



A9-0151/2024

22.3.2024

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REPORT

on the proposal for a directive of the European Parliament and of the Council amending Directives (EU) 2018/2001 and (EU) 2019/944 as regards improving the Union's electricity market design
(COM(2023)0148 – C9-0049/2023 – 2023/0077B(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 directive of the European Parliament and of the Council amending Directives (EU) 2018/2001 and (EU) 2019/944 as regards improving the Union's electricity market design
(COM(2023)0148 – C9-0049/2023 – 2023/0077B(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 14 June 2023¹,
- having regard to the opinion of the Committee of the Regions of 5 July 2023²,
- having regard to the provisional agreement approved by the committee responsible under Rule 74(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 22 December 2023 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
- having regard to the decision by the Conference of Presidents of 21 February 2024 to authorise the Committee on Industry, Research and Energy to split the legislative procedure and to proceed with the tabling of two separate consolidated texts for consideration in plenary,
- 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 (A9-0151/2024),

¹ OJ C 293, 18.8.2023, p. 112.

² OJ C, C/2023/253, 26.10.2023, ELI: <http://data.europa.eu/eli/C/2023/253/oj>.

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.

Amendment 1

AMENDMENTS BY THE EUROPEAN PARLIAMENT*

to the Commission proposal

DIRECTIVE (EU) 2024//... OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of ...

**amending Directives (EU) 2018/2001 and (EU) 2019/944
as regards improving 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 Committee³,

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

³ OJ C 293, 18.8.2023, p. 112.

Having regard to the opinion of the Committee of the Regions⁴,

Acting in accordance with the ordinary legislative procedure⁵,

⁴ OJ C, C/2023/253, 26.10.2023, ELI: <http://data.europa.eu/eli/C/2023/253/oj>.

⁵ Position of the European Parliament of ... (not yet published in the Official Journal) and decision of the Council of

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 final assessment of the EU wholesale electricity market design of April 2022, this is mainly a consequence of the high price of gas, which is used as an input to generate electricity.
- (2) The escalation of the Russian war of aggression against Ukraine, a Contracting Party of the Energy Community Treaty⁶, and related international sanctions since February 2022 have ***led to a gas crisis, have*** disrupted global energy markets, have exacerbated the problem of high gas prices, and have had a significant knock-on impact on electricity prices. The Russian war of aggression against Ukraine has also caused uncertainty on the supply of other commodities, such as hard coal and crude oil, used by power-generating installations. This has resulted in a substantial additional increase in the volatility of electricity prices. ***The reduced availability of several nuclear reactors and the low hydropower output further amplified the increase in electricity prices.***

⁶ OJ L 198, 22.7. 2006, p. 18.

- (3) As a response to that situation, the *Commission in its communication of October 2021 on ‘Tackling rising energy prices: a toolbox for action and support’* proposed a toolbox of measures that the *Union* and its Member States may use to address the immediate impact of high energy prices on household *customers* and businesses, including income support, tax breaks, *energy* savings and storage measures ■ and to strengthen resilience against future price shocks. In its communication of 8 March 2022 on ‘REPowerEU: Joint European Action for more affordable, secure and sustainable energy’, 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.

- (4) In its communication of 18 May 2022 on ‘REPowerEU plan’, the Commission introduced additional measures focusing on energy savings, diversification of energy supplies, ***increased energy efficiency target*** and accelerated roll-out of renewable energy aiming at reducing the Union’s dependence on Russian fossil fuels, including a proposal to increase the Union’s 2030 target for renewable energy sources to 45 %. Furthermore, the communication of the Commission of 18 May 2022 on ‘Short-Term Energy Market Interventions and Long-Term Improvements to the Electricity Market Design – a course for action’, 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 those areas with a view to ***changing*** the legislative framework.

- (5) ***In order*** to urgently address the energy price crisis and security concerns and to tackle the price hikes for citizens, ***the Union adopted several legal acts, including Regulation (EU) 2022/1032 of the European Parliament and of the Council⁷ , which established*** a strong gas storage regime ***and Council Regulations (EU) 2022/1369⁸, which provided for*** effective demand reduction measures for gas and electricity, ***(EU) 2022/1854⁹, which established*** price limiting regimes to avoid windfall profits in both gas and electricity markets, ***and (EU) 2022/2577¹⁰, which established*** measures to accelerate the permit-granting procedures for renewable energy installations.

⁷ ***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).***

⁸ ***Council Regulation (EU) 2022/1369 of 5 August 2022 on coordinated demand-reduction measures for gas (OJ L 206, 8.8.2022, p. 1).***

⁹ ***Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices (OJ L 261I, 7.10.2022, p. 1).***

¹⁰ ***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).***

- (6) A well-integrated **energy** market which builds on Regulations (EU) 2018/1999¹¹, (EU) 2019/942¹² and Regulation (EU) 2019/943¹³ of the European Parliament and of the Council and Directives (EU) 2018/2001¹⁴, Directive (EU) 2018/2002¹⁵ and 2019/944¹⁶ of the European Parliament and of the Council and which are, together, commonly referred to as the Clean energy for all Europeans package allows the Union to reap the economic benefits of a single energy market in **all** circumstances, ensuring security of supply and sustaining the decarbonisation process **to achieve the Union climate neutrality objective**. Cross-border interconnectivity also ensures **a** safer, more reliable and efficient operation of power systems, **and better resilience to short-term price shocks**.

¹¹ *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, 21.12.2018, p. 1);*

¹² *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)*

¹³ *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)*

¹⁴ *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)*

¹⁵ *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)*

¹⁶ *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).*

- (7) *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 vast increases of renewable capacity, with weather-dependent variability in generation amounts and changing electricity flow patterns across the Union, as well as new demand such as electric vehicles and heat pumps. Investment in grids, within and across borders, is crucial to the proper functioning of the internal electricity market, including security of supply. This is necessary to integrate renewable energy and demand in a context where they are located further apart than in the past and ultimately to delivery on the Union climate and energy targets. Therefore, any reform of the Union's electricity market should contribute to a more integrated Union electricity network, with a view to ensuring that each Member State reaches a level of electricity interconnectivity in accordance with the electricity interconnection target for 2030 of at least 15 % as laid down in Article 4, point (d)(1), of Regulation (EU) 2018/1999, that that interconnection capacity is used as much as possible for cross-border trade and that the Union's electricity network and connectivity infrastructure are built or upgraded, such as the Union projects of common interest as established pursuant to Regulation (EU) 2022/869¹⁷. Adequate connectivity should be provided to all Union citizens and undertakings as this can result in significant opportunities for them 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 European Union (TFEU), which recognises their specific constraints and provides for the adoption of specific measures in their regard.*

¹⁷

- (8) The current electricity market design has 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 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, is a key element of future electricity markets and systems in the Union. At the same time, there is a need to respect consumer choices and to allow consumers to benefit from a variety of contract offers, ***and to shield household consumers from high prices during an energy crisis. Energy system integration is 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 secure, affordable, reliable and sustainable energy.***
- (9) In the context of the energy crisis, the current electricity market design has **■** revealed a number of **■** shortcomings ***and unexpected consequences*** linked to the impact of high and volatile fossil fuel prices on short-term electricity markets, which expose household ***customers*** and undertakings to significant price spikes and resulting effects on their electricity bills.

- (10) 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 enabling direct consumption through electrification and energy system integration. Due to their low operational costs, renewable sources can have a positive impact on electricity prices across the Union and reduce ■ the consumption of fossil fuels.
- (11) The changes to the electricity market design should ensure that the benefits from increasing 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 household customers falling into *an* energy poverty trap. *Those changes* should mitigate the impact of high fossil fuel prices, in particular that of gas, on electricity prices, aiming to allow household customers and undertakings to reap the benefits of affordable and secure energy from sustainable renewable and low carbon sources in the longer term, *as well as of energy efficient solutions in reducing overall energy costs, which may reduce the need for power grid and generation capacity expansion.*

- (12) The reform of the electricity market design *aims to achieve affordable and competitive electricity prices for all consumers. As such, it should* benefit not *only* consumers but also the competitiveness of the Union's industries by facilitating the clean technology investments they require to meet their net zero transition paths. The energy transition in the Union needs to be supported by a strong basis for manufacturing clean technology. Those 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.

- (13) The connection of new generation and demand installations, in particular renewable energy plants, often faces delays. One of the reasons for such delays is the lack of available grid capacity at the location chosen by the investor, which entails a need for grid extensions or reinforcements to connect the installations to the system. A new requirement for electricity system operators, both at transmission and distribution levels, to publish and update information on the capacity available **for new connections** in their areas of operation would give investors easier access to information of grid capacity availability within the system and would thereby contribute to accelerating decision-making, which would, in turn, accelerate the required deployment of renewable energy. *That information should be updated on a regular basis, at least quarterly, by distribution system operators. While Member States should be able to decide not to apply that requirement to electricity undertakings which serve less than 100 000 connected customers or serving small isolated systems, they should encourage those undertakings to provide system users with that information once a year and should promote cooperation between distribution system operators for that purpose. System operators should also publish the criteria used to determine the available grid capacities, such as existing demand and generation capacities, the assumptions made for assessing the possible further integration of additional system users, the relevant information on possible energy curtailment, and the expectation of upcoming relevant network developments.*

- (14) Furthermore, to tackle the problem of lengthy reply times on requests for connection to the grid, distribution system operators should provide clear and transparent information to system users about the status and treatment of their connection requests. Distribution system operators should ■ provide such information within a period of three months from the date of submission of the request ***and update it on a regular basis, at least quarterly.***
- (15) ***In areas where electricity grids have limited or no network capacity, network users requesting grid connection should be able to benefit from establishing a non-firm, flexible, connection agreement. Such a connection agreement would, for example, be able to take into account energy storage or to limit the times in which a generation power plant can inject electricity to the grid or the capacity that can be exported, enabling its partial connection. System operators should offer the possibility of establishing flexible connection agreements in such areas. Regulatory authorities should develop frameworks for system operators to establish such flexible connections, ensuring that network reinforcements that provide the structural solutions are prioritised, connection agreements are made firm as soon as the networks are ready, flexible connections are enabled as a permanent solution for areas where network reinforcement is not efficient and, to the extent possible, give visibility to the network users requesting grid connection on the expected curtailment levels under the flexible connection agreement.***

- (16) During the energy crisis, consumers were exposed to extremely volatile wholesale energy prices and had limited opportunities to engage in the energy market. Consequently, many household customers, have been facing ***financial*** difficulties ***and have been unable to pay*** their bills. Vulnerable customers and customers affected by energy poverty are the hardest hit, but middle-income household ***customers*** have also been exposed to such difficulties. ***High energy prices could also have a negative impact on consumer health, well-being and overall quality of life.*** It is therefore important to improve consumer rights and protection, 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.

- (17) Consumers should have access to a wide range of offers so that they can choose a contract that corresponds 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, fixed-term *electricity supply* contract and suppliers should not be able to unilaterally modify the contractual terms and conditions *or to terminate the contract* before the contract expires. *Nevertheless, dynamic price contracts remain essential and an increasing penetration of renewable energy sources can help consumers to reduce their energy bills. Member States should be able to exempt suppliers with more than 200 000 final customers who only offer dynamic price contracts from the obligation to offer fixed-price, fixed-term contracts, provided that that exemption does not have a negative impact on competition and retains sufficient choice of fixed-term, fixed-price contracts.*

- (18) When suppliers do not ensure that their electricity portfolio is sufficiently hedged, changes in wholesale electricity prices can leave them financially at risk and can result in their failure and their passing on costs to consumers and other network users. Hence, suppliers should be 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, ***the size of the supplier and the market structure. The existence of appropriate hedging strategies can be ensured by general rules overseen without undertaking a specific review of the positions or strategies of individual suppliers. Stress tests and reporting requirements on suppliers could be tools to assess supplier hedging strategies.***

- (19) 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 make it technically possible to have multiple suppliers for individual premises ■ . Customers should be able 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 allowing different appliances to be metered and supplied separately. Metering points should be clearly distinguished from each other and should comply with applicable technical rules. The rules for the allocation of the associated costs should be determined by the Member States. Where smart metering systems are able to directly cover more than one metering point, they can be used to enable customers to have more than one electricity supply contract at the same time. Suppliers should have balancing responsibility only for metering and billing points to which they supply.*

Moreover, by enabling the use of dedicated measurement solutions, 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 *be compatible with energy sharing*, contribute to the increased uptake of demand response and to consumer empowerment, thereby allowing *customers* to have more control over their energy use and bills, while providing the electricity system with additional flexibility in order to cope with supply and demand fluctuations.

- (20) Due to the increasing complexity of energy offers and different marketing practices, consumers often have difficulties to fully understand the implications of suppliers' offers or the contract that they sign. In particular, there is often 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 about energy offers should be provided to consumers by suppliers or market participants engaged in aggregation in a concise and easily understandable manner prior to the conclusion or extension of the contract.

- (21) To ensure continuity of supply for consumers *particularly in cases* of supplier failure, Member States should *have in place a supplier-of-last-resort regime. It should be possible* to appoint *the supplier* of last resort *either before or at the moment of supplier failure. Such a supplier of last resort* may be treated as *a* provider of universal service. *A supplier of last resort* might be the sales division of a vertically integrated undertaking which also performs distribution functions, provided that it meets the unbundling requirements of Directive (EU) 2019/944 of the European Parliament and of the Council¹⁸. However, this does not imply an obligation of Member States to supply at a certain fixed minimum price. *Where a Member State obliges a supplier of last resort to supply electricity to a customer who does not receive market-based offers, the conditions of Article 5 of Directive (EU) 2019/944 apply, and that obligation can involve a regulated price only to the extent that that customer is entitled to benefit from regulated prices. When assessing whether offers received by non-household customers are market-based, Member States should take into account the individual commercial and technical circumstances. Where, before the date of entry into force of this Directive, a Member State has already appointed a supplier of last resort through a fair, transparent and non-discriminatory procedure, it is not necessary to launch a new procedure for appointing the supplier of last resort.*

¹⁸ 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 and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125).

- (22) 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 vulnerable customers and customers affected by energy poverty, 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 contribute to laying the foundation to help tap into the flexibility potential of smaller consumers. *The provisions on energy sharing of this Directive complement the provisions concerning self-consumption in Article 21 of Directive (EU) 2018/2001 of the European Parliament and of the Council¹⁹ and Article 15 of Directive (EU) 2019/944, in particular with respect to collective self-consumption.*
- (23) Active customers that own, lease or rent a storage or generation facility should have the right to share excess production *subject to a charge or free of charge* and empower other consumers to become active customers, or to share the renewable energy generated or stored by jointly leased, rented or owned facilities, *of up to 6 MW capacity*, directly or through a third-party organiser.

¹⁹ 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).

In the case of customers participating in energy sharing schemes larger than medium-sized enterprises, the size of the installed capacity of the generation facility associated to the energy sharing scheme should be of a maximum of 6 MW and the energy sharing should take place within a local or limited geographical area, as defined by Member States. Any payment for the sharing of excess production for a price can either be settled directly between active customers or automated through a peer-to-peer trading platform. 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 Article 2, point (11), of Directive (EU) 2019/944 ■ could 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 vulnerable customers and customers affected by energy poverty.

- (24) Energy sharing operationalises the collective consumption of self-generated or stored electricity injected into the **public** 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 **customer's total metered** consumption with self-generated or stored renewable energy **which is deducted from the total consumption** for the purpose of calculating the energy component of the energy bill **issued by the supplier and thereby reducing the customer's bill**. The output of those 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 engaged in energy sharing are financially responsible for the imbalances they cause, without prejudice to the possibility for active customers to delegate their balancing responsibilities to other market participants. All consumer rights and obligations introduced by this Directive apply to final customers involved in energy sharing schemes. However, household customers with an installed capacity up to 10,8 kW for single household customers and up to 50 kW for multi-apartment blocks should not be required to comply with the supplier obligations. Member States should be able to adjust those thresholds to reflect national circumstances, up to 30 kW for single household customers and to between 40 kW and 100 kW for multi-apartment blocks.**

- (25) *Plug-in mini-solar systems could, together with other systems and technologies, contribute to the increased uptake of renewable energy and citizen engagement in the energy transition. Member States should be able to promote the introduction of those systems easing administrative and technical burdens. Regulatory authorities should be able to set the network tariffs for the injection of electricity coming from plug-in mini-solar systems or establish the methodology for calculating those tariffs. Depending on the situation in a Member State, it would be possible for the tariffs to be very low or even zero, while being cost-reflective, transparent and non-discriminatory.*
- (26) Vulnerable customers and customers affected by energy poverty should be adequately protected from electricity disconnections and should, as well, not be put in a position that forces them to disconnect. *Member States should therefore ensure that vulnerable customers and customers affected by energy poverty are fully protected from electricity disconnections, by taking the appropriate measures, including the prohibition of disconnections or other equivalent actions.* 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 and customers affected by energy poverty to manage their energy use and costs remains essential, and suppliers and relevant national authorities should cooperate closely with social security authorities. *There are multiple tools and good practices available to Member States which include, but are not limited to, year-round or seasonal disconnection prohibitions, debt prevention and sustainable solutions to support customers in hardship paying for their energy bills.*

- (27) *Consumers have the right to use complaint procedures managed by their suppliers as well as out-of-court dispute resolution procedures, in order to see their rights enforced effectively and not be disadvantaged in the case of disagreement with suppliers, in particular regarding bills or the amount due. Where customers use those procedures, suppliers should not terminate contracts on the basis of the facts which are still in dispute. Suppliers and customers should continue to meet their contractual rights and obligations, in particular to supply electricity and to pay for that electricity and complaint procedures should not become the ground for abuses that allow customers not to honour their contractual obligations, including paying their bills. Member States should be able to take appropriate measures to avoid an abuse of those complaint or dispute resolution procedures.*

- (28) Public interventions in price setting for the supply of electricity would constitute, in principle, a market-distortive measure. Such interventions should therefore only be carried out where appropriate and as public service obligations and should be subject to specific conditions. Under this Directive, regulated prices are possible for vulnerable customers and customers affected by energy poverty, including below costs, and, as a transition measure, for household customers and microenterprises ***whether or not there is an electricity price crisis***. In times of electricity price crisis, when wholesale and retail electricity prices would increase significantly, Member States should be allowed to extend, temporarily, the application of regulated prices also to small enterprises and medium-sized enterprises. For both household customers and small enterprises and medium-sized enterprises, Member States should exceptionally and temporarily be 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 ***during an electricity price crisis***. However, it needs to be ensured that such price regulation is targeted and does not create incentives to increase consumption. Therefore, ***the temporary extension of*** price regulation should be limited to 80% of median household consumption for household customers and 70% of the previous year's consumption for small enterprises and medium-sized enterprises. The ***Council, on the basis of a Commission proposal***, should, ***by means of an implementing decision***, declare a ***regional or Union-wide*** electricity price crisis. ***The assessment of whether such a crisis exists should be based on a comparison with prices in times of normal market operation and therefore exclude the impact of previous crises declared pursuant to this Directive.***

The implementing decision should also specify the period of validity of that determination, during which the temporary extension of regulated prices applies, which may be for up to one year. *Where the conditions for declaring a regional or Union-wide electricity price crisis continue to be fulfilled, it should be possible for the Council, upon the Commission proposal, to extend the period of validity of the implementing decision. Conferring implementing powers on the Council adequately takes into account the political nature of the decision to trigger the extended possibilities for public interventions in price setting for the supply of electricity, which requires a delicate balancing of different policy considerations, as well as the horizontal implications of such an implementing decision for Member States. In the case of vulnerable customers and customers affected by energy poverty, the price regulation applied by Member States could cover 100% of the price in accordance with Article 5 of Directive (EU) 2019/944. 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.*

- (29) *Member States should be able to provide support, in compliance with Articles 107 and 108 TFEU, for additional electricity costs of industrial consumers in times of electricity crisis and exceptionally severe increases of prices.*

- (30) *Since Estonia, Latvia and Lithuania are not yet synchronised with the Union electricity system, they face very specific challenges when organising balancing markets and the market-based procurement of ancillary services. While synchronisation is ongoing, one of the critical prerequisites for stable synchronous system operation is the availability of sufficient balancing capacity reserves for frequency regulation. However, being dependent on the Russian synchronous area for frequency management, the Baltic countries were not yet in the position to develop their own functioning balancing market. The Russian war of aggression against Ukraine has substantially increased the risk for security of supply resulting from the absence of own balancing markets. Estonia, Latvia and Lithuania should therefore be exempted from the requirements of certain provisions of Article 40(4) and Article 54(2) of Directive (EU) 944/2019 of the European Parliament and of the Council²⁰ insofar as that is necessary to ensure system security for a transitional period. The transitional periods for Estonia, Latvia and Lithuania should phase out as soon as possible after the synchronisation, and should be used to develop the appropriate market instruments offering short-term balancing reserves and other indispensable ancillary services, and should be limited to the time necessary for that process.*

²⁰ *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 and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125).*

- (31) *Considering that the Cypriot transmission system is not connected to that of any other Member State, Cyprus faces very specific challenges when organising balancing markets and the market-based procurement of ancillary services. Cyprus should therefore be exempted from the requirements of Article 40(4) and Article 54 (2) of Directive (EU) 944/2019 insofar as that is necessary to ensure system security for a transitional period, namely until the Cypriot transmission system is connected to that of other Member States via interconnectors.*
- (32) This Directive establishes a legal basis for *the* processing of personal data in *accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council*²¹. Member States should ensure that all principles and obligations relating to processing of personal data laid down in *Regulation (EU) 2016/679* are met, including on data minimisation. Where the objective of this Directive can be achieved without the processing of personal data, *data controllers* should rely on anonymised and aggregated data.

²¹ *Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).*

- (33) *To the extent that any of the measures provided for in this Directive constitute State aid, the provisions concerning such measures are without prejudice to the application of Articles 107 and 108 TFEU. The Commission is competent to assess the compatibility of State aid with the internal market.*
- (34) Directives (EU) 2018/2001 and (EU) 2019/944 and should therefore be amended accordingly.
- (35) Since the objective of this Directive, namely to improve the design of the integrated electricity market, in particular to prevent unduly high electricity prices, 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 Directive does not go beyond what is necessary to achieve that objective,

HAVE ADOPTED THIS DIRECTIVE:

Article 1

Amendment to Directive (EU) 2018/2001

In Directive (EU) 2018/2001, Article 4(3), 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 shall not apply to support for electricity from the sources listed in Article 19d(4) of Regulation (EU) **2019/943** , to which Article 19d(1) of that Regulation applies.

■

Article 2

Amendments to Directive (EU) 2019/944 ■

Directive (EU) 2019/944 ■ is amended as follows:

(1) Article 2 is amended as follows:

(a) point (8) 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.’ ■ ;

(b) the following point is inserted:

‘(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 or 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.’;

(c) the following point is inserted:

‘(15a) “fixed-term, fixed-price electricity supply contract” means an electricity supply contract between a supplier and a final customer that guarantees that the contractual terms and conditions, including the price, remain unchanged *during the whole duration of the contract*, while it may, within a fixed price, include a flexible element with for example peak and off peak price variations, *and where changes in the resulting bill can only result from elements that are not determined by suppliers, such as taxes and levies*;’;

■ (d) the following points are inserted:

‘(24a) “supplier of last resort” means a supplier who is designated ■ to take over the supply of electricity to customers of a supplier which has ceased to operate;’;

(24b) “energy poverty” means energy poverty as defined in Article 2, point (52) of Directive (EU) 2023/1791 of the European Parliament and of the Council*;

(24c) “flexible connection agreement” means a set of agreed conditions for connecting electrical capacity to the grid, that includes conditions to limit and control the electricity injection to and withdrawal from the transmission network or distribution network;

* Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955 (OJ L 231, 20.9.2023, p. 1).’;

(e) *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;’;

(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 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. ***Where technically feasible, smart metering systems deployed in accordance with Article 19 may be used to allow customers to have more than one electricity supply contract or more than one energy sharing agreement at the same time without the need to install different metering systems.’;***

(3) the following article is inserted:

‘Article 6a

Flexible connection agreements

1. The regulatory authority or other authority or entity designated by a Member State has so provided shall develop a framework for transmission system operators and distribution system operators to offer the possibility of establishing flexible connection agreements in areas where there is limited or no network capacity availability for new connections. That framework shall be published in accordance with Article 31(3) and Article 50(4a), first subparagraph, of Regulation (EU) 2019/943. That framework shall ensure that:

- (a) as a general rule, flexible connections do not delay the network reinforcements in the identified areas;***
- (b) a conversion from flexible to firm connection agreements once the network is developed is ensured on the basis of established criteria; and***
- (c) for areas where the regulatory authority, or other competent authority where a Member State has so provided, considers network development not to be the most efficient solution, enable, where relevant, flexible connection agreements as a permanent solution, including for energy storage.***

2. *The framework referred to in paragraph 1 may ensure that flexible connection agreements specify at least the following:*
- (a) the maximum firm injection and withdrawal of electricity from and to the grid, as well as the additional flexible injection and withdrawal capacity that can be connected and differentiated by time blocks throughout the year;*
 - (b) the network charges applicable to both the firm and flexible injection and withdrawal capacities;*
 - (c) the agreed duration of the flexible connection agreement and the expected date for granting connection to the entire requested firm capacity.*

The system user connecting through a flexible grid connection shall be required to install a power control system that is certified by an authorised certifier.’;

- (4) 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. 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 with a duration of at least one year, with at least one supplier and with every supplier that has more than 200 000 final customers.

By way of derogation from the first subparagraph, Member States may exempt a supplier with more than 200 000 final customers from the obligation to offer fixed-term, fixed-price electricity supply contracts if:

- (a) that supplier only offers dynamic price contracts;*
- (b) the exemption does not have a negative impact on competition;*
and
- (c) there remains sufficient choice of fixed-term, fixed-price electricity supply contracts for final customers.*

Member States shall ensure that suppliers do not unilaterally modify the terms and conditions of fixed-term, fixed-price electricity supply contracts and do not terminate them before their maturity.’;

(c) the following paragraphs ■ are inserted:

- ‘1a. Prior to the conclusion or extension of any contract referred to in paragraph 1 of this Article, final customers shall be provided with a summary of the key contractual terms and conditions in a prominent manner and in clear and concise language. That summary ***shall set out the rights referred to in Article 10(3) and (4)*** and shall include at least the following :
- (a) the total price and ***its breakdown***;
 - (b) ***an explanation as to whether the price is fixed, variable or dynamic***;
 - (c) ***the supplier’s email address and a consumer support hotline; and***
 - (d) ***where relevant, information on one-time payments, promotions, additional services and discounts.***

The Commission shall provide guidance in that regard. ■

- 1b. Member States shall ensure that final customers with fixed-term, fixed-price electricity supply contracts are not excluded from their participation, when they so decide, in demand response and energy sharing and from actively contributing to the achievement of the national electricity system flexibility needs.’;***

(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 *the various types of electricity* 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.

Regulatory authorities shall:

(a) monitor the market developments and assess the risks that the new products and services may entail and deal with abusive practices.

(b) *take appropriate measures where impermissible termination fees are identified in accordance with Article 12(3).*’;

(5) the following article is inserted:

‘Article 15a’

Right to energy sharing

1. *Member States shall ensure that* all households, small enterprises and medium-sized enterprises, public bodies *and, where a Member State has so decided, other categories of final customer,* have the right to participate in energy sharing as active customers *in a non-discriminatory manner, within the same bidding zone or a more limited geographical area, as determined by the Member State.*

2. ***Member States shall ensure that*** active customers are entitled to share energy between themselves based on private agreements or through a legal entity.
Participation in energy sharing shall not constitute part of the primary commercial or professional activity of active customers.
3. Active customers may ***appoint*** a third party ***as an energy sharing organiser for the purposes of:***
 - (a) ***communicating about the energy sharing arrangements with other relevant entities, such as suppliers and network operators, including on aspects related to the applicable tariffs and charges, taxes or levies;***
 - (b) ***providing support at managing and balancing behind the-meter flexible loads, distributed renewable generation and storage assets that are part of the relevant energy sharing arrangement;***
 - (c) ***contracting and billing of active customers participating in energy sharing;***
 - (d) ***installation and operation, including metering and maintenance, of the generation or storage facility.***

The energy sharing organiser or another third party may own or manage a storage or renewable energy generation facility of up to 6 MW, without being considered to be an active customer, except where one of the active customers participates in the energy sharing project. The energy sharing organiser shall provide non-discriminatory services and transparent prices, tariffs, and terms of services. With regard to point (c) of the first subparagraph of this Article, Articles 10, 12 and 18 shall apply. Member States shall lay down the framework for the application of this paragraph.

4. 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 for single households and up to 50 kW for multi-apartment blocks;*
- (d) have access to **voluntary** template contracts with fair and transparent terms and conditions for **energy sharing** agreements ■ ;
- (e) in the event of a conflict arising from an energy-sharing agreement, final customers have access to out-of-court dispute settlement **with other participants in energy sharing agreement** in accordance with Article 26;

- (e) are not subject to unfair and discriminatory treatment by market participants or their balance responsible parties;
- (f) are informed of the possibility of 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 of this paragraph*;
- (g) *notify energy sharing arrangements to the relevant system operators and market participants, including the relevant suppliers either directly or through an energy sharing organiser.*

Member States may adapt the maximum installed capacity referred to in the first subparagraph, point (c) in accordance with the following:

- (a) *in the case of single households, the installed capacity can be increased up to 30 kW;*
- (b) *in the case of multi-apartment blocks the installed capacity can be increased up to 100 kW or decreased up to a minimum of 40 kW; any reduction may be applied only in the case of duly justified specific circumstances due to a reduced average size of multi-apartments.*

5. *Where other categories of final customer participating in energy sharing schemes are larger than medium-sized enterprises, the following additional conditions shall apply:*

- (a) *the size of the installed capacity of the generation facility associated to the energy sharing scheme is to be a maximum of 6 MW;*
- (b) *the energy sharing takes place within a local or limited geographical area, as defined by the Member State concerned.*

6. Member States shall ensure that relevant transmission system operators 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, and in accordance with Article 23, ***and for that purpose, put in place the appropriate IT systems;***
 - (b) provide a relevant contact point to:
 - (i) register energy sharing arrangements;
 - (ii) ***make available practical information for energy sharing;***
 - (iii) receive information on relevant metering points, changes in location and participation,;and
 - (iv) where applicable, validate calculation methods in a clear, transparent and timely manner.
7. Member States shall take appropriate and non-discriminatory measures to ensure that vulnerable customers and customers affected by energy poverty can access energy sharing schemes. Those measures may include financial support measures or production allocation quota.

8. *Member States shall ensure that energy sharing projects owned by public authorities make the shared electricity accessible to vulnerable customers and customers affected by energy poverty. When doing so, Member States shall do their utmost to promote that the amount of this accessible energy is at least 10 % on average of the energy shared.*
9. *Member States may promote the introduction of plug-in mini-solar systems of up to 800 W capacity in and on buildings.*
10. *The Commission shall provide guidance to the Member States without increasing the administrative burden in order to assist them in establishing a standardised approach with regard to energy sharing and ensure a level playing field for renewable energy communities and citizen energy communities.*
11. *This Article shall be without prejudice to the right of customers to choose their supplier in accordance with Article 4 and to applicable national rules on the authorisation of suppliers.’;*

(6) the following Article is inserted:

‘Article 18a

Supplier risk management

1. **■** Regulatory authorities, *or where a Member State has designated an alternative independent competent authority for that purpose, such designated competent authority, taking into account the size of the supplier and the market structure and including, if relevant, by carrying out stress tests*, shall ensure that suppliers:
 - (a) have in place and implement appropriate hedging strategies, 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;
 - (b) *take all reasonable steps to limit their risk of supply failure.*
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 endeavour to ensure the accessibility of hedging products for citizen energy communities and renewable energy communities ***and to put in place enabling conditions for that purpose.***’;

(7) 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 to be 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.’;

(7) the following article is inserted:

‘Article 27a

Supplier of last resort

1. *Where* Member States *have not already put in place a regime for* suppliers of last resort, *they shall introduce such a regime to ensure continuity of supply* at least for household customers. Suppliers of last resort shall be appointed in a fair , 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 communicate the terms and conditions to transferred customers without delay and ensure a seamless continuity of service for those customers for a *period needed to find a new supplier of* at least six months.

4. Member States shall ensure that final customers are provided with information and encouragement to switch to a market-based offer.
5. Member States may require *a* supplier of last resort to supply electricity to household customers *and small enterprises and medium-sized enterprises* who do not receive market-based offers. In such cases, the conditions set out in Article 5 shall apply. ’;

(8) *the following article is inserted:*

‘Article 28a

Protection from disconnections ■

1. Member States shall ensure that vulnerable customers *and customers affected by energy poverty* are *fully* protected from electricity disconnections, *by taking the appropriate measures, including the prohibition of disconnections or other equivalent actions*. This shall be provided as part of the concept of vulnerable customers pursuant to Article 28(1) ■ and without prejudice to the measures set out in *Article 10(11)*.

When notifying the Commission of the transposition of this Directive, Member States shall explain the relationship between the first subparagraph and the corresponding parts of national transposition instruments the measures adopted to implement the first subparagraph.

2. *Member States shall ensure that suppliers do not terminate contracts and do not disconnect on the grounds on which they are handling a complaint in accordance with Article 10(9) or which is subject to an out-of-court dispute settlement mechanism in accordance with Article 26. Such a complaint or the use of such a mechanism shall not affect the parties' contractual rights and obligations. Member States may take appropriate measures to avoid an abuse of process.*
3. *Member States shall take appropriate measures to enable customers to avoid disconnection, which may include:*
 - (a) *promoting voluntary codes for suppliers and customers on preventing and managing cases of customers in arrears; those arrangements may concern support for customers in managing their energy use and costs, including flagging unusual high energy spikes or use in winter and summer seasons, offering appropriate flexible payment plans, debt advice measures, self-metering readings, and improved communication with customers and support agencies;*
 - (b) *promoting customers' education and awareness of their rights and debt management;*

- (c) access to finance, vouchers or subsidies to support the payment of bills;*
- (d) encouraging and facilitating the provision of meter readings every three months, or where relevant for shorter billing periods, where a system of regular self-reading by the final customer has been implemented to meet the obligations of Annex I, points 2(a) and (b) in relation to the frequency of billing and the provision of billing information.’;*

(9) in Article 31, paragraphs 2 and 3 are replaced by the following:

- ‘2. In any event, the distribution system operator shall not discriminate between system users or classes of system users, including renewable energy communities and citizen energy communities, in particular in favour of its related undertakings.
3. **■** Distribution system *operators* shall provide system users with the information they need for efficient access to, and use of, the system. In particular, **■** distribution system *operators* shall publish in a transparent manner clear information on the capacity available for new connections in their area of operation, *with high spatial granularity, respecting public security and data confidentiality, including the capacity under connection request and the possibility of flexible connection* in congested areas. *That information shall include criteria used to calculate the available capacity for new connections. Distribution system operators shall update that information on a regular basis and in any event at least quarterly.*

Distribution system operators shall also provide in a clear and transparent manner information to system users about the status and treatment of their connection requests. 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, distribution system operators shall update that information on a regular basis at least quarterly.***’;

- 3a. Distribution system operators shall provide system users the option to request grid connection and submit relevant documents exclusively in digital form.***
- 3b. Member States may decide not to apply paragraph 3 to integrated electricity undertakings which serve fewer than 100 000 connected customers, or which serve small isolated systems. Member States may decide to apply a lower threshold than that of 100 000 connected customers.***

Member States shall encourage integrated electricity undertakings which serve less than 100 000 connected customers to provide system users with the information referred to in paragraph 3 once a year and promote cooperation between distribution system operators for that purpose.’;

(10) 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 Council*, 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.

* ***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).’;***

(11) in Article 40, the following paragraph is inserted:

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

(12) Article 59 is amended as follows:


(a) in paragraph 1 is amended as follows:

(i) point (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 Commission 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 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;

* Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (OJ L 259, 27.9.2016, p. 42).’;

(ii) point (z) is replaced by the following:

‘(z)  monitoring the removal of unjustified obstacles to and restrictions on the development of consumption of self-generated electricity, *energy sharing, 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)*.’;

(b) 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.’;

(13) in Article 66, the following paragraphs are added:

‘6. By way of derogation from Article 40(4), the transmission system operators in Estonia, Latvia and Lithuania shall be able to rely on balancing services provided by domestic electricity storage providers, transmission system operators related undertakings, and other facilities owned by transmission system operators.

By way of derogation from Article 54(2), Estonia, Latvia and Lithuania may allow their transmission system operators and transmission system operators related undertakings to own, develop, manage and operate energy storage facilities without following an open, transparent and non-discriminatory tendering procedure and may allow such energy storage facilities to buy or sell electricity in the balancing markets.

The derogations referred to in the first and second subparagraphs shall apply up to three years after Estonia, Latvia and Lithuania have joined the continental European synchronous area. Where necessary to preserve security of supply, the Commission may grant an extension of the initial three-year period by a maximum of five years.

7. *By way of derogation from Article 40(4) and Article 54(2), Cyprus may allow its transmission system operator to own, develop, manage and operate energy storage facilities without following an open, transparent and non-discriminatory tendering procedure.*

The derogation referred to in the first subparagraph shall apply until the transmission system in Cyprus is connected to other Member States' transmission systems via interconnection.'

- (14) the following article ■ is inserted:

‘Article 66a

Access to affordable energy during an electricity price crisis

1. *The Council may, by means of an implementing decision on a Commission proposal*, declare a regional or Union-wide electricity price crisis, if the following conditions are met:

- (a) very high *average* prices in wholesale electricity markets *of* at least two and a half times the average price during the previous five years, *and at least 180 EUR/MWh* which is expected to continue for at least six months. *The calculation of the average price during the previous five years shall not take into account those periods where a regional or Union-wide electricity price crisis was declared;*

- (b) sharp increases in electricity retail prices *in the range of* 70% occur which are expected to continue for at least *three* months;

■

2. The ■ implementing decision referred to in paragraph 1 *shall specify* the period of validity of that implementing decision which may be for a period of up to one year. *That period may be extended in accordance with the procedure laid down in paragraph 8 for consecutive periods of up to one year.*
3. *The declaration of a regional or Union-wide electricity price crisis pursuant to paragraph 1 shall ensure a fair competition and trade across all Member States affected by the implementing decision so that the internal market is not unduly distorted.*
4. *Where the conditions laid down in paragraph 1 are fulfilled, the Commission shall submit a proposal to declare a regional or Union-wide electricity price crisis which shall include the proposed period of validity of the implementing decision.*
5. *The Council, acting by a qualified majority, may amend a Commission proposal submitted pursuant to paragraph 4 or 8.*

6. Where the ***Council*** has adopted an implementing 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 enterprises and medium-sized enterprises. 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 7 of this Article;
 - (d) ***be designed to minimise any negative fragmentation of the internal market.***

7. Where the **Council** has adopted an implementing 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 to paragraph 6 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 household customers only applies to at most 80 % of median household consumption and retains an incentive for demand reduction;
 - (b) there is no discrimination between suppliers;
 - (c) suppliers are compensated for supplying below cost ***in a transparent and non-discriminatory manner***;
 - (d) all suppliers are eligible to provide offers for the price for the supply of electricity which is below cost on the same basis;
 - (e) ***measures proposed do not distort the internal electricity market.***

8. *In due time before the expiry of the period or validity specified pursuant to paragraph 2, the Commission shall assess whether the conditions laid down in paragraph 1 continue to be fulfilled. If the Commission considers that the conditions laid down in paragraph 1 continue to be fulfilled, it shall submit to the Council a proposal to extend the period of validity of an implementing decision adopted pursuant to paragraph 1. Where the Council decides to extend the period of validity, paragraphs 6 and 7 shall apply during such prolonged period.*

The Commission shall continuously assess and monitor the impact resulting from the measures adopted under this Article and publish on a regular basis the results of such assessments.’;

(15) *in Article 69, paragraph 2 is replaced by the following:*

‘2. By 31 December 2025, the Commission shall review the implementation of this Directive and shall submit a report to the European Parliament and to the Council. If appropriate, the Commission shall submit a legislative proposal together with or after submitting the report.

The Commission’s review shall, in particular, assess the service quality offered to final customers and whether customers, especially vulnerable customers and customers affected by energy poverty, are adequately protected under this Directive.’

Article 3
Transposition

1. *Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by... [six months from the date of entry into force of this Directive].*

By way of derogation from the first subparagraph of this Article, Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 1, points (2) and (4) by ... [24 months from the date of entry into force of this Directive].

They shall immediately inform the Commission thereof.

When Member States adopt those measures, they shall contain a reference to this Directive or shall be accompanied by such reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

2. *Member States shall communicate to the Commission the text of the measures of national law which they adopt in the field covered by this Directive.*

Article 4

Entry into force

This Directive shall enter into force on the *twentieth* day following that of its publication in the *Official Journal of the European Union*.

Article 5

This Directive is addressed to the Member States.

Done at ...

For the European Parliament

The President

For the Council

The President

ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that he has received input from the following entities or persons in the preparation of the report, until the adoption thereof in committee:

Entity and/or person
Eurelectric
European Network of Transmission System Operators for Electricity
E.ON SE
PGE Polska Grupa Energetyczna SA
Nordenergi
EDF France
Climate Action Network Europe
European Commission (DG ENER)
Ørsted A/S
Acciona S.A.
Nominated Electricity Market Operator (NEMO) committee - OMIE
E.DSO – European Distribution System Operators
Alcoa
EASE
GEODE
ACER
BEUC
ASEALEN
REScoop.eu
EREF
Instituto de Investigación Tecnológica de Comillas (IIT)
Permanent Representation of Germany
Arcelor Mittal
RWE
EEX
Uniper
Nord Pool AS
European Committee of the Regions
Shell
Vattenfall
EGEC
smartEn Smart Energy Europe
DSO Entity
Asociación de Comercializadores Independientes de Energía (ACIE)
European Economic and Social Committee
Naturgy

ENI
Permanent Representation of Denmark
Eurometaux
Euromines
Fondation Abbé Pierre, Friends of the Earth Europe, FEANTSA, ESF
Institute for European Environmental Policy
ENEL
Solar Power Europe
Red Eléctrica Española
Permanent Representation of Spain
Permanent Representation of Luxembourg
RE-Source Platform
E3G
Wind Europe

The list above is drawn up under the exclusive responsibility of the rapporteur.

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

Amendment

(3) In response to this situation, the

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

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.

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 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.

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

(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

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.

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

(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

(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. *The added-value of regional virtual hubs should be assessed by the Commission and this assessment should be presented to the co-legislators.*

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 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

(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 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 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

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.

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

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 **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.

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, 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

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 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,

aid, the provisions concerning such measures are without prejudice to the application of Articles 107 and 108 TFEU.

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 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;

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, **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

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.

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, 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

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

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.

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 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.

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 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 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.

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 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

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.

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

Directive (EU) 2019/944

Article 27 – paragraph 1

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

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.

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. 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

Amendment

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

(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 Polfjård, 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, Lúdia Pereira, Jessica Polfjård, 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 Gruffat, 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

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- 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 Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union’s electricity market design			
References	COM(2023)0148 – C9-0038/2024 – 2023/0077B(COD)			
Date submitted to Parliament	14.3.2023			
Committee responsible Date announced in plenary	ITRE 29.2.2024			
Committees asked for opinions Date announced in plenary	BUDG 29.2.2024	ECON 29.2.2024	IMCO 29.2.2024	
Rapporteurs Date appointed	Nicolás González Casares 11.4.2023			
Discussed in committee	24.4.2023	23.5.2023	25.10.2023	28.11.2023
	7.12.2023	15.1.2024		
Date adopted	19.7.2023			
Result of final vote	+: –: 0:	55 15 2		
Date tabled	22.3.2024			

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 Spyraiki, 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 Jerković, 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