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*Committee on Economic and Monetary Affairs*

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## **DRAFT OPINION**

of the Committee on Economic and Monetary Affairs

for the Committee on Industry, Research and Energy

on the Prospects for the internal gas and electricity market  
(2007/XXXX(INI))

Draftswoman (\*): Sophia in 't Veld

(\*) Enhanced cooperation between committees – Rule 47  
of the Rules of Procedure

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## SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. Whereas the new European energy policy for sustainable, secure and competitive energy needs to be ambitious and aimed at long-term benefits, with the main focus on combating climate change, limiting the EU's external vulnerability to imports, and promoting growth and jobs;
- B. Whereas the Commission communication on the prospects for the internal gas and electricity market (COM(2006)0841) and the final Report on the Competition Sectoral Inquiry<sup>1</sup> conclude that the present rules and liberalisation measures have led to some efficiency improvements in energy supply and delivered savings to customers, but that market opening has not yet been fully achieved and barriers to free competition still remain, and that therefore a coherent series of measures need to be taken;
- C. Whereas in its resolution of 14 December 2006 on a European strategy for sustainable, competitive and secure energy - Green Paper<sup>2</sup> the European Parliament stressed that transmission systems in the energy sector should undergo full ownership unbundling as soon as the Commission concludes that existing legislation is ineffective;
- D. Whereas the current regulatory cross-border gap cannot be remedied by application of competition rules alone; whereas reinforced coordination between national energy regulators, with a stronger role for Community oversight to safeguard the Internal Market interests, should be ensured;
- E. Whereas the available data suggest that Member States have made only limited use of targeted public service obligations to address vulnerable customers;
  1. Reiterates that the Lisbon Strategy can be a success only if further efforts are made to establish a common energy policy based on a broader vision of the common European interest in the energy field;
  2. Believes that a number of serious shortcomings identified by the Sector Inquiry call for urgent action to deliver a functioning internal market for energy by effective unbundling of network and supply activities, plugging existing regulatory gaps, addressing market concentration and entry barriers, and increasing transparency in market operations;
  3. Agrees with the Commission that there is no alternative to the liberalisation process and calls on Member States to ensure full and effective transposition of existing liberalisation Directives; moreover, endorses the Commission proposal to address the malfunctioning of the market by applying both competition-based and regulatory remedies;

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<sup>1</sup> Commission final report on the inquiry pursuant to Article 17 of Regulation (EC) No 1/2003 into the European gas and electricity sectors (COM(2006)0851).

<sup>2</sup> Texts Adopted, P6\_TA(2006)0603.

4. Endorses the results of the Sector Inquiry indicating that legal and functional unbundling as currently required by the legislation is not sufficient to ensure the development of a real, competitive European energy market; reiterates that non-discriminatory network access should be ensured and fully endorses the Commission proposal for further action to ensure clearer separation of energy production from energy distribution;
5. Insists that only strong ownership unbundling provisions would give system operators proper incentives to operate and develop the network in the interest of all users; stresses, however, that unbundling should be seen as a pre-condition but not the only condition for guaranteeing fair competition; insists that appropriate measures be put in place to prevent a situation in which public monopolies are replaced by private ones;
6. Welcomes the Commission proposal to strengthen the national energy regulators' independence, to enhance their powers, to reinforce coordination between them and the cooperation between Transmission System Operators (TSO);
7. Stresses the need to harmonise the levels of powers and independence of energy regulators;
8. Agrees that the ERGEG+ approach is the most suitable for rapid and effective progress in harmonising the technical issues necessary to make cross-border trade work effectively;
9. Welcomes the proposal to grant existing associations of TSOs an institutional role with formal obligations and objectives ("ETSO+GTE+ solution"); considers however that further thought has to be given to the setting up of independently owned cross-border system operators so as to make sure that competition is strengthened and not hampered; believes that efforts should also be made to bring about a gradual evolution towards regional system operators;
10. Encourages the Commission to take action against Member States that unduly protect national energy champions, including through the use of the "golden share";
11. Stresses that access to market information should be further enhanced and welcomes the Commission's intention to introduce binding provisions on transparency; agrees that all the relevant market information should be published on a rolling basis in a timely manner and that proper monitoring should be ensured;
12. Notes that targeted high-standard universal and public service obligations (USOs and PSOs) should comply with state aid rules and that competition law applies with respect to price discrimination and restrictions on re-sale; stresses that it is of crucial importance to assess the impact of the remaining regulated supply tariffs on the development of competition, and to remove distortions.