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# Provisional agreement on better integrated EU electricity market

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News

The creation of a "genuine" EU electricity market to better integrate renewable energy has been provisionally agreed between MEPs and member states.

***Photo Credit: Press Association***

An overhaul of EU electricity market rules was informally agreed on Thursday to tackle barriers to cross-border trade of electricity and create a real European electricity market where 70 percent of all electricity can cross EU borders freely.

This it is hoped, will make it easier to integrate renewable energy in the electricity grid and support efforts to reach the EU’s binding goal of 32 percent renewables by 2030.

In addition, it strives to make the EU’s electricity market more competitive and consumer-oriented.

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Consumers will benefit substantially from the new rules, which include: switching, whereby electricity providers must offer consumers the option to switch provider, with no fees, within a maximum period of three weeks (and 24 hours by 2026) and consumers will also have the right to get smart meters to control their consumption, unless analysis in a given member state shows that the cost outweighs the benefits.

Moreover, consumers will have free-of-charge access to an online price comparison tool and will also be able to opt for a dynamic electricity price contract from energy companies with more than 200.000 clients.

EU rules currently allow national authorities to pay conventional power plants to be on standby for a limited period of time if there is a demand peak or temporary shortage of renewable energy. However, the agreed text provides for an additional EU assessment (together with national ones) on the risks of a possible electricity shortage in member states to avoid unnecessary use of these exceptions.

Stricter limits for member states willing to subsidise power stations as a capacity mechanism will prevent the most polluting coal power plants in Europe from receiving state aid. Power stations emitting more than 550gr of CO2/kilowatt hour of electricity will not receive subsidies from the state to remain on standby in case of demand peak of electricity.

> “This agreement is good for the climate and good for the wallet. It will help the transformation to cleaner electricity production and it will make the electricity market more competitive across EU borders” Krišjānis Kariņš MEP

The measures will apply to all new power plants from date of entry into force of the Regulation and to existing ones from 2025. Capacity contracts concluded before 31 December 2019 will not be affected by the new rules.

Member states will be able to regulate prices temporarily to assist and protect energy-poor or vulnerable households, negotiators agreed. Preference should, however, be given to addressing energy poverty through social security systems.

EU member states that still regulate household prices may continue to do so but they will now submit reports to assess the progress towards abolishing price regulation.

By 2025 the Commission says it will submit a report on overall EU progress, which may include a proposal to end regulated prices.

After the deal was reached, rapporteur Krišjānis Kariņš, an MEP from Latvia, said: “This agreement is good for the climate and good for the wallet. It will help the transformation to cleaner electricity production and it will make the electricity market more competitive across EU borders.”

“Parliament has succeeded in getting rid of heavy state subsidies, so that the market can do its job of supplying EU industries and households with affordable and secure energy,” Karins added.

The deal will now be put to the Industry, Research and Energy Committee and plenary for approval as well as to the Council.

The Regulation and the Directive will enter into force 20 days after publication. Member states will have to implement the directive by 31 December 2020.

**About the author**

Martin Banks is a senior reporter at The Parliament Magazine

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