



Plenary sitting

A9-0255/2023

27.7.2023

*****I**
REPORT

on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design (COM(2023)0148 – C9-0049/2023 – 2023/0077(COD))

Committee on Industry, Research and Energy

Rapporteur: Nicolás González Casares

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 amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design (COM(2023)0148 – C9-0049/2023 – 2023/0077(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2023)0148),
 - 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 (C9-0049/2023),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 15 June 2023¹,
 - having regard to the opinion of the Committee of the Regions of 5 July 2023²,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the opinion of the Committee on Economic and Monetary Affairs,
 - having regard to the letters from the Committee on Budgets and the Committee on the Internal Market and Consumer Protection,
 - having regard to the report of the Committee on Industry, Research and Energy (A9-0255/2023),
1. Adopts its position at first reading hereinafter set out;
 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.

¹ Not yet published in the Official Journal.

² Not yet published in the Official Journal.

Amendment 1

AMENDMENTS BY THE EUROPEAN PARLIAMENT*

to the Commission proposal

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 194(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Very high prices and volatility in electricity markets have been observed since September 2021. As set out by the European Agency for the Cooperation of Energy Regulators ('ACER') in its April 2022 assessment of EU wholesale electricity market

* Amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol **■**.

design¹, this is mainly a consequence of the **gas supply crisis**, the high price of gas, which is used as an input to generate electricity. **Additional factors, such as maintenance, corrosion problems or outages experienced in several nuclear reactors as well as low hydropower output further amplified the increase in electricity prices.**

- (2) The escalation of the Russian military aggression against Ukraine, a Contracting Party of the Energy Community, and related international sanctions since February 2022 have disrupted global energy markets, exacerbated the problem of high gas prices, and have had significant knock-on impacts on electricity prices. The **unjustified** Russian invasion of Ukraine has also caused uncertainty on the supply of other **fossil energy** commodities, such as hard coal and crude oil, used by power-generating installations. This has resulted in substantial additional increases in the volatility of price levels of electricity.
- (3) In response to this situation, the Communication on Energy Prices presented by the Commission in October 2021 contained a toolbox of measures that the EU and its Member States may use to address the immediate impact of high energy prices on households and businesses (including income support, tax breaks, gas **savings, and energy** savings and storage measures) and to strengthen resilience against future price shocks. In its Communication of 8 March 2022 entitled ‘REPowerEU: Joint European Action for more affordable, secure and sustainable energy’² the Commission outlined a series of additional measures to strengthen the toolbox and to respond to rising energy prices. On 23 March 2022, the Commission also established a temporary State Aid regime to allow certain subsidies to soften the impact of high energy prices.³

¹ European Union Agency for the Cooperation of Energy Regulators, ACER’s Final Assessment of the EU Wholesale Electricity Market Design, April 2022.

² Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions - REPowerEU: Joint European Action for more affordable, secure and sustainable energy, COM/2022/108 final

³ Communication from the Commission Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia C 131 I/01, C/2022/1890.

- (4) On 18 May 2022 the Commission presented the REPowerEU plan⁴ that introduced additional measures focusing on energy savings, diversification of energy supplies, **increased energy efficiency targets** and accelerated roll-out of renewable energy aiming at ending the Union's dependency on Russian fossil fuels, including a proposal to increase the Union's 2030 target for renewables to 45 %. Furthermore, the Communication on Short-Term Energy Market Interventions and Long-Term Improvements to the Electricity Market Design⁵, in addition to setting out additional short-term measures to tackle high energy prices identified potential areas for improving the electricity market design and announced the intention to assess these areas with a view to change the legislative framework.
- (5) To address urgently the price crisis and security concerns and to tackle the price hikes for citizens, and based on a series of Commission proposals, the Union adopted a strong gas storage regime⁶, effective demand reduction measures for gas and electricity⁷, price limiting regimes to avoid windfall profits in both gas and electricity markets⁸ and measures to accelerate the permit-granting procedures for renewable energy installations⁹.
- (6) A well-integrated market which builds on the Clean Energy for all Europeans Package adopted in 2018 and 2019¹⁰ should allow the Union to reap the economic benefits of a

⁴ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions - REPowerEU Plan, COM(2022)230.

⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Short-Term Energy Market Interventions and Long Term Improvements to the Electricity Market Design – a course for action, COM(2022) 236 final.

⁶ Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage (OJ L 173, **30.6.2022, p. 17**).

⁷ Council Regulation (EU) 2022/1369 of 5 August 2022 on coordinated demand-reduction measures for gas (OJ L 206, **8.8.2022, p. 1**) and Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices (OJ L 261, **7.10.2022, p. 1**).

⁸ Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices (OJ L 261, **7.10.2022, p. 1**).

⁹ Council Regulation (EU) 2022/2577 of 22 December 2022 laying down a framework to accelerate the deployment of renewable energy (OJ L 335, 29.12.2022, **p. 36**).

¹⁰ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action (OJ L 328,

single energy market in *all* circumstances, *including during electricity prices crisis*, ensuring security of supply and sustaining the decarbonisation process *to achieve the climate neutrality objective*. Cross-border interconnectivity also ensures safer, more reliable and efficient operation of the power system, *and better resilience to short-term price shocks*. *To that end, the Commission should consider how to improve monitoring and enforcement of Regulation (EU) 2019/943, including the obligation to make 70 % of interconnector capacity available for cross-border trade.*

Furthermore, the Commission should consider increasing that obligation, and limiting possible derogations therefrom, in order to make the electricity market fit for an energy system primarily based on renewable energy, which requires more and better interconnection to sustain a high security of supply.

- (6a)** *Strengthening the internal energy market and achieving the climate and energy transition objectives require a substantial upgrade of the Union's electricity network to be able to host substantial increases of renewable capacity, variability on generation amounts, changing electricity flow patterns across Europe and new demand such as electric vehicles and heat pumps. Investments in grids are crucial to the proper functioning of the internal market, to the integration of renewable energy, to support security of supply and to effectively connect energy supply and demand in a context where those locate further apart, and the deliverance and Union climate and energy targets require efficient resource use within and across borders. Until the end of 2030, the Union will require EUR 584 billion investments to cover the needs of electricity grids alone, both transmission and distribution. The challenge is particularly notable at distribution level, given the growing amount of renewable generation capacity connected to distribution grids, which will connect*

21.12.2018, p. 1); Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82); Directive (EU) 2018/2002 of the European Parliament and of the Council of 11 December 2018 amending Directive 2012/27/EU on energy efficiency (OJ L 328, 21.12.2018, p. 210); Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (OJ L 158, 14.6.2019, p. 22); Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (OJ L 158, 14.6.2019, p. 54); Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity (OJ L 158, 14.6.2019, p. 125).

most new renewable projects, and the developments towards the electrification and smartening of energy demand. A failure to expand, upgrade and smarten the distribution grids accordingly could put at risk delivering on the Union's renewable targets, delaying the connection to the network of new renewable capacities; could hamper the possibility for consumers to become active players of the energy transition; and ultimately delay the completion of the internal energy market.

- (6b)** *An interconnected European electricity network is essential for the European security of supply and competitiveness, as well as for the better achievement of the decarbonisation targets to which the Union has committed itself and to facilitate affordable, safe and sustainable energy. Therefore, any reform of the Union's electricity market should contribute to a more integrated European electricity network. It is particularly important to ensure that each Member State has in place interconnection capacity of at least 15 % to allow electricity produced on its territory to be transported across its borders to neighbouring countries. This is particularly important for the Iberian peninsula and for other European regions which need to extend their grid interconnections, but where progress is still slow and challenged by several aspects. Therefore, the Union and Member States should strengthen their cooperation to remove barriers, facilitate financing and accelerate all procedures to ensure that the minimum 15 % electricity interconnection target for 2030 laid down in Article 4, point (d)(1), of Regulation (EU) 2018/1999 is met.*
- (6c)** *Building and upgrading the Union's electricity network and connectivity infrastructure, such as the projects of common European interest as established by the framework concerning the Trans-European Networks for Energy, including through submarine cables, can contribute to connect remote areas and islands, thus providing adequate connectivity to all Union citizens. An appropriate investment in revitalising isolated territories, such as islands and rural areas, can bring major opportunities to citizens and undertakings to participate in the energy transition and the digital transformation of the Union. Special consideration should be given to the outermost regions as referred to in Article 349 of the Treaty on the Functioning of the Union (TFEU), which recognises their specific constraints and provides for the adoption of specific measures in their regard.*

- (7) The current electricity market design has also helped the emergence of new and innovative products, services and measures on retail electricity markets, supporting energy efficiency and renewable energy uptake and enhancing choice so as to help consumers reduce their energy bills also through small-scale generation installations and emerging services for providing demand response. Building on and seizing the potential of the digitalisation of the energy system, such as active participation by consumers, should be a key element of our future electricity markets and systems. At the same time, there is a need to respect consumer choices, ***shield household consumers from high prices, manipulation and abuse*** and allow consumers to benefit from a variety of contract offers. ***Energy system integration should be intended as the planning and operation of the energy system as a whole, across multiple energy carriers, infrastructures, and consumption sectors, by creating stronger links between them, in synergy with each other and supported by digitalisation with the objective of delivering affordable, reliable and resource-efficient energy services, at the least possible cost for society.***
- (8) In the context of the energy crisis, the current electricity market design has however also revealed a number of important shortcomings ***and unexpected consequences*** linked to the impact of high and volatile fossil fuel prices on short-term electricity markets, which expose households and companies to significant price spikes with effects on their electricity bills.
- (9) A faster deployment of renewable energy and clean flexible technologies constitutes the most sustainable and cost-effective way of structurally reducing the demand for fossil fuels for electricity generation and for direct consumption through electrification and energy system integration. Thanks to their low operational costs, renewable sources can positively impact electricity prices across the Union and reduce **■** consumption of fossil fuels.
- (10) The changes to the electricity market design should ensure that the benefits from rising renewable power deployment, and the energy transition as a whole, are brought to consumers, including the most vulnerable ones, and ultimately, shield them from energy crises and avoid more households falling into energy poverty trap. These should mitigate the impact of high fossil fuel prices, notably that of gas, on electricity prices, aiming to allow households and companies to reap the benefits of affordable

and secure energy from sustainable renewable and low carbon sources in the longer term, *as well as the role of energy efficient solutions in reducing overall energy costs, which may reduce the need for power grid and generation capacity expansion.*

- (11) The reform of the electricity market design *should aim to achieve affordable and competitive electricity prices for all consumers. As such, it* should benefit not *only* household consumers but also the competitiveness of the Union's industries by facilitating their possibilities to make the clean tech investments they require to meet their net zero transition paths. The energy transition in the Union needs to be supported by a strong clean technology manufacturing basis. These reforms will *help industry to secure their access to affordable and continuous supply of clean power and heat and* support the affordable electrification of industry, *including on-site renewables and high efficiency cogeneration uptake*, and the Union's position as a global leader in terms of research and innovation in clean energy technologies.
- (12) Well-functioning and efficient short-term markets are a key tool for the integration of renewable energy and flexibility sources in the market and facilitate energy system integration in a cost-effective manner.
- (12a) *As the Court of Auditors concluded in its Special Report 03/2023, entitled 'Internal electricity market integration', the internal electricity market was hindered by its regulatory approach and its weak governance framework, leading to delays and an incomplete market surveillance system. Therefore, the Commission should assess the effectiveness of the current structure of the electricity market and the functioning of the short-term market; the development of electricity generation capacity and quality of service delivered to final costumers in each Member State and the suitability of the current Union legal and financing framework on distribution grids to deliver on the Union's renewable and internal energy market objectives. The Commission should also assess any inefficiencies in the internal electricity market and consider measures on European trading platforms for primary and secondary long-term markets, including measures to create liquidity and transparency, such as requirements for producers and costumers to contract minimum amount of products in public, centralised auctions to provide liquidity.*

- (13) Intraday markets are particularly important for the integration of variable renewable energy sources in the electricity system at the least cost as they give the possibility to market participants to trade shortages or surplus of electricity closer to the time of delivery. Since variable renewable energy generators are only able to accurately estimate their production close to the delivery time, it is crucial for them to have a maximum of trading opportunities via access to a liquid market as close as possible to the time of delivery of the electricity.
- (14) It is therefore important for the intraday markets to adapt to the participation of variable renewable energy technologies such as solar and wind as well as to the participation of demand response and **energy** storage. The liquidity of the intraday markets should be improved with the sharing of the order books between market operators within a bidding zone, also when the cross-zonal capacities are set to zero or after the gate closure time of the intraday market. ***In order to ensure that order books are shared between NEMOs in the day-ahead and intraday timeframes, NEMOS should submit all orders to the single day-ahead and intraday coupling, and should not organize the trading of day-ahead and intraday products, or products with similar characteristics, outside the single day-ahead and intraday coupling. To address the inherent risk of discrimination in the trading of day-ahead and intraday products inside and outside the single day-ahead and intraday coupling, this obligation should apply to NEMOs and to undertakings which directly or indirectly exercise control or any right over a NEMO.*** Furthermore, the gate closure time of the intraday market should be set closer to the time of delivery to **maximise** the opportunities for market participants to trade shortages and surplus of electricity and contribute to better integrating variable renewables in the electricity system, **provided that this measure does not have negative impacts on the security of the national electricity system, cost-efficiency, greenhouse gas emissions and facilitates the integration of renewable energy.**
- (15) In addition, the short-term electricity markets should ensure that small-scale flexibility service providers can participate by lowering the minimum bid size.
- (16) **Ensuring** the efficient integration of electricity generated from variable renewable energy sources and **reducing** the need for fossil-fuel based electricity generation **is an objective of the Union, the urgent need for which has been demonstrated in this**

crisis. Building on lessons learned, ACER should perform an assessment about the possibility for system operators to procure a peak shaving product in order to achieve a reduction of electricity demand and price during peak hours. The assessment should take into consideration the need for peak shaving products not to distort the functioning of the electricity markets and not to cause a redirection of demand response services towards peak shaving products. The assessment should also take into consideration specific national developments and consider the possibility of procuring those products under normal circumstances and during electricity price crisis. In light of the assessment, the Commission should, where appropriate, submit a legislative proposal to amend Regulation (EU) 2019/943 in order to introduce peak shaving products outside electricity price crisis situations.

- (17) In order to be able to actively participate in the electricity markets and to provide their flexibility, consumers are progressively equipped with smart metering systems. However, in a number of Member States the roll-out of smart metering systems is still slow *so it is imperative that Member States improve the conditions for the installation of smart metering systems, with the objective of reaching a full coverage as soon as possible. However, consumers should have the right to use or request the use of a dedicated measurement device, so that they can engage with their flexible loads in demand response, independently from being already equipped with a smart metering system. In addition to the use of data from smart metering systems, in those instances where smart metering systems are not yet installed and in instances where smart metering systems do not provide for the sufficient level of data granularity, transmission and distribution system operators, upon customer consent, should be able to use data from dedicated measurement devices for the observability and settlement of flexibility services such as demand response and energy storage. Enabling the use of data from dedicated measurement devices for observability and settlement should facilitate the active participation of the consumers in the market and the development of their demand response. The use of data from these dedicated measurement devices should be accompanied by quality requirements relating to the data.*
- (18) This Regulation establishes a legal basis for processing of personal data in compliance with Article 6(1)(c) GDPR. Member States should ensure that all personal data

protection principles and obligations laid down in the GDPR are met, including on data minimisation. Where the objective of this Directive can be achieved without processing of personal data, providers should rely on anonymised and aggregated data.

- (19) Consumers and suppliers need effective and efficient forward markets to cover their long-term price exposure and decrease the dependence on short-term prices. To ensure that energy customers all over the *Union* can fully benefit from the advantages of integrated electricity markets and competition across the Union, the functioning of the Union's electricity forward market should be improved via the *assessment and implementation of possible feasible solutions in a reasonable period within the current market set-up, with the aim* to overcome the existing market fragmentation and the low liquidity experienced in many bidding zones. *Those improvements could for instance be more frequent auctions or other maturities to be considered and would require a proper assessment. At the same time, an assessment on the impact of the establishment of regional virtual hubs for the forward market on the functioning of the electricity markets should be carried out by the Commission, including on the virtual hubs' geographical scope as non-physical regions covering more than one bidding zone and the methodology for the calculation of the reference prices for the regional virtual hubs.*

■

- (21) To enhance the possibilities of market participants for hedging, the role of the single allocation platform established in accordance with Commission Regulation (EU) 2016/1719 should be expanded. The single allocation platform should *act as an entity offering allocation and facilitating* trading of financial long-term transmission rights *on behalf of the transmission system operators* between the different bidding zones and, *where relevant*, the regional virtual hubs. The orders submitted by market participants for financial transmission rights *should* be matched by a simultaneous allocation of long term cross zonal capacity. Such matching and allocation should be performed *in accordance with Commission Regulation (EU) 2016/1719 and* on a regular *and more frequent* basis, to ensure enough liquidity and, hence, efficient hedging possibilities to market participants. The long-term transmission rights should be issued with *different* maturities (ranging from month ahead to at least three years ahead), in order to be aligned with the typical hedging time horizon of market

participants. The single allocation platform should be subject to monitoring and enforcement to ensure that it performs its tasks properly.

- (22) Network tariffs should incentivise transmission and distribution system operators to use flexibility services through further developing innovative solutions to optimise the existing grid and to procure flexibility services, in particular demand response or storage. For this purpose, network tariffs should be designed so as to take into account the operational and capital expenditures of system operators or an efficient combination of both so that they can operate the electricity system cost-efficiently. This would further contribute to integrating renewables at the least cost for the electricity system and enable final customers to value their flexibility solutions.

- (22a) The energy transition requires a rapid acceleration in the deployment of renewables, onshore and offshore, and electrified demand promoting sector coupling. Such a prompt ramp-up of installations, together with the inherent complexities of managing an electricity system with variable and distributed resources, is posing substantial challenges to the grids. In general, the transmission grid will incorporate large amounts of onshore and offshore renewable capacities and transmit the electricity to demand areas, further interconnect Member States and enable flows from distributed renewables to other demand areas. The distribution grid will incorporate most new onshore renewable capacities and electrified and smart household demand. Regulatory authorities will play a central role in ensuring that sufficient investment is provided for the necessary grid development, expansion and reinforcement. Regulatory authorities should promote the use of anticipatory investments, encouraging the acceleration of grid development to meet the accelerated deployment of renewable generation and smart electrified demand, such as electric vehicles, charging infrastructure and heat pumps deployment, where applicable, while taking careful consideration of the electricity network needs reflected in national or local development plans for energy, electric transport and heating sectors. This may be the case in particular for designated renewables acceleration areas where anticipatory investments will be instrumental in ensuring that grids become enablers and not bottlenecks. Network tariffs should be designed to provide the right incentives to system operators by combining a timely recognition of traditional investments in physical networks and adequate returns, with a flexible***

reflection of operational cost. Any obstacle in national regulation to the necessary and efficient investments should be abolished.

- (23) Offshore renewable energy sources, such as offshore wind, ocean energy and floating photovoltaic, will play an instrumental role in building a power system largely based on renewables and in ensuring climate neutrality by 2050. There are, however, substantial obstacles to their wider and efficient deployment preventing the massive scale up needed to achieve those objectives. Similar obstacles could arise for other offshore technologies in the future. █ In order to reduce investment risk for these offshore project developers, ***instruments such as power purchase agreements or two-way contracts for differences may be issued.*** To ensure that the projects in an offshore bidding zone have full market access to the surrounding markets, transmission system operators should guarantee access of the offshore project to the capacity of the respective hybrid interconnector for all market time units. If the available transmission capacities ***agreed in the connection agreement or in a critical network element*** are reduced to the extent that the full amount of electricity generation that the offshore project would have otherwise been able to export cannot be delivered to the market, ***and subject to a coordinated decision of the Member States concerned,*** the transmission system operator or operators responsible for the need to limit the capacity should, in future, be enabled to ***partly*** compensate the offshore project operator ***by*** using ***the excess*** congestion income ***earned additionally on the interconnector due to the capacity restriction.*** This compensation should only be related to the production capability available to the market, which may be weather dependent and excludes the outage and maintenance operations of the offshore project. ***Such compensation cannot be considered to cover all risks that the offshore generator will face but only those associated with the unique topographical situation of offshore hybrid projects connected to more than one market.*** The details, including the conditions under which the measure may expire, ***as well as a methodology for the calculation of such compensation should*** be defined in an implementing ***act.***
- (24) In the day-ahead wholesale market, the power plants with lower marginal costs are dispatched first, but the price received by all market participants is set by the last plant needed to cover the demand, which is the plant with the highest marginal costs, when the markets clear. In this context, the energy crisis has shown that a surge in the price

of gas and hard coal can translate into exceptional and lasting increases of the prices at which the gas and coal-fired generation facilities bid in the day-ahead wholesale market. That in turn has led to exceptionally high prices in the day-ahead market across the Union, as gas and coal-fired generation facilities are often the plants with the highest marginal costs needed to meet the demand for electricity.

(25) Given the role of the price in the day-ahead market as a reference for the price in other wholesale electricity markets, and the fact that all market participants receive the clearing price, the technologies with significantly lower marginal costs have consistently recorded high revenues.

(25a) The reform of the electricity market design should protect all consumers, households, small and medium-sized enterprises and industry from high price shocks. Therefore, on the basis of the lessons learned, the Commission should also assess options for the introduction of a temporary relief valve mechanism in view of the experience with those mechanisms at international level and of the evolution and new developments in the Union electricity market.

(26) To reach the Union's decarbonisation targets and the objectives set out in REPowerEU to become more energy independent, the Union needs to accelerate the deployment of renewables at a much faster pace. In view of the investment needs required to achieve these goals, the market should ensure that a long-term price signal is established.

(27) In this framework, Member States should strive to create the right market conditions for long-term market-based instruments, such as power purchase agreements ('PPAs'). PPAs are bilateral purchase agreements between producers and buyers of electricity. They provide long-term price stability for the customer and the necessary certainty for the producer to take the investment decision. Nevertheless, only a handful of Member States have active PPA markets and buyers are typically limited to large companies, not least because PPAs face a set of barriers, in particular the difficulty to cover the risk of payment default from the buyer in these long-term agreements. Member States should take into consideration the need to create a dynamic PPA market when setting the policies to achieve the energy decarbonisation objectives set out in their integrated national energy and climate plans. ***Regulatory unpredictability, instability and***

retroactivity would undermine the ability of PPAs to contribute to the clean energy transition and energy independence.

- (28) According to Article 15(8) of Directive (EU) 2018/2001 of the European Parliament and of the Council, Member States are to assess the regulatory and administrative barriers to long-term renewables PPAs, and shall remove unjustified barriers to, and promote the uptake of, such agreements. In addition, Member States are to describe policies and measures facilitating the uptake of renewables PPAs in their integrated national energy and climate plans. Without prejudice to that obligation to report on the regulatory context affecting the PPA market, Member States should ensure that instruments to reduce the financial risks associated to the buyer defaulting on its long-term payment obligations in the framework of PPAs are accessible to companies that face entry barriers to the PPA market and are not in financial difficulty in line with Articles 107 and 108 TFEU. Member States could decide to set up a guarantee scheme at market prices. ***Member States may put in place such instruments to make hedging products in the forward market accessible to customers that face entry barriers to the forward market.*** Member States should include provisions to avoid lowering the liquidity in the electricity markets, such as by using financial PPAs. Member States should not provide support to PPAs that purchase generation from fossil fuels. While the default approach should be non-discrimination between consumers, Member States could decide to target these instruments to specific categories of consumers, applying objective and non-discriminatory criteria. ***However, where a Member State determines that there are sufficiently developed markets for PPAs to allow effective competition, public guarantee schemes should only support the purchase of new renewable generation.*** In this framework, ***and in light of the increased Union renewable energy target and the urgent need to significantly accelerate the current pace of deployment of renewables,*** Member States should take into account the potential role of instruments provided at Union level, for instance by the European Investment Bank ('EIB') ***or other Union-level facilities. Moreover, the Commission should take additional measures to achieve the renewables target which could include instruments at Union level such as European wide auctions, in particular of additional Union backed guarantees for PPAs and contracts for differences, to***

support the deployment of additional renewable energy capacities corresponding to at least the additional 2,5 % to achieve the Union target of 45 %.

- (29) Member States have at their disposal several instruments to support the development of PPA markets when designing and allocating public support. Allowing renewable energy project developers participating in a public support tender to reserve a share of the generation for sale through a PPA would contribute to nurture and grow PPA markets. In addition, as part of these tender evaluation Member States should endeavour to apply criteria to incentivise the access to the PPA market for actors that face entry barriers, such as small and medium-sized enterprises ('SMEs'). *To facilitate the access to and the uptake of PPAs, voluntary standardised contracts designed to simplify procedures and match the risk profile of different size customers should be developed.*
- (29a) *To gain a better knowledge of the evolution of a growing market, such as the PPA market, new tools are needed. Therefore, a database at Union level should be established to facilitate the collection of relevant information on the PPAs concluded in the Union. That database should function as a digital platform and should be used to facilitate ACER's and regulatory authorities' monitoring of relevant information on the PPAs signed in the Union. Market participants who have reported records of PPAs should not be subject to double reporting obligations relating to those contracts.*
- (30) Where Member States decide to support publicly financed new investments ("direct price support schemes") in low carbon, non-fossil fuel electricity generation to achieve the Union's decarbonisation objectives, those schemes should be structured by way of two-way contracts for difference *or equivalent schemes achieving the same goals* such as to include, in addition to a revenue guarantee, an upward limitation of the market revenues of the generation assets concerned. *Such schemes should be allocated through a voluntary, competitive, open, transparent, non-discriminatory, and cost-effective procedure, in accordance with State aid rules, preventing undue distortions to the efficient functioning of the electricity markets.* New investments for the generation of electricity should include investments in new power generating facilities, investments *aiming to repower* existing power-generating facilities, *or* extending existing power-generating facilities *if the increase of power generation*

capacity is substantial. However, in the case of investments aiming to extend existing power-generating facilities, two-way contract for differences should be strictly limited to the share of the total power-generation capacity that reflects the costs of the new investment in relation to the total investment costs of the power-generating facility.

- (31) Such two-way contracts for difference would ensure that revenues of producers stemming from new investments in electricity generation which benefit from public support become more independent from the volatile prices of fossil fuels-based generation which typically sets the price in the day-ahead market.
- (32) However, to the extent that the limitation to set out direct price support schemes in the form of two-way contracts for difference narrows down the types of direct price support schemes that Member States can adopt as regards renewable energy sources, it should be limited to low carbon, non-fossil fuel technologies, with low and stable operational costs and to technologies which typically do not provide flexibility to the electricity system, while excluding technologies that are at early stages of their market deployment. This is necessary to ensure that the economic viability of generation technologies with high marginal costs is not jeopardised and to maintain the incentives of the technologies which can offer flexibility to the electricity system to bid in the electricity market based on their opportunity costs. In addition, the limitation to set out direct price support schemes in the form of two-way contracts for difference *or equivalent schemes achieving the same goals* should not apply to *electricity from the renewable sources listed in Article 19b(2) of Regulation (EU) 2019/943 with more than 1 MW installed capacity, and more than 6 MW where the project is a citizen energy community or renewable energy community and to* emerging technologies for which other types of direct price support schemes may be better placed to incentivise their uptake. The limitation should be without prejudice to the possible exemption for small-scale installations and demonstration projects pursuant to Article 4 (3) of (EU) 2018/2001 ■ and consider the specificities of renewable energy communities in accordance with Article 22(7) of that Directive.
- (33) In view of the need to provide regulatory certainty of producers, the obligation for Member States to apply direct price support schemes for the production of electricity in the form of two-way contracts for difference should apply only to new investments

for the generation of electricity from the sources specified in the recital above **and where those contracts are concluded after ... [one year after the date of entry into force of this amending Regulation].**

- (34) Thanks to the upward limitation of the market revenues direct price support schemes in the form of two-way contracts for difference should provide an additional source of revenues for Member States in periods of high energy prices. To further mitigate the impact of high electricity prices on the energy bills of consumers, Member States should ensure that the revenues collected from producers subject to direct price support schemes in the form of two-way contracts for difference are passed on to final electricity customers, including households, SMEs and industrial consumers **with a particular focus on vulnerable customers and customers affected by or at risk of energy poverty. Member States could also dedicate the revenues to compensate the cost of the support schemes, to support investments for the energy transition of the electricity sector or to cover energy-intensive industries at risk of carbon leakage if they demonstrate significant emission reductions through their decarbonisation efforts for reaching climate neutrality. In such a case, those energy-intensive industries should be requested to include a transformation plan that sets out key elements on their pathway unless they already have one in place. The revenues should be distributed in accordance with a fair, transparent and non-discriminatory methodology.** The redistribution of revenues should be done in a way that ensures that consumers are still to some extent exposed to the price signal, so that they reduce their consumption when the prices are high, or shift it to periods of lower prices (which are typically periods with a higher share of RES production). Member States should ensure that the level playing-field and competition between the different suppliers is not affected by the redistribution of revenues to the final electricity consumers.
- (35) Furthermore, Member States should ensure that the direct price support schemes, irrespective of their form, do not undermine the efficient, competitive and liquid functioning of the electricity markets, **retaining** the incentives of producers to react to market signals, including stop generating when electricity prices are below their operational costs, and of final customers to reduce consumption when electricity prices are high. Member States should ensure that support schemes do not constitute a barrier for the development of commercial contracts such as PPAs. **The two-way contracts**

for difference should also take into account in their design locational criteria; be designed so that the support granted to the energy projects are not revised in a way that negatively affects the rights conferred thereunder or undermines the economic viability of projects that already benefit from support; ensure transparency in the conditions and retain the incentives for the generating facility to operate and participate efficiently in the electricity markets; should not receive support for production in any period in which the market value of that production is negative; should minimise their possible negative impact on the liquidity of forward markets, and should include penalty clauses applicable in the case of the early termination of the contract, while complying with the principles set out in Article 4(2) and 4(3), first and third subparagraphs, of Directive (EU) 2018/2001.

- (36) Thus, two-way contracts for difference and power purchase agreements play complementary roles in advancing the energy transition and bringing the benefits of renewables and low carbon energy to consumers. Subject to the requirements set out in the present Regulation, Member States should be free to decide which instruments they use to achieve their decarbonisation objectives. Through PPAs, private investors contribute to additional renewable and low carbon energy deployment while locking low and stable electricity prices over the long-term. Likewise, through two-way contracts for difference, the same objective is achieved by public entities on behalf of consumers. Both instruments are necessary to achieve the Union's decarbonisation targets through renewable and low carbon energy deployment, while bringing forward the benefits of low-cost electricity generation for consumers.
- (37) The accelerated deployment of renewables necessitates a growing availability of flexibility solutions to ensure their integration to the grid and to enable the electricity system and grid to adjust to the variability of electricity generation and consumption across different time horizons. Regulatory authorities should periodically assess the need for flexibility ***at national level including flexibility needs in a future net-zero electricity system based on the input of transmission and distribution system operators, after conducting a public consultation. ACER should periodically assess and draw up a report on flexibility needs at Union level.*** The assessment of the flexibility needs of the electricity system should take into account all existing and planned investments (including existing assets that are not yet connected to the grid) on sources of

flexibility such as flexible electricity generation, interconnectors, demand ■ response, energy storage or the production of renewable fuels, in view of the need to decarbonise the energy system. On this basis, Member States should define *indicative separate quantifiable* national *objectives* for ■ demand ■ response and *energy* storage which should also be reflected in their integrated national energy and climate plans. *In light of those plans, the Commission should assess the consistency between the Member States' national targets and draw up a Union strategy on demand response and energy storage that is consistent with the Union's 2030 targets for energy and climate.*

(37a) The most necessary deployment of variable renewable energy generation will reach its full potential only with the deployment of additional energy storage. The future energy system will need more flexibility, stability and reliability to achieve the objectives of Regulation (EU) 2021/1119 and the European Green Deal. Energy storage can play a crucial role in the current and future energy system. It can help decarbonise the economy and increase the efficiency and security of energy supply by providing flexibility, stability and reliability. Energy storage can also lower electricity prices during peak times, reduce electricity price fluctuations and empower consumers to adapt their energy consumption to prices and their needs.

(38) To achieve the national objective for non-fossil flexibility such as demand ■ response and *energy* storage investment needs, Member States can design or redesign capacity mechanisms in order to create a green and flexible capacity mechanism. Member States that apply a capacity mechanism in line with the existing rules should *consider promoting* the participation of non-fossil flexibility such as demand ■ response and *energy* storage by introducing additional criteria or features in the design.

(39) To support environmental protection objectives the CO₂ emissions' limit, set out in Article 22(4) of Regulation (EU) 2019/943 of the European Parliament and of the Council, should be seen as an upper limit. Therefore, Member States could set technical performance standards and CO₂ emissions' limits that restrict participation in capacity mechanisms to flexible, fossil-free technologies in full alignment with the

Guidelines on State aid for climate, environmental protection and energy¹¹ which encourage Member States to introduce green criteria in capacity mechanisms.

- (40) In addition, if Member States do not apply a capacity mechanism or if the additional criteria or features in the design of their capacity mechanism are insufficient to achieve national objective for demand response and **energy** storage investment needs they could apply flexibility support schemes consisting of payments for the available capacity of non-fossil flexibility such as demand ■ response and **energy** storage.
- (40a) The energy crisis has demonstrated the need for flexible back-up generation, a need which is more acute with an increasing share of renewables in the electricity mix or when the level of interconnections in a Member State is not sufficiently developed. Therefore, in order to facilitate the integration of an increasing share of renewable generation into the electricity system, capacity mechanisms should not be considered as an element of last resort where that is determined following a resource adequacy assessment.***
- (41) The connection of new generation and demand installations, in particular renewable energy plants, often faces delays in grid connection procedures. One of the reasons for such delays is the lack of available grid capacity at the location chosen by the investor, which implies the need for grid extensions or reinforcements to connect the installations to the system in a safe manner. A new requirement for electricity system operators, both at transmission and distribution levels, to publish and update information on the grid capacity available in their areas of operation would contribute to decision-making by investors on the basis of information of grid capacity availability within the system and thus to the required acceleration in the deployment of renewable energy.
- (42) Furthermore, to tackle the problem of lengthy reply times on requests for connection to the grid, transmission and distribution system operators should provide clear and transparent information to system users about the status and treatment of their connection requests. Transmission and distribution system operators should endeavour to provide such information within a period of three months from the submission of

¹¹ Communication from the Commission – Guidelines on State aid for climate, environmental protection and energy 2022 (OJ C 80, 18.2.2022, p. 1).

the request. ***Transmission and distribution system operators should cooperate with each other to provide clear and transparent information on the level of self-consumption capacity installed.***

- (43) During the energy crisis, consumers have been exposed to extremely volatile wholesale energy prices and had limited opportunities to engage in the energy market. Consequently, many households, have been facing ***financial*** difficulties ***and have been unable to pay*** their bills. Vulnerable consumers and the energy poor are the hardest hit¹², but middle-income households have also been exposed to such ***financial*** difficulties. ***High energy prices also have a negative impact on consumer health, well-being, social inclusion and quality of life. High energy prices discourage people from adequately heating or cooling their homes, and living in such conditions increases health risks, such as those linked to cardiac and respiratory problems.*** It is therefore important to update consumer rights and protections, allowing consumers to benefit from the energy transition, decouple their electricity bills from short term price movements on energy markets and rebalance the risk between suppliers and consumers.
- (44) Consumers should have access to a wide range of offers so that they can choose a contract according to their needs. However, suppliers have reduced their offers, fixed-price contracts have become scarce, and the choice of offers has become limited. Consumers should always have the possibility to opt for an affordable fixed price and fixed term ***electricity supply*** contract ***to ensure a stable price over the duration of the contract*** and suppliers should not unilaterally modify the terms and conditions ***of a contract or terminate it*** before such contract expires.
- (45) When ***suppliers*** do not ensure that their electricity portfolio is sufficiently hedged changes in wholesale electricity prices can leave them financially at risk and, result in their failure, passing on costs to consumers and other network users. Hence, it should be ensured that ***Member States perform regular stress test to assess whether*** suppliers are appropriately hedged when offering fixed price contracts. ***Where hedging***

¹² Particular groups are more at risk of being affected by energy poverty or more susceptible to the adverse impacts of energy poverty, such as women, persons with disabilities, older persons, children, and persons with a minority racial or ethnic background.

opportunities are insufficient, an appropriate hedging strategy should be put in place and take into account the suppliers' access to its own generation and its capitalisation as well as its exposure to changes in wholesale market prices, the size of the supplier and the market structure.

- (46) Consumers should be able to choose the supplier which offers them the price and service which best suits their needs. Advances in metering and sub-metering technology combined with information and communication technology mean that it is now technically possible to have multiple suppliers for a single premises. If they **wish to do so**, customers should be able to use these possibilities to choose a separate supplier, *in particular* for electricity to power appliances such as heat pumps or electric vehicles which have a particularly high consumption or which also have the capability to shift their electricity consumption automatically in response to price signals. *To that end, customers should be allowed to have more than one metering and billing point covered by the single connection point for their premises. Some smart metering systems may directly cover more than one metering point and therefore enable customers to have more than one electricity supply contract at the same time.* Moreover, with fast-responding dedicated *measurement* devices which are attached to or embedded in appliances with flexible, controllable loads, final customers can participate in other incentive-based demand response schemes that provide flexibility services on the electricity market and to transmission and distribution system operators. Overall, such arrangements should contribute to the increased uptake of demand response and to consumer empowerment allowing them to have more control over their energy use and bills, while providing to the electricity system additional flexibility in order to cope with demand and supply fluctuations.
- (47) Due to the increasing complexity of energy offers and different marketing practices, consumers have often difficulties to fully understand what they sign up to. In particular, there is a lack of clarity on how the price is set, the conditions for the renewal of the contract, the consequences of terminating a contract or the reasons for changing conditions by the supplier. Therefore, the key information on energy offers should be provided to consumers by suppliers or market participants engaged in aggregation in a short and easily understandable manner prior to signing the contract.

- (48) To ensure continuity of supply for consumers in case of supplier failure, *where* Member States *have not already appointed a supplier of last resort, they* should be obliged to appoint suppliers of last resort which may be treated as the provider of universal service. That supplier might be the sales division of a vertically integrated undertaking which also performs distribution functions, provided that it meets the unbundling requirements of Article 35 of Directive (EU) 2019/944 of the European Parliament and of the Council. However, this does not imply an obligation of Member States to supply at a certain fixed minimum price.
- (49) Energy sharing can create resilience against the effects of high and volatile wholesale market prices on consumers' energy bills, empowers a wider group of consumers that do not otherwise have the option of becoming an active customer due to financial or spatial constraints, such as energy poor and vulnerable consumers, and leads to increased uptake of renewable energy by mobilising additional private capital investments and diversifying remuneration pathways. With the integration of appropriate price signals and storage facilities, electricity sharing can help lay the foundation to help tap into the flexibility potential of smaller consumers.
- (50) Active customers that own, lease or rent a storage or generation facility should have the right to share excess production and empower other consumers to become active, or to share the renewable energy generated or stored by jointly leased, rented or owned facilities, either directly or through a third-party facilitator *provided that the renewable energy generation facility owned by the third party does not exceed 6 MW capacity*. Energy sharing arrangements are either based on private contractual agreement between active customers or organised through a legal entity. A legal entity that incorporates the criteria of a renewable energy community as defined in Directive (EU) 2018/2001 ■ or a citizen energy community as defined in Directive (EU) 2019/944 ■ can share with their members electricity generated from facilities they have in full ownership. The protection and empowerment framework for energy sharing should pay particular attention to energy poor and vulnerable consumers.
- (51) Energy sharing operationalises the collective consumption of self-generated or stored electricity injected into the grid by more than one jointly acting active customers. Member States should put in place the appropriate IT infrastructure to allow for the administrative matching within a certain timeframe of consumption with self-

generated or stored renewable energy for the purpose of calculating the energy component of the energy bill. The output of these facilities should be distributed among the aggregated consumer load profiles based on static, variable or dynamic calculation methods that can be pre-defined or agreed upon by the active customers.

Active customers who participate in energy sharing should be financially responsible for the imbalances that they cause in the electricity system, whether directly or through a delegated party pursuant to Article 5 of Regulation (EU) 2019/943. All consumer rights and obligations laid down in Directive (EU) 2019/944 should apply to final customers participating in energy sharing schemes. However, households with an installed capacity up to 10,8 kW for single households and up to 100 kW for multi-apartment blocks should not be required to comply with supplier obligations.

- (52) Vulnerable customers should be adequately protected from electricity disconnections and should, ***moreover***, not be put in a position that forces them to disconnect. ***Member States should therefore prohibit electricity disconnections of vulnerable household customers and customers affected by or at risk of energy poverty, while also ensuring that disconnections are prohibited during ongoing judicial or out-of-court disputes between supplier and customers for a period of eight weeks. Member States should complement those rights with the adoption of specific measures for the winter and summer seasons, to enable household customers to help manage their consumption and avoid high settlement bills.*** The role of suppliers and all relevant national authorities to identify appropriate measures, in both the short and the long-term, which should be made available to vulnerable customers to manage their energy use and costs remain essential, including by means of close cooperation with social security systems.
- (53) Public interventions in price setting for the supply of electricity constitute, in principle, a market-distortive measure. Such interventions may therefore only be carried out as public service obligations and are subject to specific conditions. Under this Directive regulated prices are possible for energy poor and vulnerable households, including below costs, and, as a transition measure, for households and micro-enterprises. In times of crisis, when wholesale and retail electricity prices increase significantly, and this is having a negative impact on the wider economy, Member States should be

allowed to extend, temporarily, the application of regulated prices also to SMEs. For both households and SMEs, Member States should be temporarily allowed ***to lower the electricity prices and*** to set regulated prices below costs as long as this does not create distortion between suppliers and suppliers are compensated for the costs of supplying below cost. However, it needs to be ensured that such price regulation is targeted and does not create incentives to increase consumption. Hence, such price regulation should be limited to 80 % of median household consumption for households, ***100 % for vulnerable household customers*** and 70 % of the previous year's consumption for SMEs. The Commission should determine when such an electricity price crisis exists and consequently when this possibility becomes applicable. The Commission should also specify the validity of that determination, during which the temporary extension of regulated prices applies, which may be for up to one year. To the extent that any of the measures envisaged by the present Regulation constitute State aid, the provisions concerning such measures are without prejudice to the application of Articles 107 and 108 TFEU. ***In any event, the declaration of a regional or Union-wide electricity price crisis should ensure a level playing field across all Member States affected by the decision so that the internal market is not unduly distorted.***

- (54) The measures envisaged by the present Regulation are also without prejudice to the application of Directive 2014/65/EU, Regulation (EU) 2016/1011 and Regulation (EU) 648/2012.
- (55) Regulation (EU) 2019/942 of the European Parliament and of the Council, Regulation (EU) 2019/943 of the European Parliament and of the Council, Directive (EU) 2019/944 of the European Parliament and of the Council and Directive (EU) 2018/2001 of the European Parliament and of the Council should be amended accordingly.
- (56) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States, but can rather be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives,

HAS ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity

Regulation (EU) 2019/943 is amended as follows:

(1) Article 1 is amended as follows:

(-a) point (a) is replaced by the following:

‘(a) set the basis for an efficient achievement of the objectives of the Energy Union and the objective to achieve climate neutrality by 2050 at the latest, in particular the climate and energy framework for 2030 by enabling market signals to be delivered for increased efficiency, higher share of renewable energy sources, security of supply, flexibility, sustainability, decarbonisation and innovation;’;

(a) point (b) is replaced by the following:

‘(b) set fundamental principles for well-functioning, integrated electricity markets, which allow all resource providers and electricity customers non-discriminatory market access, enable the development of forward electricity markets to allow suppliers and consumers to hedge or protect themselves against the risk of future volatility in electricity prices, empower **and protect** consumers, **ensure a level playing field for distributed renewable energy installations owned by citizens and energy communities**, ensure competitiveness on the global market, enhance **security of supply and** flexibility through demand response, energy storage, **energy sharing** and other non-fossil flexibility solutions, ensure energy efficiency, facilitate aggregation of distributed demand and supply, and enable market and sectoral integration and market-based remuneration of electricity generated from renewable sources;

(ba) consider the electricity sector as a key element of integrated energy system planning and operation of the energy system as a whole, across multiple energy carriers, with the objective of delivering affordable,

reliable and resource-efficient energy services, at the lowest possible cost to society;’;

(b) the following *points are* added:

‘(e) support long-term investments in renewable energy generation *flexibility, including energy storage*, and enable consumers’ to make their energy bills *affordable and* less dependent from fluctuations of short-term electricity market prices, in particular fossil fuel prices in the medium to long-term;

(ea) set a framework for the adoption of measures to address electricity price crisis;

(eb) ensure that sufficient investments are made in the grid and storage capacities to meet the challenges posed by the increasing share of intermittent electricity generation and the overall increase in electricity use.’;

(2) In Article 2, the following points are added:

‘(72) ‘peak hour’ means an hour *of the day, based on the forecasts of transmission system operators and, where applicable, nominated electricity market operators*, with the highest electricity consumption combined with a low level of electricity generated from renewable energy sources, taking cross-zonal exchanges into account;

(73) ‘peak shaving’ means the ability of market participants to reduce electricity consumption *from the grid* at peak hours determined by the █ system operator;

(74) ‘peak shaving product’ means a market-based product through which market participants can provide peak shaving to █ system operators;

█
(76) ‘two-way contract for difference’ means a contract signed between a power generating facility operator and a counterpart, usually a public entity, that provides █ minimum remuneration protection and a limit to excess remuneration █ ;

- (77) ‘power purchase agreement’ or ‘PPA’ means a contract under which a natural or legal person agrees to purchase electricity from an electricity producer ■ ;
- (78) ‘market revenue’ means realised income **that a** producer receives in exchange for the sale and delivery of electricity **or for the provision of other services related to the energy system** in the Union, regardless of the contractual form in which such exchange takes place, **including power purchase agreements and other hedging operations against fluctuations in the wholesale electricity market**, and excluding any support granted by Member States;
- (78a) **‘settlement’ means a payment that is made and received between counterparties, against delivery and receipt of electricity where applicable, in fulfilment of the counterparties’ respective obligations pursuant to one or more clearing transactions;**
- (79) ‘dedicated **measurement** device’ means a device **linked or** attached to, or embedded in, an asset that **provides** demand response or flexibility services on the electricity market or to transmission and distribution system operators **and that allows measuring the volume of demand response and flexibility services delivered;**
- (79a) **‘power control system’ or ‘PCS’ means a system or device which electronically limits or controls the steady state alternating currents, or direct currents, to a programmable limit or level;**
- (79b) **‘flexible connection agreement’ means a set of predetermined rules and requirements for expeditiously interconnecting electrical capacity to the grid, that includes an agreement to limit and control the import and export of electricity from and to the transmission and distribution network;**
- (80) ‘flexibility’ means the ability of an electricity system to adjust to the variability of generation and consumption patterns and grid availability, across relevant market timeframes;
- (80a) **‘intraday market operator’ means any NEMO, power exchange or other entity which collects bids and offers for intraday products, or products with essentially the same characteristics as intraday products, from market participants before or after the intraday cross-zonal gate closure time;**

(80b) *‘intraday market timeframe’ means the timeframe of the electricity market from single intraday coupling gate opening time until the latest point in time when intraday trading is allowed in a given bidding zone including time periods after the intraday cross-zonal gate closure time;*

(80c) *‘day-ahead market timeframe’ means the timeframe of the electricity market from the single day-ahead coupling gate opening time until the time when the single day-ahead coupling results are published;’;*

(3) Article 7 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Transmission system operators and NEMOs **■** shall jointly organise the management of the integrated day-ahead and intraday markets in accordance with Regulation (EU) 2015/1222. Transmission system operators and NEMOs shall cooperate at Union level or, where more appropriate, at a regional level in order to maximise the efficiency and effectiveness of Union electricity day-ahead and intraday trading. The obligation to cooperate shall be without prejudice to the application of Union competition law. In their functions relating to electricity trading, transmission system operators and NEMOs shall be subject to regulatory oversight by the regulatory authorities pursuant to Article 59 of Directive (EU) 2019/944 and ACER pursuant to Articles 4 and 8 of Regulation (EU) 2019/942 **and the transparency obligations and effective supervision against market manipulation laid down in Regulation ... [REMIT II].’;**

(b) paragraph 2 is amended as follows:

(i) point (c) is replaced by the following:

‘(c) maximise the opportunities for all market participants to participate in cross-zonal and intra-zonal trade in a non-discriminatory way and as close as possible to real time across and within all bidding zones;’;

(ii) the following point (ca) is inserted:

‘(ca) be organised in such a way as to ensure the sharing of liquidity between

all NEMOs, both for cross-zonal and for intra-zonal trade; *in particular, NEMOs shall submit all orders for day-ahead and intraday products to the single day-ahead and intraday coupling until the latest point in time when day-ahead or intraday trading is allowed in a given bidding zone. NEMOs shall not organise the trading with day-ahead and intraday products, or products with similar characteristics, outside the single day-ahead and intraday coupling. This obligation shall apply to NEMOs and to undertakings which directly or indirectly exercise control or any right over a NEMO;*’;

(iia) *point (f) is replaced by the following:*

‘(f) be transparent and, where applicable, provide information by generation units while at the same time protecting the confidentiality of commercially sensitive information and ensuring trading occurs in an anonymous manner;’;

(4) the following Articles 7a and 7b are inserted:

‘Article 7a

Peak shaving product

1. *By December 2024, ACER, after consulting ENTSO for Electricity, and the EU DSO Entity, shall carry out an assessment of the possibility of system operators to procure peak shaving products in order to achieve a reduction of electricity demand and price during peak hours. That assessment shall take into consideration the need for peak shaving products not to distort the functioning of the electricity markets, and not to cause a redirection of demand response services towards peak shaving products. That assessment shall also take into account specific national developments and assess the possibility of procuring peak shaving products under normal circumstances on the one hand and during electricity price crisis declared in accordance with Article 66a of Directive ... [revised EMD Directive] on the other. The Commission shall, where appropriate, submit a legislative proposal to amend this Regulation in order to introduce peak shaving products outside electricity price crisis situations.*

2. *Where the Commission has adopted a decision declaring an electricity price crisis pursuant to Article 66a of Directive ... [revised EMD Directive] and taking into account the results of the Agency's assessment as referred to in paragraph 1, or existing assessments until the latter is carried out, system operators may, during the application period of that decision, procure peak shaving products in order to achieve a reduction of electricity demand and price in peak hours.*

Where system operators seek to procure a peak shaving product, they shall submit a proposal setting out the dimensioning and conditions for the procurement and activation of the peak shaving product to the regulatory authority of the Member State concerned. The proposal of the relevant system operator shall comply with the following requirements:

- (a) the dimensioning of the peak shaving product shall be based on an analysis of the need for an additional service to ensure security of supply. The analysis shall take into account *the market impact of the peak shaving product, its expected costs and benefits and a reliability standard or objective and transparent grid stability criteria approved by the regulatory authority. The dimensioning shall take into account the forecast of demand, the forecast of electricity generated from renewable energy sources and the forecast of other sources of flexibility in the system, such as energy storage.* The dimensioning of the peak shaving product shall be *transparent, carried out after consulting market participants and limited to ensure that the forecasted costs do not exceed the expected benefits of the product and do not increase the greenhouse gas emissions of the energy system at the moment of its activation;*
- (b) the procurement of a peak shaving product shall be based on objective, *market-based*, transparent, non-discriminatory criteria and be limited to demand response; *it shall not exclude participating assets from accessing other markets;*

- (c) the procurement of the peak shaving product shall take place using a competitive bidding process, *which may be continuous*, with selection based on the lowest cost of meeting pre-defined technical and environmental criteria, *and shall allow the effective participation of small consumers, directly or through aggregation*;
 - (ca) *the minimum bid size shall be 100 kW, including through aggregation*;
 - (d) contracts for a peak shaving product shall not be concluded more than *a week-ahead* before its activation **|** ;
 - (e) the activation of the peak shaving product shall not reduce cross-zonal capacity;
 - (f) the activation of the peak shaving product shall take place after the closure of the day-ahead market and before the start of the balancing market;
 - (g) the peak shaving product shall not imply starting generation located behind the metering point.
3. The actual reduction of consumption resulting from the activation of a peak shaving product shall be measured against a baseline, reflecting the expected electricity consumption without the activation of the peak shaving product. *Where a system operator decides to procure a peak shaving product in accordance with paragraph 2, second subparagraph of this Article, it shall develop a baseline methodology in consultation with market participants and in compliance with Article 23 of Directive (EU) 2019/944 and the procedures set out in the network code adopted pursuant to Article 59 and submit it to the regulatory authority for approval. Where the proposal referred to in paragraph 2, second subparagraph of this Article, does not meet the requirements laid down in that subparagraph, the regulatory authority shall request the system operator to amend the proposal.*

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Article 7b

Dedicated *measurement* device

1. ***Without prejudice to Article 19 of Directive (EU) 2019/944***, Member States shall allow ***customers and market participants, including independent aggregators, with explicit consent from the owners and users***, transmission system operators and distribution system operators to ***have access and*** use data from dedicated *measurement* devices for the observability, settlement and flexibility services ***as well as energy sharing***, including from ***demand response and energy storage systems in accordance with the applicable Union data protection and privacy law, in particular Regulation (EU) 2016/679. Such data may be used for research purposes, provided that it has been aggregated and anonymised.***
 2. Member States shall establish ***harmonised*** requirements for a dedicated *measurement* device data validation process to check and ensure the quality ***and consistency*** of the respective data, ***and also the interoperability of new dedicated measurement devices installed after ... [date of entry into force of this amending Regulation], in accordance with Article 23 of Directive (EU) 2019/944 and the procedures set out in the network code adopted pursuant to Article 59(1), point (e), of this Regulation and taking into account the relevant Union law on measurement instruments.***
 - 2a. ***Where flexibility interventions are planned through the usage of such dedicated measurement devices, system operators shall be informed to ensure the electricity system stability.***’;
- (5) Article 8 is amended as follows:
- (a) paragraph 1 is replaced by the following:

‘NEMOs 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. ***From 1 January 2026***, the intraday cross-zonal gate closure time shall ***not be earlier than*** 30 minutes ahead of real time, ***provided that this measure does not lead to an increase in greenhouse gas emissions. Regulatory authorities may, at the request of the relevant transmission system operator, grant a derogation from that requirement, until 1 January 2029. The request shall include:***

- (a) an impact assessment, prepared in cooperation with NEMOs, and taking into account feedback from market participants, in accordance with Article 9 of Regulation (EU) 2015/1222, demonstrating the negative impacts of such a measure on the security of the national electricity system, cost-efficiency, integration of renewable energy and greenhouse gas emissions; and*
- (b) an action plan aiming to shorten the intraday cross-zonal gate closure time to 30 minutes by 1 January 2029.*

Regulatory authorities may, at the request of the relevant transmission system operator, grant a further derogation from the requirement referred to in the first subparagraph by a maximum of two years counting from the expiry of the period referred to in the second subparagraph. The request from the relevant transmission system operator shall be submitted to the regulatory authority of the requesting transmission system operator, the ENTSO for Electricity and ACER by 1 January 2029 and shall include:

- (a) a new impact assessment justifying the need for a further derogation, based on risks to the security of the national electricity system, cost-efficiency, the integration of renewable energy and greenhouse gas emissions, taking into account feedback from market participants and NEMOs; and*
- (b) a revised action plan to shorten the intraday cross-zonal gate closure time to 30 minutes within two years of the expiry of the first derogation period.*

ACER shall issue an opinion on the cross-border impact of the derogations referred to in the second and third subparagraphs within six months of receipt of a request for such derogations. The regulatory authority concerned shall take that opinion into account before deciding upon a request for a derogation.

By 1 December 2027, the Commission, after consulting NEMOs, ENTSO for Electricity, ACER and relevant stakeholders, shall submit a report to the European Parliament and to the Council assessing the feasibility and

practical solutions towards further decreasing the cross-zonal gate closure time in order to allow market participants to trade energy as close to real time as possible. The report shall consider the impacts on the electricity system security, the cost-efficiency, the benefits to the integration of renewable energy and to the reduction of greenhouse gas emissions.’;

(b) paragraph 3 is replaced by the following:

‘NEMOs shall provide products for trading in day-ahead and intraday markets which are sufficiently small in size, with minimum bid sizes of 100 kW or less, to allow for the effective participation of demand ■ response, energy storage and small-scale renewables including direct participation by customers, *including through aggregation.*’;

(6) Article 9 is replaced by the following:

‘Article 9

Forward markets

- 1.** *By ... [six months after the date of entry into force of this amending Regulation], transmission system operators shall issue long-term transmission rights or have equivalent measures in place to allow market participants, including owners of power-generating facilities using renewable energy, to hedge price risks across bidding zone borders. Long-term transmission rights shall be allocated, in accordance with Regulation (EU) 2016/1719, on a regular basis, in a transparent, market based and non-discriminatory manner, with a range of maturities of up to at least three years ahead. The frequency of allocation of the long-term cross-zonal capacity shall support the efficient functioning of the forward market. The transmission system operators shall develop an approach aiming to increase the volume of cross-zonal capacities in forward markets and liquidity.*
- 1a.** *By ... [12 months after the date of entry into force of this amending Regulation], the Commission, after consulting ENTSO for Electricity and relevant market stakeholders, shall conduct an assessment of the possible implementation of practical solutions addressing hedging needs of market parties. That assessment shall consider at least the following:*

- (a) *the frequency of auctions for long-term transmission rights;*
- (b) *adequate product maturities for transmission rights extended up to at least three years;*
- (c) *the development of a secondary market;*
- (d) *adoption of products such as financial transmission rights obligations;*
- (e) *the improvement of investors' certainty and consumer price stability;*
- (f) *process on full cost-recovery to handle any financial risks and losses arising from these additional measures ensured by the regulatory authority;*
- (g) *the timeline for implementation.*

1. By ... *[18 months after the date of entry into force of this amending Regulation]*, the Commission, after consulting ACER, ENTSO for Electricity and ESMA, including other relevant stakeholders, shall submit to the European Parliament and to the Council an assessment of the impact of the establishment of regional virtual hubs for the forward market *on the functioning of the electricity markets and where appropriate revise the Commission Regulation (EU) 2016/1719 in accordance with Article 59(1).*

The *impact assessment* shall focus, *inter alia*, on:

- (-a) *determining the impact of regional virtual hubs on at least the forward market, transmission system operators, market participants and end-consumers as well as the potential benefits and drawbacks that regional virtual hubs would bring as compared to the existing zonal model;*
- (a) *defining the adequate geographical scope of the regional virtual hubs* ■ *, including the bidding zones constituting these hubs and specific situations of bidding zones belonging to two or more virtual hubs, aiming to maximise the price correlation between the reference prices and the prices of the bidding zones constituting regional virtual hubs;*
- (aa) *giving due consideration to the level of electricity interconnectivity of Member States, in particular of those Member States below the*

interconnection targets for 2020 and 2030 laid down in Article 4, point (d)(1), of Regulation (EU) 2018/1999;

- (b) *evaluating* a methodology for the calculation of the reference prices for the **regional** virtual hubs for the forward market, aiming to maximise the correlations between the reference price and the prices of the bidding zones constituting a **regional** virtual hub ■ based on predefined objective criteria;
- (c) *including* a definition of financial long-term transmission rights from bidding zones to the **regional** virtual hubs *as financial obligations to enable market participants to hedge their exposure to positive and negative price spreads, including as regards to volumes and maturities, and the need to offer trading of long-term transmission rights between each bidding zone and the regional virtual hub*;
- (d) *how to* maximise the trading opportunities for hedging products referencing the **regional** virtual hubs ■ as well as for long term transmission rights from bidding zones to **regional** virtual hubs;
- (da) *specifying how the single allocation platform referred to in paragraph 3 shall offer allocation and facilitate trading of long-term transmission rights*;
- (db) *including an indicative implementation process.*

■

3. The single allocation platform established in accordance with Regulation (EU) 2016/1719 *shall act as an entity offering allocation and facilitating trading of long-term transmission rights on behalf of the transmission system operators. It shall have a legal form as referred to in Annex II to Directive (EU) 2017/1132 of the European Parliament and of the Council.*
4. The single allocation platform shall:
 - (a) offer trading of long-term transmission rights between each bidding zone and, *where relevant, regional* virtual hub; where a bidding zone is not part of a virtual hub it may issue financial long-term transmission

rights to a virtual hub or to other bidding zones that are part of the same capacity calculation region;

- (b) allocate long-term cross-zonal capacity on a regular basis and in a transparent, market-based and non-discriminatory manner; the frequency of allocation of the long-term cross-zonal capacity shall support the efficient functioning of the forward market;
- (c) offer trading of financial transmission rights that shall allow holders of these financial transmission rights to remove exposure to positive and negative price spreads, and with frequent maturities of up to at least three years ahead.

5. Where a regulatory authority, *on the basis of the assessment referred to in paragraph 1 of this Article* considers that there are insufficient hedging opportunities available for market participants, and after consultation of relevant financial market competent authorities in case the forward markets concern financial instruments as defined *in Article 4(1), point (15), of Directive (EU) 2014/65, regulatory authorities* may require power exchanges or transmission system operators to implement additional measures, such as market-making activities, to improve the liquidity of the forward market. Subject to compliance with Union competition law and with Directive (EU) 2014/65 and Regulations (EU) *No* 648/2012 and 600/2014, market operators shall be free to develop forward hedging products, including long-term forward hedging products, to provide market participants, including owners of power-generating facilities using renewable energy sources, with appropriate possibilities for hedging financial risks against price fluctuations. Member States shall not require that such hedging activity may be limited to trades within a Member State or bidding zone. ’;

(7) Article 18 is amended as follows:

(a) paragraph 2 is replaced by the following:

‘2. Tariff methodologies shall reflect the fixed costs of transmission system operators and distribution system operators, shall consider both capital and operational expenditure, *or an efficient combination of both*, to

provide appropriate incentives to transmission system operators and distribution system operators over both the short and long run, including anticipatory investments, in order to ***invest in network infrastructure reinforcement to facilitate the energy transition and in the additional physical and digital network elements needed to reach the objectives set out in the national energy and climate plans, and at the same time to increase efficiencies, including energy efficiency, to foster market integration, renewable energy production capacity and security of supply, to support the use of flexibility services, to enable the use of flexible connection arrangements, efficient and timely investments, including solutions to optimise the existing grid and to ensure the development of a smart grid and facilitate energy storage, demand response and related research activities, to reduce environmental impact, to promote acceptance, and to facilitate innovation in the interest of consumers in areas such as digitalisation, flexibility services and interconnection, in particular to develop the required infrastructure to reach the minimum 15 % electricity interconnection target for 2030 laid down in Article 4, point (d)(1), of Regulation (EU) 2018/1999. The regulatory authorities, in cooperation with transmission and distribution system operators, including other relevant stakeholders, shall develop a framework to assess whether transmission and distribution system operators adequately consider in their network development plans all types of anticipatory investments, such as investments for the development of grids linked to renewables acceleration areas, electric vehicle charging infrastructure or heat pump deployment, and adequate cost-benefit analysis methodology for assessing the impact of such investments.***’;

(aa) paragraph 3 is replaced by the following:

- ‘3. ***Where appropriate, the level of the tariffs applied to producers or final customers, or both shall provide locational investment signals, such as incentives via tariff structure, to reduce re-dispatching and power grid reinforcement costs, at Union level, and take into account the amount***

of network losses and congestion caused, and investment costs for infrastructure.’;

(b) paragraph 8 is replaced by the following:

‘8. Transmission and distribution tariff methodologies shall provide incentives to transmission and distribution system operators for the most cost-efficient operation and development of their networks including through the procurement of services. For that purpose, regulatory authorities shall recognise relevant costs as eligible, ***including those related to anticipatory investments***, shall include those costs in transmission and distribution tariffs, and, ***where applicable***, shall introduce performance targets in order to provide incentives to transmission and distribution system operators to increase ***overall system efficiency, quality and security of supply*** in their networks, including through energy efficiency ***by applying the energy efficiency first principle as defined in Article 2, point (18), of Regulation (EU) 2018/1999***, the use of flexibility ***and demand response*** services and the development of smart grids and intelligent metering systems ***in accordance with the features of the given electricity system and climate policy objectives***.

8a. Transmission and distribution system operators shall offer the possibility of establishing flexible connection agreements in those areas where there is limited or no network capacity availability for new connections, which shall be published in accordance with Article 50(4a), first subparagraph, of this Regulation and Article 31(3) of Directive (EU) 2019/944. Such flexible connection agreements shall specify the following:

(a) the maximum firm import and export of electricity from and to the grid, as well as the additional flexible import and export capacity that can be connected and differentiated by time blocks throughout the year;

- (b) *the network charges applicable to both the firm and flexible import and export capacities;*
- (c) *the probabilities of curtailment if the maximum firm capacity is exceeded;*
- (d) *the agreed duration of the flexible connection agreement and the agreed date for granting connection to the entire requested firm capacity.*

The system user requesting a flexible grid connection shall be requested to install a power control system that is certified by a national standardisation body.

Regulatory authorities shall ensure that flexible connection agreements are not used as a permanent alternative and thus do not delay approved network reinforcement in the identified areas.’;

- (c) in paragraph 9, point (f) is replaced by the following:
 - ‘(f) methods to ensure transparency in the setting and structure of tariffs, including anticipatory investments *determined in close consultation with relevant stakeholders, including from transport and heating and cooling sector, in line with the relevant Union and national energy objectives, and take into account the acceleration areas as defined in Article 2, point (9a), of Directive (EU) 2018/2001;*’;
- (d) in paragraph 9, the following point (i) is added:
 - ‘(i) incentives for efficient investments in networks, including on *flexible* resources and flexible connection agreements.’;
- (8) in Article 19, paragraph 2 is amended as follows:
 - (a) point (b) is replaced by the following:
 - ‘(b) *maximising and* increasing cross-zonal capacities through optimisation of the usage of existing interconnectors by means of coordinated remedial actions, where applicable, or covering costs resulting from network investments that are relevant to reduce interconnector

congestion; or’;

(b) the following point (c) is added:

‘(c) *as part of the permitting process and following a coordinated decision taken by the Member States concerned, on the implementation of offshore bidding zones and on the design of the support mechanism, contributing to the partial compensation to offshore renewable generators in an offshore bidding zone where there is not enough capacity available on the interconnector as agreed in the connection agreement or in critical network elements affecting the capacity of the interconnector, pursuant to capacity calculation rules laid down in Article 16 (3), (8) and (9), leading to the simultaneous loss of revenue of the offshore renewable generator and an excess revenue on the interconnector, provided that any consumption in the bidding zone is not a co-driver of the price formation; only the excess interconnector revenue shall be used for the compensation of offshore renewable generators. On an annual basis, the total compensation of all generators in the concerned bidding zone shall not exceed the total congestion income generated on interconnectors between the offshore bidding zone and neighbouring bidding zones concerned during the specific market settlement periods where such compensation applies. By 31 December 2024, the Commission shall amend Regulation (EU) 2015/1222 in accordance with Article 59 of this Regulation as regards the implementation details of the partial compensation, outlining a methodology for calculation of the partial compensation and including the conditions under which the measure may expire.*’;

(9) The following chapter IIIa is inserted:

‘Chapter IIIa

Specific investment incentives to achieve the Union’s decarbonisation objectives

Article 19a

Power purchase agreements

1. Member States shall ***remove barriers and*** facilitate power purchase agreements ('PPAs'), ***in particular renewables power purchase agreements*** with a view to reaching the objectives set out in their integrated national energy and climate plan with respect to the dimension decarbonisation referred to in Article 4, ***point (a)***, of Regulation (EU) 2018/1999, ***and to ensure more predictable electricity prices*** while preserving competitive and liquid electricity markets. ***In order to ensure the removal of barriers to PPAs, the Commission may draw up specific guidance on how to alleviate administrative obligations and accounting complexities related to PPAs.***
 - 1a. ***By 31 December 2024, the Commission, in cooperation with NEMOs, shall establish a market platform for PPAs, to be used on a voluntary basis, including the optional standardised PPAs referred to in Article 19ab, while avoiding that such trade lowers liquidity in existing electricity markets. The platform shall facilitate the pooling of demand for PPAs through aggregation.***
2. Member States ***in a coordinated manner and where appropriate with the support of the European Investment Bank ('EIB') or other Union-level facilities*** shall ensure that instruments to reduce the financial risks associated to off-taker payment default in the framework of PPAs are in place and accessible to customers that face entry barriers to the PPA market and are not in financial difficulty in line with Articles 107 and 108 TFEU. ***Such instruments shall facilitate the pooling of demand for PPAs and may include, inter alia, guarantee schemes at market prices or private guarantees in compliance with relevant Union law.*** For that purpose, Member States shall take into account Union-level instruments. Member States shall determine what categories of customers are targeted by these instruments, applying non-discriminatory criteria ***among each category of customers, in particular, microenterprises, SMEs, households, including via aggregators, renewable energy communities, citizen energy communities and suppliers with no generation assets.***
3. Guarantee schemes for PPAs backed by the Member States, ***the EIB or other Union-level facilities*** shall include provisions to avoid lowering the liquidity in electricity markets, shall not provide support to the purchase of generation from fossil fuels ***and shall not prevent the subjected generators to participate in balancing and ancillary services markets. Where conditions allow, those guarantee schemes shall exclusively support the purchase of new renewable generation.***

4. Support schemes for electricity from renewable sources, ■ shall allow the participation of projects which reserve part of the electricity for sale through a *renewables* PPA or other market-based arrangements, ***provided that the two parties to the PPA are not controlled by the same entity unless the buyer acts as an aggregator of customers that face entry barriers to the PPA market, and provided that double commitment of the same capacity is avoided.***
- 4a. ***In the design of such support schemes Member States shall endeavour to make use of evaluation criteria to incentivise bidders to facilitate the access of customers that face entry barriers to the PPA market, provided this does not negatively affect competition in the market. ■***
5. PPAs shall specify the bidding zone of delivery and the responsibility for securing cross-zonal transmission rights in case of a change of bidding zone in accordance with Article 14.
6. PPAs shall specify the conditions under which customers and producers may exit from PPAs, such as any applicable exit fees and notice periods, in accordance with Union competition law.
- 6a. ***Member States shall ensure that regulatory measures are not revised in a way that alters the terms of, or is detrimental to, PPAs that have been signed before the date of entry into force of the regulatory measure.***
- 6b. ***By January 2026 and every two years thereafter, the Commission shall assess whether barriers persist and whether there is sufficient transparency in the PPAs markets.***

Article 19aa

Union PPA database

1. ***ACER shall establish, maintain, and manage a Union PPA database (the ‘Database’). The Database shall function as a digital platform and shall be used to facilitate ACER’s and regulatory authorities’ monitoring of relevant information on the PPAs signed in the Union. Regulatory authorities may establish similar databases at national level.***

2. *For the purpose of setting up the Database, market participants entering into PPAs, or persons acting on their behalf, shall provide ACER the details of the PPAs. Market participants who have reported records of PPAs in accordance with Regulation (EU) No 1227/2011 and Regulation (EU) No 648/2012 shall not be subject to double reporting obligations relating to those contracts.*
3. *On the basis of the information collected, ACER shall publish an annual report on the PPA market at Union and Member State level as part of the monitoring report referred to in Article 15 of Regulation (EU) 2019/942.*
4. *ACER shall develop the technical and functional specifications of the Database, including the interoperable data exchange mechanism for the information exchange with regulatory authorities' and the format for electronic submissions. ACER shall ensure that the Database is fully operational by ... [12 months after the date of entry into force of this amending Regulation].*
5. *The Commission shall, by means of implementing acts, specify the details, timing and form of reporting. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 67(2).*

Article 19ab

Voluntary standardised PPAs

ACER, together with the NEMOs and, after consulting the relevant stakeholders, shall develop standardised PPAs designed to simplify the procedure and to match the risk profile of customers of different size. The use of those standardised PPAs shall be voluntary for the contracting parties. Standardised PPAs shall have, inter alia, the following characteristics:

- (a) offer a variety of short term contract durations, including of up to five years;*
- (b) offer electricity supply at different timeframes;*
- (c) provide different price formulas;*
- (d) consider the load profile required by the customer.*

The standardised contracts may also specify the conditions under which customers and producers may exit from PPAs, such as any applicable exit fees and notice periods, in accordance with Union competition law.

Article 19ac

European Renewable Energy Auction Scheme

- 1. Where, on the basis of its assessment of the draft integrated national energy and climate plans pursuant to Article 9 of the Regulation (EU) 2018/1999, the Commission concludes that the contributions of the Member States are insufficient for the achievement of the additional 2,5 % to attain the target of 45 % share of energy from renewable sources in the Union's gross final consumption of energy in 2030 pursuant to Directive (EU) 2018/2001, the Commission shall take additional measures to achieve that target which may include instruments at Union level, such as European wide auctions, in particular additional Union backed guarantees for PPAs as well as two-way contracts for differences to support the deployment of additional renewable energy capacities corresponding to at least the additional 2,5 % to achieve the Union target of 45 %.*
- 2. The additional measures referred to in paragraph 1 may include investments into co-located infrastructure or storage to enable the power system integration of the renewable electricity generated.*

Article 19b

Direct price support schemes for new investments in electricity generation

- 1. Direct price support schemes for new investments for the generation of electricity from the sources listed in paragraph 2 shall take the form of **■** two-way *contracts for differences, or equivalent schemes achieving the same goals after assessment and approval by the Commission on the equivalence of such schemes. The participation in such schemes shall be voluntary for the market participants. Such schemes shall be allocated through a competitive, open, transparent, non-discriminatory, and cost-effective procedure, in accordance with State aid rules, preventing undue distortions to the efficient functioning of electricity markets and retaining incentives to operate and participate efficiently in the electricity markets.* New investments for the generation of electricity shall include investments in new power-generating facilities *or* investments *aiming to repower* existing power-generating facilities *or* investments *aiming to extend* existing power-generating facilities *if the increase of power generation capacity is substantial.**

For the investments aiming to extend existing power-generating facilities, two-way contracts for differences shall be strictly limited to the share of the total power-generation capacity that reflects the costs of the new investment in relation to the total investment costs of the power-generating facility.

The first subparagraph shall apply to contracts under direct price support schemes for new investments in generation concluded as of ... [one year after the date of entry into force of this amending Regulation].

Member States shall ensure that the volume and level of two-way contracts for differences not issued as part of a competitive bidding process under the Directive (EU) 2018/2001, do not surpass the level and volume of those issued as part of competitive bidding processes in their respective Member State.

2. Paragraph 1 shall apply to new investments in generation of electricity from the following sources:
 - (a) wind energy;
 - (b) solar energy;
 - (c) geothermal energy;
 - (d) hydropower without reservoir;
 - (e) nuclear energy.
3. Direct price support schemes *as referred to in paragraph 1* shall *at least*:
 - (a) be designed so that the revenues collected when the market price is above the strike price are distributed to ■ final electricity customers, *with particular attention to vulnerable customers and customers affected by or at risk of energy poverty as defined in Article 2, point (52), of Directive [EED].*
Member States may also dedicate the revenues to compensate the costs of the support scheme where the market price is below the strike price, or to support investments for the energy transition in distribution grid development, renewable energy sources, electric vehicles charging infrastructure, energy efficiency and storage, or to cover energy-intensive industries at risk of carbon leakage if they demonstrate significant emission reductions through their decarbonisation efforts for reaching climate neutrality, including a

transformation plan that sets out key elements on their pathway. Revenues distributed to final customers which are energy-intensive undertakings shall cover all undertakings in proportion to their share of consumption (same refund per MWh consumed). The revenues shall be distributed in accordance with a fair, transparent and non-discriminatory methodology;

- (b) ensure that the distribution of the revenues to final electricity customers is designed so as not to remove the incentives of consumers to reduce their consumption or shift it to periods when electricity prices are low and not to undermine competition between electricity suppliers;
- (ba) *take into consideration locational criteria to ensure that new investments for the generation of electricity take place in optimal locations, taking into account congestion conditions and grid development plans;*
- (bb) *be designed so that the level of, and the conditions attached to, the support granted to the energy projects are not revised in a way that negatively affects the rights conferred thereunder and undermines the economic viability of projects that already benefit from support. Member States may adjust the level of support in accordance with objective criteria, provided that such criteria are established in the original design of the support scheme;*
- (bc) *include penalty clauses applicable in the case of unilateral early termination of the contract;*
- (bd) *not receive support for production in any period in which the market value of that production is negative;*
- (be) *minimise their possible negative impact on the liquidity of forward market and on competition between suppliers;*
- (bf) *be designed to retain the incentives for the generating facility to operate and participate efficiently in the electricity markets, in particular to adjust its production to reflect market circumstances;*
- (bg) *be designed to comply with Article 4(2) and (3), first and third subparagraphs, of Directive (EU) 2018/2001, and with State aid rules and competition law.*

- 3a. By ... [12 months after the date of entry into force of this amending Regulation], the Commission shall draw up guidelines on the implementation of two-way contracts for differences to assist Member States on their establishment.**
- 3b. ACER shall monitor the implementation of direct price support schemes in Member States and issue a report on implementation and impact of price support schemes on competition and functioning of the internal electricity market.**

Article 19c

Assessment of flexibility needs

- 1. Within 12 months from the date of adoption of the proposal referred to in paragraph 6 and every two years thereafter, the regulatory authority of each Member State shall assess and draw up a report on the *estimated needs* for flexibility at national level, including flexibility needs in a future net-zero electricity system for a period of at least 10 years, in view of the need to cost effectively achieve security of supply and decarbonise the power system, contribute to the stability and reliability of that system and the efficient management and development of electricity networks, taking into account the integration of the renewable energy sources and different sectors including the sector coupling potential. Those reports shall be based on the data and analyses provided by the transmission and distribution system operators of the Member State concerned, after conducting a public consultation, including with all relevant stakeholders pursuant to paragraphs 2 and 3 of this Article and using the methodology pursuant to paragraph 4 of this Article. Those reports shall include an assessment of the available cross-border flexibility, including the progress made towards the 15 % electricity interconnection target for 2030 laid down in Article 4, point (d)(1), of Regulation (EU) 2018/1999. Those reports shall take into account the European Resource Adequacy assessment referred to in Article 23 of this Regulation and national adequacy assessments referred to in Article 20 of this Regulation.**
- 1a. By 1 January 2026 and every two years thereafter, ACER shall draw up a report to assess the need for flexibility in the electricity system at Union level and its economically available potential for a period of at least 10 years. ACER shall also assess the introduction of shorter-term products for flexibility, flexible network**

assets and connections, and better prequalification requirements for participation in the balancing markets. Within a year, Member States shall receive recommendations from ACER to, where applicable, adapt the national report.

2. The *reports referred to in paragraphs 1 and 1a* shall include an *assessment* of the *different types of needs* for flexibility to integrate electricity generated from renewable sources in the electricity system and consider, in particular, the potential of non-fossil flexibility such as demand **■** response and *energy* storage, to fulfil *that* need, both at transmission and distribution levels. The *reports* shall distinguish between *flexibility needs within all relevant timeframes and, at least, interannual, seasonal, daily and hourly flexibility needs, and between zonal flexibility needs, ensure that all ancillary services are considered, consider congestion within a bidding zone and renewable energy curtailment levels. The reports shall include, inter alia, a high fossil fuel electricity price crisis scenario and a business-as-usual scenario and suggest minimum levels that will ensure system efficiency and resilience in line with the Union's energy and climate objectives.*
- 2a. *The reports referred to in paragraphs 1 and 1a shall also include an evaluation of measures aiming to improve markets for the procurement of system stability services from non-fossil flexibility resources, including recommendations on how to remove barriers to the entry of non-fossil flexibility assets.*
3. The *electricity* transmission and distribution system operators of each Member State, *and, upon request, the gas and hydrogen transmission and distribution system operators*, shall provide the data and analyses needed for the preparation of the *reports* referred to in *paragraphs 1 and 1a* to the regulatory authority.
4. The ENTSO for Electricity and the EU DSO entity shall coordinate transmission and distribution system operators as regards the data and analyses to be provided in accordance with paragraph 3. In particular, they shall:
 - (a) define the *requirements and the format of the data in accordance with paragraph 6 of this Article* that transmission and distribution system operators shall provide to the regulatory authorities; *such system data requirements shall include a timetable for the digitalisation of the power network;*

- (b) develop a methodology for the analysis by transmission and distribution system operators of the flexibility needs ***to achieve optimisation of the grid and security of supply and***, taking into account at least all existing sources of flexibility ***in a cost-efficient manner*** and planned investments at interconnection, transmission and distribution level, ***the needs and level of flexibility of the rest of the directly interconnected Member States*** as well as ***the level of renewable energy sources in the electricity mix needed to achieve the target set out in Article 3(1) of Directive (EU) 2018/2001 and the need to decarbonise the electricity system in compliance with the Paris Agreement and the objective of climate neutrality by 2050 at the latest;***
- (ba) ***provide guiding criteria on how to assess the capability of the most suitable flexibility sources to cover the needs;***
- (bb) ***define the segmentation of flexibility into different timeframes and the requirements for the assessment of flexibility at Union and national level, taking into account at least all existing and expected investments in flexible resources in the interconnected system as well as planned investments in interconnections for the following 10 years;***
- (bc) ***propose the deadlines for the provision of data and analyses needed for the reports referred to in paragraphs 1 and 1a.***
5. The ENTSO for Electricity and the EU DSO entity shall closely cooperate with each other regarding the coordination of transmission and distribution system operators ***as regards the provision of data and analyses pursuant to paragraph 4.***
6. By 1 March 2024, the ENTSO for Electricity and the EU DSO entity shall jointly submit to ACER a proposal regarding the type of data and format to be submitted to regulatory authorities and the methodology ***for the analysis of the flexibility needs*** referred to in paragraph 4. Within three months of receipt of the proposal, ACER shall either approve the proposal or amend it. In the latter case, ACER shall consult the ***Electricity Coordination Group, the ENTSO for Electricity and the EU DSO entity*** before adopting the amendments. The adopted proposal shall be published on ACER's website ***and shall constitute the single common format used by all***

transmission and distribution system operators to comply with the obligations under paragraph 3.

7. The regulatory authorities shall submit the reports referred to in paragraph 1 to ACER and publish them. Within *six* months of receipt of the reports, ACER *and the European Scientific Advisory Board on Climate Change (ESABCC)* shall issue a report analysing them, *taking into account the conclusions of the report referred to in paragraph 1a*, and providing recommendations *on the removal of barriers to entry of non-fossil flexible resources and* on issues of cross-border relevance regarding the findings of the regulatory authorities. *Within 12 months ESABCC may submit an opinion on the methodology and issue a report analysing compliance with Union climate targets and the objectives of the Paris Agreement.*
- 7a. *Member States shall submit the report referred to in paragraph 1 to the Commission and shall make them available to the public. On the basis of those reports, the Commission may issue recommendations on a best practise methodology.*
- 7b. *The national assessment of flexibility needs shall be used as inputs in the scope of the methodology set for the European resource adequacy assessments in accordance with Article 23(3), of the methodology set for the Ten Year Network Development Plan and of the methodology set for the distribution system operators' Network Development Plans.*
- 7c. *The ENTSO for Electricity shall update the Union-wide network development plan to include the results of any flexibility needs assessments, as well as any recommendations from the ESABCC.*

Article 19d

Indicative national *objectives* for demand response and *energy* storage

1. *On the basis of* the report of the regulatory authority *referred to in* Article 19c(1), each Member State shall define indicative *separate quantifiable* national *objectives* for demand response and *energy* storage *based on available capacity and develop a plan for delivering those objectives, considering all non-fossil flexibility sources with the most cost-efficient solutions, all time frames, and the availability of cross-border capacity and including roadmaps and concrete measures to reduce barriers*

for the participation of flexibility such as demand response and energy storage in the market. Those indicative national objectives shall take into account ACER's opinion and recommendations referred to in Article 19c(7), shall include a quantification of actual available and forecasted capacity and energy content, and shall also be reflected in Member States' integrated national energy and climate plans as regards the dimension 'Internal Energy Market' in accordance with Articles 3, 4 and 7 of Regulation (EU) 2018/1999 and in their integrated biennial progress reports in accordance with Article 17 of Regulation (EU) 2018/1999, as well as in the European resource adequacy assessments in accordance with Article 23 (3), and inclusion of the objectives in the Ten Year Network Development Plan and the distribution system operators' network development plans. The plan to deliver the first flexibility evaluation shall be incorporated into the 2024 integrated national energy and climate plans as an addendum upon completion. Member States that have already defined objectives for demand response and storage in their integrated national energy and climate plans before ... [date of entry into force of this amending Regulation], may use those objectives until they are updated in accordance with the report referred to in Article 19c(1).

- 1a. By June 2025, the Commission, after assessing the national objectives for demand response and energy storage referred to in paragraph 1 and communicated by the Member States through their integrated national energy and climate plans and taking into account ACER's opinion and recommendations referred to in Article 19c(7), shall submit a report to the European Parliament and to the Council assessing the national plans. On the basis of the conclusions of that report, the Commission shall draw up a Union strategy on demand response and energy storage that is consistent with the Union's 2030 targets for energy and climate as defined in Article 2, point (11), of Regulation (EU) 2018/1999 and the climate-neutrality objective laid down in Article 2 of Regulation (EU) 2021/1119 which may be accompanied, where appropriate, by a legislative proposal amending this Regulation and introducing minimum demand response and energy storage targets at Union level.*
- 1b. Transmission and distribution system operators shall include in their network development plans the national objectives for demand side response and energy*

storage referred to in paragraph 1.

Article 19e

Flexibility support schemes

1. Member States which apply a capacity mechanism in accordance with Article 21 shall consider the promotion of the participation of non-fossil ***flexible resources*** such as demand ■ response and ***energy*** storage by introducing additional criteria or features in the design of the capacity mechanism ***ensuring that the product design, including all participation requirements, are market-based and do not impose any undue barriers on demand response and energy storage.***
2. Where the measures introduced in accordance with paragraph 1 to promote the participation of non-fossil ***flexible resources*** such as demand response and ***energy*** storage in capacity mechanisms are insufficient to achieve the flexibility needs identified in accordance with ***Article*** 19d, Member States may apply flexibility support schemes consisting of payments for the available capacity of non-fossil ***flexible resources*** such as demand ■ response and ***energy*** storage ***including charging services for electric vehicles or hydro with reservoir and/or pumping.***
3. Member States which do not apply a capacity mechanism may apply flexibility support schemes consisting of payments for the available capacity of non-fossil flexibility such as demand ■ response and ***energy*** storage ***including charging services for electric vehicles or hydro with reservoir and/or pumping.***

Article 19f

Design principles for flexibility support schemes

Flexibility support scheme for non-fossil ***flexible resources*** such as demand response and ***energy*** storage applied by Member States in accordance with Article 19e ■ shall:

- (a) not go beyond what is necessary to address the identified flexibility needs in a cost-effective manner;
- (b) be limited to ■ non-fossil ***flexible resources*** such as demand ■ response and ***energy*** storage;
- (ba) take into consideration locational criteria to ensure that investments in new capacity take place in optimal locations;***

- (c) **■** not imply starting fossil fuel-based generation located behind the metering point;
- (d) select capacity providers by means of an open, transparent, competitive, **voluntary**, non-discriminatory and cost-effective process;
- (e) prevent undue distortions to the efficient functioning of the electricity markets including **retaining** efficient operation incentives and price signals and the exposure to price variation and market risk;
- (f) provide incentives for the integration in the electricity market in a market-based and market-responsive way, while avoiding unnecessary distortions of electricity markets as well as taking into account possible system integration costs and grid **congestion and** stability;
- (g) set out a minimum level of participation in the market in terms of activated energy, which takes into account the technical specificities of **energy** storage and demand response **assets**;
- (h) apply appropriate penalties to capacity providers which do not respect the minimum level of participation in the market referred to in point (g), or which do not follow efficient operation incentives and prices signals;
- (i) **where technically feasible**, be open to cross-border participation.’;

(9a) in Article 21, paragraph 1 is replaced by the following:

‘1. To eliminate residual resource adequacy concerns, Member States may, while implementing the measures referred to in Article 20(3) of this Regulation in accordance with Articles 107, 108 and 109 of the TFEU, introduce capacity mechanisms.’;

(10) in Article 37(1), point (a) is replaced by the following:

‘(a) carrying out the coordinated capacity calculation in accordance with the methodologies developed pursuant to the forward capacity allocation guideline, the capacity allocation and congestion management guideline and the electricity balancing guideline adopted on the basis of Article 18(5) of Regulation (EC) No 714/2009;’;

(11) Article 50 is amended as follows:

(a) the following paragraph 4a is added:

‘4a. Transmission system operators shall publish in a clear and transparent manner, information on the capacity available for new connections in their respective areas of operation ***with high resolution and grid granularity, while respecting security of classified information and data confidentiality, including the criteria used to calculate such available capacity such as curtailment assumptions, the level of self-consumption capacity installed, topological and electrical characteristics of the grid, and the demand and generation for the following five years and*** in congested areas if flexible **█** connections can be accommodated. ***Transmission system operators shall*** update that information ***on a regular basis, and in any event, at least every month. Before the publication of that information, transmission and distribution system operators shall consult all relevant system users on the criteria to be used to calculate such available capacity and shall submit to its regulatory authority a proposal for approval.***

Transmission system operators shall **█** provide clear and transparent information to system users about the status and treatment of their connection requests, ***including renewable generation and storage temporarily connected with a flexible connection agreement.*** They shall provide such information within **█** three months from the submission of the request.’;

(12) in Article 57, the following paragraph 3 is added:

‘3. Distribution system operators and transmission system operators shall cooperate with each other in publishing information on the capacity available for new connections in their respective areas of operation in a consistent manner and giving sufficient granular visibility to developers of new energy projects and other potential network users. ***They shall jointly publish, in a clear and transparent manner, the requirements of grid development and system services, and the required systems and processes to facilitate its development. In addition, they shall cooperate with each other in publishing information on the installed electricity capacity of self-consumption.***’;

(13) in Article 59 (1), point (b) is replaced by the following:

‘(b) capacity-allocation and congestion- management rules pursuant to Article 6 of Directive (EU) 2019/944 and Articles 7 to 10, 13 to 17, 19 and 35 to 37 of this Regulation, including rules on day-ahead, intraday and forward capacity calculation methodologies and processes, grid models, bidding zone configuration, redispatching and countertrading, trading algorithms, single day-ahead and intraday coupling ■ , the firmness of allocated cross-zonal capacity, congestion income distribution, the allocation of financial long-term transmission rights by the single allocation platform, cross-zonal transmission risk hedging, nomination procedures, and capacity allocation and congestion management cost recovery;’;

(13a) in Article 59(2), point (a) is replaced by the following:

‘(a) network connection rules including rules on the connection of transmission-connected demand facilities, transmission-connected distribution facilities and distribution systems, connection of demand units used to provide demand response, requirements for grid connection of generators and other system users, requirements for high-voltage direct current grid connection, requirements for direct current-connected power park modules and remote-end high-voltage direct current converter stations, and operational notification procedures for grid connection;’;

(13b) Article 69 is amended as follows:

(a) paragraph 2 is replaced by the following:

‘2. By 30 June 2026, the Commission shall review this Regulation and Directive EU 2019/944, and shall submit a comprehensive report to the European Parliament and to the Council on the basis of that review, accompanied by a legislative proposal where appropriate. That report shall assess:

(a) the effectiveness of the current structure and functioning of the short-term market;

(b) the development of electricity generation capacity and quality of service delivered to final costumers in each Member State;

(c) the suitability of the current Union legal and financing framework on distribution grids to deliver on the Union's renewable and internal energy market objectives;

The report shall also assess any inefficiencies in the internal electricity market. Where appropriate, the Commission shall submit legislative proposals on European trading platforms for primary and secondary long-term markets, including measures to create liquidity and transparency, such as requirements for producers and costumers to contract minimum amount of products in public, centralised auctions to provide liquidity. ';

(b) the following paragraphs are added:

'3. By 30 June 2024, the Commission shall submit a report to the European Parliament and to the Council assessing different options for the introduction of a temporary relief valve mechanism in view of the experience with those mechanisms at international level and of the evolution and new developments in the Union electricity market. That report shall, where appropriate, be accompanied by a legislative proposal.

4. By ... [one month after the date of entry into force of this amending Regulation], the Commission shall submit to the European Parliament and to the Council a detailed report assessing possibilities of streamlining and simplifying the process of applying a capacity mechanism under Chapter IV of this Regulation, so as to ensure that adequacy concerns can be addressed by Member States in a timely manner. In that context, the Commission shall request that ACER amends the methodology for the European resource adequacy assessment referred to in Article 23 in accordance with the process set out in Articles 23 and 27, as appropriate.

By ... [three months after the date of entry into force of this amending Regulation] the Commission shall, after consulting the Member States, come forward with proposals with a view to simplifying the process of assessing capacity mechanisms as appropriate.

5. ***By 30 June 2024, the Commission shall, after consulting the Member States, transmission system operators, ACER and regulatory authorities, shall submit to the European Parliament and to the Council a detailed assessment on the implications of the introduction of capacity mechanisms as a structural element of the electricity market and its impacts on the functioning of the internal electricity market and its evolution towards a net-zero emission system. That assessment shall be focused, inter alia, on assessing a design of such capacity mechanisms that ensures investments in firm renewable capacity, storage and demand response compatible with the Union’s climate targets. In light of the conclusions, the Commission shall, where appropriate, accompany that assessment with a legislative proposal amending this Regulation.’;***

(14) The following Article 69a is added:

‘Article 69a

Interaction with Union financial legislation

Nothing in this Regulation shall derogate from the provisions of Directive (EU) 2014/65, Regulation (EU) 648/2012 and Regulation (EU) 600/2014 when market participants or market operators engage in activities related to financial instruments in particular as defined under Article 4(1)(15) of Directive (EU) 2014/65.’;

(15) in Annex I point 1.2 is replaced by the following:

‘1.2. Coordinated capacity calculation shall be performed for all allocation timeframes.’

Article 2

Amendments to Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity

Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity is amended as follows:

(1) Article 2 is amended as follows:

(a) points (8) and (49) is replaced by the following:

- (8) ‘active customer’ means a final customer, or a group of jointly acting final customers, who consumes or stores electricity generated within its premises located within confined boundaries or self-generated or shared electricity within other premises ■ , or who sells self-generated electricity or participates in flexibility or energy efficiency schemes, provided that those activities do not constitute its primary commercial or professional activity.
- (49) ‘non-frequency ancillary service’ means a service used by a transmission system operator or distribution system operator for steady state voltage control, fast reactive current injections, inertia for local grid stability, short-circuit current, black start capability, island operation capability and peak shaving;’;
- (b) the following points are added:
- ‘(15a) ‘fixed term, fixed price electricity supply contract’ means an electricity supply contract between a supplier and a final customer that guarantees the same contractual conditions ***during the whole duration of the contract***, including the price, while it may, within a fixed price, ***and for customers equipped with smart meters*** include a flexible element with for example peak and off peak price variations, ***and where changes in the final bill can only result from elements that are not determined by suppliers, such as taxes and levies***;
- (10a) ‘energy sharing’ means the self-consumption by active customers of renewable energy either:
- (a) generated or stored offsite or on sites between them by a facility they own, lease, rent in whole or in part; or
 - (b) the right to which has been transferred to them by another active customer whether free of charge or for a price.
- (10b) ‘peer-to-peer trading’ of renewable energy means peer-to-peer trading as defined in point (18) of Article 2 of Directive (EU) 2018/2001.
- (24a) ‘supplier of last resort’ means a supplier who is designated by a Member State to take over the supply of electricity to customers of a

supplier which has ceased to operate;

(24aa) ‘energy poverty’ means energy poverty as defined in Article 2, point (52) of Directive (EU) [EED Directive];’;

(ba) point (31) is replaced by the following:

‘(31) ‘energy from renewable sources’ or ‘renewable energy’ means energy from renewable sources or renewable energy as defined in Article 2, point (1), of Directive (EU) 2018/2001;’;

(bb) point (49) is replaced by the following:

‘(49) ‘non-frequency ancillary service’ means a service used by a transmission system operator or distribution system operator for steady state voltage control, fast reactive current injections, inertia for local grid stability, short-circuit current, black start capability, island operation capability and peak shaving;’;

(2) Article 4 is replaced by the following:

‘Article 4

Free choice of supplier

Member States shall ensure that all customers are free to purchase electricity from **suppliers** of their choice. Member States shall ensure that all customers are free to have more than one electricity supply contract **or an energy sharing agreement** at the same time, and that for **that** purpose customers are entitled to have more than one metering and billing point covered by the single connection point for their premises **unless the existing smart-metering allows those rights**.

Member States shall ensure that metering arrangements guarantee that all suppliers operating at a single connection point are treated in a non-discriminatory manner. Metering arrangements shall be approved by grid operator and shall allow the physical connection point to be split into several energy connection points equally reliable, independent from each other, and with same features and functionalities as single connection points, including balancing responsibility.’;

(3) Article 11 is amended as follows:

(a) the title is replaced by the following:

‘Entitlement to a fixed term, fixed price *electricity supply contract* and dynamic electricity price contract’;

(b) paragraph 1 is replaced by the following:

‘1. Member States shall ensure that the national regulatory framework enables suppliers to offer fixed-term, fixed-price *electricity supply* contracts and dynamic electricity price contracts. ***By ... [the date of entry into force of this amending Regulation],*** Member States shall ensure that final customers who have a smart meter installed can request to conclude a dynamic electricity price contract and that all final customers can request to conclude a fixed-term, fixed-price electricity *supply* contract of a duration of at least one year, with at least one supplier and with every supplier that has more than 200 000 final customers.’;

(c) the following *paragraphs are* is inserted:

1a. By way of derogation from Article 10(4), Member States shall ensure that suppliers do not modify unilaterally the terms and conditions of fixed-term, fixed-price electricity supply contracts or terminate them before their end.

1b. Member States shall ensure that final customers with fixed-term, fixed-price electricity supply contracts are not excluded from participating in demand response and energy sharing and from actively contributing to the achievement of the national electricity system flexibility needs.

1c. Prior to the conclusion or extension of any contract referred to in paragraph 1, suppliers provide to final customers ■ a summary of the key contractual conditions in a prominent manner and in concise and simple language. ***That*** summary shall include at least ***the following*** information on:

(a) total price, its breakdown and, in case of the fixed term, fixed price electricity supply contract - the average price per month over its duration;

(b) promotions;

(c) additional services;

- (d) discounts;
- (e) *contract duration and conditions for termination, including notice period and fees and where relevant, penalties;*
- (f) *whether the price is fixed or variable, indexed to wholesale prices; one-time payments where relevant;*
- (g) *contact details (including customer service's address, telephone number and email), and*
- (h) the rights referred to in points (a), (b), (d), (e), (f) **and (h)** of Article 10(3).

The Commission shall provide guidance in this regard. ’;

(d) paragraph 2 is replaced by the following:

- ‘2. Member States shall ensure that final customers are fully informed by the suppliers of the opportunities, costs and risks of dynamic electricity price contracts, and shall ensure that suppliers are required to provide information to the final customers accordingly, including with regard to the need to have an adequate electricity meter installed. **Member States and** regulatory authorities shall monitor the market developments and assess the risks that the new products and services may entail and deal with abusive practices. **Regulatory authorities shall evaluate whether any termination fees of the electricity contracts applied are appropriate and shall take measures against any abusive practices.**’;

(4) The following Articles are inserted:

‘Article 15a

Right to energy sharing

- 1. All **customers, in particular** households, small **enterprises** and public bodies have the right to participate in energy sharing as active customers, **within the same bidding zone or a more limited geographical area as determined by Member States. The right to participate in energy sharing shall not apply to private undertakings whose participation in energy**

sharing constitutes part of their primary commercial or professional activity.

- 1a.** Active customers shall be entitled to share renewable energy between themselves based on private agreements or through a legal entity.
- 1b.** *Active customers who participate in energy sharing may appoint an energy sharing organiser for communication with grid operators, including through a legal entity. The energy sharing organiser shall be responsible for providing grid operators with all necessary information about energy sharing arrangements, for settling the grid tariffs and applicable taxes and for notifying suppliers at the same connection point about the energy sharing arrangement. The energy sharing organiser shall aim at self-balancing the behind-the-meter flexible loads, distributed renewable generation and storage assets part of an energy sharing arrangement.*
- 1c.** Active customers may use **■** third parties that *own or manage storage facilities or renewable energy generation facilities of up to 6 MW capacity each* for installation, operation, including metering and maintenance, for the purpose of facilitating energy sharing. *The third party shall not be considered to be an active customer. Third parties shall be transparent about prices, tariffs, and terms of services, and they shall ensure the provision of non-discriminatory services.*
- 1d.** Member States shall ensure that active customers participating in energy sharing:
- (a)** are entitled to have the shared electricity *injected into the grid deducted from* their total metered consumption within a time interval no longer than the imbalance settlement period and without prejudice to applicable *non-discriminatory* taxes, levies and *cost-reflective* network charges;
 - (b)** benefit from all consumer rights and obligations as final customers under this Directive;
 - (c)** *are not required to comply with supplier obligations where energy is shared* between households with an installed capacity up to 10.8 kW

and up to **100** kW for multi-apartment blocks using peer-to-peer trading agreements *for energy sharing purposes*;

- (d)** *customers engaged in energy sharing agreements providing for a remuneration are billed on the basis of their actual consumption and benefit via a third party from rights on billing and billing information provided for in Article 18(1) to (5), and basic contractual rights provided for in Article 10 that are granted to final electricity customers;*
- (e)** have access to **voluntary** template contracts with fair and transparent terms and conditions for **energy sharing agreements**; in case of conflicts arising over such agreements, final customers **engaging in energy sharing or members of energy communities are to** have access to out of court dispute settlement *as regards disputes with other participants of energy sharing agreements or within energy communities* in accordance with Article 26;
- (f)** are not subject to unfair and discriminatory treatment **and charges** by market participants or their balance responsible parties;
- (g)** are informed of the possibility for changes in bidding zones in accordance with Article 14 of Regulation (EU) 2019/943 and of the fact that the right to share energy is restricted *in accordance with paragraph 1*;
- (h)** *are allowed to offer different services and participate in a non-discriminatory manner in any market, individually or aggregated through the support of market parties, with the decentralised energy resources involved in energy sharing.*

1e. Member States shall ensure that relevant transmission or distribution system operators or other designated bodies:

- (a)** monitor, collect, validate and communicate metering data related to the shared electricity with relevant final customers and market participants at least every month **in accordance with Article 23 and for that purpose, Member States are to ensure that relevant operators**

implement the appropriate IT infrastructure within ... [one year after the transposition date of this Directive];

- (b) *establish one-stop shops to facilitate and register energy sharing arrangements, to distribute practical information to the public on requirements, available grid connection capacity, timelines for response and other relevant deadlines, to inform about available financial support and expertise, available template contracts, to receive information on relevant metering points, changes in location and participation, and, where applicable, to validate calculation methods in a clear, transparent and timely manner.*
- 2. Member States shall take appropriate and non-discriminatory measures to ensure that energy poor and vulnerable households can access energy sharing schemes. Those measures may include financial support measures or production allocation quota.
- 2a. *Member States shall ensure that the energy sharing projects owned by public authorities require that at least 20 % of the amount of shared electricity is made accessible to vulnerable customers.*
- 2b. *The Commission shall provide additional guidance to the Member States without increasing administrative burden in order to facilitate a standardised approach with regard to renewable energy sharing and ensure a level playing field for renewable energy communities and citizen energy communities. The Commission shall, by means of implementing acts, establish the rules for the required data exchange between grid operators and with retailers for energy sharing, by specifying existing standards. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 68(2).*
- 2c. *Member States shall promote the introduction of plug-in mini-solar systems of up to 800 W capacity in and on buildings, for example on balconies, and remove technical and administrative barriers for customers. Active customers sharing electricity from a plug-in mini-solar installation of up to 800 W capacity shall be entitled to have the shared electricity injected into*

the grid deducted from their total metered consumption within a time interval no longer than the imbalance settlement period and without prejudice to applicable non-discriminatory taxes, levies and cost-reflective network charges. Member States may consider exempting the resulting shared electricity from those taxes, levies and cost-reflective network charges.

Article 18a

Supplier risk management

1. *By ... [six months after the date of entry into force of this amending Regulation], and regularly thereafter, regulatory authorities shall perform regular stress tests to verify the ability of suppliers to face major changes in the market dynamics and their technical and economic capacity to ensure resilience. In addition, in the light of the results of those stress tests, regulatory authorities shall, where appropriate, ensure that suppliers have in place and implement appropriate hedging strategies, taking into account the size of the supplier or its market structure, to limit the risk of changes in wholesale electricity supply to the economic viability of their contracts with customers, while maintaining liquidity on and price signals from short-term markets. Member States shall take effective, competitive, non-discriminatory measures to ensure liquidity in hedging markets, including specific measures to avoid the lack of level playing field. Regulatory authorities shall assess the impacts of the possibility of introducing specific hedging targets for specific shares of suppliers' portfolios, including as regards volatility of consumer prices.*
2. Supplier hedging strategies may include the use of power purchase agreements *or other appropriate instruments, such as forward contracts*. Where sufficiently developed markets for power purchase agreements exist which allow effective competition, Member States may require that a share of suppliers' risk exposure to changes in wholesale electricity prices is covered using power purchase agreements for electricity generated from renewable energy sources matching the duration of their risk exposure on the consumer side, subject to compliance with Union competition law.

3. Member States shall ***put in place enabling conditions*** to ensure the accessibility of hedging products for citizen energy communities and renewable energy communities.

3a. Electricity suppliers shall take all reasonable steps to limit their risk of supply failure.’;

(5) The following ***articles are*** inserted:

‘Article 27a

Supplier of last resort

1. ***Where*** Member States ***have not already appointed suppliers of last resort, they*** shall appoint suppliers of last resort at least for household customers. Suppliers of last resort shall be appointed in a fair, open, transparent and non-discriminatory procedure.
2. Final customers who are transferred to suppliers of last resort shall ***continue to benefit from all*** their rights as customers, ***as*** laid down in ***this Directive***.
3. Member States shall ensure that suppliers of last resort promptly communicate the terms and conditions to transferred customers and ensure seamless continuity of service for ***the period needed to find a new supplier***.
4. Member States shall ensure that final customers are provided with information **■** to switch to a market-based offer.
5. Member States may require the supplier of last resort to supply electricity to household customers ***and SMEs*** who do not receive market based offers. In such cases, the conditions set out in Article 5 shall apply.

Article 28a

Protection from disconnections for vulnerable customers

Member States shall ***prohibit*** electricity disconnections ***of vulnerable household customers and customers affected by or at risk of energy poverty as defined in Article 2, point (52) of Directive [EED] and shall set the thresholds above which a power reduction procedure may be introduced. Member States shall ensure that disconnections are prohibited during ongoing judicial or out-of-court disputes between the supplier and customers for a period of eight weeks.*** This shall be

provided as part of the concept of vulnerable customers pursuant to Article 28(1) of this Directive and without prejudice to the measures set out in Article 10(11).

Member States shall complement the provisions of paragraph 1 by adopting specific measures for the winter and summer seasons to enable household customers to manage their consumption and avoid high settlement bills.

Member States shall ensure that electricity suppliers regularly invite household customers without smart meters to send self-readings in order to help them manage their consumption and avoid high settlement bills.

Member States shall ensure that suppliers do not require household customers unable to pay their energy bills, vulnerable customers and customers affected by or at risk of energy poverty, to use prepayment systems.

Member States shall identify appropriate means to guarantee compensation for losses incurred by the relevant suppliers.’;

(6) in Article 27, paragraph 1 is replaced by the following:

‘1. Member States shall ensure that all household customers, and, where Member States consider it appropriate, small enterprises, enjoy universal service, namely the right to be supplied with electricity of a specified quality within their territory at competitive, easily and clearly comparable, transparent and non-discriminatory prices. To ensure the provision of universal service, Member States shall impose on distribution system operators an obligation to connect customers to their network under terms, conditions and tariffs set in accordance with the procedure laid down in Article 59(7). This Directive does not prevent Member States from strengthening the market position of the household customers and small and medium-sized non-household customers by promoting the possibilities for the voluntary aggregation of representation for that class of customers.’;

(6a) ***in Article 31, paragraph 2 is replaced by the following:***

‘2. ***In any event, the distribution system operator shall not discriminate between system users or classes of system users, particularly in favour of its related undertakings, while taking into account specificities of renewable energy***

communities and citizen energy communities in their grid connection procedures in order to allow them to obtain access to the distribution system on an equal footing with other market participants.’;

(7) In Article 31, paragraph 3 is replaced by the following:

‘3. The distribution system operator shall provide system users with the information they need for efficient access to, including **the** use of, the system. In particular, the distribution system operator shall publish in a clear and transparent manner information on the capacity available for new connections in its area of operation, including **the criteria used to calculate that available capacity, such as curtailment assumptions, the level of self-consumption capacity installed, topological and electrical characteristics of the grid, the demand and generation for the next five years and** in congested areas if flexible **█** connections can be accommodated **temporarily until the decided network reinforcements have been accomplished. The distribution system operator shall** update that information **on a regular basis, and in any event** at least every month.

Distribution system operators shall also provide clear and transparent information to system users about the status and treatment of their connection requests **including a timeline of procedures and cost estimates for needed grid reinforcements**. They shall provide such information within a period of three months from the submission of the request. **Where the requested connection is neither granted nor permanently rejected, the distribution system operator shall update that information on a regular basis and, in any event, at least every month.**

Distribution system operators shall provide system users the option to request grid connection and submit relevant documents exclusively in digital form. The Commission shall review the national standards by ... [12 months after the date entry into force of this amending Regulation] and shall submit a proposal for harmonised standards.’;

(7a) in Article 33, paragraph 1 is replaced by the following:

‘1. **Without prejudice to Directive 2014/94/EU of the European Parliament and of**

the Council¹³, Member States shall provide the necessary regulatory framework to facilitate the connection of publicly accessible and private recharging points with smart charging functionalities and bidirectional charging functionalities in accordance with Article 20a of Directive (EU) 2018/2001 to the distribution networks. Member States shall ensure that distribution system operators cooperate on a non-discriminatory basis with any undertaking that owns, develops, operates or manages recharging points for electric vehicles, including with regard to connection to the grid. Member States shall ensure that distribution system operators connect system users within six months when no grid reinforcement is needed, and one year, if reinforcement is needed, without prejudice to the relevant public consultation and environmental impact assessments where applicable.’;

(8) Article 40 is amended as follows:

(a) a new paragraph is added after paragraph 6:

‘The requirements in paragraphs 5 and 6 shall not apply with regard to the peak shaving product procured in accordance with Article 7a of Regulation (EU) 2019/943.’;

(9) Article 59 is amended as follows:

(a) in paragraph 1, subparagraph (c) is replaced by the following:

‘(c) in close coordination with the other regulatory authorities, ensuring the compliance of the single allocation platform established in accordance with Regulation (EU) 2016/1719, the ENTSO for Electricity and the EU DSO entity with their obligations under this Directive, Regulation (EU) 2019/943, the network codes and guidelines adopted pursuant to Articles 59, 60 and 61 of Regulation (EU) 2019/943, and other relevant Union law, including as regards cross-border issues, as well as with ACER's decisions, and jointly identifying non-compliance of the single allocation platform, the ENTSO for Electricity and the EU DSO entity with their

¹³ *Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure (OJ L 307 28.10.2014, p. 1).*

respective obligations; where the regulatory authorities have not been able to reach an agreement within a period of four months after the start of consultations for the purpose of jointly identifying non-compliance, the matter shall be referred to the ACER for a decision, pursuant to Article 6(10) of Regulation (EU) 2019/942;’;

(b) in paragraph 1, subparagraph (z) is replaced by the following:

‘(z) ■ monitoring the removal of unjustified obstacles to and restrictions on the development, **production, storage**, consumption **and selling** of self-generated **or shared** electricity, **renewable energy communities** and citizen energy communities, including **obstacles and restrictions preventing** the connection of flexible distributed energy generation within a reasonable time in accordance with Article 58, **point (d)**.’;

(c) paragraph 4 is replaced by the following:

‘4. The regulatory authority located in the Member State in which the single allocation platform, the ENTSO for Electricity or the EU DSO entity has its seat shall have the power to impose effective, proportionate and dissuasive penalties on those entities where they do not comply with their obligations under this Directive, Regulation (EU) 2019/943 or any relevant legally binding decisions of the regulatory authority or of ACER, or to propose that a competent court impose such penalties.’;

(10) the following Article 66a is inserted

‘Article 66a

Access to affordable energy during an electricity price crisis

1. The Commission **shall** by decision declare a regional or Union-wide electricity price crisis, **except in duly justified circumstances**, if the following conditions are met:

(a) very high prices in wholesale electricity markets at least two and a half times the average price during the previous 5 years, **and at least 180 €/MWh**, which is expected to continue for at least 6 months;

- (b) sharp increases in electricity retail prices of at least **60% of the previous two years average** occur which are expected to continue for at least 3 months.



- 2. The Commission shall specify in its decision declaring a regional or Union-wide electricity price crisis the period of validity of that decision which may be for a period of up to one year. ***If conditions laid down in paragraph 1 are still met, the Commission shall issue a decision extending the duration of the electricity price crisis no later than two months before the end of the validity of the initial decision. If an extension is not foreseen, the Commission shall propose recommendations on a gradual phase-out of public interventions.***
- 2a. ***The declaration of a regional or Union-wide electricity price crisis shall ensure a level playing field across all Member States affected by the decision so that the internal market is not unduly distorted.***
- 3. Where the Commission has adopted a decision pursuant to paragraph 1, Member States may for the duration of the validity of that decision apply ***temporary*** targeted public interventions in price setting for the supply of electricity to small and medium sized enterprises ***and energy-intensive industrial consumers***. Such public interventions shall:
 - (a) be limited to at most 70% of the beneficiary's consumption during the same period of the previous year and retain an incentive for demand reduction;
 - (b) comply with the conditions set out in Article 5(4) and (7);
 - (c) where relevant, comply with the conditions set out in paragraph 4;***(ca) be designed to minimise any negative fragmentation of competition in the Union.***
- 4. Where the Commission has adopted a decision pursuant to paragraph 1, Member States may for the duration of the validity of that decision, by way of derogation from Article 5(7), point (c), when applying targeted public

interventions in price setting for the supply of electricity pursuant to Article 5(6) or paragraph 3 of this Article, exceptionally and temporarily set a price for the supply of electricity which is below cost provided that the following conditions are fulfilled:

- (a) the price set for households only applies to at most 80% of median household consumption and retains an incentive for demand reduction ***and applies to 100% for vulnerable household customers affected by or at risk of energy poverty;***
- (b) there is no discrimination between suppliers;
- (c) suppliers are compensated for supplying below cost ***in a transparent and non-discriminatory way;*** ■
- (d) all suppliers are eligible to provide offers for the price for the supply of electricity which is below cost on the same basis; ***and***
(da) measures proposed do not distort the internal electricity market.

4a. The Commission shall continuously assess and publish on a regular basis the results of such assessments in order to monitor the impacts resulting from the measures adopted under the declared electricity price crisis.’;

(11) in Article 71, paragraph 1 is replaced by the following:

‘1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 2 points 8 and 49, Articles 3 and 5, Article 6(2) and (3), Article 7(1), point (j) and (l) of Article 8(2), Article 9(2), Article 10(2) to (12), Article 11(3) and (4), Articles 12 to 24, Articles 26, 28 and 29, Article 31(1), (2) and (4) to (10); Articles 32 to 34 and 36, Article 38(2), Articles 40 and 42, point (d) of Article 46(2), Articles 51 and 54, Articles 57 to 58, Article 59(1) points (a), (b) and (d) to (y), Article 59(2) and (3), Article 59(5) to (10), Articles 61 to 63, points (1) to (3), (5)(b) and (6) of Article 70 and Annexes I and II by 31 December 2020. They shall immediately communicate the text of those provisions to the Commission.

However, Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with:

- (a) point (5)(a) of Article 70 by 31 December 2019;
- (b) point (4) of Article 70 by 25 October 2020.

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 2 points 10a, 10b, 15a, 24a, Article 4, Article 11(1), (1a) and (2), Article 15a, Article 18a, Article 27(1), Article 27a, Article 28a, Article 31(3), Article 40(7), Article 59(1) points (c) and (z), Article 59(4) and Article 66a by six months after entry into force of this Regulation.

When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. They shall also include a statement that references in existing laws, regulations and administrative provisions to the Directive repealed by this Directive shall be construed as references to this Directive. Member States shall determine how such reference is to be made and how that statement is to be formulated.’;

Article 3

Amendment to Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources

Directive (EU) 2018/2001 is amended as follows:

(1) Article 4(3) is amended as follows:

(a) the second subparagraph is replaced by the following:

‘To that end, with regard to direct price support schemes, support shall be granted in the form of a market premium, which could be, inter alia, sliding or fixed.

The second subparagraph of this paragraph shall not apply to support for electricity from the renewable sources listed in Article 19b(2) of Regulation (EU) 2019/943, ***with more than 1 MW installed capacity, and more than 6 MW where the project is a citizen energy community or renewable energy community***, to which Article 19b(1) of that Regulation applies.’;

(2) in Article 36, paragraph 1 is replaced by the following:

- ‘1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 2 to 13, 15 to 31 and 37 and Annexes II, III and V to IX, by 30 June 2021. However, Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 4(3), *third* subparagraph, by [six months after *the date of* entry into force of this *amending* Regulation].

They shall immediately communicate the text of those measures to the Commission.

When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. They shall also include a statement that references in existing laws, regulations and administrative provisions to the Directive repealed by this Directive shall be construed as references to this Directive. Member States shall determine how such reference is to be made and how that statement is to be formulated.’;

Article 4

Amendments to Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators Regulation (EU) 2019/942 is amended as follows:

- (1) Article 2 is amended as follows:

- (a) point (a) is replaced by the following:

‘(a) issue opinions and recommendations addressed to transmission system operators, the ENTSO for Electricity, the ENTSO for Gas, the EU DSO Entity, the single allocation platform established in accordance with Regulation (EU) 2016/1719, regional coordination centres and nominated electricity market operators, on approving the methodologies, terms and conditions in accordance with Article 4(4), Article 5(2), (3) and (4); on bidding zones reviews as referred to in Article 5(7); on technical issues as referred to in Article 6(1); on arbitration between regulators in accordance with Article 6(10); related to regional coordination centres as referred to in Article 7(2), point (a); on approving and amending

methodologies and calculations and technical specifications as referred to in Article 9(1); on approving and amending methodologies as referred to in Article 9(3); on exemptions as referred to in Article 10; on infrastructure as referred to in Article 11 point (d); on matters related to wholesale market integrity and transparency pursuant to Article 12;’;

(b) point (d) is replaced by the following:

‘(d) issue individual decisions on the provision of information in accordance with Article 3(2), Article 7(2), point (b), and Article 8, point (c); on approving the methodologies, terms and conditions in accordance with Article 4(4), Article 5(2), (3) and (4); on bidding zones reviews as referred to in Article 5(7); on technical issues as referred to in Article 6(1); on arbitration between regulators in accordance with Article 6(10); related to regional coordination centres as referred to in Article 7(2), point (a); on approving and amending methodologies and calculations and technical specifications as referred to in Article 9(1); on approving and amending methodologies as referred to in Article 9(3); on exemptions as referred to in Article 10; on infrastructure as referred to in Article 11, point (d); on matters related to wholesale market integrity and transparency pursuant to Article 12, on approving and amending proposals from the ENTSO for electricity related to the regional virtual hubs pursuant to Article 5(9); and on approving and amending proposals from the ENTSO for electricity and the EU DSO entity related to the methodology concerning the data and analysis to be provided as regards the flexibility needs pursuant to Article 5(10).’;

(2) in Article 3(2), the following fourth subparagraph is added:

‘This paragraph shall also apply to the single allocation platform established in accordance with Regulation (EU) 2016/1719.’;

(3) in Article 4, the following paragraph 9 is added:

‘9. Paragraphs 6, 7 and 8 shall also apply to the single allocation platform established in accordance with Regulation (EU) 2016/1719.’;

(4) in Article 5(8), the following second subparagraph is added:

‘ACER shall monitor the single allocation platform established in accordance with Regulation (EU) 2016/1719.’;

(5) In Article 5, the following paragraph 9 is added:

‘9. ACER shall approve and where necessary amend the proposal from the ENTSO for electricity on the establishment of the regional virtual hubs for the forward market pursuant to Article 9(2) of Regulation (EU) 2019/943.’;

(6) In Article 5, the following paragraph 10 is added:

‘10. ACER shall approve and where necessary amend the joint proposal from the ENTSO for electricity and the EU DSO entity related to the methodology concerning the data and analysis to be provided as regards the flexibility needs pursuant to Article 19e(5) of Regulation (EU) 2019/943.’;

(7) in Article 15, the following paragraph 5 is added:

‘5. ACER shall issue a report analysing the national assessments of the flexibility needs and providing recommendations on issues of cross-border relevance regarding the findings of the regulatory authorities pursuant to Article 19e(6) of Regulation (EU) 2019/943.’.

Article 5

Entry into force

This Regulation shall enter into force on the [xxx] day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...,

For the European Parliament

For the Council

The President

The President

30.6.2023

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design (COM(2023)0148 – C9-0049/2023 – 2023/0077(COD))

Rapporteur for opinion: Pedro Silva Pereira

AMENDMENT

The Committee on Economic and Monetary Affairs calls on the Committee on Industry, Research and Energy, as the committee responsible, to take the following into account:

Amendment 1

Proposal for a regulation

Recital 3

Text proposed by the Commission

(3) In response to this situation, the Communication on Energy Prices presented by the Commission in October 2021 contained a toolbox of measures that the EU and its Member States may use to address the immediate impact of high energy prices on households and businesses (including income support, tax breaks, gas savings and storage measures) and to strengthen resilience against future price shocks. In its Communication of 8 March 2022 entitled 'REPowerEU: Joint European Action for more affordable, secure and sustainable energy'¹⁸ the Commission outlined a series of additional measures to strengthen the toolbox and to respond to rising energy prices. On 23 March 2022, the Commission *also*

Amendment

(3) In response to this situation, the Communication on Energy Prices presented by the Commission in October 2021 contained a toolbox of measures that the EU and its Member States may use to address the immediate impact of high energy prices on households and businesses (including income support, tax breaks, gas savings and storage measures) and to strengthen resilience against future price shocks. In its Communication of 8 March 2022 entitled 'REPowerEU: Joint European Action for more affordable, secure and sustainable energy'¹⁸ the Commission outlined a series of additional measures to strengthen the toolbox and to respond to rising energy prices. On 23 March 2022, the Commission *adopted the*

established a temporary State Aid regime to allow certain subsidies to soften the impact of high energy prices.¹⁹

Temporary Crisis Framework establishing a temporary State Aid regime to allow certain subsidies to soften the impact of high energy prices.¹⁹ ***On 9 March 2023, the framework was replaced by the Temporary Crisis and Transition Framework which provides flexibility and simplicity in response to the crisis while ensuring targeted aid as well as cohesion objectives and contributes to achieving goals of the Green Deal Industrial Plan.***

¹⁸ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions - REPowerEU: Joint European Action for more affordable, secure and sustainable energy, COM/2022/108 final

¹⁹ Communication from the Commission Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia C 131 I/01, C/2022/1890.

¹⁸ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions - REPowerEU: Joint European Action for more affordable, secure and sustainable energy, COM/2022/108 final

¹⁹ Communication from the Commission Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia C 131 I/01, C/2022/1890.

Amendment 2

Proposal for a regulation Recital 3 a (new)

Text proposed by the Commission

Amendment

(3 a) The Temporary State Aid Crisis and Transition Framework is part of the second pillar of the Green Deal Industry Plan. It should be noted that this is a temporary and targeted framework and that there are trade-offs between speeding up financing for clean tech production in Europe and the integrity of the internal market, as not all Member States have the same fiscal space to deliver the necessary investments. Appropriate instruments to give a structural answer to the investment needs are therefore needed.

Amendment 3

Proposal for a regulation Recital 3 b (new)

Text proposed by the Commission

Amendment

(3 b) Energy price hikes, further exacerbated by the Russian aggression towards Ukraine and excessive speculative practices by market actors have led to inflationary pressures and an increase in inequalities.

Amendment 4

Proposal for a regulation Recital 11

Text proposed by the Commission

Amendment

(11) The reform of the electricity market design should benefit not just household consumers but also ***the competitiveness of the Union's industries by facilitating their possibilities*** to make the clean tech investments they require to meet their net zero transition paths. The energy transition in the Union needs to be supported by a strong clean technology manufacturing basis. These reforms will support the affordable electrification of industry and the Union's position as a global leader in terms of research and innovation in clean energy technologies.

(11) The reform of the electricity market design should benefit not just household consumers but also ***enable*** the Union's industries to make the clean tech investments they require to meet their net zero transition paths. The energy transition in the Union needs to be supported by a strong clean technology manufacturing basis. These reforms will support the affordable electrification of industry and the Union's position as a global leader in terms of research and innovation in clean energy technologies.

Amendment 5

Proposal for a regulation Recital 19

Text proposed by the Commission

Amendment

(19) Consumers and suppliers need effective and efficient forward markets to

(19) Consumers and suppliers need effective and efficient forward markets to

cover their long-term price exposure and decrease the dependence on short-term prices. To ensure that energy customers all over the EU can fully benefit from the advantages of integrated electricity markets and competition across the Union, the functioning of the Union's electricity forward market should be improved via the establishment of regional virtual hubs with a view to overcome the existing market fragmentation and the low liquidity experienced in many bidding zones. Regional virtual hubs should *cover multiple bidding zones while ensuring an adequate price correlation. Some bidding zones may not be covered by a virtual hub in terms of contributing to the hub reference price. However, market participants from these bidding zones should still be able to hedge through a hub.*

Amendment 6

Proposal for a regulation Recital 21

Text proposed by the Commission

(21) To enhance the possibilities of market participants for hedging, the role of the single allocation platform established in accordance with Commission Regulation (EU) 2016/1719 should be expanded. The single allocation platform should offer trading of financial long-term transmission rights between the different bidding zones and the regional virtual hubs. The orders submitted by market participants for financial transmission rights *shall* be matched by a simultaneous allocation of long term cross zonal capacity. Such matching and allocation should be performed on a regular basis, to ensure enough liquidity and, hence, efficient hedging possibilities to market participants. The long-term transmission rights should be issued with frequent maturities (ranging

cover their long-term price exposure and decrease the dependence on short-term prices. To ensure that energy customers all over the EU can fully benefit from the advantages of integrated electricity markets and competition across the Union, the functioning of the Union's electricity forward market should be improved via the establishment of regional virtual hubs with a view to overcome the existing market fragmentation and the low liquidity experienced in many bidding zones. *The added-value of regional virtual hubs should be assessed by the Commission and this assessment should be presented to the co-legislators.*

Amendment

(21) To enhance the possibilities of market participants for hedging, the role of the single allocation platform established in accordance with Commission Regulation (EU) 2016/1719 should be expanded. The single allocation platform should offer trading of financial long-term transmission rights between the different bidding zones and, *where established*, the regional virtual hubs. The orders submitted by market participants for financial transmission rights *should* be matched by a simultaneous allocation of long term cross zonal capacity. Such matching and allocation should be performed on a regular basis, to ensure enough liquidity and, hence, efficient hedging possibilities to market participants. The long-term transmission rights should be issued with

from month ahead to at least three years ahead), in order to be aligned with the typical hedging time horizon of market participants. The single allocation platform should be subject to monitoring and enforcement to ensure that it performs its tasks properly.

Amendment 7

Proposal for a regulation Recital 30

Text proposed by the Commission

(30) Where Member States decide to support publicly financed new investments (“direct price support schemes”) in low carbon, non-fossil fuel electricity generation to achieve the Union’s decarbonisation objectives, those schemes should be structured by way of two-way contracts for difference such as to include, in addition to a revenue guarantee, an upward limitation of the market revenues of the generation assets concerned. New investments for the generation of electricity should include investments in new power generating facilities, investments aimed at repowering existing power generating facilities, investments aimed at extending existing power generating facilities or at prolonging their lifetime.

frequent maturities (ranging from month ahead to at least three years ahead), in order to be aligned with the typical hedging time horizon of market participants. The single allocation platform should be subject to monitoring and enforcement to ensure that it performs its tasks properly.

Amendment

(30) Where Member States decide to support publicly financed new investments (“direct price support schemes”) in low carbon, non-fossil fuel electricity generation to achieve the Union’s decarbonisation objectives, those schemes should be structured by way of two-way contracts for difference such as to include, in addition to a revenue guarantee, an upward limitation of the market revenues of the generation assets concerned. New investments for the generation of electricity should include investments in new power generating facilities, investments aimed at repowering existing power generating facilities, investments aimed at extending existing power generating facilities or at prolonging their lifetime. ***As these schemes are indirectly amending current State aid rules (Communication from the Commission – Guidelines on State aid for climate, environmental protection and energy 2022^{19a}, Communication from the Commission Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia 2022/C 131 I/01^{19b}) as regards granting public support to certain forms of electricity generation, the Commission should regularly assess whether they remain adequate and do not disproportionately distort or fragment the***

internal market.

^{19a} https://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ%3AC%3A2022%3A080%3ATOC&uri=uriserv%3AOJ.C_.2022.080.01.0001.01.ENG

^{19b} <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.CI.2022.131.01.0001.01.ENG>

Amendment 8

Proposal for a regulation Recital 34

Text proposed by the Commission

(34) Thanks to the upward limitation of the market revenues direct price support schemes in the form of two-way contracts for difference should provide an additional source of revenues for Member States in periods of high energy prices. To further mitigate the impact of high electricity prices on the energy bills of consumers, Member States should ensure that the revenues collected from producers subject to direct price support schemes in the form of two-way contracts for difference are passed on to **all** final electricity customers, including households, SMEs and industrial consumers, based on their consumption. The redistribution of revenues should be done in a way that ensures that consumers are still to some extent exposed to the price signal, so that they reduce their consumption when the prices are high, or shift it to periods of lower prices (which are typically periods with a higher share of RES production). Member States should ensure that the level playing-field and competition between the different suppliers is not affected by the redistribution of revenues to the final electricity consumers.

Amendment

(34) Thanks to the upward limitation of the market revenues direct price support schemes in the form of two-way contracts for difference should provide an additional source of revenues for Member States in periods of high energy prices. To further mitigate the impact of high electricity prices on the energy bills of consumers, Member States should ensure that the revenues collected from producers subject to direct price support schemes in the form of two-way contracts for difference are passed on to **the** final electricity customers, including households, SMEs and industrial consumers, based on their consumption, **while prioritising vulnerable customers and those affected by or at risk of energy poverty**. The redistribution of revenues should be done in a way that ensures that consumers are still to some extent exposed to the price signal, so that they reduce their consumption when the prices are high, or shift it to periods of lower prices (which are typically periods with a higher share of RES production). Member States should ensure that the level playing-field and competition between the different suppliers is not affected by the redistribution of revenues to the final electricity consumers.

Amendment 9

Proposal for a regulation

Recital 45

Text proposed by the Commission

(45) When suppliers' do not ensure that their electricity portfolio is sufficiently hedged changes in wholesale electricity prices can leave them financially at risk and, result in their failure, passing on costs to consumers and other network users. Hence, it should be ensured that suppliers are appropriately hedged when offering fixed price contracts. An appropriate hedging strategy should take into account the suppliers' access to its own generation and its capitalisation as well as its exposure to changes in wholesale market prices.

Amendment

(45) When suppliers' do not ensure that their electricity portfolio is sufficiently hedged changes in wholesale electricity prices can leave them financially at risk and, ***potentially*** result in their failure, passing on costs to consumers and other network users. Hence, it should be ensured that suppliers are appropriately hedged when offering fixed price contracts. An appropriate hedging strategy should ***be in line with relevant Union financial services legislation and*** take into account the suppliers' access to its own generation and its capitalisation as well as its exposure to changes in wholesale market prices, ***the size of the supplier and the market structure***.

Amendment 10

Proposal for a regulation

Recital 53

Text proposed by the Commission

(53) Public interventions in price setting for the supply of electricity constitute, in principle, a market-distortive measure. Such interventions may therefore only be carried out as public service obligations and are subject to specific conditions. Under this Directive regulated prices are possible for energy poor and vulnerable households, including below costs, and, as a transition measure, for households and micro-enterprises. In times of crisis, when wholesale and retail electricity prices increase significantly, and this is having a negative impact on the wider economy,

Amendment

(53) Public interventions in price setting for the supply of electricity constitute, in principle, a market-distortive measure, ***even if electricity should be considered an essential service***. Such interventions may therefore only be carried out as public service obligations and are subject to specific conditions. Under this Directive regulated prices are possible for energy poor and vulnerable households, including below costs, and, as a transition measure, for households and micro-enterprises. In times of crisis, when wholesale and retail electricity prices increase significantly, and

Member States should be allowed to extend, temporarily, the application of regulated prices also to SMEs. For both households and SMEs, Member States should be temporarily allowed to set regulated prices below costs as long as this does not create distortion between suppliers and suppliers are compensated for the costs of supplying below cost. However, it needs to be ensured that such price regulation is targeted and does not create incentives to increase consumption. Hence, such price regulation should be limited to 80% of median household consumption for households, and 70% of the previous year's consumption for SMEs. The Commission should determine when such an electricity price crisis exists and consequently when this possibility becomes applicable. The Commission should also specify the validity of that determination, during which the temporary extension of regulated prices applies, which may be for up to one year. To the extent that any of the measures envisaged by the present Regulation constitute State aid, the provisions concerning such measures are without prejudice to the application of Articles 107 and 108 TFEU.

this is having a negative impact on the wider economy, Member States should be allowed to extend, temporarily, the application of regulated prices also to SMEs. For both households and SMEs, Member States should be temporarily allowed to set regulated prices below costs as long as this does not create distortion *in the internal market or* between suppliers and suppliers are compensated for the costs of supplying below cost. However, it needs to be ensured that such price regulation is targeted and does not create incentives to increase consumption. Hence, such price regulation should be limited to 80% of median household consumption for households *and micro-enterprises, at least 90% for vulnerable customers* and 70% of the previous year's consumption for SMEs. The Commission should determine when such an electricity price crisis exists and consequently when this possibility becomes applicable. The Commission should also specify the validity of that determination, during which the temporary extension of regulated prices applies, which may be for up to one year. To the extent that any of the measures envisaged by the present Regulation constitute State aid, the provisions concerning such measures are without prejudice to the application of Articles 107 and 108 TFEU.

Amendment 11

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point a
Regulation (EU) 2019/943
Article 1 – point b

Text proposed by the Commission

(b) set fundamental principles for well-functioning, integrated electricity markets, which allow all resource providers and electricity customers non-discriminatory market access, enable the development of forward electricity markets to allow

Amendment

(b) set fundamental principles for well-functioning, integrated electricity markets, which allow all resource providers and electricity customers non-discriminatory market access, enable the development of forward electricity markets to allow

suppliers and consumers to hedge or protect themselves against the risk of future volatility in electricity prices, **empower** consumers, ensure competitiveness on the global market, enhance flexibility through demand response, energy storage and other non-fossil flexibility solutions, ensure energy efficiency, facilitate aggregation of distributed demand and supply, and enable market and sectoral integration and market-based remuneration of electricity generated from renewable sources;

suppliers and consumers to hedge or protect themselves against the risk of future volatility in electricity prices, **while avoiding harmful speculative activities, protect consumers including vulnerable** consumers, ensure competitiveness on the global market, enhance flexibility through demand response, energy storage and other non-fossil flexibility solutions, ensure energy efficiency, facilitate aggregation of distributed demand and supply, and enable market and sectoral integration and market-based remuneration of electricity generated from renewable sources;

Amendment 12

Proposal for a regulation

Article 1 – paragraph 1 – point 1 – point b

Regulation (EU) 2019/943

Article 1 – point e

Text proposed by the Commission

(e) support long-term investments in renewable energy generation and enable consumers' to make their energy bills less dependent from fluctuations of short-term electricity market prices, in particular fossil fuel prices in the medium to long-term.

Amendment

(e) support long-term investments in renewable energy generation and **flexibility to** enable consumers' to make their energy bills **affordable and** less dependent from fluctuations of short-term electricity market prices, in particular fossil fuel prices in the medium to long-term.

Amendment 13

Proposal for a regulation

Article 1 – paragraph 1 – point 6

Regulation (EU) 2019/943

Article 9 – paragraph 1 – introductory part

Text proposed by the Commission

1. By 1 December 2024 **the ENTSO for Electricity shall submit to ACER**, after having consulted ESMA, **a proposal for** the establishment of regional virtual hubs for the forward market. **The** proposal shall:

Amendment

1. By 1 December 2024, **the Commission**, after having consulted ESMA, **the ENTSO for Electricity and ACER, shall submit to the Parliament and the Council an assessment on the impact**

*of the establishment of regional virtual hubs for the forward market. **If deemed appropriate, the assessment shall be accompanied by a legislative proposal where applicable and inter alia** shall:*

Amendment 14

Proposal for a regulation

Article 1 – paragraph 1 – point 6

Regulation (EU) 2019/943

Article 9 – paragraph 1 – point da (new)

Text proposed by the Commission

Amendment

(d a) ensure that the creation of the virtual hub is in the interest of consumers in those regions.

Amendment 15

Proposal for a regulation

Article 1 – paragraph 1 – point 6

Regulation (EU) 2019/943

Article 9 – paragraph 2

Text proposed by the Commission

Amendment

2. Within six months of receipt of the proposal on the establishment of the regional virtual hubs for the forward market, ACER shall evaluate it and either approve or amend it. In the latter case, ACER shall consult the ENTSO for Electricity before adopting the amendments. The adopted proposal shall be published on ACER's website.

2. Within six months of receipt of the proposal on the establishment of the regional virtual hubs for the forward market, ACER shall evaluate it and either approve or amend it. In the latter case, **ACER, after informing ESMA,** shall consult the ENTSO for Electricity before adopting the amendments. The adopted proposal shall be published on ACER's website.

Amendment 16

Proposal for a regulation

Article 1 – paragraph 1 – point 6

Regulation 2019/943

Article 9 – paragraph 5

Text proposed by the Commission

5. Where a regulatory authority considers that there are insufficient hedging opportunities available for market participants, and after consultation of relevant financial market competent authorities in case the forward markets concern financial instruments as defined under Article 4(1)(15), it may require power exchanges or transmission system operators to implement additional measures, such as market-making activities, to improve the liquidity of the forward market. **Subject to** compliance with Union competition law and with Directive (EU) 2014/65 and Regulations (EU) 648/2012 and 600/2014, **market operators shall be free to develop forward hedging products, including long-term forward hedging products**, to provide market participants, including owners of power-generating facilities using renewable energy sources, with appropriate possibilities for hedging financial risks against price fluctuations. Member States shall not require that such hedging activity may be limited to trades within a Member State or bidding zone.

Amendment 17

Proposal for a regulation

Article 1 – paragraph 1 – point 9

Regulation (EU) 2019/942

Article 19a – paragraph 2

Text proposed by the Commission

2. Member States **shall** ensure that instruments such as guarantee schemes at market prices, to reduce the financial risks associated to off-taker payment default in the framework of PPAs are in place and accessible to customers that face entry barriers to the PPA market and are not in financial difficulty in line with Articles 107

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Amendment

5. Where a regulatory authority considers that there are insufficient hedging opportunities available for market participants, and after consultation of relevant financial market competent authorities in case the forward markets concern financial instruments as defined under Article 4(1)(15), it may require power exchanges or transmission system operators to implement additional measures, such as market-making activities, to improve the liquidity of the forward market. **Where market operators develop forward hedging products, including long-term forward hedging products, they shall do so in full** compliance with Union competition law and with Directive (EU) 2014/65 and Regulations (EU) 648/2012 and 600/2014, to provide market participants, including owners of power-generating facilities using renewable energy sources, with appropriate possibilities for hedging financial risks against price fluctuations. Member States shall not require that such hedging activity may be limited to trades within a Member State or bidding zone.

Amendment

2. Member States **may** ensure that instruments such as guarantee schemes at market prices, to reduce the financial risks associated to off-taker payment default in the framework of PPAs are in place and accessible to customers that face entry barriers to the PPA market and are not in financial difficulty. **The Commission shall**

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and 108 TFEU. For this purpose, Member States shall take into account Union-level instruments. Member States shall determine what categories of customers are targeted by these instruments, applying non-discriminatory criteria.

examine whether these instruments do not disproportionately distort or fragment the internal market and are in line with Articles 107 and 108 TFEU. For this purpose, Member States shall take into account Union-level instruments. Member States shall determine what categories of customers are targeted by these instruments, applying non-discriminatory criteria among each category of customers, having due regard to vulnerable customers.

Amendment 18

Proposal for a regulation

Article 1 – paragraph 1 – point 9

Regulation (EU) 2019/943

Article 19a – paragraph 6a (new)

Text proposed by the Commission

Amendment

6 a. *The contracting parties of each PPA shall report quantity, prices and duration of each contract to the national regulatory authority. The national regulatory authority shall publish a daily average electricity price, which shall be the weighted average price of all quantities of electricity traded in this bidding zone for that day.*

Amendment 19

Proposal for a regulation

Article 1 – paragraph 1 – point 9

Regulation (EU) 2019/943

Article 19b – paragraph 1

Text proposed by the Commission

Amendment

1. Direct price support schemes for new investments for the generation of electricity from the sources *listed* in paragraph 2 shall take the form of a two-way contract for differences. New

1. Direct price support schemes for new investments for the generation of electricity from the sources *referred to* in paragraph 2 shall take the form of a two-way contract for differences. **Such**

investments for the generation of electricity shall include investments in new power-generating facilities, investments aimed at repowering existing power-generating facilities, investments aimed at extending existing power-generating facilities or at prolonging their lifetime.

schemes shall as a minimum be commensurate with Regulation (EU) 2020/852 and the investments foreseen in the integrated national energy and climate plan with respect to the dimension decarbonisation referred to in point (a) of Article 4 of Regulation (EU) 2018/1999 and any updates thereof. New investments for the generation of electricity shall include investments in new power-generating facilities, investments aimed at repowering existing power-generating facilities, investments aimed at extending existing power-generating facilities or at prolonging their lifetime.

Amendment 20

Proposal for a regulation

Article 1 – paragraph 1 – point 9

Regulation (EU) 2019/943

Article 19b – paragraph 3 – point a

Text proposed by the Commission

(a) be designed so that the revenues collected when the market price is above the strike price are distributed to all final electricity customers based on their share of consumption (same cost / refund per MWh consumed);

Amendment

(a) be designed so that the revenues collected when the market price is above the strike price are distributed to all final electricity customers based on their share of consumption (same cost / refund per MWh consumed) ***giving priority to compensating vulnerable customers;***

Amendment 21

Proposal for a regulation

Article 1 – paragraph 1 – point 9

Regulation (EU) 2019/943

Article 19b (new) – paragraph 3 – point ba (new)

Text proposed by the Commission

Amendment

(b a) ensure community based / small scale projects have access to contracts for difference at the clearing price of the lowest tender;

Amendment 22

Proposal for a regulation

Article 1 – paragraph 1 – point 14

Regulation (EU) 2019/943

Article 69a – subparagraph 1

Text proposed by the Commission

Nothing in this Regulation shall derogate from the provisions of Directive (EU) 2014/65, Regulation (EU) 648/2012 and Regulation (EU) 600/2014 when market participants or market operators engage in activities related to financial instruments in particular as defined under Article 4(1)(15) of Directive (EU) 2014/65.

Amendment

Nothing in this Regulation shall derogate from the provisions of Directive (EU) 2014/65, Regulation (EU) 648/2012 and Regulation (EU) 600/2014 when market participants or market operators engage in activities related to financial instruments in particular as defined under Article 4(1)(15) of Directive (EU) 2014/65. ***Duplication of regulatory, compliance and reporting requirements shall be avoided.***

Amendment 23

Proposal for a regulation

Article 2 – paragraph 1 – point 5

Directive (EU) 2019/944

Article 28a – subparagraph 1

Text proposed by the Commission

Member States shall ***ensure that vulnerable customers are protected from*** electricity disconnections. This shall be provided as part of the concept of vulnerable customers pursuant to Article 28 (1) of this Directive and without prejudice to the measures set out in Article10(11).

Amendment

Member States shall ***prohibit*** electricity disconnections ***for household customers unable to pay their energy bills, vulnerable household customers, and households at risk of or in energy poverty.*** This shall be provided as part of the concept of vulnerable customers pursuant to Article 28 (1) of this Directive and without prejudice to the measures set out in Article10(11).

Amendment 24

Proposal for a regulation

Article 2 – paragraph 1 – point 6

Text proposed by the Commission

1. Member States shall ensure that all household customers, and, where Member States consider it appropriate, small enterprises, enjoy universal service, namely the right to be supplied with electricity of a specified quality within their territory at competitive, easily and clearly comparable, transparent and non-discriminatory prices. To ensure the provision of universal service, Member States shall impose on distribution system operators an obligation to connect customers to their network under terms, conditions and tariffs set in accordance with the procedure laid down in Article 59(7). This Directive does not prevent Member States from strengthening the market position of the household customers and small and medium-sized non-household customers by promoting the possibilities for the voluntary aggregation of representation for that class of customers.

Amendment 25

Proposal for a regulation

Article 2 – paragraph 1 – point 10

Directive (EU) 2019/944

Article 66a – paragraph 1 – introductory part

Text proposed by the Commission

1. The Commission may by decision declare a regional or Union-wide electricity price crisis, if the following conditions are met:

Amendment

1. Member States shall ensure that all household customers **and micro-enterprises**, and, where Member States consider it appropriate, small enterprises, enjoy universal service, namely the right to be supplied with electricity of a specified quality within their territory at competitive, easily and clearly comparable, transparent and non-discriminatory prices. To ensure the provision of universal service, Member States shall impose on distribution system operators an obligation to connect customers to their network under terms, conditions and tariffs set in accordance with the procedure laid down in Article 59(7). This Directive does not prevent Member States from strengthening the market position of the household customers and small and medium-sized non-household customers by promoting the possibilities for the voluntary aggregation of representation for that class of customers.

Amendment

1. The Commission, **acting together with all of the Member States**, may by decision declare a regional or Union-wide electricity price crisis, if the following conditions are met **simultaneously and expected to continue for at least six months**:

Amendment 26

Proposal for a regulation

Article 2 – paragraph 1 – point 10

Directive (EU) 2019/944

Article 66a – paragraph 2a (new)

Text proposed by the Commission

Amendment

2 a. The declaration of a regional or Union-wide electricity price crisis shall ensure a level playing field across all Member States affected by the decision so that the internal market is not disproportionately distorted.

Amendment 27

Proposal for a regulation

Article 2 – paragraph 1 – point 10

Directive (EU) 2019/944

Article 66a – paragraph 3 – point ca (new)

Text proposed by the Commission

Amendment

(c a) take into account distortive effects on the wholesale market.

Amendment 28

Proposal for a regulation

Article 2 – paragraph 1 – point 10

Directive (EU) 2019/944

Article 66a – paragraph 3a (new)

Text proposed by the Commission

Amendment

3 a. The Commission shall issue guidance on how these thresholds can be applied in conjunction with the Temporary Crisis and Transition Framework for the time in which both, this Directive and the Framework will be in place.

Amendment 29

Proposal for a regulation

Article 2 – paragraph 1 – point 10

Directive (EU) 2019/944

Article 66a – paragraph 4 – point a

Text proposed by the Commission

(a) the price set for households only applies to at most 80% of median household consumption and retains an incentive for demand reduction;

Amendment

(a) the price set for households ***and micro-enterprises*** only applies to at most 80% of median household consumption and retains an incentive for demand reduction, ***and at least 90% for vulnerable customers***;

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design
References	COM(2023)0148 – C9-0049/2023 – 2023/0077(COD)
Committee responsible Date announced in plenary	ITRE 1.6.2023
Opinion by Date announced in plenary	ECON 1.6.2023
Rapporteur for the opinion Date appointed	Pedro Silva Pereira 20.4.2023
Date adopted	28.6.2023
Result of final vote	+ : 39 - : 8 0 : 4
Members present for the final vote	Rasmus Andresen, Anna-Michelle Asimakopoulou, Isabel Benjumea Benjumea, Stefan Berger, Engin Eroglu, Markus Ferber, Jonás Fernández, Valentino Grant, Claude Gruffat, José Gusmão, Michiel Hoogeveen, Stasys Jakeliūnas, France Jamet, Billy Kelleher, Ondřej Kovařík, Georgios Kyrtos, Aurore Lalucq, Aušra Maldeikienė, Csaba Molnár, Denis Nesci, Luděk Niedermayer, Lefteris Nikolaou-Alavanos, Lídia Pereira, Kira Marie Peter-Hansen, Eva Maria Poptcheva, Antonio Maria Rinaldi, Dorien Rookmaker, Alfred Sant, Joachim Schuster, Ralf Seekatz, Inese Vaidere, Johan Van Overtveldt, Stéphanie Yon-Courtin
Substitutes present for the final vote	Damien Carême, Niels Fuglsang, Henrike Hahn, Valérie Hayer, Martin Hlaváček, Eugen Jurzyca, Janusz Lewandowski, Chris MacManus, Tonino Picula, Jessica Polfjärd, René Repasi, Eleni Stavrou
Substitutes under Rule 209(7) present for the final vote	Vladimír Bilčík, Marco Campomenosi, Hannes Heide, Leszek Miller, Patrizia Toia, Juan Ignacio Zoido Álvarez

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

39	+
PPE	Anna-Michelle Asimakopoulou, Isabel Benjumea Benjumea, Stefan Berger, Vladimír Bilčík, Markus Ferber, Janusz Lewandowski, Aušra Maldeikienė, Luděk Niedermayer, Lídia Pereira, Jessica Polfjärd, Ralf Seekatz, Eleni Stavrou, Inese Vaidere, Juan Ignacio Zoido Álvarez
Renew	Engin Eroglu, Valérie Hayer, Martin Hlaváček, Billy Kelleher, Ondřej Kovařík, Georgios Kyrtos, Eva Maria Poptcheva, Stéphanie Yon-Courtin
S&D	Jonás Fernández, Niels Fuglsang, Hannes Heide, Aurore Lalucq, Leszek Miller, Csaba Molnár, Tonino Picula, René Repasi, Alfred Sant, Joachim Schuster, Patrizia Toia
Verts/ALE	Rasmus Andresen, Damien Carême, Claude Gruffät, Henrike Hahn, Stasys Jakeliūnas, Kira Marie Peter-Hansen

8	-
ECR	Michiel Hoogeveen, Eugen Jurzyca, Dorien Rookmaker, Johan Van Overtveldt
ID	France Jamet
NI	Lefteris Nikolaou-Alavanos
The Left	José Gusmão, Chris MacManus

4	0
ECR	Denis Nesci
ID	Marco Campomenosi, Valentino Grant, Antonio Maria Rinaldi

Key to symbols:

+ : in favour

- : against

0 : abstention

8.6.2023

LETTER OF THE COMMITTEE ON BUDGETS

Mr Cristian Buşoi
Chair
Committee on Industry, Research and Energy
BRUSSELS

Subject: Opinion on the Commission proposal on amending Regulations (EU) No 1227/2011 and (EU) 2019/942 to improve the Union's protection against market manipulation in the wholesale energy market (2023/0076 (COD)) and amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design (2023/0077(COD))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Budgets' Coordinators decided at their meeting of 31 January 2023 to adopt an opinion under the Rule 56plus in the form of a letter covering both legislative files.

The committee adopted the opinion at its meeting¹ on 08/06/2023 and mandated me to convey the position set out below.

Background to the proposal related to the budgetary impact on the European Union Agency for the Cooperation of Energy Regulators (ACER) and ITER

On 14 March 2023, the Commission proposed to reform the EU's electricity market design to accelerate a surge in renewables and the phase-out of gas, make consumer bills less dependent on volatile fossil fuel prices, better protect consumers from future price spikes and potential market manipulation, and make the EU's industry clean and more competitive.

This translated into two proposal amending several existing pieces of legislation:

1. Amendment of the REMIT (Union's protection of against market manipulation in the

¹ The following were present for the final vote: Janusz Lewandowski (1st Vice-Chair), Olivier Chastel (2nd Vice-Chair), Niclas Herbst (4th Vice-Chair), José Manuel Fernandes, Adam Jarubas, Siegfried Mureşan, Petri Sarvamaa, Eleni Stavrou, Rainer Wieland (for EPP), Markus Ferber and Asim Ademov (for EPP pursuant to Rule 209(7)), Pascal Durand, Jonás Fernández, Jens Geier, Eero Heinäluoma, Camilla Laureti, Nils Ušakovs (for S&D), Inma Rodríguez-Piñero and Massimiliano Smeriglio (for S&D pursuant to Rule 209(7)), Katalin Cseh, Vlad Gheorghe, Valérie Hayer, Fabienne Keller, Moritz Körner (for Renew), Nicolae Ştefănuţă (for Verts/ALE), Zbigniew Kuźmiuk, Bogdan Rzońca (for ECR), Dimitrios Papadimoulis (for the Left) and Andor Deli (for NI)

- wholesale energy market) and the corresponding amendment of the ACER Regulation.
2. Amendments of the EMD (Electricity market design) Regulation and Directive, the Renewable Energy Directive and the corresponding amendment of the ACER Regulation.

The first batch will entrust ACER with new tasks, essentially authorisation and supervisory powers on electricity data platforms, a role of centralisation of suspicious transactions on the electricity market and investigation and extended enforcement powers of the REMIT Regulation. According to the Commission assessment, ACER would need 25 additional full time equivalent (FTE) and EUR 4.2 million operational expenditure over 2025-2027. 2/3 of the staff as well as the operational expenditure will be financed from extended fee. This leaves EUR 2.9 million to be financed from the EU budget over 2025-2027.

The second batch will also entrust ACER with new tasks, essentially ex-ante approval of hubs for the trading of forward electricity contracts and of the methodology underpinning the reporting by MS on the need for flexibility in the electricity market. According to the Commission assessment, ACER would need 4 additional FTE for an amount of EUR 2.8 million over 2024-2027.

In total, the impact of the increase for ACER on the EU budget would be EUR 5.7 million over 2024-2027. The Legislative financial statement indicates that the amount will be redeployed from the ITER budget line.

Position of the Committee on Budgets

Overall, the budgetary impact of the proposal is not substantial and the ACER Regulation is only modified to extend the scope of the fee-financed activities and add the tasks related to the amendment of the EMD. The Commission informs that the offsetting planned redeployment from ITER to ACER is not negatively impacting ITER to deliver upon its objectives under the MFF and reminds that the total amount of this planned offsetting of EUR 5.7 million accounts for 0.1% of the entire ITER budget over the MFF.

Still, the Committee on Budgets observes, that since the beginning of this MFF, several legislative proposals² were presented by the Commission entrusting ACER with new,

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- Regulation of the European Parliament and of the Council on guidelines for trans-European energy infrastructure and repealing Regulation (EU) No 347/2013 Increase of resources for ACER for additional responsibilities in the oversight of the Ten-Year Network Development Plan. This requires a limited number of additional resources (1 additional FTE) from the CEF energy programme (see Legislative financial statement in COM(2020)824)
- The Commission Proposal for a Regulation of the European Parliament and of the Council on methane emissions reduction in the energy sector (COM(2021)805). This

additional tasks which require additional financial means.

These combined new tasks for ACER add up to an increase in staff (from the MFF baseline situation of 77 permanent, 36 contract agents, 4 Seconded national experts to 142 permanent, 47 contract agents, 10 Seconded national experts) and in projected budgetary needs (budget is projected to increase up to 22,4 Million Euro in 2027 instead of 16,3 Million Euro).

The need to resort to redeployments in order to ensure the necessary additional operational and administrative resources constitutes a significant impact on the EU budget for the remainder of the financial programming period and beyond.

The European Parliament, in numerous reports and resolutions, has reiterated its general position that new tasks should be covered by fresh resources and that the practice of ‘compensation’ of reinforcements through back loading or reductions in programme envelopes should be prevented. Nevertheless, given the accumulation of new initiatives, additional needs and unexpected developments, it must be soberly stated that the default sources for such fresh appropriations in the EU budget - unallocated margins under the MFF

requires a limited number of additional resources (1 TA post as of 2023). The Budget increase is solely linked to the increase in posts. The increase of the EU contribution is proposed to be compensated by an equal reduction of the budget of the Connecting Europe Facility Energy Programme (CEF Energy programme).

- The Commission Proposal for a Regulation of the European Parliament and of the Council on the internal markets for renewable and natural gases and for hydrogen (COM(2021)804). These tasks require an increase in the agency’s human resources of 15 additional establishment plan posts and 6 additional contract agents by 2027. The budget increase is linked solely to the additional staff. The increase of the EU contribution will be compensated by an equal reduction of the CEF Energy programme.
- The Commission Proposal for a Council Regulation enhancing solidarity through better coordination of gas purchases, exchanges of gas across borders and reliable price benchmarks; COM(2022)549 final. The proposal sets out new tasks for ACER to establish and publish a daily LNG price assessment and LNG benchmark. ACER will need to comply with IOSCO principles for Price Reporting Agencies (PRA), which requires experienced staff. The agency will also require additional resources for consultancy purposes, IT, and audit trails. The increase in appropriations for ACER is planned to be offset by a compensatory reduction of programmed spending under CEF Energy Programme.
- The Commission Proposal for a Council Regulation establishing a market correction mechanism to protect citizens and the economy against excessively high prices; COM(2022)668 final. The proposal will require additional resources for ACER. In particular, the proposal sets out new tasks for ACER to monitor gas markets and assist the Commission by triggering (and later deactivating) the market correction mechanism and by monitoring intra-EU gas flows. The increase in appropriations for ACER is planned to be offset by a compensatory reduction of programmed spending under CEF Energy Programme.

ceilings and non-thematic special instruments are like to be virtually or even entirely depleted as of B2024.

The Committee on Budgets stands ready to follow the proposal closely during the next procedural steps in particular on discussions on the human and financial resources of ACER and any potential budgetary consequences.

Yours sincerely,

Johan Van Overtveldt

23.5.2023

LETTER OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION

Mr Cristian-Silviu Buşoi
Chair
Committee on Industry, Research and Energy
BRUSSELS

Subject: Opinion on Amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design (COM(2023)0148 – C9-0049/2023 – 2023/0077(COD))

Dear Mr Chair,

Under the procedure referred to above, the Committee on the Internal Market and Consumer Protection has been asked to submit an opinion to your committee. At its meeting of 28 March 2023, the Coordinators decided to send the opinion in the form of a letter in order to be able to submit the opinion timely.

The Committee on the Internal Market and Consumer Protection considered the matter at its meeting of 23 May 2023. At that meeting ¹, it decided to call on the Committee on Industry, Research and Energy (ITRE), as the committee responsible, to incorporate the following suggestions, priorities and principles into its legislative report.

Yours sincerely,

Anna Cavazzini
Chairwoman

¹ The following were present for the final vote: Anna Cavazzini (Chair), Andrus Ansip (Vice-Chair), Krzysztof Hetman (Vice-Chair), Maria-Manuel Leitão-Marques (Vice-Chair), Alex Agius Saliba, Marc Angel, Anna-Michelle Asimakopoulou, Alessandra Basso, Adam Bielan, Biljana Borzan, Vlad-Marius Botoş, Deirdre Clune, Dita Charanzová, David Cormand, Christian Doleschal, Carlo Fidanza, Elisabetta Gualmini, Alexandra Geese, Sandro Gozi, Claude Gruffat, Ivars Ijabs, Eugen Jurzyca, Arba Kokalari, Kateřina Konečná, Andrey Kovatchev, Katrin Langensiepen, Morten Løkkegaard, Adriana Maldonado López, Francisco José Millán Mon, Leszek Miller, Anne-Sophie Pelletier, Antonio Maria Rinaldi, Christel Schaldemose, Andreas Schwab, Tomislav Sokol, Ivan Štefanec, Róza Thun und Hohenstein, Edina Tóth, Tom Vandenkendelaere, Marion Walsmann.

SUGGESTIONS

The Committee on Internal Market and Consumer Protection calls on the Committee on Industry, Research and Energy, as the Committee responsible, to take into account the following observations, priorities and principles into its legislative report:

- A. Whereas to protect consumers, including small businesses, from volatile prices and price spikes, the proposal provides for the right to fixed price contracts as well as dynamic price contracts, the right to multiple contracts and to better and clearer contract information. It also comes up with measures to prevent and ensure that vulnerable customers are protected from electricity disconnections;
 - B. Whereas, its provisions aim also at improving investment conditions for businesses and boosting renewable energy investment, in particular by improving the markets for long term contracts;
 - C. Whereas the proposal contains provisions on special mechanisms to be activated during an electricity price crisis;
1. Takes note of the Commission proposal, which is the part of the Commission's package to reform the EU's electricity market. It amends Regulation (EU) 2019/943 (Electricity Regulation), Directive (EU) 2019/944 (Electricity Directive), Directive (EU) 2018/2001 (Renewable Energy Directive) and Regulation (EU) 2019/942 (ACER Regulation), putting forward additional measures to protect consumers and businesses, particularly SMEs, from market price volatility, in particular from price spikes, increase contract choice and access to renewable and low carbon energy, enhancing stability and predictability of the cost of energy;
 2. Calls that the following priorities and principles are taken on board in the preparation of the Parliament's position:
 - I. Internal market: A fully integrated EU electricity market must prioritise fair and open competition alongside well developed and interconnected electricity grids between the Member States. At the same time it should be ensured that the proposed use of Power purchase agreements (PPAs) and two-way contracts for difference (CfDs) for new investments is voluntary and does not hamper the functioning of the internal market. Commission should develop clear guidelines in that respect. The investments measures for the power generation, electricity infrastructure and flexibility services proposed in this directive should be market based to ensure that we are not disincentivizing private investments.
 - II. Accessibility and affordability: Ensuring development of the PPAs' market along with affordable tariffs on the market to provide energy for all customers, including SMEs, but at the same time, encouraging them to adapt consumption to price signals as well as incentives to invest in energy savings Member States shall ensure that there is a competitive offer of fixed price and dynamic price tariffs available on the market, During times of electricity price crisis, the most vulnerable household customers, including household in situation of energy poverty, must be adequately protected, including through measures to protect them from electricity

disconnection as proposed in the current proposal, to ensure continuous access to electricity at an affordable price. However, achieving a correct balance throughout the overall process, between direct support and the need to promote energy efficiency, in particular by building renovation and adoption of sustainable practices, is critical.

- III. Securing continuous electricity supply: With increasing electrification of almost all aspects of life secure supply of power gains even higher importance both for businesses and households. The reform should improve environment for sufficient investments in the whole elements of the electricity system: renewable and clean generation, dispatchable generation, transmission and distribution grids as well as storage and demand side response. To further increase the security of supply the capacity remuneration mechanisms should be recognised as a structural element of the market to better reflect adequacy needs and specific circumstances of the Member States involved.
- IV. Transparency of information: All consumers, including SMEs, should have access to clear and easily understandable information about energy offers and contractual conditions at all process stages, including both at the pre-contractual stage as well as after the conclusion of the contract. This should include information on the price components, contract renewal conditions, the consequences of terminating a contract, and other relevant terms, as well as the information contained in electricity bills. The information should be presented in a manner that is clear, legible and easily comprehensible by all final customers and accessible for persons with disabilities, including through standardised templates and guidelines. It should be ensured by suppliers that consumers have access to better and clearer information, particularly when it comes to pre-contractual information in order to enable consumers to compare offers.

At the same time it should be ensured that consumers have sufficient choices and can freely benefit from a variety of contract offers.

To promote a free and competitive market, the current Regulation should ensure that information provided by suppliers is clear and accurate and that information requirements are met without imposing overly burdensome requirements that could impact innovation or limit suppliers' ability to offer competitive pricing and services.

Suppliers should not be allowed to unilaterally change or terminate fixed-term and fixed-price contracts or payment modalities. Consumer explicit consent should be required for contract renewal under different terms than the original contract.

Although provisions on information duties of suppliers already exist, there is a need for the improvement, due to the increasing complexity of energy offers and different marketing practices. The information available to consumers should be sufficient and clear without being confusing or misleading.

In case of anticipated price hikes, suppliers should early advise customers with variable tariffs on how they can protect themselves against price increases, including suggestions for energy savings and alternative or anticipative payment

monthly plans.

Moreover, consumers should have easy access to clear and easily understood comparisons of electricity offers without unfairly advantaging or disadvantaging any particular supplier.

- V. Care for vulnerable customers: Particular attention should be paid to the needs of vulnerable household customers which may include consumers with low income, with disabilities, and those who require electricity for life-supporting appliances considering the indicators for energy poverty in Commission Recommendation (EU) 2020/1563) by banning disconnections the entire year. Disconnections should be banned for all households customers in critical times, including weekends and public holidays. It would be especially beneficial to allow payments in instalments.

In addition to banning disconnections and allowing payments in instalments, other measures should also be taken to support vulnerable consumers, including offering energy efficiency advice and support, as well as targeted support measures to incentivise energy savings, providing access to emergency funds, and developing targeted outreach programs. These measures should be designed to support vulnerable consumers without imposing undue burdens on suppliers or limiting competition in the energy market.

Member States shall appoint suppliers of last resort, however this requirement should not lead to the supply of electricity at a fixed minimum price.

- VI. Building on and seizing the potential of the digitalisation of the energy system: To support active participation by all consumers electricity services should be made easily accessible online, including for persons with disabilities and elderly people. This can be achieved through, functional and simple interfaces designed for accessibility. The digitalisation of the energy system should be a key element of the future electricity markets and systems including by creating more empowerment of the consumer as a producer. At the same time, it is important to ensure that high safety and data protection standards are maintained to protect consumers' privacy and personal information. This should in no way prevent electricity suppliers to provide easy and quick access to their customer service, by phone or by other means, for all consumers who do not have Internet access.
- VII. Proportionality: It must be ensured that public interventions allowed for Member States do not lead to market distortion or fragmentation, but uphold the single market, and ensure a high-level of consumer protection. All such temporary measures should be precisely targeted, duly justified, evidence-based, proportional and lifted as soon as possible.
- VIII. Coordination: the impact on the internal market for electricity of the measures and mechanisms introduced by Member States should be systematically monitored by the Commission, national regulatory authorities and ACER and should include an assessment of the impact on competition, consumer choice, and the efficient functioning of the market.
- IX. Transparency, communication and dialogue: All energy market-related measures

must be developed and implemented in a transparent manner, which involves all affected stakeholders (including consumer organizations, SMEs representatives, energy suppliers, regulators, and other relevant actors). Continuous dialogue with stakeholders should be ensured, as appropriate.

- X. **Alternative dispute settlement:** Customers should have access to alternative dispute settlement bodies specialized in energy and be supported in the disputes related to their rights and obligations. It should apply for disputes with suppliers, related to both the purchase and the sale of electricity, with electricity and citizen energy communities, and with parties they hold energy sharing agreements with.
- XI. **Integrity of the single market for electricity:** Measures and mechanisms put in place by Member States should take into account effects on competition, freedom to provide services and the functioning of internal market for electricity in order to ensure fair and open competition, a level playing field, and respect for the fundamental principles on which single market is based.
- XII. **Cross-border access to energy:** The energy market should be further integrated within the Union to allow consumers to establish energy supply contracts with energy suppliers outside their region or Member State to promote competition, increase consumer choice, and drive down prices. This should be especially promoted in border regions, where energy grids are integrated. Member States should ensure practical measures for providers for cross-border sales, such as clear and transparent rules on taxation, minimum service requirements, streamlining administrative procedures, and establishing clear rules for consumer protection and dispute resolution.

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design			
References	COM(2023)0148 – C9-0049/2023 – 2023/0077(COD)			
Date submitted to Parliament	14.3.2023			
Committee responsible Date announced in plenary	ITRE 1.6.2023			
Committees asked for opinions Date announced in plenary	BUDG 29.3.2023	ECON 1.6.2023	ENVI 29.3.2023	IMCO 29.3.2023
Not delivering opinions Date of decision	ENVI 23.3.2023			
Rapporteurs Date appointed	Nicolás González Casares 11.4.2023			
Discussed in committee	23.5.2023			
Date adopted	19.7.2023			
Result of final vote	+ : 55 - : 15 0 : 2			
Members present for the final vote	Nicola Beer, François-Xavier Bellamy, Hildegard Bentele, Vasile Blaga, Michael Bloss, Paolo Borchia, Cristian-Silviu Buşoi, Jerzy Buzek, Maria da Graça Carvalho, Ignazio Corrao, Beatrice Covassi, Nicola Danti, Marie Dauchy, Pilar del Castillo Vera, Martina Dlabajová, Christian Ehler, Valter Flego, Niels Fuglsang, Jens Geier, Nicolás González Casares, Christophe Grudler, Henrike Hahn, Robert Hajšel, Ivo Hristov, Ivars Ijabs, Romana Jerković, Seán Kelly, Zdzisław Krasnodębski, Andrius Kubilius, Thierry Mariani, Marisa Matias, Marina Mesure, Dan Nica, Niklas Nienass, Ville Niinistö, Johan Nissinen, Mauri Pekkarinen, Tsvetelina Penkova, Morten Petersen, Markus Pieper, Manuela Ripa, Robert Roos, Sara Skytvedal, Maria Spyrali, Grzegorz Tobiszowski, Patrizia Toia, Henna Virkkunen, Pernille Weiss, Carlos Zorrinho			
Substitutes present for the final vote	Damian Boeselager, Franc Bogovič, Francesca Donato, Matthias Ecke, Ladislav Ilčić, Elena Lizzi, Dace Melbārde, Jutta Paulus, Massimiliano Salini, Jordi Solé, Susana Solís Pérez, Ivan Štefanec, Nils Torvalds, Emma Wiesner			
Substitutes under Rule 209(7) present for the final vote	Rosanna Conte, Arnaud Danjean, César Luena, Nicola Procaccini, Elżbieta Rafalska, Antonio Maria Rinaldi, Daniela Rondinelli, Nacho Sánchez Amor, Edina Tóth			
Date tabled	27.7.2023			

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

55	+
ID	Paolo Borchia, Rosanna Conte, Elena Lizzi, Antonio Maria Rinaldi
NI	Francesca Donato
PPE	Hildegard Bentele, Vasile Blaga, Franc Bogovič, Cristian-Silviu Buşoi, Jerzy Buzek, Maria da Graça Carvalho, Pilar del Castillo Vera, Christian Ehler, Seán Kelly, Andrius Kubilius, Dace Melbārde, Markus Pieper, Massimiliano Salini, Sara Skyttedal, Maria Spyrali, Ivan Štefanec, Henna Virkkunen, Pernille Weiss
Renew	Nicola Beer, Nicola Danti, Martina Dlabajová, Valter Flego, Ivars Ijabs, Mauri Pekkarinen, Morten Petersen, Susana Solís Pérez, Nils Torvalds, Emma Wiesner
S&D	Beatrice Covassi, Matthias Ecke, Niels Fuglsang, Jens Geier, Nicolás González Casares, Romana Jerkovič, César Luena, Dan Nica, Tsvetelina Penkova, Daniela Rondinelli, Nacho Sánchez Amor, Patrizia Toia, Carlos Zorrinho
Verts/ALE	Michael Bloss, Damian Boeselager, Ignazio Corrao, Henrike Hahn, Niklas Nienass, Ville Niinistö, Jutta Paulus, Manuela Ripa, Jordi Solé

15	-
ECR	Ladislav Ilčić, Zdzisław Krasnodębski, Johan Nissinen, Nicola Procaccini, Elżbieta Rafalska, Robert Roos, Grzegorz Tobiszowski
ID	Marie Dauchy, Thierry Mariani
NI	Edina Tóth
PPE	François-Xavier Bellamy, Arnaud Danjean
Renew	Christophe Grudler
The Left	Marisa Matias, Marina Mesure

2	0
S&D	Robert Hajšel, Ivo Hristov

Key to symbols:

+ : in favour

- : against

0 : abstention