



Directorate-General
for Energy



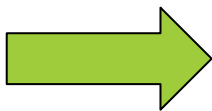
- Internal energy market by 2014:
What does this mean in practice
and what are the implications for
the EEA EFTA States?
EEA biannual seminar
Brussels 9.-10.6.2011

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Electricity and Gas Unit

● Drivers of the EU internal energy market policy

- Reduce costs for businesses and households – cushion global energy price rises
- Diversify sources of supply (energy mix + external gas supplies)
- Integrate renewables in a cost-efficient way

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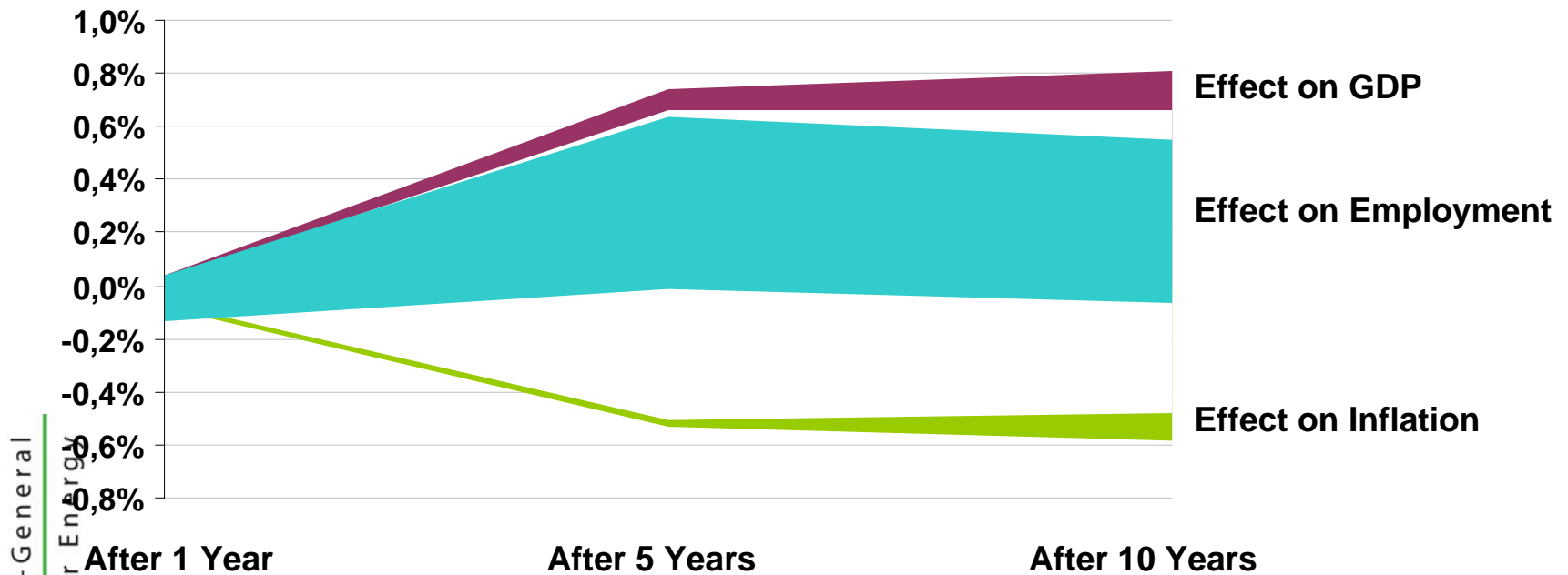


Affordable energy

Secure energy supplies

Sustainable use of resources

● Estimated effects of opening EU gas & electricity markets (ranges)



Achieving a fully functioning and competitive European electricity and gas market can add an extra 0.6% - 0.8% to EU GDP by 2020, create employment and curtail inflation.

● February 2011 European Council conclusions

- "The internal market should be completed by 2014 so as to allow gas and electricity to flow freely"
 - » Implementation of adopted legislation
 - » Development of infrastructure
 - » Harmonization of market design through the adoption of guidelines and network codes

● 3rd package Directives: main novelties

- Effective unbundling of transmission system operators
- Cooperation of transmission system operators (ENTSOs)
- Strict independence rules and stronger powers for national regulators
- ACER
- Stronger consumer protection

● Implementation – state of play

- Transposition date: 3 March 2011
- No Member State has notified complete set of transposition measures yet
- But good upstream cooperation between national administration and Commission services to ensure correct transposition
- ACER and ENTSOs up and running
- Development of guidelines and network codes is well in progress

● ACER

- **Budget & Staff:**

- » About 40-50 people
- » Annual budget around €6-7 million
- » ACER resources will depend on work and know-how contributions from NRAs

- **Seat:**

- » Ljubljana

● Ongoing work on guidelines and network codes - electricity

● Electricity:

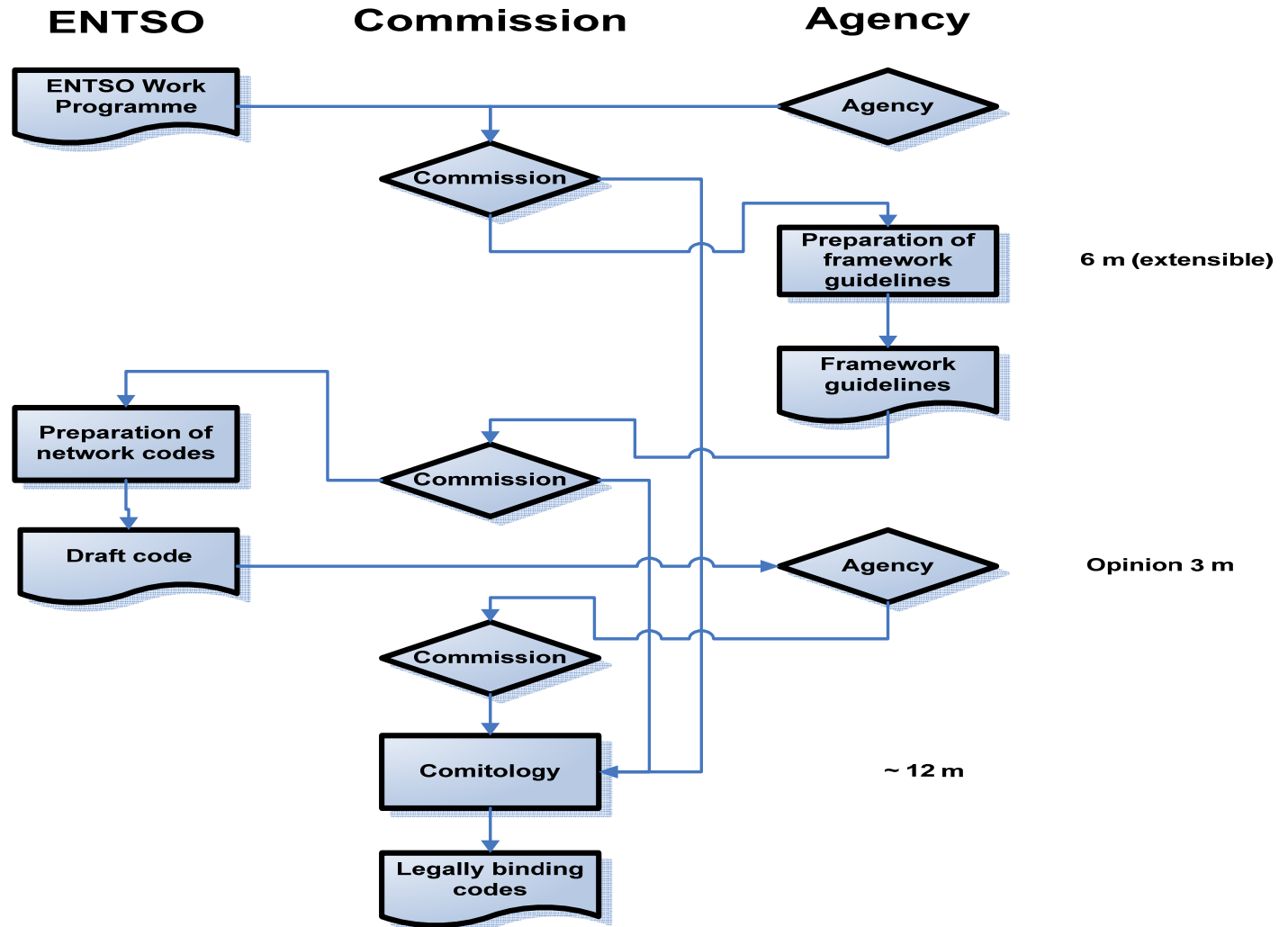
- » Grid connection (ACER framework guideline by July)
- » Capacity allocation and congestion management (idem)
- » System operation (FG by end 2011)
- » Balancing (FG in Q1 2012)
- » Governance (EC comitology guideline by end 2011)
- » Transparency (EC comitology guideline by end 2011)

● Ongoing work on guidelines and network codes - gas

● Gas:

- » Capacity allocation (ACER FG in July – ENTSOG consultation on pilot code in June)
- » EC comitology guideline on congestion management (end 2011)
- » Balancing (ACER FG in July)
- » Interoperability (ACER FG by end 2011)

● Network codes



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● EEA and EFTA

- Norway: we expect full alignment with EU rules
 - » For gas, Norway is an emerging market
- Iceland: potential EU member, energy matters will be discussed in accession negotiations
- Switzerland: negotiations ongoing for full integration into EU electricity market
 - » too early to see the possible outcome yet
- Lichtenstein: no ongoing negotiations on energy
- Participation of non-EU countries in ACER and ENTSOs: subject to third package rules (or equivalent) being applicable and enforced

● Conclusions

- EEA and EFTA countries are important partners of EU regarding energy
- EU wishes a full integration of EEA and EFTA countries in the internal electricity and gas markets
- Meeting Council 2014 target is realistic but needs hard work
- Third package provides for the necessary institutional framework and tools

Thank you for your attention



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