



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: General Secretariat of the Council
to: Delegations

Subject: Communication from the Commission to the Council and the European Parliament :
"Report on progress in creating the internal gas and electricity market (2009)"
- Information from the Commission

Delegations will find attached an information note from the Commission.

According to article 47 of the Directive 2009/72/EC and article 52 of the Directive 2009/73/EC, the Commission prepares annual reports on the functioning of the internal market for gas and electricity. The red line this year in the Report is the impact of the financial and economic crisis on the internal energy market.

The Report shows a significant fall in the consumption of gas and electricity. However, the crisis did not seem to have affected the volumes on most of the wholesale markets.

The crisis created new opportunities for competition, since more gas is available at lower prices on liquid hubs.

As oil prices started to fall as a result of the economic crisis, a similar pattern was to be expected for the gas and electricity prices in early 2009. The fall witnessed in wholesale energy costs has not been entirely reflected in end user prices. The trend in retail prices was quite diverse, suggesting perhaps an insufficient level of market integration at retail level.

There was not much evolution as far as the level of concentration of the market is concerned.

Another major concern outlined by the Report is the insufficient level of implementation of the current gas and electricity Directives and Regulations. This is why the Commission, in June 2009, initiated infringement procedures against several Member States.

The Commission will assist Member States in implementing the third package and will continue to pursue the full and correct implementation of the second package, including through formal infringement procedures.