

## Press Release

### EU internal energy market – to trust or not to trust?

**Brussels, 15 November: this press release is in view of the Commission Communication entitled: “Making the internal energy market work”, published today.**

EU Member States and, to a certain extent, the Commission are currently facing a dilemma. There is broad acceptance that a competitive internal energy market will provide sustainable, secure and cost-effective energy supplies that better serve European customers. And yet there is a tendency to overcompensate loss or lack of market control by regulation.

Eurogas members would like **nothing more than a well-functioning EU-wide energy market** as it provides the largest business opportunities on the most flexible terms. It will create maximum benefit to both industrial and retail consumers, who have greater choice at competitive prices. We were, and we are, actively involved in the consultation process led by ENTSOG, ACER and the Commission and go on contributing to the rules ensuring the implementation of the internal energy market. That’s why we welcome **the Commission Communication “Making the internal energy market work”, published today**, which will serve to launch discussions on what works, what doesn’t and what needs fixing.

In recent years, much progress has been made in moving towards market integration. **Trading via gas hubs** has seen **impressive growth**. Company investment in interconnection, reverse flow possibilities and storage, as well as increased liquidity of wholesale markets have **enhanced security of supply**, as was demonstrated during the exceptional cold weather period in February 2012. In a growing number of Member States, informed customers can **easily switch between different suppliers** if they can get a better deal with another.

However, much still needs to be achieved. **Subsidies and price regulation** inhibit the market principle of supply and demand as well as competition, and go against the grain of a liberalised market. **Progressive market integration of renewables** would also contribute to the better functioning of the internal energy market and should be fully considered. **An effective Emissions Trading System** would go a long way to encourage investment towards an efficient low-carbon energy market.

The consultation on **capacity remuneration mechanisms (CRM)** is also a welcome move in the right direction. In an ideal EU-wide low-carbon market, there should be hardly any need to pay for stand-by power generation capacity. Fact is that many gas-fired power stations are simply no longer financially viable. Reasons lie, for example, in the growth of electricity from renewable sources and price caps. But as gas-fired power stations are increasingly needed to back up electricity from intermittent renewables, their potential decommissioning or delayed investment could also endanger security of supply and some governments are considering CRM to prevent plants from closing. Eurogas can only agree to the use of CRM **if market distortions preventing the functioning of energy-only markets are previously addressed and if their design carefully assess their potential interference in implementing the internal energy market.**

When it comes to commercial freedom, Eurogas does not agree with restrictive measures that hinder both the market and the consumer. Among such measures are limitations to how gas can be transported and thus sold across Europe (exclusivity of “bundled products” under the network code on a **Capacity Allocation Mechanism**). Disaggregating the market by **regulating the roles of the different market participants** (producers, suppliers, network operators, consumers etc.) beyond the requirements of the third legislative packages should be handled with care as it could also seriously **curtail entrepreneurial freedom.**

But apart from very specific interventions in the market, justified by very special circumstances and agreed at EU level, let's place more trust in the supply and demand-driven market to provide its own checks and balances.

**Note to Editors:** Eurogas is an association representing about 50 companies and associations engaged in the wholesale, retail and distribution of gas in Europe. Eurogas provides data and information relevant to EU decision makers and opinion formers in making the right policy choices.

**Press contact:** Tracey D'Afters, [tracey.dafters@eurogas.org](mailto:tracey.dafters@eurogas.org), tel. +32 2 894 48 05  
Eurogas, Av. de Cortenbergh 172, B-1000 Brussels, [www.eurogas.org](http://www.eurogas.org)