time determined in accordance with Article 59 of Regulation (EU) 2015/1222*.

Amendment

1. Market operators shall allow market participants to trade energy as close to real time as possible and at least up to *15 minutes before real time across all bidding zones*.

Or. en

Justification

To increase competition and bring down costs to consumers, trade should take place as close to real time as possible. This allows more participants to enter the market and therefore offer a wider array of products.

Amendment 29

Proposal for a regulation Article 7 – paragraph 2

Text proposed by the Commission

2. Market operators shall provide market participants with the opportunity to trade in energy in time intervals at least as short as the imbalance settlement period in both day-ahead and intraday markets.

Amendment

2. Market operators shall provide market participants with the opportunity to trade in energy ***in national and cross-border markets*** in time intervals at least as short as the imbalance settlement period in both day-ahead and intraday markets.

Or. en

Amendment 30

**Proposal for a regulation
Article 7 – paragraph 4**

Text proposed by the Commission

4. By 1 January **2025**, the imbalance settlement period shall be 15 minutes in all control areas.

Amendment

4. By 1 January **2022**, the imbalance settlement period shall be 15 minutes in all control areas.

Or. en

Amendment 31

**Proposal for a regulation
Article 9 – paragraph 1**

Text proposed by the Commission

1. There shall be no maximum ***limit of the wholesale electricity price unless it is set at the value of lost load as determined in accordance with Article 10. There shall be*** no minimum limit of the wholesale electricity price ***unless it is set at a value of minus 2000 € or less and, in the event that it is or anticipated to be reached, set at a lower value for the following day.*** This provision shall apply, inter alia, to bidding and clearing in all timeframes and include balancing energy and imbalance prices.

Amendment

1. There shall be no maximum ***and*** no minimum limit of the wholesale electricity price. This provision shall apply, inter alia, to bidding and clearing in all timeframes and include balancing energy and imbalance prices.

Amendment 32**Proposal for a regulation
Article 9 – paragraph 2***Text proposed by the Commission*

2. By way of derogation from paragraph 1, ***until [OP: two years after entry into force]*** market operators may apply limits on maximum clearing prices for day-ahead and intraday timeframes in accordance with Articles 41 and 54 of Regulation (EU) 2015/1222. In the event that limits are, or are anticipated to be, reached, they shall be ***raised*** for the ***following day***.

Amendment

2. By way of derogation from paragraph 1, market operators may apply ***technical*** limits on maximum clearing prices for day-ahead and intraday timeframes in accordance with Articles 41 and 54 of Regulation (EU) 2015/1222. In the event that ***those technical*** limits are, or are anticipated to be, reached, they shall be ***adjusted***.

Or. en

Justification

Price limits should be applied by market operators and they should be sufficiently high, ideally never to be reached in order for the trade to occur. Should such limits be reached, they would have to be increased for the future. Additionally, such technical price caps have to be harmonized over the market area. Having different price caps would harm consumers in the Member State with a lower price cap, because the electricity would flow to the Member State where price is higher and trade still takes place.

Amendment 33**Proposal for a regulation
Article 9 – paragraph 2 – subparagraph 1 a (new)***Text proposed by the Commission**Amendment*

The technical price limits shall be sufficiently high so as not to unnecessarily interrupt trade, and they shall be harmonised for the common market area.

Or. en

Justification

Price limits should be applied by market operators and they should be sufficiently high, ideally never to be reached in order for the trade to occur. Should such limits be reached, they would have to be increased for the future. Additionally, such technical price caps have to be harmonized over the market area. Having different price caps would harm consumers in the Member State with a lower price cap, because the electricity would flow to the Member State where price is higher and trade still takes place. This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 34

Proposal for a regulation Article 10 – paragraph 1

Text proposed by the Commission

1. By [OP: one year after entry into force] Member States shall establish **a single estimate** of the Value of Lost Load (VoLL) for their territory, expressed in €/MWh. **That estimate** shall be reported to the Commission and made publically available. **Member States may establish different VoLL per bidding zone if they have several bidding zones in their territory. In establishing VoLL**, Member States shall apply the methodology developed pursuant to Article 19(5).

Amendment

1. By [OP: one year after entry into force] Member States shall establish **one or more estimates** of the Value of Lost Load (VoLL) for their territory, expressed in €/MWh. **Those estimates** shall be reported to the Commission and made publically available. **In establishing the values**, Member States shall apply the methodology developed pursuant to Article 19(5).

Or. en

Justification

The value of electricity differs over various sectors and geographic regions within a Member State, therefore it may not be feasible to set one value. For some consumers it may be too low, for others too high. If the restriction of trade is necessary, then it should be done through setting technical price limits applied by market operators in accordance with Article 9.

Amendment 35

Proposal for a regulation Article 11 – paragraph 1

Text proposed by the Commission

1. Dispatching of power generation facilities and demand response shall be

Amendment

1. Dispatching of power generation facilities and demand response shall be

non-discriminatory and market based
*unless otherwise provided under
paragraphs 2 to 4.*

non-discriminatory and market based.

Or. en

Amendment 36

Proposal for a regulation Article 11 – paragraph 2

Text proposed by the Commission

Amendment

2. *When dispatching electricity
generating installations, transmission
system operators shall give priority to
generating installations using renewable
energy sources or high-efficiency
cogeneration from small generating
installations or generating installations
using emerging technologies to the
following extent:*

*(a) generating installations using
renewable energy sources or high-
efficiency cogeneration with an installed
electricity capacity of less than 500 kW; or*

*(b) demonstration projects for
innovative technologies.*

deleted

Or. en

Justification

*Providing exemptions to some market participants and discriminating against others
fundamentally undermines the market structure, increases the costs to consumers and creates
uncertainty to investors. Renewable sources are the most competitive producers under market
conditions.*

Amendment 37

Proposal for a regulation Article 11 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Amendment

Where the total capacity of generating installations subject to priority dispatch under paragraph 2 is higher than 15 % of the total installed generating capacity in a Member State, point (a) of paragraph 2 shall apply only to additional generating installations using renewable energy sources or high-efficiency cogeneration with an installed electricity capacity of less than 250 kW.

deleted

Or. en

Amendment 38

Proposal for a regulation

Article 11 – paragraph 3 – subparagraph 2

Text proposed by the Commission

Amendment

From 1 January 2026, point (a) of paragraph 2 shall apply only to generating installations using renewable energy sources or high-efficiency cogeneration with an installed electricity capacity of less than 250 kW or, if the threshold under the first sentence of this paragraph has been reached, of less than 125 kW.

deleted

Or. en

Amendment 39

Proposal for a regulation

Article 11 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4 a. Member States shall phase out priority dispatch for installations under paragraph 4. Such actions may include

fair financial compensation or another form of agreement between the producer and the Member State.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 40

**Proposal for a regulation
Article 12 – paragraph 2**

Text proposed by the Commission

2. The resources curtailed or redispatched shall be selected amongst generation or demand facilities ***submitting offers for curtailment or redispatching*** using market-based mechanisms and be financially compensated. Non-market-based curtailment or redispatching of generation or redispatching of demand response shall only be used where no market-based alternative is available, where all available market-based resources have been used, ***or where the number of generation or demand facilities available in the area where suitable generation or demand facilities for the provision of the service are located is too low to ensure effective competition.*** The provision of market-based resources shall be open to all generation technologies, storage and demand response, including operators located in other Member States unless technically not feasible.

Amendment

2. The resources curtailed or redispatched shall be selected amongst generation or demand facilities using market-based mechanisms and be financially compensated. Non-market-based curtailment or redispatching of generation or redispatching of demand response shall only be used ***for operational security reasons and*** where no market-based alternative is available ***or*** where all available market-based resources have been used. The provision of market-based resources shall be open to all generation technologies, storage and demand response, including operators located in other Member States unless technically not feasible.

Or. en

Amendment 41

Proposal for a regulation

Article 12 – paragraph 5 – point b

Text proposed by the Commission

(b) **generating installations using** high-efficiency cogeneration shall only be subject to downward redispatching or curtailment if, other than curtailment or downward redispatching of generating installations using renewable energy sources, no other alternative exists or if other solutions would result in disproportionate costs or risks to network security;

Amendment

(b) **electricity generated in a** high-efficiency cogeneration **process** shall only be subject to downward redispatching or curtailment if, other than curtailment or downward redispatching of generating installations using renewable energy sources, no other alternative exists or if other solutions would result in disproportionate costs or risks to network security;

Or. en

Amendment 42

Proposal for a regulation

Article 12 – paragraph 5 – point c

Text proposed by the Commission

(c) self-generated electricity from generating installations using renewable energy sources or high-efficiency cogeneration which is not fed into the transmission or distribution network shall not be curtailed unless no other solution would resolve network security issues;

Amendment

(c) self-generated electricity from generating installations using renewable energy sources or high-efficiency cogeneration which is not fed into the transmission or distribution network shall not be curtailed unless no other solution would resolve network security issues **or if this would result in disproportionate costs;**

Or. en

Amendment 43

Proposal for a regulation

Article 13 – paragraph 4

Text proposed by the Commission

4. The transmission system operators

Amendment

4. The transmission system operators

participating in the bidding zone review shall submit a proposal to the **Commission regarding** whether to amend or maintain the bidding zone configuration. Based on *that* proposal, the **Commission shall adopt a decision whether to amend or maintain** the bidding zone configuration, *[no later than 6 months after entry into force of this Regulation, specific date to be inserted by OP] or by six months after the conclusion of the bidding zone configuration launched in accordance with points (a), (b) or (c) of Article 32(1) of Regulation (EU) 2015/1222, whichever comes later.*

participating in the bidding zone review shall submit a proposal to the **relevant Member States** whether to amend or maintain the bidding zone configuration. **The relevant Member States are those participating in the review pursuant to Article 32(2) of Regulation (EU) 2015/1222 and those in the same Capacity Calculation Region(s) pursuant to Regulation (EU) 2015/1222.** Based on *the* proposal, the **relevant Member States shall come to a unanimous decision within six months on** whether to **amend or maintain** the bidding zone configuration. **Other Member States or third countries may submit comments. The decision shall be reasoned, in accordance with relevant Union law and shall take account of the observations of other Member States and third countries, as well as of commitments on addressing existing congestion made by the relevant Member States. The relevant Member States shall notify the Commission and the Agency of their decision and any cross-border agreements entered into by the Member States, the national regulatory authorities or the transmission system operators for the purpose of achieving consensus. Agreements entered into by the relevant Member States shall not deviate from coordinated capacity calculation processes as set out in Article 14 nor from the relevant provisions of Regulation (EU) 2015/1222.**

Or. en

Amendment 44

Proposal for a regulation Article 13 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4 a. Where the relevant Member States fail to come to a unanimous decision

within the permitted timeframe, or where the Member States become aware of the fact that commitments on which a previous unanimous decision was based were not complied with, they shall immediately notify the Commission, which shall amend or maintain the bidding zone configuration within six months of that notification.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 45

Proposal for a regulation Article 13 – paragraph 5

Text proposed by the Commission

5. The decision referred to in paragraph 4 *shall be based on the result of the bidding zone review and the transmission system operators' proposal concerning its maintenance or amendment. The decision shall be justified, in particular as regards possible deviations from the result of the bidding zone review.*

Amendment

5. *The deadline for the Commission decision referred to in paragraph 4a may be extended by up to a further 18 months where the relevant Member State agrees to a detailed road map with concrete milestones on how the congestion issues will be resolved. The relevant Member State shall regularly report to the Commission and to other relevant Member States on the progress made..*

Or. en

Amendment 46

Proposal for a regulation Article 13 – paragraph 6

Text proposed by the Commission

6. *Where further bidding zone reviews are launched under Article*

Amendment

deleted

32(1)(a), (b) or (c) of Regulation (EU) 2015/1222, the Commission may adopt a decision within six months of the conclusion of that bidding zone review.

Or. en

Amendment 47

Proposal for a regulation Article 13 – paragraph 7

Text proposed by the Commission

7. The Commission shall consult relevant stakeholders on *its* decisions under this Article ***before they are adopted.***

Amendment

7. ***The Member States and*** the Commission shall consult relevant stakeholders ***before adopting decisions under this Article.***

Or. en

Amendment 48

Proposal for a regulation Article 13 – paragraph 8

Text proposed by the Commission

8. The ***Commission*** decision shall specify the date of implementation of a change. That implementation date shall balance the need for expediency with practical considerations, including forward trade of electricity. ***The Commission may define*** appropriate transitional arrangements as part of its decision.

Amendment

8. The decision ***adopted under this Article*** shall specify the date of implementation of a change. That implementation date shall balance the need for expediency with practical considerations, including forward trade of electricity. Appropriate transitional arrangements ***may be defined*** as part of ***the*** decision.

Or. en

Amendment 49

Proposal for a regulation Article 13 – paragraph 8 a (new)

Text proposed by the Commission

Amendment

8 a. *Where further bidding zone reviews are launched under point (a), (b) or (c) of Article 32(1) of Regulation (EU) 2015/1222, paragraphs 4 to 8 of this Article shall apply.*

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 50

Proposal for a regulation Article 16 – paragraph 1

Text proposed by the Commission

Amendment

1. Charges applied by network operators for access to networks, including charges for connection to the networks, charges for use of networks, and, where applicable, charges for related network reinforcements, shall be transparent, take into account the need for network security and flexibility and reflect actual costs incurred insofar as they correspond to those of an efficient and structurally comparable network operator and are applied in a non-discriminatory manner. In particular, they shall be applied in a way which does not discriminate between production connected at the distribution level and production connected at the transmission level, either positively or negatively. They shall not discriminate against energy storage and shall not create disincentives for participation in demand response. Without prejudice to paragraph

1. Charges applied by network operators for access to networks, including charges for connection to the networks, charges for use of networks, and, where applicable, charges for related network reinforcements, shall be transparent, take into account the need for network security and flexibility and reflect actual costs incurred insofar as they correspond to those of an efficient and structurally comparable network operator and are applied in a non-discriminatory manner. ***Grid tariffs should not include unrelated costs supporting other policy objectives, such as taxes or levies, as this would distort production, consumption and investment decisions.*** In particular, they shall be applied in a way which does not discriminate between production connected at the distribution level and production connected at the transmission level, either

3, those charges shall not be distance-related.

positively or negatively. They shall not discriminate against energy storage and shall not create disincentives for participation in demand response. Without prejudice to paragraph 3, those charges shall not be distance-related.

Or. en

Amendment 51

Proposal for a regulation

Article 17 – paragraph 2 – subparagraph 1 – point a

Text proposed by the Commission

Amendment

(a) guaranteeing the actual availability of the allocated capacity;

(a) guaranteeing the actual availability of the allocated capacity; ***and/or***

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 52

Proposal for a regulation

Article 17 – paragraph 2 – subparagraph 1 – point b

Text proposed by the Commission

Amendment

(b) maintaining or increasing interconnection capacities through network investments, ***in particular in new interconnectors.***

(b) maintaining or increasing interconnection capacities through ***coordinated remedial and countertrading actions and/or*** network investments, ***up to the target value for transfer capacity at cross-border boundaries.***

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 53

Proposal for a regulation

Article 17 – paragraph 2 – subparagraph 2

Text proposed by the Commission

If the revenues cannot be efficiently used for the purposes set out in points (a) or (b) of the first subparagraph, they shall be placed on a separate internal account line for future use on these purposes.

Amendment

Where the objectives set out in points (a) and (b) of the first subparagraph are fulfilled, the residual revenues may be used as income to be taken into account by the national regulatory authorities when approving the methodology for calculating network tariffs and/or fixing network tariffs.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 54

Proposal for a regulation

Article 17 – paragraph 3 – subparagraph 1

Text proposed by the Commission

The use of revenues in accordance with ***points (a) and (b)*** of paragraph 2 shall be subject to a methodology proposed by the Agency and approved by the Commission. The Agency's proposal shall be submitted to the Commission by [OP: 12 months after entry into force] and be approved within six months.

Amendment

The use of revenues in accordance with paragraph 2 shall be subject to a methodology proposed by the Agency and approved by the Commission. The Agency's proposal shall be submitted to the Commission by [OP: 12 months after entry into force] and be approved within six months.

Or. en

Amendment 55

Proposal for a regulation

Article 17 – paragraph 3 – subparagraph 4

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Text proposed by the Commission

The methodology shall detail as a minimum the conditions under which the revenues can be used for **points (a) and (b) of paragraph 2** and the conditions under which, and for how long, they may be placed on a separate internal account line for future use on those purposes.

Amendment

The methodology shall detail as a minimum the conditions under which the revenues can be used for paragraph 2 and the conditions under which, and for how long, they may be placed on a separate internal account line for future use on those purposes.

Or. en

Amendment 56

**Proposal for a regulation
Chapter 4 – title**

Text proposed by the Commission

Resource adequacy

Amendment

Resource adequacy **and capacity mechanisms**

Or. en

Amendment 57

**Proposal for a regulation
Article 18 – paragraph 3**

Text proposed by the Commission

3. Member States shall publish a timeline for adopting measures to eliminate any identified regulatory distortions. When addressing resource adequacy concerns Member States shall ***in particular consider removing regulatory distortions, enabling scarcity pricing, developing interconnection, energy storage, demand side measures and energy efficiency.***

Amendment

3. Member States ***with identified adequacy concerns*** shall publish ***an implementation plan with*** a timeline for adopting measures to eliminate any identified regulatory distortions. When addressing resource adequacy concerns Member States shall ***comply with Article 3, and shall, in particular:***

- (a) ***remove regulatory distortions;***
- (b) ***remove unnecessary price caps;***
- (c) ***introduce an administrative***

shortage pricing function as referred to in Article 44 of [The Commission regulation establishing a guideline on electricity balancing];

(d) increase interconnection capacity;

(e) develop demand-side measures;

(f) ensure efficient delineation of bidding zones reflecting transmission constraints;

(g) ensure efficient market-based balancing and ancillary services;

(h) remove regulated prices.

Or. en

Amendment 58

Proposal for a regulation

Article 18 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3 a. *Member States shall submit the implementation plan to the Commission for review.*

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 59

Proposal for a regulation

Article 18 – paragraph 3 b (new)

Text proposed by the Commission

Amendment

3 b. *The Commission may decide, within two months of receipt of the implementation plan, whether the measures are sufficient to eliminate the*

regulatory distortions and may require Member States to amend the implementation plan accordingly.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 60

Proposal for a regulation

Article 18 – paragraph 3 c (new)

Text proposed by the Commission

Amendment

3 c. Member States shall monitor the application of the implementation plan and shall publish the results in an annual report.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 61

Proposal for a regulation

Article 18 – paragraph 3 d (new)

Text proposed by the Commission

Amendment

3 d. Member States shall submit a report relating to their monitoring of the application of the implementation plan to the Agency for an opinion.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to

the Commission proposal.

Amendment 62

Proposal for a regulation

Article 18 – paragraph 3 e (new)

Text proposed by the Commission

Amendment

3 e. The Agency shall submit its opinion under paragraph 3d to the Commission. The Commission shall decide whether the reforms have been sufficiently implemented.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 63

Proposal for a regulation

Article 18 a (new)

Text proposed by the Commission

Amendment

Article 18 a

Rules of capacity mechanisms

1. To address residual concerns that cannot be eliminated by the measures pursuant to Article 18 (3), Member States may introduce capacity mechanisms, subject to the provisions of this Article and to Union State aid rules.

2. Before introducing capacity mechanisms under paragraph 2, Member State shall conduct a comprehensive study on their possible effects on the neighbouring Member States by consulting, at least, its electrically connected neighbouring Member States and the stakeholders of those Member States.

3. Member States shall assess whether a capacity mechanism in the form of strategic reserve can address the adequacy concerns. Where this is not the case, Member States may implement a different type of mechanism. Such mechanisms shall not create unnecessary market distortions or inhibit cross-border trade. They shall be open to all generation technologies, storage and demand-side response. The amount of capacity committed in the mechanism shall not go beyond what is necessary to address the concern. The parameters determining the amount of capacity procured in the capacity mechanism shall be approved by the national regulatory authority.

4. Member States shall not introduce capacity mechanisms where:

(a) the European resource adequacy assessment has not identified a resource adequacy concern;and/or

(b) the detailed implementation plan as referred to in Article 18(3) has not received a positive decision by the Commission as referred to in Article 18(3b).

5. Where a Member State applies a capacity mechanism, it shall review that mechanism and provide that no new contracts are concluded under that mechanism where:

(a) the European resource adequacy assessment has not identified a resource adequacy concern;and/or

(b) the measures referred to in paragraph 3 have not been sufficiently implemented in accordance with paragraph 3e.

6. Capacity mechanisms shall be temporary. They shall be approved by the Commission for no longer than five years. They shall be phased out or at least phased down, based on the implementation plan pursuant to Article

18(3).

7. **Generation capacity for which a final investment decision has been made after [OP: date of entry into force of this Regulation] shall be eligible to participate in a capacity mechanism only if its emissions are below 550 gr CO₂/kWh. Generation capacity emitting 550 gr CO₂/kWh or more shall not be committed in capacity mechanisms after ... [five years after the date of entry into force of this Regulation].**

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 64

Proposal for a regulation

Article 19 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1 a. The European resource adequacy assessment shall determine resource adequacy concerns in the Union, within the relevant Member States in the region and for each Member State, down to each bidding zone.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 65

Proposal for a regulation

Article 19 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1 b. The European resource adequacy assessment shall be conducted on an annual basis by the ENTSO for Electricity.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 66

Proposal for a regulation Article 19 – paragraph 3

Text proposed by the Commission

Amendment

3. Transmission system operators shall provide the ENTSO for Electricity with the ***data it needs to carry out, every year, the European resource adequacy assessment. The ENTSO for Electricity shall carry out the assessment every year.***

3. Transmission system operators shall provide the ENTSO for Electricity with the ***necessary data.***

Or. en

Amendment 67

Proposal for a regulation Article 19 – paragraph 3 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

The transmission system operators shall have the right to request relevant data not containing commercially sensitive information from generators and other market participants.

Or. en

Amendment 68

Proposal for a regulation

Article 19 – paragraph 4 – point b

Text proposed by the Commission

(b) is based on appropriate scenarios of projected demand and supply including an economic assessment of the likelihood of retirement, new-build of generation assets and measures to reach energy efficiency targets and appropriate sensitivities on wholesale prices and carbon price developments;

Amendment

(b) is based on appropriate scenarios of projected demand and supply including an economic assessment of the likelihood of retirement, ***mothballing***, new-build of generation assets and measures to reach energy efficiency targets and appropriate sensitivities on wholesale prices and carbon price developments;

Or. en

Amendment 69

Proposal for a regulation

Article 19 – paragraph 4 – point c a (new)

Text proposed by the Commission

Amendment

(c a) takes into account the technical conditions of generation and grid operation, including plant type parameters, maintenance schedules, power plant and grid outages;

Or. en

Amendment 70

Proposal for a regulation

Article 20 – paragraph 1

Text proposed by the Commission

Amendment

1. When applying capacity mechanisms Member States shall have a reliability standard in place ***indicating their desired*** level of security of supply in

1. When applying capacity mechanisms Member States shall have a reliability standard in place. ***A reliability standard shall indicate the necessary*** level

a transparent manner.

of security of supply *of the Member State*
in a transparent manner.

Or. en

Amendment 71

Proposal for a regulation Article 20 – paragraph 4

Text proposed by the Commission

Amendment

4. The parameters determining the amount of capacity procured in the capacity mechanism shall be approved by the national regulatory authority.

deleted

Or. en

Justification

Moved to Article 18 a.

Amendment 72

Proposal for a regulation Article 23 – paragraph 1

Text proposed by the Commission

Amendment

1. To address residual concerns that cannot be eliminated by the measures pursuant to Article 18(3), Member States may introduce capacity mechanisms, subject to the provisions of this Article and to the Union State aid rules.

1. Capacity mechanisms shall:

(a) select capacity providers by means of a transparent, non-discriminatory and market-based process;

(b) provide incentives for capacity providers to be available in times of expected system stress;

(c) ensure that the remuneration is determined through a market-based process;

(d) set out the required technical conditions for the participation of capacity providers in advance of the selection process;

(e) be open to participation of all resources, including storage and demand side management that are capable of providing the required technical performance;

(f) apply appropriate penalties to capacity providers when not available in the event of system stress.

Or. en

Amendment 73

Proposal for a regulation Article 23 – paragraph 2

Text proposed by the Commission

2. Where a Member State wishes to implement a capacity mechanism, it shall consult on the proposed mechanism at least with its electrically connected neighbouring Member States.

Amendment

2. In addition to the requirements laid down in paragraph 1, strategic reserves shall:

(a) be dispatched only if day-ahead and intraday markets have failed to clear and transmission system operators have exhausted their balancing resources to establish an equilibrium between demand and supply;

(b) ensure that during periods where strategic reserves were dispatched, imbalances are settled at the technical price limit applied by the market operators pursuant to Article 9 or at the value of lost load, whatever is higher.

Or. en

Amendment 74

Proposal for a regulation Article 23 – paragraph 3

Text proposed by the Commission

3. *Capacity mechanisms shall not create unnecessary market distortions and not limit cross-border trade. The amount of capacity committed in the mechanism shall not go beyond what is necessary to address the concern.*

Amendment

3. *In addition to the requirements laid down in paragraph 1, mechanisms other than strategic reserves shall:*

(a) be constructed so as to ensure that the price paid for availability automatically tends to zero when the level of capacity supplied is expected to be adequate to meet the level of capacity demanded;

(b) remunerate the participating resources merely for their availability and ensure that the remuneration does not affect decisions of the capacity provider whether or not to generate;

(c) ensure that capacity obligations are transferable between eligible capacity providers.

Or. en

Amendment 75

Proposal for a regulation Article 23 – paragraph 4

Text proposed by the Commission

4. *Generation capacity for which a final investment decision has been made after [OP: entry into force] shall only be eligible to participate in a capacity mechanism if its emissions are below 550 gr CO₂/kWh. Generation capacity emitting 550 gr CO₂/kWh or more shall not be committed in capacity mechanisms 5 years after the entry into force of this*

Amendment

deleted

Regulation.

Or. en

Justification

Moved to Article 18 a.

Amendment 76

**Proposal for a regulation
Article 23 – paragraph 5**

Text proposed by the Commission

Amendment

5. *Where the European resource adequacy assessment has not identified a resource adequacy concern, Member States shall not apply capacity mechanisms.* **deleted**

Or. en

Justification

Moved to Article 19

Amendment 77

**Proposal for a regulation
Article 24 – paragraph 1**

Text proposed by the Commission

Amendment

Member States **applying** capacity mechanisms **on [OP: entry into force of this Regulation]** shall adapt their mechanisms to comply with Articles 18, 21 and 23 of this Regulation.

Member States **which apply** capacity mechanisms shall adapt their mechanisms to comply with Articles 18, **18a**, 21 and 23 of this Regulation.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 78

Proposal for a regulation

Article 27 – paragraph 1 – point c

Text proposed by the Commission

(c) to prepare and adopt proposals related to the European resource adequacy assessment pursuant to Article **19(2), (3) and (5)** and for the technical specifications for cross-border participation in capacity mechanisms pursuant to Article 21(10);

Amendment

(c) to prepare and adopt proposals related to the European resource adequacy assessment pursuant to Article **19 (1a)** and for the technical specifications for cross-border participation in capacity mechanisms pursuant to Article 21(10);

Or. en

Amendment 79

Proposal for a regulation

Article 27 – paragraph 1 – point j a (new)

Text proposed by the Commission

Amendment

(j a) to promote digitalisation of transmission systems to ensure, inter alia, efficient real time data acquisition and use and smart substations;

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 80

Proposal for a regulation

Article 27 – paragraph 1 – point j b (new)

Text proposed by the Commission

Amendment

(j b) to promote data management, cyber security and data protection in cooperation with relevant authorities and regulated entities;

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 81

Proposal for a regulation

Article 27 – paragraph 1 – point j c (new)

Text proposed by the Commission

Amendment

(j c) to develop demand response in cooperation with DSOs.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 82

Proposal for a regulation

Article 27 – paragraph 2

Text proposed by the Commission

Amendment

2. The ENTSO for Electricity shall report to the Agency on shortcomings identified regarding the establishment and performance of regional *operational* centres.

2. The ENTSO for Electricity shall report to the Agency on shortcomings identified regarding the establishment and performance of regional *coordination* centres.

Or. en

Amendment 83

Proposal for a regulation

Article 32 – paragraph 1

Text proposed by the Commission

1. By [OP: twelve months after entry into force], all transmission system operators shall *establish* regional *operational* centres in accordance with the criteria set out in this chapter. ***Regional operational centres shall be established in the territory of one of the Member States of the region where it will operate.***

Amendment

1. By [OP: twelve months after entry into force], all transmission system operators ***of a system operation region shall submit to the regulatory authorities of the region for a review a proposal for the establishment of*** regional *coordination* centres in accordance with the criteria set out in this chapter.

The proposal shall include the following information:

- (a) Member State where the regional coordination centre will be located;***
- (b) the organisational, financial and operational arrangements necessary to ensure the efficient, secure and reliable operation of the interconnected transmission system;***
- (c) an implementation plan for the entry into operation of the regional coordination centres;***
- (d) the statutes and rules of procedure of regional coordination centres;***
- (e) a description of cooperative processes in accordance with Article 35;***
- (f) a description of the arrangements concerning the liability of regional coordination centres in accordance with Article 44.***

Or. en

Amendment 84

**Proposal for a regulation
Article 32 – paragraph 2 a (new)**

Text proposed by the Commission

Amendment

2 a. The establishment of regional coordination centres in accordance with paragraph 1 shall cover the functions of

the regional security coordinators established in accordance with Regulation ... [The Commission Regulation establishing a guideline on Electricity Transmission System Operation] by 1 January 2022.

Or. en

Amendment 85

Proposal for a regulation Article 32 – paragraph 3

Text proposed by the Commission

3. Regional **operational** centres shall complement the role of transmission system operators by performing functions of regional relevance. **They shall establish operational arrangements in order to ensure the efficient, secure and reliable operation** of the **interconnected transmission system**.

Amendment

3. Regional **coordination** centres shall complement the role of transmission system operators by performing functions of regional relevance. **The transmission system operators shall be responsible for managing electricity flows and ensuring a secure, reliable and efficient electricity system in accordance with Article 40 of the [recast of Directive 2009/72/EC as proposed by COM(2016) 864/2].**

Or. en

Amendment 86

Proposal for a regulation Article 32 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3 a. The effective operation of the transmission system shall be the responsibility of each transmission system operator in accordance with Article 44.

Or. en

Justification

Europe`s electricity sector is undergoing fundamental changes, therefore more regional coordination between transmission system operators is imperative. The current structures set up by TSOs in accordance with the Commission's Regulation establishing a guideline on Electricity Transmission System Operation in the form of regional security coordinators should be enhanced to address the increasing interdependency between electricity systems in the Member States. The name of the entity should reflect the aim of the relevant chapter of Regulation, which is an enhanced and streamlined regional coordination. It should also be clarified how such an entity fits into the current institutional set-up.

Amendment 87

Proposal for a regulation Article 34 – paragraph 1 – point a

Text proposed by the Commission

(a) coordinated capacity calculation;

Amendment

(a) coordinated capacity calculation *in accordance with the methodologies developed pursuant to Articles 21, 26, 29, and 30 of Regulation (EU) 2015/1222;*

Or. en

Amendment 88

Proposal for a regulation Article 34 – paragraph 1 – point b

Text proposed by the Commission

(b) coordinated security analysis;

Amendment

(b) coordinated security analysis *in accordance with the methodologies developed pursuant to Articles 75 and 76 of Regulation ... [The Commission Regulation establishing a Guideline on electricity transmission system operation];*

Or. en

Amendment 89

Proposal for a regulation Article 34 – paragraph 1 – point c

Text proposed by the Commission

Amendment

(c) creation of common system models;

(c) creation of common system models *in accordance with the methodologies and procedures developed pursuant to Articles 67, 70 and 79 of Regulation ... [The Commission Regulation establishing a Guideline on electricity transmission system operation]*;

Or. en

Amendment 90

Proposal for a regulation

Article 34 – paragraph 1 – point d

Text proposed by the Commission

Amendment

(d) consistency assessment of transmission system operators' defense plans and restoration plans;

(d) consistency assessment of transmission system operators' defense plans and restoration plans *in accordance with the procedure set out in Article 6 of Regulation ... [The Commission Regulation establishing a network code on electricity emergency and restoration]*;

Or. en

Amendment 91

Proposal for a regulation

Article 34 – paragraph 1 – point h

Text proposed by the Commission

Amendment

(h) *facilitate* the regional *procurement of* balancing capacity;

(h) *calculation of* the regional balancing capacity;

Or. en

Amendment 92

Proposal for a regulation

Article 34 – paragraph 1 – point i

Text proposed by the Commission

(i) regional week ahead to intraday system adequacy forecasts and preparation of risk reducing actions;

Amendment

(i) regional week ahead to intraday system adequacy forecasts and preparation of risk reducing actions ***in accordance with the methodology set out Article 8 of [Regulation on risk preparedness as proposed by COM(2016) 862] and the procedures set out in Article 81 of [The Commission Regulation establishing a Guideline on electricity transmission system operation];***

Or. en

Amendment 93

Proposal for a regulation

Article 34 – paragraph 1 – point j

Text proposed by the Commission

(j) outage planning coordination;

Amendment

(j) outage planning coordination ***in accordance with the procedures set out in Article 80 of Regulation ... [Commission Regulation establishing a Guideline on electricity transmission system operation];***

Or. en

Amendment 94

Proposal for a regulation

Article 34 – paragraph 1 – point m

Text proposed by the Commission

(m) ***identification of regional crisis scenarios according to Article 6(1) of [Regulation on risk preparedness as proposed by COM(2016) 862] if this task***

Amendment

deleted

is delegated by ENTSO for Electricity;

Or. en

Justification

Duplication with provisions laid down in Article 34 (1) (n).

Amendment 95

Proposal for a regulation

Article 34 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

Regional coordination centres shall perform the functions set out under points (a) to (d) and (j) on the basis of the methodologies and procedures set out in the relevant guidelines. For the functions set out under points (e) to (i), (k), (l), (p) and (q), the ENTSO for Electricity shall develop a proposal in accordance with the procedure set out in Article 22. Regional coordination centres shall execute those functions on the basis of a proposal that has been approved by the Agency.

Or. en

Amendment 96

Proposal for a regulation

Article 34 – paragraph 4

Text proposed by the Commission

Amendment

4. Regional ***operational*** centres shall provide transmission system operators of the system operation region with all the information necessary to ***implement the decisions and recommendations proposed by the regional operational centres.***

4. Regional ***coordination*** centres shall provide transmission system operators of the system operation region with all the information necessary to ***ensure the system stability and the security of supply.***

Or. en

Amendment 97

Proposal for a regulation Article 35 – title

Text proposed by the Commission

Cooperation within regional operational centres

Amendment

Cooperation within **and among** regional operational **coordination** centres

Or. en

Amendment 98

Proposal for a regulation Article 35 – paragraph 1 – introductory part

Text proposed by the Commission

1. The **day-to-day operation** of regional **operational** centres shall be managed through cooperative **decision-making**. **The cooperative-decision making** process shall be based on:

Amendment

1. The **performance of functions** of regional **coordination** centres shall be managed through cooperative **processes that rely on the involvement of the transmission system operators of the region, including arrangements for coordination between regional coordination centres where relevant**. **The cooperative** process shall be based on:

Or. en

Amendment 99

Proposal for a regulation Article 35 – paragraph 1 – point a

Text proposed by the Commission

(a) working arrangements to address planning and operational aspects related to the functions, **in accordance with Article 36**;

Amendment

(a) working arrangements to address planning and operational aspects related to the functions;

Amendment 100

Proposal for a regulation

Article 35 – paragraph 1 – point b

Text proposed by the Commission

(b) a procedure for consulting the transmission system operators of the system operation region *in the exercise of its operational duties and tasks*, in accordance with Article 37;

Amendment

(b) a procedure for consulting the transmission system operators *and relevant stakeholders* of the system operation region in accordance with Article 37;

Or. en

Amendment 101

Proposal for a regulation

Article 35 – paragraph 1 – point c

Text proposed by the Commission

(c) a procedure for the adoption *of decisions and* recommendations in accordance with Article 38;

Amendment

(c) a procedure for the adoption *and revision of* recommendations in accordance with Article 38;

Or. en

Amendment 102

Proposal for a regulation

Article 35 – paragraph 1 – point d

Text proposed by the Commission

(d) *a procedure for the revision of decisions and recommendations adopted by regional operational centres in accordance with Article 39.*

Amendment

deleted

Or. en

Amendment 103

Proposal for a regulation Article 37 – paragraph 1

Text proposed by the Commission

Regional **operational** centres shall develop a procedure to organise, in the exercise of their daily **operational** duties and tasks, the appropriate and regular consultation of transmission system operators and of relevant stakeholders. In order to ensure that regulatory issues can be addressed, regulatory authorities shall be involved when required.

Amendment

Regional **coordination** centres shall develop a procedure to organise, in the exercise of their daily duties and tasks, the appropriate and regular consultation of transmission system operators and of relevant stakeholders. In order to ensure that regulatory issues can be addressed, regulatory authorities shall be involved when required.

Or. en

Amendment 104

Proposal for a regulation Article 38 – title

Text proposed by the Commission

Adoption of **decisions and** recommendations

Amendment

Adoption of recommendations

Or. en

Amendment 105

Proposal for a regulation Article 38 – paragraph 1

Text proposed by the Commission

1. **Regional operational centres** shall develop a procedure for the adoption of **decisions and recommendations**.

Amendment

1. **The transmission system operators of a system operation region** shall develop a procedure for the adoption **and revision of recommendations put forward by regional coordination centres in accordance with the criteria set out in**

paragraphs 2 and 3.

Or. en

Amendment 106

Proposal for a regulation Article 38 – paragraph 2

Text proposed by the Commission

2. Regional ***operational*** centres shall adopt ***binding decisions*** addressed to the transmission system operators in respect of the functions referred to in ***points (a), (b), (g) and (q) of Article 34(1)***. Transmission system operators shall ***implement the binding decisions issued by the regional operational centres except in cases when the safety of the system will be negatively affected.***

Amendment

2. Regional ***coordination*** centres shall adopt ***recommendations*** addressed to the transmission system operators in respect of the functions referred to in Article 34(1). Transmission system operators shall ***do their utmost to follow those recommendations.***

Or. en

Amendment 107

Proposal for a regulation Article 38 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2 a. Where a transmission system operator decides to deviate from the recommendation issued by the regional coordination centre, it shall submit a detailed reasons to the regional coordination centre and to the other transmission system operators of the system operation region.

Or. en

Amendment 108

Proposal for a regulation Article 38 – paragraph 3

Text proposed by the Commission

3. *Regional operational centres shall adopt recommendations addressed to the transmission system operators for the functions referred to in points (c) to (f) and (h) to (p) of Article 34(1).*

Amendment

3. *As regards the recommendations for the functions referred to in points (a) and (b) Article 34(1), transmission system operators shall deviate only in cases when the safety of the system would be negatively affected.*

Or. en

Amendment 109

Proposal for a regulation Article 38 – paragraph 4

Text proposed by the Commission

4. *The regulatory authorities of a system operation region may jointly decide to grant binding decision-making powers to the regional operational centre for one or more of the functions provided for in points (c) to (f) and (h) to (l) of Article 34(1).*

Amendment

deleted

Or. en

Amendment 110

Proposal for a regulation Article 39

Text proposed by the Commission

Article 39

Revision of decisions and recommendations

1. *Regional operational centres shall develop a procedure for the revision of*

Amendment

deleted

decisions and recommendations.

2. The procedure shall be triggered at the request of one or more of the transmission system operators of the system operation region. Following the revision of the decision or recommendation, regional operational centres shall confirm or modify the measure.

3. Where the measure subject to revision is a binding decision in accordance with Article 38(2), the request for revision shall not suspend the decision except in cases when the safety of the system will be negatively affected.

4. Where the measure subject to revision is a recommendation in accordance with Article 38(3) and following its revision a transmission system operator decides to deviate from the recommendation, the transmission system operator shall submit a detailed justification to the regional operational centre and to the other transmission system operators of the system operation region.

Or. en

Amendment 111

Proposal for a regulation Article 40 – paragraph 2

Text proposed by the Commission

2. The management board shall be composed of members representing the transmission system operators *and of observers representing the regulatory authorities* of the system operation region. *The representatives of the regulatory authorities shall have no voting rights.*

Amendment

2. The management board shall be composed of members representing the transmission system operators of the system operation region.

Or. en

Amendment 112

Proposal for a regulation

Article 40 – paragraph 3 – point d

Text proposed by the Commission

(d) developing and endorsing the cooperative ***decision-making*** processes in accordance with Article 35.

Amendment

(d) developing and endorsing the cooperative processes in accordance with Article 35.

Or. en

Amendment 113

Proposal for a regulation

Article 40 – paragraph 4

Text proposed by the Commission

4. The competences of the management board shall ***exclude those that are*** related to the ***day-to-day activities of regional operational centres and the performance of its functions.***

Amendment

4. The competences of the management board shall ***not include decisions*** related to the ***execution of the functions of regional coordination centres.***

Or. en

Amendment 114

Proposal for a regulation

Article 41 – paragraph 1 – introductory part

Text proposed by the Commission

1. ***Regional operational centres shall set up and manage their organisation according to a structure that supports the safety of their functions.*** Their organisational structure shall specify:

Amendment

1. ***The transmission system operators of a system operation region shall set up the organisational structure of regional coordination centres.*** Their organisational structure shall specify:

Or. en

Amendment 115

Proposal for a regulation

Article 41 – paragraph 1 – point a

Text proposed by the Commission

(a) the authority, duties and responsibilities of the **management** personnel;

Amendment

(a) the authority, duties and responsibilities of the personnel;

Or. en

Amendment 116

Proposal for a regulation

Article 41 – paragraph 2

Text proposed by the Commission

2. Regional **operational** centres may set up regional desks to address local specificities or back-up **operational** centres for the efficient and reliable exercise of their functions.

Amendment

2. Regional **coordination** centres may set up regional desks to address local specificities or back-up **coordination** centres for the efficient and reliable exercise of their functions.

Or. en

Amendment 117

Proposal for a regulation

Article 43 – paragraph 1 – point b

Text proposed by the Commission

(b) the decisions **and** recommendations issued **and the outcome achieved**;

Amendment

(b) the decisions **by transmission system operators where they have deviated from the** recommendations issued **by the regional cooperation centres**;

Or. en

Amendment 118

Proposal for a regulation Article 43 – paragraph 2

Text proposed by the Commission

Amendment

2. **Regional operational centres shall submit to the Agency and to the regulatory authorities of the system operation region the data resulting from their continuous monitoring at least annually.**

deleted

Or. en

Amendment 119

Proposal for a regulation Article 43 – paragraph 4

Text proposed by the Commission

Amendment

4. Regional **operational** centres shall submit an annual report **concerning** their performance to ENTSO for Electricity, the Agency, the regulatory authorities of the system operation region and the Electricity Coordination Group established pursuant to Article 1 of Commission Decision 2012/C 353/02³⁷.

4. Regional **coordination** centres shall submit an annual report **containing relevant monitoring data pursuant to paragraph 1 and information on** their performance to ENTSO for Electricity, the Agency, the regulatory authorities of the system operation region and the Electricity Coordination Group established pursuant to Article 1 of Commission Decision 2012/C 353/02

³⁷ Commission Decision of 15 November 2012 setting up the Electricity Coordination Group (OJ C 353, 17.11.2012, p.2).

³⁷ Commission Decision of 15 November 2012 setting up the Electricity Coordination Group (OJ C 353, 17.11.2012, p.2).

Or. en

Amendment 120

Proposal for a regulation Article 44 – paragraph 1

Text proposed by the Commission

Amendment

Regional *operational* centres *shall take the necessary steps to cover liability related to the execution of their tasks, in particular, where they adopt decisions binding on transmission system operators*. The method employed to provide the cover shall take into account the legal status of the regional *operational* centre and the level of commercial insurance cover available.

In the proposal for the establishment of regional coordination centres in accordance with Article 32, the transmission system operators of the system operation region shall include arrangements to cover liability related to the execution of its tasks. The method employed to provide the cover shall take into account the legal status of the regional *coordination* centre and the level of commercial insurance cover available.

Or. en

Amendment 121

Proposal for a regulation Article 49 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

Member States shall designate a body to represent distribution system operators not fulfilling the criteria laid down in paragraph 1.

Or. en

Amendment 122

Proposal for a regulation Article 50 – paragraph 1

Text proposed by the Commission

Amendment

1. By [OP: twelve months after entry into force], the distribution system operators, with the administrative support of the Agency, shall submit to the Commission and to the Agency the draft statutes, a list of *registered members*, the draft rules of procedure, including the rules

1. By [OP: twelve months after entry into force], the distribution system operators, with the administrative support of the Agency, shall submit to the Commission and to the Agency the draft statutes, a list of *distribution system operators and entities designated by*

of procedures on the consultation with ENTSO for Electricity and other stakeholders and the financing rules, of the EU DSO entity to be established.

Member States to represent distribution system operators pursuant to Article 49(1a), the draft rules of procedure, including the rules of procedures on the consultation with ENTSO for Electricity and other stakeholders and the financing rules, of the EU DSO entity to be established.

Or. en

Amendment 123

Proposal for a regulation Article 51 – paragraph 1 – point e

Text proposed by the Commission

(e) data management, cyber security and data protection;

Amendment

(e) ***promotion of neutral*** data management, cyber security and data protection;

Or. en

Amendment 124

Proposal for a regulation Article 64 a (new)

Text proposed by the Commission

Amendment

Article 64 a

Review

By 1 June 2025, the Commission shall review and submit a report on the implementation of this Regulation, together with a legislative proposal if appropriate, to the European Parliament and to the Council.

Or. en

Justification

This amendment is inextricably linked to other amendments suggested by the rapporteur to the Commission proposal.

Amendment 125

Proposal for a regulation
Annex I – part 5 – point 5.1

Text proposed by the Commission

Amendment

5.1. Regional operational centres shall be equipped with the close to real time supervisory control and data acquisition systems with the observability defined by applying the threshold defined in accordance with point 4.1. *deleted*

Or. en

Amendment 126

Proposal for a regulation
Annex I – part 8 – title

Text proposed by the Commission

Amendment

8. Facilitation of the regional *procurement* of balancing capacity **8. Calculation** of the regional balancing capacity

Or. en

Amendment 127

Proposal for a regulation
Annex I – part 8 – point 8.2

Text proposed by the Commission

Amendment

8.2. Regional operational centres shall support the transmission system operators of the system operation region in procuring the required amount of balancing capacity determined in *deleted*

accordance with point 8.1. The procurement of balancing capacity shall:

- (a) be performed at the day-ahead and/or intraday timeframe;*
- (b) take into account possible substitutions between different types of reserve capacity with the aim to minimise the costs of procurement.*

Or. en

Amendment 128

Proposal for a regulation Annex I – part 11 – point 11.1

Text proposed by the Commission

11.1. Regional *operational* centres shall support the transmission system operators of the system operation region in administering the financial flows related to inter- transmission system operators settlements involving more than two transmission system operators, such as redispatching costs, congestion income, unintentional deviations or reserve procurement costs.

Amendment

11.1. *Where required by the transmission system operators*, regional *coordination* centres shall support the transmission system operators of the system operation region in administering the financial flows related to inter-transmission system operators settlements involving more than two transmission system operators, such as redispatching costs, congestion income, unintentional deviations or reserve procurement costs.

Or. en

Amendment 129

Proposal for a regulation Annex I – part 13

Text proposed by the Commission

13. *13.1. If ENTSO for Electricity delegates this function, regional operational centres shall identify regional crisis scenarios in accordance with the criteria set out in Article 6(1) of [Risk*

Amendment

deleted

*Preparedness Regulation as proposed by
COM(2016) 862]*

*13.2. Regional operational centres shall
prepare and carry out yearly crisis
simulation in cooperation with competent
authorities according to Article 12(3) of
[Risk Preparedness Regulation as
proposed by COM(2016) 862].*

Or. en

EXPLANATORY STATEMENT

I. Introduction

For years electricity systems in Europe were dominated by national monopolies, which controlled the entire system from production through distribution and delivery to the consumer. Although such a “top-down” system provided electricity, it did not allow for any competition, which is not beneficial for consumers. Since 1996, electricity markets have been gradually opened to foster competition and bring down prices. The last substantive EU legislative changes came with the Third Energy Package back in 2009.

Since that time, a revolution has occurred in the generation of electricity. Electricity production has evolved from a “spoke and wheel” centralized system to a much more decentralized one, due to advances in renewable and other technologies. Once again legislation needs to be adjusted to adopt to this new reality.

Renewables (often coming from the wind or the sun) have introduced a large degree of intermittency to the system, which has had to adapt to become more flexible while still guaranteeing security of supply to consumers. Our climate goals have fostered various subsidy and support schemes, which combined with incomplete cross-border cooperation between EU Member States have resulted in an overcapacity of generation on EU level. In many Member States, regulated prices combined with the disjoint support schemes are sending the wrong signals for investments.

To address these challenges and to foster decarbonisation, your rapporteur has taken a “market first” approach, which means creating a truly level playing field for all market participants. This entails moving away from market-distorting subsidies, whether they are for fossil fuels, nuclear, or renewable energy sources. Fair rules mean fair competition in the market. A fair electricity market will deliver both our climate goals as well as the lowest and most competitive prices for consumers, at the same time ensuring security of supply without over-investment.

II. The report

II.1. Market first

A fundamental principle of any market is free movement of prices. Therefore removal of price caps is an essential element and should take place as soon as possible.

Capacity mechanisms are subsidies, which make little to no sense when there is overcapacity in the EU. The rapporteur believes that they should be applied only as a last resort. First, the European adequacy assessment would have to establish that the adequacy concern exists. Then the Member State would have to address the existing obstacles causing the adequacy concern through concrete commitments, subject to review by the Commission. Where the adequacy concern can only be addressed over a longer period of time, a capacity mechanism would be allowed, subject to certain conditions and EU State aid rules. Such mechanisms, where feasible, would have to be cross-border.

A level playing field for all is the key element in ensuring that prices are based on competition. The current support to some producers in the form of priority dispatch and derogation from balancing responsibility distorts competition. The rapporteur believes that for the market to deliver, everyone has to be financially responsible for the imbalances they cause in the system. Such an approach provides the right incentive to keep the system in balance and ensures the appropriate level of security of supply, reducing the need for capacity mechanisms.

II.2. Bidding zones

Larger bidding zones provide more liquidity, but less incentives for grid investments. The rapporteur shares the view that bidding zones should be stable over time and as large as possible, taking into account systemic congestion. He is suggesting a carrot and a stick approach. First, after the bidding zone review, relevant Member States should agree unanimously on the bidding zone structure and concrete commitments where necessary. When an agreement cannot be reached, the Commission should step in to resolve the disagreement.

II.3. Regional cooperation

In the electricity market, what happens in one Member State influences others in the region and beyond. To ensure system security and avoid blackouts, more regional cooperation of the transmission system operators is key. The rapporteur sees the great benefit which the already operational regional security coordinators provide in ensuring system security. As electricity markets become ever more interlinked, enhancing this cooperation by assigning more tasks and functions at the regional level is the next logical step. However, the ultimate responsibility for the security of the system has to remain with the transmission system operators.

II.4. Consumer

Technology now allows new actors to become active on the electricity market. Therefore, the market design has to allow and facilitate inclusion of everyone that can and is willing to participate, whether it is through self-generation, storage, or demand response. Removing market barriers means more market players and more choice for the consumer. The rapporteur is also suggesting changes in the proposal to ensure that the consumer can make well-informed decisions and switch suppliers in a short period of time.