

Commission welcomes political agreement on conclusion of the Clean Energy for All Europeans package

This concludes the political negotiations on the Clean Energy for All Europeans package and is a major step towards completing the Energy Union and combatting climate change, delivering on the priorities of the Juncker Commission. Negotiators were able to reach political agreement on the new Electricity Regulation and Electricity Directive. This agreement follows previous agreements on the [Governance proposal](#), the [revised Energy Efficiency Directive](#), the [revised Renewable Energy Directive](#), the [Energy Performance in Buildings Directive](#) and the Regulations on Risk Preparedness and the Agency for the Cooperation of Energy Regulators (ACER).

Commissioner for Climate Action and Energy Miguel **Arias Cañete** said: *Today's deal marks the completion of negotiations on the Clean Energy for All Europeans package, putting the EU in the lead in terms of rules to accelerate and facilitate the clean energy transition. This takes us a step closer towards delivering the Energy Union, one of the priorities President Juncker set out for this Commission at the start of the mandate. Today's agreement on the future electricity market design is a vital part of the package. The new market will be more flexible and facilitate the integration of a greater share of renewable energy. An integrated EU energy market is the most cost-effective way to ensure secure and affordable supplies to all EU citizens. The new rules will create more competition and will allow consumers to participate more actively in the market and play their part in the clean energy transition. I am particularly pleased that we agreed on a balanced approach to limit capacity mechanisms and reconcile security of supply with our climate objectives. Capacity mechanisms will not be used as a backdoor subsidy of high-polluting fossil fuels as that would go against our climate objectives.*

The new electricity market design proposals, a Directive and a Regulation, aim to adapt the current market rules to new market realities. They introduce a new limit for powerplants eligible to receive subsidies as capacity mechanisms. Subsidies to generation capacity emitting 550gr CO₂/kWh or more will be phased out under the new rules. Furthermore, the consumer is put at the centre of the clean energy transition. The new rules enable the active participation of consumers whilst putting in place a strong framework for consumer protection. By allowing electricity to move freely to where it is most needed, society will increasingly benefit from cross-border trade and competition. They will drive the investments necessary to provide security of supply, whilst decarbonising the European energy system. The new market design also contributes to the EU's goal of being the world leader in energy production from renewable energy sources by allowing more flexibility to accommodate an increasing share of renewable energy in the grid. The shift to renewables and increased electrification is crucial to achieve carbon

neutrality by 2050. The new electricity market design will also contribute to the creation of jobs and growth, and attract investments.

Next steps

Following this political agreement, the texts of the Directive and Regulation will be prepared in all EU languages and then have to be formally approved by the European Parliament and the Council. Once endorsed by both co-legislators in the coming months, the new laws will be published in the Official Journal of the Union. The Regulation will enter into force immediately and the Directive will have to be transposed into national law within 18 months.

Background

On 30 November 2016, the Commission proposed new rules (a revised [Electricity market regulation](#) and a revised [Electricity market directive](#)) on the EU energy market design in order to help energy markets include more renewables, empower consumers, and better manage energy flows across the EU.

Markets need to be improved to meet the needs of renewable energies and attract investment in the resources, like energy storage, that can compensate for variable energy production. The market must also provide the right incentives for consumers to become more active and to contribute to keeping the electricity system stable. Today's electricity market has fundamentally changed since 2009, when the most recent legislation was introduced. The share of electricity produced by renewables is expected to grow from 25% to 55% in 2030. But when the sun does not shine and the wind does not blow, electricity must still be produced in sufficient quantities to deliver energy to consumers.

The proposed measures also contain measures that ensure that state interventions designed to make sure there is sufficient energy available are only used when really needed, and in a way that does not distort the internal electricity market.

Through the revised **Directive**, these new rules will put consumers at the heart of the transition – giving them more choice and greater protection. Consumers will be able to become active players in the market thanks to access to smart metres, price comparison tools, dynamic price contracts and citizens' energy communities. At the same time, energy poor and vulnerable consumers will enjoy better protection.

The revised Electricity **Regulation** brings stricter and harmonised rules for capacity mechanisms, reconciling thus the EU objectives of security of supply and emission reduction. Enhanced regional coordination will improve market functioning and thereby competitiveness while making the system more stable.

More information

[Energy Union](#)

[Clean Energy for All Europeans package](#)

Electricity markets