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INTERNATIONAL CONFERENCE

European Integration After Fifty Years: The Coming Challenges

Coimbra – 23 rd – 24 th November 2007

4th session – 24 th November 2007

*The Conditions for Sustainable Development –
Critical Issues related with the EU Energy Markets*

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*The Conditions for Sustainable Development –
Critical Issues related with the EU Energy Markets*

1 – Sustainable development and energy dependency of the EU.

2 – The importance of ensuring energy efficiency and diversified energy sources – How to accomplish competitive and efficient energy markets.

2.1. – General overview.

2.2. – The origins and the past of EU energy policy.

2.2. – The development and completion of the internal energy market – the starting point with EC Directive 1996/92 – JOCE L 27 – 30/1/97.

3.1. – The current framework of the internal energy market – the decisive phase for the completion of the internal energy market – Directive 2003/54/CE – JOCE L 176/37 – 15/7/2003 (electricity) and Directive 2003/55/CE - JOCE L 176/57 – 15/7/2003 (gas).

3.2. – The fundamental barriers to the energy sector liberalisation and to effective competition in this sector – The chief issues underlying the 2003 generation of EC energy Directives.

3.2.1. – The vital importance of the energy network operators – legal and financial unbundling of these operators.

3.2.2. – The need for a transparent, non discriminatory and predictable system of access to energy networks and related infra-structures.

3.2.3. – The required autonomy of National Regulatory Authorities.

4 – The European Commission Inquiry into Competition in Gas and Electricity Markets and the Conclusions of the Final Report presented on January 2007 – the Five main findings of the Inquiry.

4.1. – Excessive market concentration and slow development of wholesale energy trade.

4.2. – Vertical integration of incumbents and foreclosure of markets barring new entrants – Markets characterized by long-term contracts and lack of liquidity and the resulting lack of available gas and electricity that could be acquired by alternative providers.

4.3. – Little cross border integration – Gas and electricity markets remaining still largely national – Difficulty to secure transit capacity in key routes (*e.g.*, Argelia-Russia) in gas and insufficient interconnector capacity in electricity.

4.4. – Lack of transparency and high barriers to market entry.

4.5. – Lack of fair competition in the functioning of the wholesale markets (probable anti-competitive practices).

5 – Efficient remedies to resolve the chief problems which hinder competition and market efficiency that would allow for a sustainable development – General overview.

5.1. – The third EC legislative package of September 2007 on the electricity and gas markets, including, *inter alia*,

- Proposal for a Regulation Establishing an Agency for the Cooperation of Energy Regulators [COM(2007) 0530].
- Common Rules for the Internal Market on Electricity – Proposal for a Directive amending Directive 2003/54/CE [COM (2007) 0528].
- Common Rules for the Internal Market on Gas – Proposal for a Directive amending Directive 2003/55/CE [COM (2007) 0529].

5.2. – Opportunities and risks arising from the third EC legislative package of September 2007.

5.2.1. – The need to find a proper balance between a network of national energy regulators and the establishment of a new EC regulatory body – the possible risks underlying an excessive regulatory oversight at EC level?

5.2.2. – Possible risks underlying an excessive Commission intervention in order to foster market concentration and the creation of EC cross-border (multinational) energy groups?

5.3. – Prospective view for 2008 and onwards.
