



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 23 May 2007**

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**REPORT**

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from : Coreper

to : Council

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Subject : **TTE (ENERGY) COUNCIL ON 6 June 2007**

**Gas and Electricity Market**

**a) Communication: Prospects for the Internal Gas and Electricity Market**

**b) Sector Inquiry on the Gas and Electricity Markets**

**c) Priority Interconnection Plan**

- Policy debate

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In continuation of discussions that took place at the TTE Council in February and at the Spring European Council, a policy debate on internal market issues is foreseen, using as background documents the three abovementioned Commission communications which were submitted to the Council in the context of the package on an Energy Policy for Europe in January 2007.

The Presidency suggests focussing the debate on the four main issues the Commission intends to address in the third legislative liberalisation package expected to be submitted this September (unbundling, effective regulation, adequate infrastructure investment and cooperation among network operators). For that purpose, the Presidency has drawn up four questions to steer the debate (see annex).

It should be noted that, as usual, these questions are without prejudice to other important topics that ministers may wish to address. Delegations are invited to forward their contribution to the debate beforehand in writing, allowing their representative at the Council to focus on key messages.

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The Council is invited to conduct its policy debate on the basis of the attached questions.

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Questions for a policy debate

At its Spring Summit on 8 and 9 March 2007, the European Council made it clear that it was necessary to increase competition, ensure effective regulation and encourage investment to benefit consumers in the EU internal market in natural gas and electricity. This is all the more relevant as we are only a few weeks away from the full opening-up of the European gas and electricity markets on 1 July 2007.

The European Commission has announced that it intends to submit a package of measures to ensure the completion of the internal market for electricity and gas before the end of 2007, which most likely will address four main areas within the framework of a whole raft of measures, including increased transparency and a customer charter: i.e. unbundling, effective regulation, infrastructure and cooperation among network operators.

Against that background, taking also account of the specific characteristics of the electricity and gas markets, the following questions arise *inter alia*:

1. Effective unbundling

Should further unbundling measures, if proposed by the Commission, be applied only to the transmission networks or to distribution networks as well; and should electricity and gas be treated differently?

2. Establishment of an independent mechanism for national regulators to cooperate and take decisions on important cross-border issues

Which tasks, competences and responsibilities should be assigned to such a mechanism?

3. Investments in infrastructure

What measures are necessary in order to expand and develop networks in a manner which is appropriate to requirements, taking account of cost-efficiency at an overall economic level?

4. Creation of a new Community mechanism for Transmission System Operators to improve the coordination of network operation and grid security, building on existing cooperation practices

Which tasks, competences and responsibilities should be assigned to such a mechanism?