



EUROPEAN COMMISSION

Brussels, 16.1.2014
C (2013) 9823 final

Dear President,

The Commission would like to thank the Senát for its Opinion concerning the Communication from the Commission Making the internal energy market work {COM(2012) 663 final} and apologises for the delay in replying.

The Commission agrees with the Senát that completing the internal energy market by 2014 – a target set by the European Council of 4 February 2011 and restated by the European Council on 22 May 2013 – is an ambitious and challenging deadline. At the same time, the Commission remains convinced that a functioning energy market is the only cost-effective way of realising our objectives for affordable, secure and sustainable energy systems. Liberalising Europe's gas and electricity markets is not an easy task, neither for the Commission, nor for national governments and regulators. It is precisely because the Commission is aware of the enormous challenges that jeopardise reaching our common goal that it published its Communication and identified the main obstacles that should be addressed as a matter of priority.

The Senát's Resolution rightly points at the complications that could come with rapidly increasing shares of energy from renewable sources, both in terms of security of supply and in terms of their cross-border effects. As set out in its Roadmap 2050, the Commission is committed to the decarbonisation of our energy systems in the future. The effects of variable sources of renewable energy on the degree of flexibility in the generation mix as well as the effect of poorly designed support schemes for renewable energy sources are high on the Commission's agenda. On 5 November 2013 the Commission has adopted a package of documents assessing the situation and providing guidance to Member States as regards public intervention in the electricity market.

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As to the issue of unplanned electricity flows limiting available cross-border transmission capacity for trade, the Commission has been actively engaged. It has commissioned a study to assess potential short, mid and long-term measures to remedy the problems induced by loop-flows¹. In addition, the Florence Forum has requested the Agency for the Cooperation of Energy Regulators (ACER) together with the European Network of Transmission System Operators for Electricity (ENTSO-E) to provide a European framework for cross-border re-dispatching including a cost-sharing arrangement. ACER is currently scoping this work. Finally, ENTSO-E, in anticipation of the coming European rules on cross-border capacity allocation and congestion management, has recently started a process to evaluate the appropriateness of the current bidding-zone structure.

With regard to the Senát's comment on the EU's relations with third countries, the Commission Communication on security energy supply and international cooperation {COM(2011) 539 final} called for an EU role in negotiating agreements with third countries that would, for example, facilitate large-scale infrastructure projects linking the EU network to third countries. Such agreements would aim to address especially regulatory and legal uncertainties that are best tackled at the EU level rather than through negotiations by individual Member States. Ongoing negotiations on the management of electricity networks in the Baltic region are one such example. For any such EU-level agreements, the Commission would propose negotiating directives to be considered by the Council.

Finally, the Commission welcomes the Senát's call for a stable and predictable regulatory framework. In its Communication, the Commission has stressed the need for implementing and applying in practice existing rules. This also includes the development of Europe-wide Network Codes. Only once Member States all apply the legislative framework consistently and coherently can a true level playing field in Europe appear to the benefit of its consumers.

The Commission hopes that these clarifications address the concerns raised by the Senát and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

¹ http://ec.europa.eu/energy/gas_electricity/studies/doc/electricity/201310_loop-flows_study.pdf