



**EUROPEAN COMMISSION**

**PRESS RELEASE**

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## **Common rules and Infrastructure needed to complete Energy Market**

An integrated EU energy market is the most cost-effective way to ensure secure and affordable supplies to EU citizens and mitigate climate change. A completed internal energy market could bring net economic benefits between 16 and 40 billion euros each year. Substantial progress has been achieved to date but in order to reap full benefits more investment is needed in strategic cross-border infrastructure, and developing smart grids for electricity. Common and transparent rules on how the energy grids are used need to be put in place. These are the main points of the Communication on the challenges for completing the internal energy market released by the European Commission today.

Günther H. Oettinger, Vice-President of the EU Commission responsible for energy said: *"If energy markets are well connected and common rules are in place there's not much room left to use energy supplies as a political instrument. With proper price signals and sufficient infrastructure, energy is produced where it's cheapest and sent to where it is needed. All this translates into secure energy supplies all over Europe and lower bills for consumers."*

### **What has been achieved to date**

The integration of the EU's energy markets is delivering tangible results mainly on the wholesale markets. In particular,

- between 2008 and 2012 **wholesale electricity prices declined** by one-third and wholesale gas prices remained stable;
- consumers have **more choice** among energy suppliers competing through lower prices and better services than ever;
- many **missing links between countries have been completed** or are under construction;
- **cross-border trade** between most European countries has increased. For gas, cross-border **pipelines are being used more efficiently** thanks to common rules on the use of gas networks;
- the legal framework makes sure that energy companies cannot exclude competitors from access to pipelines or withhold the construction of important infrastructure. Other rules help guarantee that trading on wholesale markets is fair and prices cannot be manipulated.

## What still needs to be done

Further steps are required to enable the proper functioning of the internal market which allows companies to compete on an equal footing, facilitates the integration of intermittent renewable energy and through correct price signals ensures that energy is produced where it is cheapest and that the most cost-effective investment decisions are taken. For this it is crucial that:

- more **investments in infrastructure**, including in smart grids, are made urgently. In gas, investments should focus on ending the isolation of the Baltic States and the diversification of supply in many Central-Eastern and South-Eastern Member States. In electricity, linking the grids of the Iberian Peninsula, the Baltic region, Ireland and the United Kingdom better with the EU should be tackled as a priority. By 2020 three-quarters of the EU's Projects of Common Interest should be completed;
- electricity infrastructure is used more efficiently and its operation is based on **the same set of simple, harmonized rules** across Europe. The Commission is preparing to adopt these rules in the coming months;
- governments intervene only when secure energy flows cannot be guaranteed by the market. Otherwise they may undermine investments in infrastructure and energy efficiency and have a negative effect on consumer bills. The Commission has addressed this issue with its guidelines from November 2013;
- the **regional approach** is strengthened, which will be essential for completing the internal market as it can bring results faster and is better suited to address local issues.
- **consumers become active players** in the energy markets. Also, retail and wholesale markets need to be better linked to allow the benefits to become visible also on retail level.

## Background

In February 2011 the EU Heads of State declared the need to complete the internal energy market by 2014, underlining that no EU Member State should remain isolated from the European gas and electricity networks after 2015.

The 3<sup>rd</sup> energy market package (including [Directives 2009/72/EC](#) and [2009/73/EC](#)) is the cornerstone of the integration of the gas and electricity market. It entails (i) the unbundling of networks (the separation of network activities for electricity and gas from generation, production and supply); (ii) consumer protection issues (particularly on Member States' obligations to protect vulnerable consumers, provide transparent billing and contractual information to consumers, establish a Single point of contact and an Alternative Dispute Resolution mechanism for the out-of-Court solution of disputes); and (iii) the independence of the national regulatory authorities.

## For further information and documents

[DG ENERGY's website on internal energy market](#)

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