



EUROPEAN COMMISSION

Brussels, 17.03.2016
C(2016) 1652 final

Dear President,

The Commission would like to thank the Camera dei Deputati for its Opinion concerning the Commission's Communications "Delivering a New Deal for Energy Consumers" {COM(2015) 339 final} and "Launching the public consultation process on a new energy market design" {COM(2015) 340 final}. The Commission values the Camera dei Deputati's early engagement at this stage of the policy-making process and acknowledges the importance of the issues raised by the Camera dei Deputati.

The development of a resilient Energy Union with a forward-looking climate policy is one of the strategic objectives of the Commission. It requires a fundamental transformation of Europe's energy system, including an updated design of the electricity market and putting consumers at the centre of it.

The Communication on a New Energy Market Design focuses on developing a new framework which delivers market arrangements to move towards an interconnected EU electricity market that: (i) provides clear price signals for investments including facilitating the integration of renewables, (ii) promotes regional cooperation on energy policies including towards renewables and (iii) provides a truly European dimension to security of supply. The New Deal for Consumers Communication, in turn, as set out in the Energy Union Strategy, is based on a three-pillar approach: (i) helping consumers save money and energy through better information, (ii) giving consumers a wider choice of action when choosing how they participate in energy markets and (iii) maintaining the highest level of consumer protection.

The electricity market of today differs fundamentally from the one of five years ago. The New Energy Market Design Initiative seeks to complement the Third Internal Energy Market Package and to address the challenges that have arisen in the meantime. The increasing share of variable renewable power generation has brought new challenges for the operation and the development of the electricity system. In order to address these challenges, the Commission wishes to make sure that the overall system becomes more flexible and more market-oriented, while remaining fit to meet security of supply standards.

*Ms Laura BOLDRINI
President of the Camera dei Deputati
Piazza Montecitorio
IT – 00100 ROMA*

It is also essential that electricity markets send the right signals for investment in adequate and flexible capacity. Better integrated short-term markets, notably intraday and balancing markets need to be at the core of an efficient electricity market design. In this context the Commission welcomes the Camera dei Deputati's position on the harmonization of the balancing markets.

In addition, adapting the market framework to a higher penetration of new forms of generation, such as from variable renewables and decentralised sources, will enable the EU to move to a true level playing field for all sources of energy and allow gradually removing exemptions to the application of normal market rules for all sources of energy. Moreover, further reflection should be given to a more coordinated approach towards renewable energy across Member States, particularly through enhanced regional cooperation.

With regard to network tariffs, the Commission is of the opinion that they must be designed in a way to incentivise efficient grid operation and ensure a fair contribution to network costs, while not discouraging demand response or self-generation/consumption.

The Commission considers that consumers need to be well-informed and empowered as buyers or sellers of energy through access to consumption data, clearer billing and trustworthy price comparison tools, but also through collective schemes and local initiatives. Consumers should also be free to generate and consume their own energy and be rewarded for the flexibility they provide to the system.

The Commission is pleased that the Camera dei Deputati shares the view that action at the EU level, as envisaged in the Communications, is required to facilitate self-consumption and to reward flexible consumption through suitable price signals. The active participation of consumers in energy markets requires access to real time data through smart metering systems which are fit for purpose and a well-established link between wholesale and retail energy markets. These issues are particularly pertinent for Member States such as Italy where the share of variable renewable energy resources, especially solar electricity production, is one of the highest in the EU.

The Commission will take the considerations highlighted by the Camera dei Deputati into account when developing specific policy measures.

Further to the public consultation, which was marked by a high level of stakeholder interest, the Commission intends to make concrete legislative proposals towards the end of 2016.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Camera dei Deputati and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Miguel Arias Cañete
Member of the Commission*