



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Industry, Research and Energy

2013/2005(INI)

3.4.2013

DRAFT REPORT

on making the internal energy market work
(2013/2005(INI))

Committee on Industry, Research and Energy

Rapporteur: Jerzy Buzek

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	3

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on making the internal energy market work

(2013/2005(INI))

The European Parliament,

- having regard to the Commission Communication entitled ‘Making the Internal Energy Market Work’ and the accompanying working documents (COM(2012)0663),
- having regard to its resolution of 12 March 2013 on the proposal for a regulation of the European Parliament and the Council on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC¹,
- having regard to Regulation (EU) No 994/2010 of the European Parliament and the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC²,
- having regard to the Regulation (EC) No 1227/2011 on wholesale energy market integrity and transparency³,
- having regard to the Directive 2009/73/EC of the European Parliament and the Council of 13 July 2009 concerning common rules for the internal market in natural gas⁴,
- having regard to the Directive 2009/72/EC of the European Parliament and the Council of 13 July 2009 concerning common rules for the internal market in electricity⁵ and repealing Directive 2003/54/EC,
- having regard to the Directive 2012/27/EU of the European Parliament and the Council of 25 October 2012 on Energy Efficiency⁶,
- having regard to the Commission Communication Europe 2020. A strategy for smart, sustainable and inclusive growth (COM(2010)2020),
- having regard to the Commission Communication entitled ‘Energy Roadmap 2050’ (COM(2011)0885),
- having regard to the Commission Communication entitled ‘Single Market Act II Together for New Growth’ (COM(2012)0573),
- having regard to the Commission Communication entitled ‘Renewable energy: a major player in the European energy market’ (COM(2012)0271),

¹ Text adopted, P7_TA(2013)0061.

² OJ L 295, 12.11.2010, p. 1.

³ OJ L 326/1, 8.12.2011, p. 1.

⁴ OJ L 211, 14.8.2009, p. 94.

⁵ OJ L 211, 14.8.2009, p. 55.

⁶ OJ L 315, 14.11.2012, p. 1.

- having regard to its resolution of 25 November 2010 entitled ‘Towards a new Energy Strategy for Europe 2011-2020’¹,
 - having regard to its resolution of 12 June 2012 on engaging in energy policy cooperation with partners beyond our borders: A strategic approach to secure, sustainable and competitive energy supply²,
 - having regard to its resolution of 15 March 2013 on a roadmap for moving to a competitive low carbon economy in 2050³,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, Research and Energy and the opinion of the Committee on Internal Market and Consumer Protection (A7-0000/2013),
- A. whereas the Member States have committed to a clear deadline for the completion of the internal energy market by 2014;
 - B. whereas the internal energy market is indispensable for the Union’s overall energy security and is of essential value for the Union’s competitiveness, economic growth and creation of new jobs as recognised in the Single Market Act II and the Europe 2020 strategy;
 - C. whereas the Energy Roadmap 2050 underlines that full integration of the European energy networks and the opening up of markets are critical for maintaining the balance between energy security, competitiveness, the aim of a low-emission economy and consumer satisfaction;
 - D. whereas a single energy market will empower the Union to speak with one voice vis-à-vis external partners and ensure a level playing field for all EU and non-EU companies;
 - E. whereas a European Energy Community must be based on a strong common energy market, the coordination of energy purchasing outside of the EU and common European funding of new low-emission energy technologies;
 - F. whereas certain progress has been achieved towards enhanced cross-border cooperation, partial elimination of energy islands and prevention of supply shortages;
1. Welcomes the Communication and the accompanying Action Plan, which summarise the progress achieved so far and the challenges ahead for the completion of the internal energy market;
 2. Acknowledges that the trend of rising energy prices is likely to continue given its link to fuel prices, the impact of climate policy and the investments needed to maintain and modernise energy systems;
 3. Recognises the European added value of better coordinating the Member States’ energy

¹ OJ C 99E, 3.4.2012, p. 64.

² Texts adopted, P7_TA(2012)0238.

³ Texts adopted, P7_TA(2012)0086.

policies, in a spirit of solidarity, and of creating efficient and secure trans-border energy systems, thereby creating synergies through improved management of the supply and demand of energy;

Consumer-oriented market

4. Stresses that end energy-consumers – individuals and industry alike – are at the very core of the user-friendly internal energy market; notes that, as such, they must be duly protected, and able to exercise their rights fully, while encouraged to play a more active role in stimulating market competition, moving from passive service recipients to active informed consumers and prosumers;
5. Believes that smart technologies must not be restricted to automatic meter-reading only but must be completed with dynamic, online grid management incorporating such services as grid support services, voluntary demand-side response and local or home brokers;
6. Considers that vulnerable consumers must be protected and that, to that end, effective mechanisms must be put in place, while distortions of the energy market are avoided;
7. Emphasises the importance of ensuring a competitive, easily managed and transparent energy market that provides all EU energy consumers with secure, sustainable, affordable and reliable energy;

Current challenges in completing the internal energy market

8. Stresses that the internal energy market falls short of satisfying the needs and expectations of consumers, as they continue to face high prices, a limited choice of suppliers, an overall low quality of services and difficulties in switching supplier; stresses, therefore, the need to build a more user-friendly market;
9. Believes that the lack of full implementation of internal energy market legislation remains the main obstacle for the completion of this market;
10. Stresses that modernising the existing infrastructure, and building new, intelligent and flexible generation, transmission, distribution and storage infrastructure, is essential for a well-integrated and well-connected energy market, where supply at affordable prices is secured, where the potential for cogeneration and efficiency, and for exploiting renewable and unconventional energy sources, is fully exploited, and where no Member State remains isolated from the European gas and electricity networks;
11. Believes that investment in infrastructure needs to be encouraged through stable and innovation-friendly regulatory frameworks, recognising that it cannot be achieved unless market-driven; recognises, however, that, in certain cases, key infrastructure may not be commercially viable, thus requiring public funding;
12. Notes that the lack of open and non-discriminatory access to transmission infrastructure continues to hinder new entrants from competing on the market on fair terms against incumbent companies;
13. Notes that a stable regulatory framework – for producers, regulators, network operators,

energy suppliers, demand-related service providers and, most importantly, end consumers and prosumers – is essential for a well-functioning internal market and for attracting long-term investment in infrastructure development; underlines that development of network codes and rules should lead to harmonisation of procedures and interoperability;

14. Notes with concern indications that certain national action is again being taken to influence energy markets, especially as regards efforts to secure the supply of electricity, with Member States implementing national capacity-remuneration mechanisms without fully exploring the potential of cross-border solutions, thus interfering with and distorting market design;
15. Recognises that, without prejudice either to the Member States' right to choose their energy mix or to the need for better EU-wide coordination, the EU as a whole must make full use of the potential of all energy sources that are at the disposal of EU Member States;
16. Believes that an open and transparent internal market, where all EU and third country companies respect the *acquis communautaire* in the field of energy, can help strengthen the negotiating position of EU energy suppliers vis-à-vis external competitors, which is particularly important for the potential of further coordinating external energy purchasing at the EU level; notes that the reciprocity principle must be used to guide relations with EU energy suppliers;
17. Stresses that harmonisation of renewable- and efficiency-related incentives and of auxiliary energy costs across all Member States – or at least greater compatibility in this regard – is essential for a well-functioning internal energy market, at both the wholesale and retail level, and for creating favourable conditions for the long-term development of the low-emission energy sector;
18. Recognises the missed opportunities – created through joint EU research projects supported by Framework Programmes and initiatives such as the SET Plan – to develop new technologies allowing for improvements in efficiency, renewables, the security of nuclear power plants, the low-emission usage of fossil fuels, and intelligent networks, all of which are critical for the energy market;

Urgent actions are needed

Encouraging national and European authorities

19. Calls on the Member States to transpose fully all relevant EU legislation in the field of energy policy, particularly the third energy package;
20. Asks the Commission to monitor closely the effective implementation of EU energy legislation, in particular the provisions that create essential consumer rights, as well as those that concern system operators, national regulating authorities and competition rules, and those that aim to reduce the phenomenon of loop flows, the latter constituting a significant challenge to the internal energy market as it weakens the security of the energy system; urges the Commission to use the most appropriate means at its disposal to address any continued non-compliance with relevant EU legislation;
21. Urges the Commission and the Member States to coordinate infrastructure projects in a

better way, thereby ensuring full EU-wide system connectivity and cost-effectiveness; encourages, to that end, the Commission and the Member States to ensure rapid assessment, selection and implementation of projects of common European interest, especially with regard to electricity and gas trans-border interconnectors, liquefied natural gas and storage infrastructure, which are vital for a well-integrated and well-functioning energy market;

22. Calls on the Member States to refrain from regulating energy retail prices at national level through public subsidies, as such measures seriously threaten future investments in infrastructure;
23. Welcomes the Commission's determination to enforce anti-trust and state-aid rules ensuring that a level-playing field is established with equal conditions of access for all market players;
24. Strongly supports the Commission's efforts to introduce harmonised network codes and rules accordingly to the plan and to ensure the stability of the regulatory framework of the internal energy market;
25. Strongly supports the regulatory measures taken by EU and national authorities to encourage, improve and simplify the cross-border energy trade and to bridge the gap between energy systems in different Member States;
26. Calls on the Commission to examine the adequacy and flexibility of national generation capacities in the short and long term, and to report on the impact of the applied national measures related to capacity assessment and development planning on the internal energy market, taking into account the cross-border aspects of this complementary market design policy;
27. Calls on the Commission, the Member States and the relevant stakeholders to provide incentives and to support regional initiatives and partnerships, including the setting up of regional energy exchanges, gas trading centres and market coupling mechanisms;
28. Calls on the Commission to use its foreign policy instruments to promote the rules and standards of the internal energy market in relation to third countries and, especially, within the EU's neighbourhood; urges the Commission to resolve, in bilateral dialogues with relevant third countries, the issue of clear rules of congestion management on cross-border gas connections; calls on the Commission to ensure, in its relations with external partners, that EU companies are able to compete on equal footing globally;

Helping consumers

29. Calls on the Commission, the Member States and the relevant stakeholders to improve the quality and availability of the information offered to consumers, to provide them with clear and transparent billing methods and to establish price comparison tools allowing them to make best-informed choices, as well as to set up easy-to-use mechanisms for disputes with suppliers; welcomes the proposal of the Commission to establish an information platform on consumer rights;
30. Encourages the Member States and the Commission to develop a comprehensive strategy

aimed at encouraging consumers and prosumers to participate actively in the energy market, inter alia by inclusion through existing legislation as well as through the implementation of the relevant provisions of the Energy Efficiency Directive;

31. Calls on the Commission to encourage further cooperation between the energy and information and communications technology (ICT) sectors, and to review existing instruments for financing energy-related innovations, in order to benefit all the consumers and to facilitate the deployment of smart grids in a user-friendly way;
32. Urges the Member States, and regional and local authorities, to promote ICT solutions in smart grids and to aim for a prosumer market, taking into account the increasing need for flexibility, energy efficiency/savings and demand-side participation;
33. Looks forward to the Commission's guidelines to help set ambitious policy objectives with regard to vulnerable consumers, and will assist the Member States in better defining this category of consumers; calls on the Commission to review, in parallel, existing mechanisms and instruments for protecting such consumers, with a view to propose measures aimed at a more coherent and comprehensive approach at EU-level;

Helping future energy and climate challenges

34. Calls on the Member States, the Commission and the relevant stakeholders to convert the necessary supporting schemes into transparent, homogeneous and market-driven mechanisms in order to create a common market for requested support features – such as energy efficiency, prosumers, cogeneration, renewables and auxiliary services – in a way that ensures their compatibility;
35. Calls on the Commission to examine thoroughly the implications of integrating low-emission energy sources, especially renewables, into the energy grids with regard to financial support, system-wide technical requirements and market design; underlines that the lack of coordinated approach towards those sources has until now prevented their integration within the European energy systems;
36. Calls on the Commission and the Member States to pay attention to the need to further develop cogeneration as the most efficient way of production of electrical energy and heat, and to base this option on the wide implementation of district heating as well as district cooling;
37. Encourages the Commission and Member States also to support research on, and the development of, innovative energy technologies that fall outside of the framework of the 'Horizon 2020' and the EIT projects, as this is the only way forward in order to reduce emissions, improve energy security and increase the competitive position of EU industry on the global market;
38. Instructs its President to forward this resolution to the Council and the Commission.