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The completion of the EU internal energy market "Getting to 2014"

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

DG ENERGY INTERNAL MARKET CONFERENCE

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It is an honour for me to welcome all of you this morning to this conference on the completion of the internal energy market - "Getting to 2014".

I am particularly pleased that this conference has attracted such an impressive spectrum of high-level representatives of the European Parliament, Member States, energy regulators, energy companies, consumer organisations and also academics.

I hope we can have an open discussion on where we stand with the creation of an internal energy market in Europe, what benefits we can expect from it and what issues need to be addressed to complete it by 2014.

The internal market by 2014

Let us for a moment imagine how our energy landscape would look like without an internal energy market.

We would have 27 markets in Europe, with widely diverging market rules and network operation rules. Gas and electricity would not flow freely across borders. Energy companies would not be able to take full advantage of economies of scale. The level of competition would be much lower, with less choice for customers. Security of energy supply would be a significant concern in many Member States, in particular in those depending on a single supplier without being adequately interconnected with other Member States. And meeting our climate change objectives with 27 markets would be much more expensive and much less efficient.

Without an internal energy market Europe would be vulnerable. We would all pay the price.

It is clear that this is by no means an attractive perspective. And this is exactly why In February this year, all 27 European Heads of State or Government clearly confirmed that Europe needs an internal energy market, and that it is essential to complete it by 2014.

Commission's determination to implement and enforce internal energy market rules

The process of opening and integrating Europe's energy markets started more than a decade ago. It has been a step-by-step process, accompanied by 3 legislative packages.

The Third energy package is undoubtedly a major step forward towards the completion of Europe's internal energy market.

However, I observe with concern delays in its implementation.

More than six months after the deadline, the majority of Member States have still not adopted the national legislation to transpose the Third energy package into their national legislation. Such delays seriously risk undermining our common objective of completing the internal market within the next three years.

Today, the Commission decided to launch infringement proceedings against the Member States that have not yet adopted their national laws transposing the Third energy package. This means 17 Member States in the field of electricity and 18 as regards gas. I would like to call upon those Member States to take their responsibility and make all efforts to fully implement the Third package.

The Commission will continue to help governments with the implementation process where necessary.

The work ahead of us until 2014

What remains to be done?

First, the Regulation on energy market integrity and transparency (REMIT), which will set clear rules for energy trading and create confidence in proper market functioning, is scheduled for adoption this October. The Regulation is expected to come into force before the end of this year.

Secondly, we have an ambitious work programme until 2014 to harmonise our market rules and network operation rules in the EU, both for electricity and for gas. This process will require significant efforts from many stakeholders, Member States, the Commission, ACER, national regulators, ENTSO, European energy companies and industry associations. Work is already well on its way. This topic will be discussed in more detail this afternoon.

Thirdly, we also need to put in place an effective framework for facilitating investments in our energy infrastructure. Major investments are needed in Europe to enhance market integration, competitiveness and security of energy supply and to prepare ourselves for the move to a low carbon economy. In October, the Commission will propose a regulation to define and build the essential infrastructure Europe needs with a 2030 perspective.

Furthermore, moving to low carbon and secure energy generation across the EU will require increased cooperation and coordination amongst Member States. We need to develop and put in place new coordination mechanisms. This has been broadly recognised at the informal energy Council last week. The Commission is currently preparing the setting up of an Electricity Coordination Group. This will provide a platform for exchanges between Member States, the Commission and stakeholders on policy decisions taken at various levels, which impact on the internal energy market.

Also on the future market design in the EU energy sector important work lies ahead. We need markets which:

- deliver investments needed to maintain system integrity;
- facilitate participation of all consumers and small scale energy producers; and
- provide a coherent approach to incentive schemes needed to meet important energy mix or security of supply aims.

These issues will be further addressed in the Roadmap 2050 that I intend to issue in December.

As to smart grids, we have imposed clear deadlines on the standardisation bodies to deliver adequate technical standards. As indicated in our April Communication we will pursue legislative action if there are no adequate results of this process delivered on time i.e. next year.

Finally, we can only have a well functioning internal energy market if the rules on competition are duly complied with. Also in the area of competition law, the Commission remains fully determined to take enforcement action where necessary.

The important role of different stakeholders

In much of the work ahead, national regulators have a crucial role to play. They supervise both network operators and energy suppliers and ensure that market rules are complied with to the benefit of consumers. They are important actors in the process of harmonizing rules, as well as in the certification procedure of transmission system operators. This certification procedure is now on its way. Last week we received the first three certification decisions from the French regulator.

It is essential that regulators in all 27 Member States can effectively make use of the new powers and competences of the Third package, and that they can do this in full independence. Much is expected from the national regulators in the years to come.

As to ACER, I would like to congratulate them with their good start. Their task ahead is tremendous, but I am confident that they live up to our expectations.

Also the ENTSOs, the European Network of Transmission System Operators, for gas and for electricity are now both fully operational and are already contributing actively to the development of the network codes.

I would expect an active engagement from the industry. The project of getting to an open, integrated and competitive energy market in the EU by 2014 can only succeed with the active engagement of industry. This engagement should not only relate to an improved compliance record, but also to an active support for the process of developing the new market and network operation rules. Let me mention in this respect, by way of example, the driving role that Eurelectric has played in the electricity sector over the last years in achieving progress in market integration in Europe.

Finally, our internal energy market also has a clear external dimension, as set out earlier this month in the Communication on the EU's external energy relations. We are working actively with our neighbours to expand our internal energy market beyond our borders. I refer here not only to Norway and the members of the Energy Community, but also to our Southern Mediterranean partners with whom we are actively looking for further integration.

Concluding remarks

Ladies and gentlemen, it is clear that we all must step up our efforts to complete the internal energy market by 2014, and to remove the remaining barriers to the free flow of gas and electricity within the EU.

I am confident that collectively we can and will achieve this goal. Frankly, we do not have much choice. The cost of not having an internal energy market is simply too high. We need an internal energy market in Europe to remain competitive in a global economy, to enhance our security of energy supply and to be able to reform our energy sector in the next decades to combat climate change effectively

I wish you a fruitful discussion today.