



Fully implement the internal energy market

BACKGROUND

Establishment of a comprehensive European internal gas and electricity market is a critical factor for reaching the goals of competitiveness, security of supply and development of efficient climate protection measures.

Several elements of the energy liberalisation package adopted in June 2009 represent a positive step forward. However, the package does not deliver a complete answer to the need to upgrade all the framework conditions which play a critical role in guaranteeing the long-term supply of energy to energy-intensive industries at competitive prices. European companies need not only effective unbundling and improved governance but also other market-based measures, including long-term contracts freely negotiated between energy suppliers and users. The Commission and the Member States should give strategic consideration to the positive role that long-term contracts can play for improving the long-term visibility of the economic conditions for future energy supplies.

Active enforcement of competition rules

Eliminate bottlenecks and obstacles to cross-border flows of energy

BUSINESSEUROPE considers that it is essential to improve the interconnection capacity in gas and electricity in order to reach, at least, the 10% target approved by the European Council. Improvement of the governance and regulatory framework is also vital to secure more private and public investment in cross-border infrastructure. In addition, BUSINESSEUROPE supports the initiatives at technical and financial level proposed in the EU Priority Interconnection Plan. Priority projects with a European dimension must increasingly be determined using objective criteria based on market indicators such as surcharges linked to congestion. Finally, there is a need to harmonise gas quality specifications at EU entry points and within the EU.

Facilitate long-term contracts between suppliers and energy-intensive industries

Given:

- ➔ today's absence of a truly open and competitive energy internal market,
- ➔ the fact that the EU Emissions Trading Scheme is being implemented in that context,
- ➔ and the competitiveness handicap suffered by energy-intensive European industries under Kyoto,

it is essential to create a framework in which energy-intensive industrial consumers can fulfil their electricity and natural gas needs in the medium and long term at reliable, internationally competitive prices, without hindering the development of the internal market. Such a framework should facilitate:

- ➔ long-term commercial arrangements based on long-term economics;
- ➔ co-investment projects and other projects where risks are shared between producers and users, with prices based on long-term economics and costs actually incurred.