

## ENERGY SOLUTIONS ON THE ROLE OF COMPETITION POLICY IN DELIVERING THE ENERGY UNION

Reflections from the dialogue with Commissioner for Competition, Mrs. Vestager

March 7, 2017, 10:00-12:00, European Parliament, Brussels

### Energy Solutions Reflections

Energy Solutions reflections outline key challenges and solutions to legislation related to competition in delivering the Energy Union, condensed from the dialogue between the European Commission, the European Parliament and industry:

1. **The Clean Energy for All policy proposal contains the right fundamentals with steps towards a more market-based support system in realizing the Energy Union**, however, caution on the ETS price as well as technology neutral tendering to make room for differences across technologies in promoting the uptake of renewable energy while meeting other objectives including energy diversification, innovation and development of local industry and job creation parallelly.
2. **Consider new markets and relevant enabling environments to scale up the transition**, ensuring proper implementation of market rules and support through e.g. bundling projects for investors.
3. **Current state aid guidelines are future-proof, sustainable, lead to cost-reductions, and cater for national differences** – that with benefit could look at competitive tendering to lower support levels for specific technologies; reduce emission performance standards to comply with climate policies; national differences in e.g. tax regimes prior to support schemes; the relation between the Euratom treaty and state aid rules.
4. **Ensure level playing field with a view to marginal costs not to promote generation technologies**, hence, ensuring market rules and support schemes for renewable energy and energy efficiency.
5. **Place the consumer at the centre** of the energy system to activate consumers with market rules, shifting from supply to demand-driven response.

## Principles on the Role of Competition Policy in Delivering the Energy Union

Principles serve as a guide for discussing the role of competition policies in delivering the Energy Union.

Principles sum up key prerequisites for a competitive and well-functioning energy market:

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**1. Restrict public interventions in the market to a minimum**

Attaining the long-term energy- and climate targets should first and foremost be driven by the forces of supply and demand within the market, resting on the right regulatory incentives, which should spur the desired investments by private actors in the market. Only when it has been clearly demonstrated or with high probability can be foreseen that the market cannot deliver a desired outcome should public interventions be allowed.

**2. Enforce internal market rules to ensure free flow of energy and goods across borders**

An open and transparent internal market is a precondition for a competitive Energy Union. Internal market rules should be strictly enforced by the European Commission (where relevant with the assistance of national regulatory authorities and ACER) and not be left to political discussions among member states and the involved parties.

**3. Ensure competitive bidding procedures are in place to maximize added value of state aid**

State aid should as a general principle be granted based on open and transparent tenders, which considers differences in ownership structures of participating actors. Technology specific tendering should always be pursued.

**4. Ensure services are delivered by market players**

While certain services are better left to public authorities, such practice should be limited to instances where it has been clearly demonstrated that private actors under fair rules are not able to deliver the desired service.

*Positions presented do not reflect the positions of the individual representatives, but are a sum of discussions across national, sectorial and individual interests within the European Parliamentary Network on Energy Solutions (Energy Solutions).*

*Energy Solutions is a platform for developing holistic energy solutions for an integrated energy system towards a European Energy Union.*

*The European Energy Union is identified as the top priority for the coming years with the aim to deliver secure, affordable and sustainable energy while creating jobs and growth as well as investments in Europe.*

*The European society is fundamentally shaped by energy as a political issue in terms of security, competitiveness and sustainability. Ensuring security of supply while developing a sustainable and competitive energy sector requires contributions from all parts of the energy system. An integrated energy system requires a bankable energy sector. The energy sector as a whole needs to be the guiding principle when developing energy regulation.*

*Energy Solutions facilitates dialogue across national, sectorial and individual positions for an integrated system-approach. The integrated system-approach is to develop and promote tangible, holistic and pragmatic solutions to challenges facing industry and society.*

*Energy Solutions ultimately seeks to strengthen policy development within the European Parliament.*

