

European Commission's legislative proposal on common rules for the internal market in electricity

A EURELECTRIC position paper

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KEY MESSAGES

-)] **We welcome a future-oriented and market-based directive for European electricity consumers.** Market-based energy prices, low market entry barriers and protection of consumers through social policy are building blocks for well-functioning retail markets.
-)] **The proposals will generally bring about better protection and increased engagement of energy consumers in the market.** A certified comparison tool in each Member State will enhance transparency and choice. The clear distinction made between switching-related fees (forbidden) and early termination fees (allowed) is another positive step forward. However the directive is unlikely to improve consumer satisfaction with bills as the key issue of information overload due to regulation is completely overlooked.
-)] **The right level of subsidiarity should apply for the sake of retail markets' efficiency.** The Commission therefore rightly leaves it up to Member States to define criteria and policies to combat **energy poverty**. However, we do not support defining a common **EU data format** without prior CBA. It could indeed prove very costly in countries where a national data hub was already implemented as market actors would be required to upgrade all core IT systems, such as billing. Furthermore, on **smart metering** different countries are at different stages in the roll-out and any retroactive requirements must be avoided.
-)] **We regret that the 'elephant in the room' – rising retail prices due to increased taxes and levies - is not addressed.** Whilst the EC's cost & prices study recognised that taxes and levies are a major driver for rising retail prices, the package does not offer any tangible solution to address this crucial problem. It is urgent to make taxes and levies less of a burden on the final electricity bill. In addition, the current structure of network charges and levies needs an overhaul to mitigate further price increases and avoid unfair cross-subsidisation between consumers.
-)] **A stable regulatory framework providing a level playing field for all market players is key to stimulate sustainable innovation.** We support the right for consumers to generate and sell their electricity both individually and collectively. We also agree they should be able to have a smart meter and to ask for dynamic prices contracts. However, suppliers should not be obliged to offer such contracts. In addition, exempting demand response aggregators from their balancing responsibility and from paying sourcing costs is not consistent with the market principles outlined in the Clean Energy Package. Similarly, active consumers and members of energy communities should not be exempted from market obligations such as balancing responsibility and from paying cost-reflective network charges.
-)] **We support a regulatory framework that allows and incentivises DSOs to procure flexibility services through the market** and permits ownership and operation of storage only under certain circumstances. Similarly, NRAs should decide whether or not non frequency ancillary services should be market-based and we support the inclusion of this and flexibility solutions more generally in the network development plan to be produced on a cycle determined by the NRA.
-)] **Electrification is the key for transport decarbonisation.** We agree with the EC that the ownership and operation of electric vehicles' charging infrastructure is a market activity, while DSOs should be allowed to own, develop, manage or operate it for a limited time and under certain conditions. Furthermore, we welcome the fact that electro-mobility is considered as a load which may be taken into account by DSOs when developing their network development plans.