

## **The 3rd package**

# **ENERGY FOR A CHANGING WORLD**

**EU Energy and Climate Policies adopted by the European Commission**

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**Energy Community Gas Forum**

**Maribor, 9 November 2007**



# About this presentation



- I. The year 2007
- II. The third package
- III. Effects on the Energy Community



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**The Year 2007**

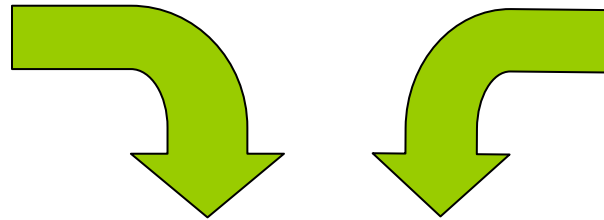


# Energy Package: Integrating energy & environment



**Energy Policy for Europe  
(Strategic Energy Review)**

**Limiting Global Climate  
Change to 2°C**

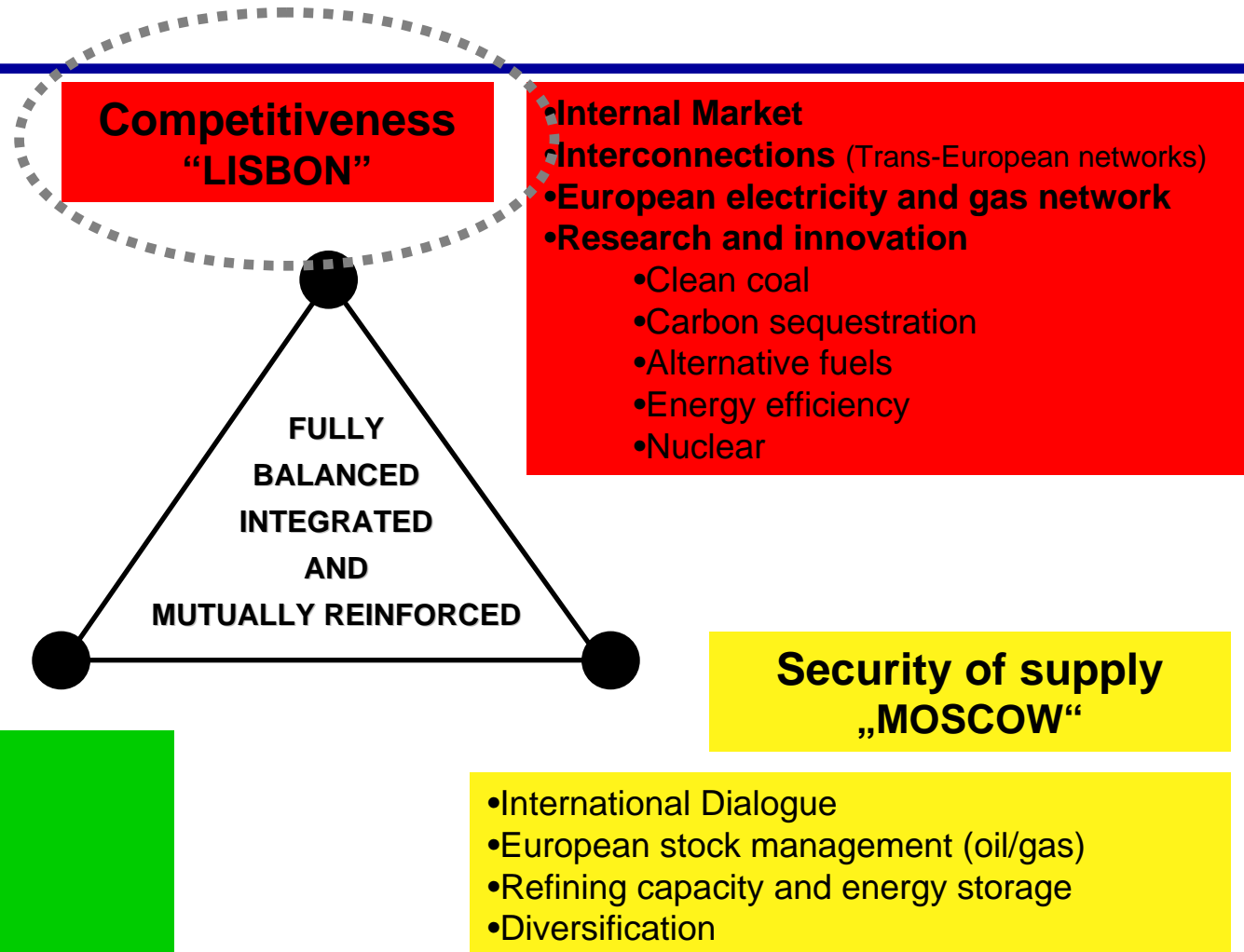


**STRATEGIC OBJECTIVE**

***A unilateral EU independent commitment of  
at least 20% GHG emission reduction by 2020, compared to  
1990 levels***

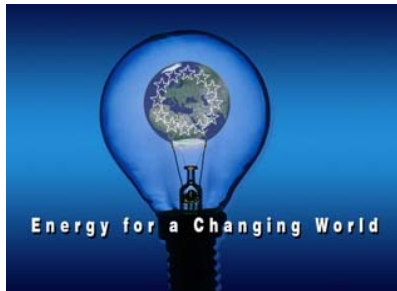


# THE THREE CHALLENGES





# The process



- I. Energy Policy for Europe
- II. Spring European Council
- ↳ Action Plan 2007-2009
- III. The 3rd package



# Internal Energy Market

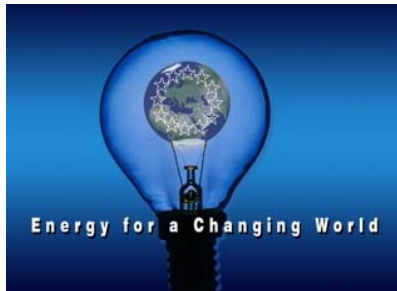
## The Challenges:



- **Incomplete and incorrect transposition: 34 infringement cases against 20 MS**
- **Different powers and competences of regulators**
- **Markets are not integrated sufficiently – national markets concentrated;**
- **Lack of cross border capacity and need for interconnections;**
- **Incompatible market design in some cases – e.g. balancing, transmission tariff regimes**
- **Limited wholesale trading**



# The Action Plan



- I. Internal Market
- II. Security of Supply
- III. International Energy Policy
- IV. Energy efficiency and renewables
- V. Energy Technologies



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**The Third Package**



## 3rd package: main measures



Five main areas:

- Unbundling
- Transparency
- TSO cooperation
- National regulators
- EU Regulatory Agency
- + solidarity in the Gas Directive



# (1) Effective Unbundling



- Option 1: Ownership unbundling
- Option 2: Independent system operator
  - Both options – ownership unbundling or the creation of an independent system operator apply in the same way to gas and electricity
  - Applies equally to private and public companies, ensuring a level playing field for suppliers in private and public ownership



# (1) Effective Unbundling



## Three measures to control unbundling in case of 3rd country investments

- Article 7(a) Without prejudice to the international obligations, transmission systems or TSOs shall not be controlled by persons from third countries.
- Article on certification: national regulator certifies TSO before designation, review by Commission
- Article 7(b) §2: Reversal of proof for ownership unbundling



## (2) Transparency



- Important role of regulators
- European Regulatory Agency responsible for oversight of the cooperation between TSOs
  - 1 – Setting of the work programme/priorities of the TSO cooperation
  - 2 – Review of the technical and market codes prepared by the TSO cooperation
  - 3 – Review of the Europe-wide network development plan



## (2) Transparency



1. Article on Record keeping
2. Supply undertakings need to keep at the disposal of regulators the relevant data relating to all transactions in gas/electricity supply contracts and gas/electricity derivatives
3. With respect to derivatives, Commission needs to adopt guidelines before requirement enters into effect



## (3) TSO cooperation



- Ensure an optimal management, planning and access facilitation of the European transmission networks (electricity and gas), both at EU and regional level

### Formalise the cooperation between TSOs

1. in order to ensure an optimal management of the European transmission network, both at EU and regional level
2. through the establishment of a European Network for TSOs



## (3) TSO cooperation



### 3 core tasks:

- 1 – Legal obligation to develop draft standards and codes that will facilitate harmonisation or compatibility of operational procedures and access regimes
- 2 – Responsible for the coordinated operation of the network
- 3 – Coordinate the planning of network investments and monitor the development of transmission network capacities



## (4) National regulators



1. Regulatory authority must be functionally independent from any other private or public entity
2. clear mandate to cooperate at the European level
3. enhancing their statutory duties and powers



## (5) Regulatory Agency



1. Agency is not a substitute for the national regulators, nor is it a European regulator – it will complement at the European level the regulatory tasks performed at the national level
2. Having a decision making power at the European level under certain conditions
3. Individual decisions based on EU guidelines
4. Art. 22 exemptions of cross-border infrastructure



## (5) Regulatory Agency



### THE AGENCY SHALL ENSURE 4 GOALS

1. That national regulatory authorities have a framework within which they can cooperate - including
2. Appropriate oversight of the cooperation between transmission system operators
3. That individual decision making powers are established for specific cross-border issues
4. That the current advisory role for regulators towards the Commission through ERGEG is preserved



## (5) Regulatory Agency



### ORGANISATION

- Based on the standard rules and practices for Community regulatory Agencies
- Headed by an Agency Director
- However, will be unique in that it will have a separate Board of Regulators
- own Board of Appeal
- staff of around 40-50 people



## (6) Solidarity cooperation



Only in gas Directive

It is proposed that Member States cooperate in order to promote regional and bilateral solidarity

Cooperation intended to cover situations which are likely to result in severe disruptions of gas supply



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**Effects on the Energy Community**



# Effects of the 3rd package on the Energy Community

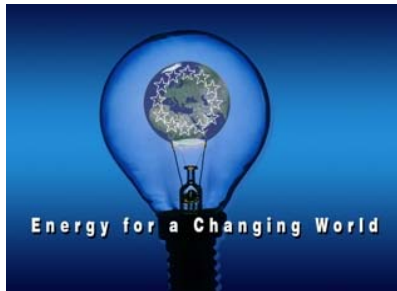


Main message: No immediate effect but:

- Important to keep our partners informed of evolution of our rules
- The main focus is now on the implementation of existing acquis



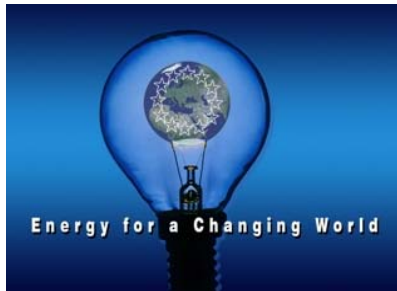
# ENERGY FOR A CHANGING WORLD



**THANK YOU FOR YOUR ATTENTION**



## (7) Retail markets and consumer protection



- Establish real choice for final consumers
- Creation of EU-wide retail market

### Measures

- Strengthen rights of consumers
- More frequent reading of meters
- Establishment of a retail forum
- Mandate to draft guidelines on public service obligations inter alia on protection of vulnerable consumers



## (8) Social impacts



- Impact assessment analysed effects due to further energy liberalisation in general
- Direct effects on employment in incumbent companies likely to be limited
- Overall effects on employment likely to be neutral
  - Positive effects on other sectors due to lower energy prices
  - Irrespective of risk that other factors may increase prices



# The Energy Community

