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Analysis of the electricity market reform in the European Union





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The European Parliament has given the green light to open negotiations with the Council to reform the EU electricity market. Members of the European Parliament want to strengthen consumer protection against volatile electricity prices and ensure that consumers can access fixed-price or dynamic price contracts. The information on contracted options and a ban on suppliers being able to unilaterally change the terms of a contract should also be part of this reform.

The European Parliament also calls on EU countries to prohibit suppliers from cutting off the electricity supply of vulnerable customers, even in the event of disputes between the two, and to prevent suppliers from requiring such customers to prepay for the service.

Approval by the European Parliament

During the plenary session of the European Parliament during the week of September 11-14, 2023, the vote to start negotiations with the different Member States "**EEMM**" or "**Member States**") (trilogues) to reach an agreement to reform the European Union's electricity market was approved.

The proposed text was approved on July 19, 2023 by the Committee on Industry, Research and Energy (ITRE) and on Thursday 14 approved by the Parliament with 366 votes in favor compared to 186 against and 18 abstentions.

Main objetives

The main objectives of this reform proposal are:

- Greater protection for consumers, especially vulnerable consumers.
- Promotion of the competitiveness of the European Union's industry.
- Encourage investment in renewable energies in order to achieve the 2030 decarbonization objectives.

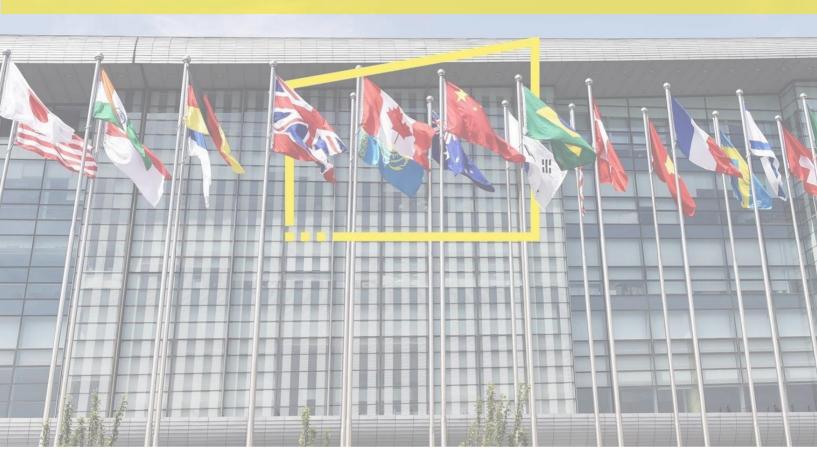
Main measures

Among its measures, the following should be highlighted:

- Development of power purchase agreements commonly referred to as PPAs: Greater flexibility to facilitate the development of PPAs by reducing the financial risk of buyers through a guarantee system established by the different Member States in the event of non-payment.
- Two-way Contracts for Difference (CfD) for new renewable generation: Increased flexibility for investments in new renewable generation to benefit from the direct support scheme with EEMMs through a competitive and voluntary CfD.
- Flexibility needs assessment and support systems: The Proposal includes storage and demand-side management as instruments to develop flexibility.
- Right to energy sharing: Boosting the role of the consumer in the market by introducing the right of households, SMEs and public bodies to participate in energy sharing as active customers.
- Access to affordable energy during an electricity crisis: The European Commission reserves the right to declare an electricity price crisis, in a region or the entire European Union, if certain conditions are met, for a maximum period of one year.

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