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**INOGATE Training,- Kiev 05/09/2012**  
**Session 1:**  
**Introduction to the Third Energy Package**

**BUILDING PARTNERSHIPS FOR ENERGY SECURITY**

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# Introduction to the Third Energy Package

## Background of the Third Energy Package:

The Third Energy Package was adopted in 2009 and marks the latest decisive step forward towards completing the Single European Market for energy

## What was before the Third Energy Package? What was the starting Point?

- starting point was the 1986 political decision of the European Council to create a Single European Market in which services providers would be able to provide services under competitive and undiscriminatory conditions across the territory of the EU and in which consumers would be able to choose their suppliers and goods from suppliers not only in their Member State but from across the territory of the EU
- Prior to this decision markets remained fragmented across the borders of Member States with legal and organisational rules varying from one Member State to another
- the Commission was thus tasked to create the Single European Market, including a Single European Market in the field of Energy



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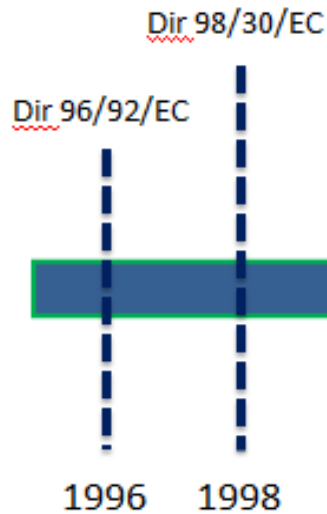
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# Introduction to the Third Energy Package



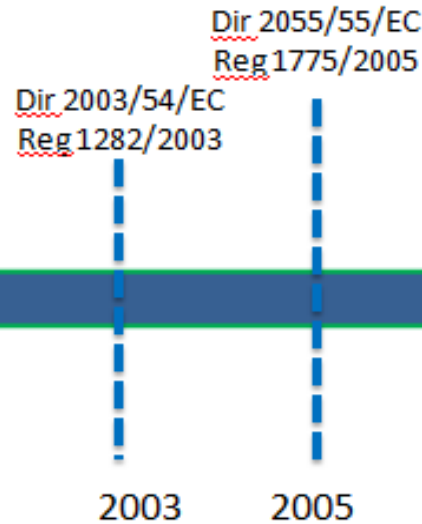
## Towards the Single European Market:

First Energy Package:  
"Harmonisation"



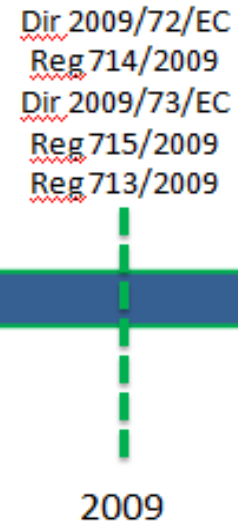
- Key Concepts introduced:
- first common rules for generation, supply, transmission
  - Unbundling of accounts
  - Negotiated Third Party Access

Second Energy Package:  
"Harmonisation and Market Integration"



- Key Concepts introduced:
- Legal and Functional Unbundling
  - Regulated Third Party Access
  - introduction of rules on national regulators

Third Energy Package:  
"EU wide institutional and regulatory framework"



# Introduction to the Third Energy Package



## Why a Third Package

- While the Second Energy Package marked a significant step forward it failed to achieve coherent common market conditions for electricity and gas across the European Union
- competences of National Regulatory Authorities remained fragmented from one Member State to another
- Regulatory rules and their application by National Regulatory Authorities remained fragmented with significant variations from one Member State to another
- The introduction regulated Third Party Access (TPA) in combination with legal and functional unbundling failed to ensure non-discriminatory access to transmission and distribution networks across the European Union

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# Introduction to the Third Energy Package



## The Key achievements of the Third Package at a glance:

With a view to the shortcomings of the Second Energy Package the Third Energy Package aims to provide for

- an even higher standard of public service obligations and increased customer protection
- stricter rules for structural separation between transmission activities and production/supply activities of vertically integrated companies (« unbundling »)
- stronger powers and independence of national energy regulators across the European Union
- New tools to harmonize market and network operation rules at pan-European level
- A new institutional framework: European Agency for the Cooperation of Energy Regulators (ACER) and European Network of Transmission System Operators (ENTSO)

# Introduction to the Third Energy Package



## Content of the Third Package:

- Directive concerning common rules for the internal market in electricity (**Electricity Directive**)
- Directive concerning common rules for the internal market in natural gas (**Gas Directive**)
- Regulation on conditions for access to the natural gas transmission networks (**Gas Regulation**)
- Regulation on conditions for access to the network for cross-border exchanges in electricity (**Electricity Regulation**)
- Regulation establishing an Agency for the Cooperation of Energy Regulators (**ACER Regulation**)

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# Introduction to the Third Energy Package



## Is the Third Package of importance for the European Energy Community?

- Ministerial Council of the Energy Community has adopted the European Union rules on the internal market for electricity and gas known as the Third Energy Package (the TEP Decision). Investors and energy undertakings across South East Europe will be affected by the TEP Decision as transmission assets will now gradually need to comply with the requirements of the Third Package.
- Concretely, following the TEP Decision, the contracting parties of the Energy Community now need to transpose the Third Energy Package into national law by January 2015. However special deadlines apply for some components of the Third Package (e.g. unbundling by 2016)