

Westminster Energy Forum  
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Developments in EU energy market  
policy

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# EU energy liberalisation package

- Proposed by the Commission on 19 September
- Builds on the findings of the Commission's sectoral review into energy, which found major obstacles to the development of the internal market remained
- Consists of three Regulations and two Directives, building on the 2003 legislation

# Key findings of the Sectoral Review

Action was needed on

- Unbundling of networks
- Developing regulators' powers, particularly on cross-border issues
- Transparency

# Development of the legislation

- The European Council and the European Parliament endorsed the findings of the sectoral review and asked the Commission to bring forward proposals for legislation
- Four major themes in proposals: unbundling; better regulators; greater transparency; and restrictions on third country control of transmission systems.

# Unbundling of transmission

Essential for fair access

Two options proposed:-

- Ownership unbundling, where ownership and operation of the network would be totally separated from production, generation or supply interests
- Independent System Operation, where the system operator would total control over running the network and determine investment levels with the regulator.

# Stronger regulators

- Greater independence from government and greater powers for regulatory authorities
- New duty on national regulators to promote the internal market and “European interests”
- New Agency for the Coordination of Energy Regulators (“ACER”), to help facilitate cross-border trading

# Transparency

- Equal access to market information is essential for proper competition.
- The proposed Electricity and Gas Regulations would make capacity information more widely available and provide for the development of guidelines on information disclosure.

## Third country investment

- The Directives would not allow companies based in third countries from controlling transmission systems in the EU unless there was a relevant agreement between the Community and the third country.

## UK position

- Welcome the package – needed for the development of the internal market
- Support ownership unbundling over ISO
- Also support the proposals on regulators, although believe the Agency should have more power to make decisions
- Considering our position on restricting third country control

# Negotiations in the Council

- Have just started
- Other Member States generally welcome the package
- But - France and Germany are very much opposed to ownership unbundling, as are several other Member States
- Probable agreement in 2008 – but when?