



Directorate-General  
for Energy  
and Transport

# $\lambda$ The 3rd package for the internal energy market

## Key proposals

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EUROPEAN  
COMMISSION

# λ 3rd package – background

- **Preparatory work**

- » Benchmarking reports and Green Paper
- » Progress report, Sector Inquiry and Strategic Review of 10 January 2007
- » Conclusion: Urgent need to strengthen competition and complete internal energy market

- **Main shortcomings**

- » Vertical integration of companies and high degree of market concentration
- » Lack of market integration at EU level
  - Lack of TSO cooperation
  - Regulatory gap
- » Lack of transparency
- » Different powers and competences of national regulators

- **Positive response to Strategic Review**

- » Spring Council Summit March 2007
- » EP Resolution July 2007

## λ 3rd package: main measures

- Unbundling of networks
- Cooperation of network operators
- Agency for Regulatory Cooperation
- National regulators

# λ Effective Unbundling (1)

## Options

- (1) Ownership unbundling of TSO
- (2) Independent system operator (ISO)
- (3) Third option?

- >> all options should
  - only apply to transmission networks, not to distribution networks
  - apply in the same way to gas and electricity
  - apply equally to private and public companies

## λ Effective Unbundling (2)

*Can a “Third Option” preserving vertical integration be effective?*

- » Need for structural elements ensuring effective unbundling
  - » To be balanced with the need to preserve the shareholder’s essential rights of the mother company
- Proposal of 8 Member States of 30 January
  - Commission’s Non Papers
  - ITRE Vote of 6 May

# λ TSO cooperation

## 3 core tasks

- 1 – Obligation to develop technical and market codes
  - » to facilitate network operation and access regimes
  - » codes will have a voluntary character
  - » Can be made binding under comitology
- 2 – Responsible for the coordinated operation of the network
  - » in accordance with the agreed codes
  - » through the development of common operational tools
- 3 – Coordinate the planning of network investments and monitor the development of transmission network capacities

# λ Agency for Regulatory Cooperation (1)

- THE AGENCY SHALL ENSURE 4 GOALS

1. That national regulatory authorities have a framework within which they can cooperate – including
  - Possible review mechanism, on a case-by-case basis, decisions taken by national regulators that have a direct impact on the internal market
2. Appropriate oversight of the cooperation between transmission system operators
  - monitor and review the activities of the TSO cooperation

## λ Agency for Regulatory Cooperation (2)

3. That individual decision making powers are established for specific cross-border issues
  - such as "Article 22" exemption requests for infrastructure projects involving more than one member state
4. That the current advisory role for regulators towards the Commission through ERGEG is preserved
  - Going beyond the advisory role to the EC by providing recommendations to the EC

## λ National regulators

- clear mandate to cooperate at European level
  - » cooperation on cross-border issues with the regulatory authority or authorities of Member States concerned
- enhancing statutory duties and powers
  - » e.g. ensure compliance of TSOs, ISOs and DSOs with unbundling rules
  - » review investment plans of the TSOs
  - » extended monitoring duties

λ The end

**Thank you for your attention**

