

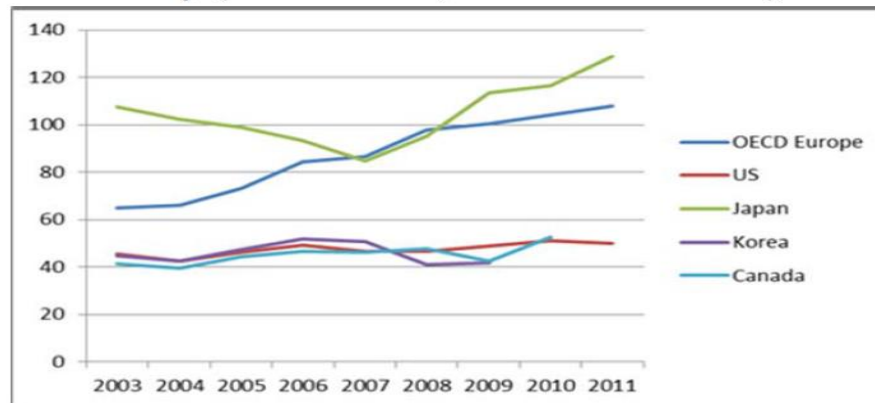
1. Internal market: Single market by 2014

European Electricity Regulatory Forum
Ljubljana, 15-16 May 2013

Increasing electricity costs result in marked competitiveness deterioration for EU industrial users...

- The accumulation of EU energy and climate policies has turned into an **addition of costs for industrial electricity users***
- As a result **the total electricity cost is increasing...**
- ... and **EU industrial electricity users are losing competitiveness on a global field**
 - Cf. EC Industrial Policy Communication Update on 10 October 2012:

Electricity (EUR/MWh; US data excl. tax)



Source: IEA energy prices and statistics

“As regards electricity more specifically, European industry is on average facing significantly higher prices than industries in other developed economies such as the US, Canada, Mexico and Korea – and the difference has on most accounts increased drastically over the last decade.”

... and jeopardise EU industrial electricity users' future

- In recent years EU economic environment strongly deteriorated...
- ... putting EU industry at risk:

Since the beginning of the crisis in Europe:*

- Employment in manufacturing has fallen by almost 11%
- Over 3 million industrial jobs have been lost

- In global competition, EU industry cannot pass on costs nor change the source of production
 - ↳ If nothing is done, industry will continue to relocate outside EU
- The EU electricity system becoming structurally more and more costly, the IEM** will not solve this fundamental problem alone

Therefore strong specific measures are required to avoid “electron-leakage”

- **Restore EU industrial electricity users competitiveness in global markets and restore investors' confidence**
 - Urgency measures, to sustain basic industry in the short term
 - Structural measures, to restore competitiveness on the long run
- **Apply hardship regimes to industrial electricity users until competitiveness on global field is restored**
- **All this in a stable, predictable and adapted EU energy legislation/regulation**
- *“Alignment of Member States in industrialization must mean the weaker catching up but not the stronger being weakened!” **