



- The entry into force of the EU third energy package

● The third package consists of:

- » Regulation on conditions for access to the natural gas transmission networks (**Gas Regulation**)
- » Regulation on conditions for access to the network for cross-border exchanges in electricity (**Electricity Regulation**)
- » Regulation establishing an Agency for the Cooperation of Energy Regulators (**ACER Regulation**)
- » Directive concerning common rules for the internal market in natural gas (**Gas Directive**)
- » Directive concerning common rules for the internal market in electricity (**Electricity Directive**)

● The basic elements of the third package

- A high standard of public service obligations and customer protection
- Structural separation between transmission activities and production/supply activities of vertically integrated companies (« unbundling »)
- Stronger powers and independence of national energy regulators
- New tools to harmonize market and network operation rules at pan-European level
- A new institutional framework: ACER and the ENTSOs



A high standard of public service obligation and consumer protection

E.g.

- » provisions enabling customers to switch suppliers within three weeks
- » obligations on suppliers to provide information to consumers
- » obligation on suppliers to foresee efficient complaint handling procedures
- » specific protection of vulnerable customers

● **Structural unbundling between transmission and production/supply activities**

- The Directives grant Member States a choice between 3 possible models:
 - » Ownership unbundling (OU)
 - » Independent System Operator (ISO)
 - » Independent Transmission System Operator (ITO)
- Why is unbundling so important?
 - » Non-discriminatory access to networks is an essential condition to allow fair competition between suppliers
 - » To stimulate investment in infrastructure, also when e.g. new interconnectors may negatively impact on the market share of the vertically related supplier

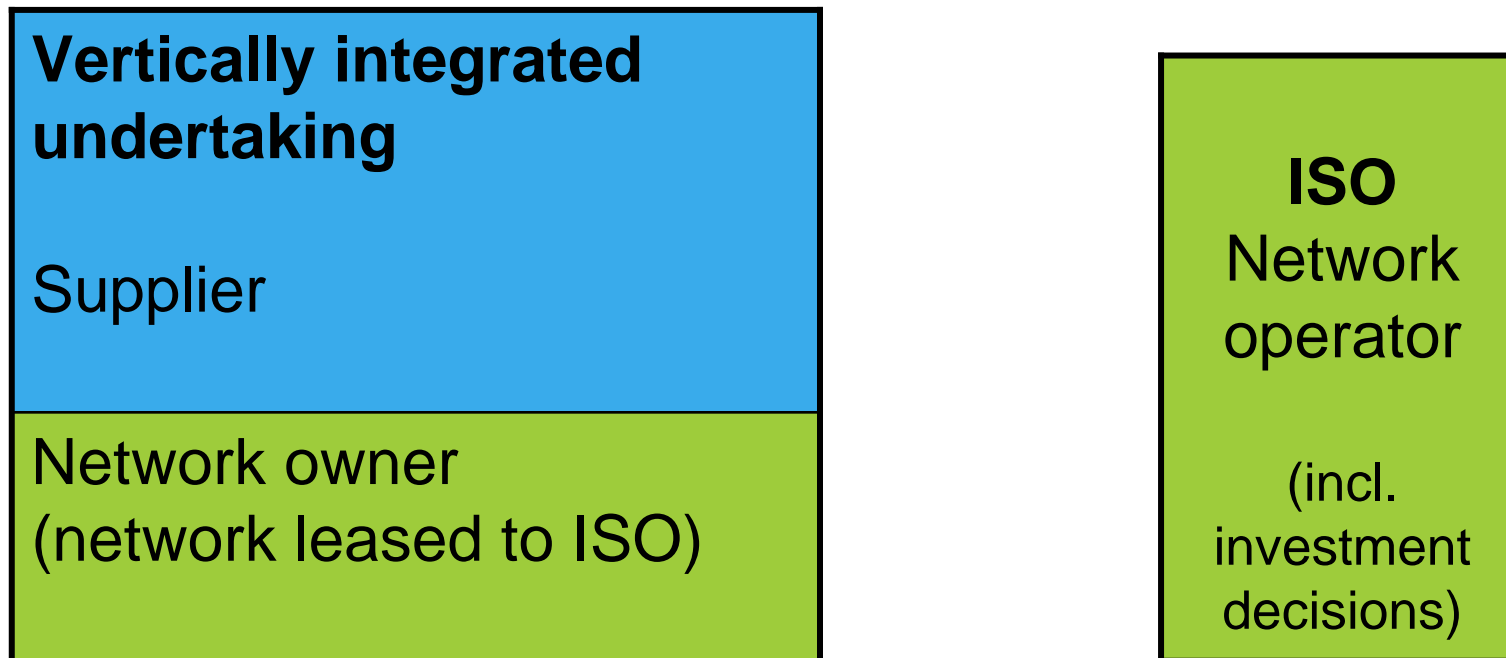
● Ownership unbundling



No control
Only minority shareholding
Dividends allowed
No voting rights
No appointment of administrators

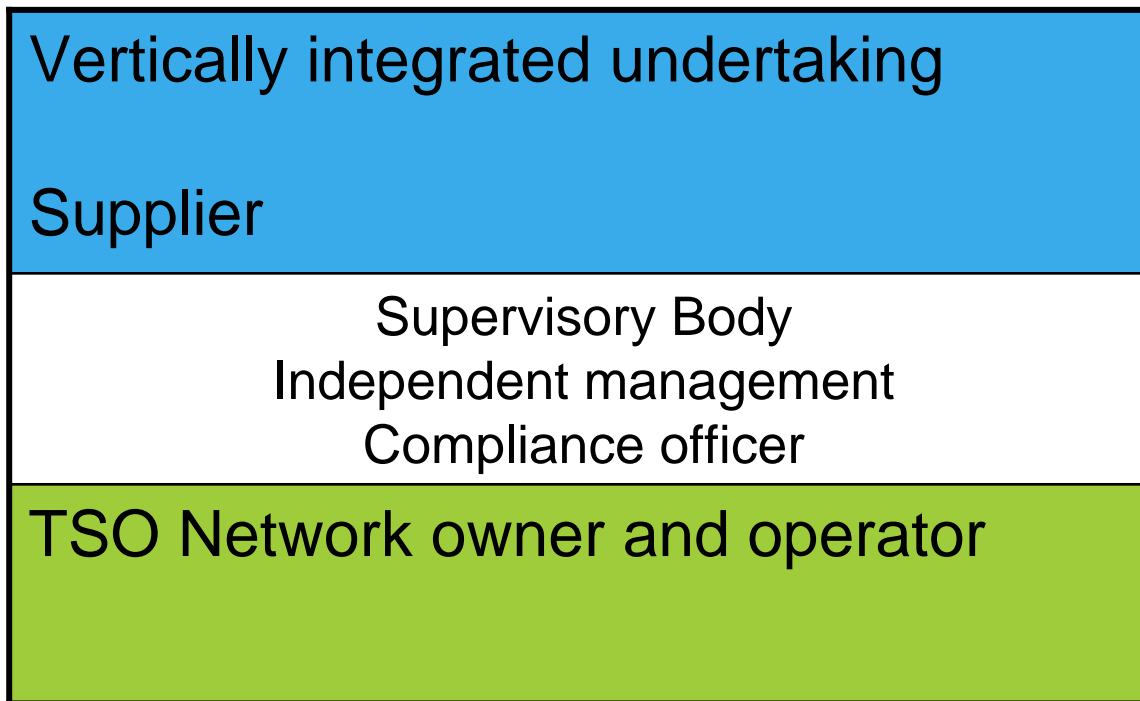


● ISO



+ stricter regulation and permanent monitoring
(e.g. NRA approval of investment planning)

● ITO



+ heavy regulation and permanent monitoring

● Stronger powers and independence of national regulators

- NRA must be legally distinct and functionally independent from any private or public entity (i.e. not part of a ministry)
- NRA must have a separate annual budget and adequate human and financial resources
- NRA must have the power e.g.
 - to fix or approve the transmission and distribution tariffs or their methodology
 - to enforce the consumer protection provisions
 - to issue binding decisions on electricity undertakings
 - to impose effective, proportionate and dissuasive penalties

- New tools to harmonize market and network operation rules at pan-European level
 - Rules to operate networks and markets on the basis of common principles
 - Objective: facilitate cross-border trade and reduce transaction costs to the benefit of businesses and consumers
 - Extensive process including the stakeholders

● New institutional set-up

● ACER

- » Key role in developing technical rules at EU level together with ENTSOs and Commission
- » Can adopt decisions on cross-border issues
- » Monitors and reports on market functioning

● ENTSOs

- » Key role in developing technical rules at EU level together with ACER and Commission
- » Develop network development plans
- » Promote regional cooperation between TSOs

● State of implementation

- Regulations take direct effect on 3 March 2011
- ACER and ENTSOs are up and running and have started working on developing technical rules at EU level
- Member States are progressing well on transposition of Directives:
 - » No full notification of complete transposition measures yet
 - » But several Member States are in final phase of legislative process
 - » Intense upstream coordination between national authorities and Commission services has taken place with a view to ensure accurate transposition



Thank you for your attention

For more information:

http://ec.europa.eu/energy/gas_electricity/legislation/legislation_en.htm