

**EUROGAS AMENDMENT PROPOSALS TO THE DRAFT WORKING DOCUMENT  
OF THE EUROPEAN PARLIAMENT**

**“Prospects for the internal gas and electricity market”**

<b>Amendment 1</b>	
<b>Whereas A</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Whereas the completion of the internal energy market is a guarantee of security of supply;	Whereas the completion of the internal energy market <b>will contribute to</b> security of supply;
<i>Justification</i>	
<i>Supportive actions are needed</i>	

<b>Amendment 2</b>	
<b>Whereas B</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
	Whereas decisions about the energy mix in a Member State <b>have</b> consequences for the entire European Union,
<i>Justification</i>	

<b>Amendment 3</b>	
<b>Whereas C</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Whereas 20 out of 25 Member States are yet to transpose the directives on the Internal Energy Market;	Whereas 20 out of <b>27</b> Member States <b>have</b> yet to transpose <b>fully</b> the directives on the Internal Energy Market;
<i>Justification</i>	
<i>In some cases, only detailed points are outstanding</i>	

<b>Amendment 4</b>	
<b>Whereas D</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Whereas the different levels of unbundling in Member States vary considerably having serious implications in the development of a single market of electricity;	Whereas the different levels of unbundling in Member States vary considerably <b>which has</b> serious implications in the development of <b>the single energy market</b> ;

Justification  
*It is a gas issue as well*

<b>Amendment 5</b>	
<b>(New) Whereas E</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Whereas most gas undertakings' profits are primarily generated by their transport activities rather than gas extraction while most electric utilities' revenues derive from their generation capacities;	<b>Whereas the EU's dependence on imported gas is increasing while electricity is generated throughout Europe;</b>
<u>Justification</u> <i>Adds another important consideration</i>	

<b>Amendment 6</b>	
<b>Whereas Ebis</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Whereas most gas undertakings' profits are primarily generated by their transport activities rather than gas extraction while most electric utilities' revenues derive from their generation capacities;	<b>Whereas European gas companies' main assets consist of the transportation networks, in electricity generator capacities are key assets.</b>
<u>Justification</u> <i>Clarifies an important difference between the sectors</i>	

<b>Amendment 7</b>	
<b>(New) Whereas Gbis</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
	<b>Whereas developments are also needed in gas infrastructure to facilitate market development and enhance security of supply.</b>
<u>Justification</u> <i>Investment in gas infrastructure is also important</i>	

<b>Amendment 8</b>	
<b>Whereas H</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Whereas before proposing any	Whereas before proposing any

legislation on the creation of gas stock the Commission should put forward a cost benefit study.	legislation on the creation of <b>so-called strategic gas storages</b> the Commission should put forward a cost benefit study.
<u>Justification</u>	
<i>Clarification</i>	

**The European Parliament:**

<b>Amendment 9</b>	
<b>Unbundling 1</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Considers ownership unbundling an effective tool to ensure investments in infrastructures, fair access to the grid for newcomers and transparency in the market. Underlines that this model does not address all the issues at stake such as interconnections, as shown by the fact that 4 out of the 5 Member States with lower interconnections are ownership unbundled.	Considers <b>effective</b> unbundling an effective tool to ensure fair access to the grid for newcomers and transparency in the market; underlines that <b>the ownership unbundling model neither addresses the issue of the level of investment nor market integration.</b>
<u>Justification</u>	
<i>Simplification</i>	

<b>Amendment 10</b>	
<b>Unbundling 2</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Realises that national circumstances could hamper a direct transition to ownership unbundling but points out that the current situation in some Member States causes serious obstacles to the development of the internal energy market and is unfair to those who have already enforced Community legislation; to this effect considers that the option put forward by the Commission of an Independent System Operator (ISO), properly regulated, should be the minimum level of unbundling enforced in Member States.	Realises that national circumstances <b>will raise difficult issues with regard to</b> ownership unbundling but points out that <b>ineffective unbundling</b> in some Member States causes serious obstacles to the development of the internal energy market and is unfair to those who have already <b>implemented unbundling in accordance with the Directives</b> ; to this effect considers that <b>further measures are needed to enforce an effective</b> level of unbundling in Member States.
<u>Justification</u>	
<i>Measures other than ownership unbundling and ISO+ should not be ruled out</i>	

<b>Amendment 11</b>	
<b>Unbundling 3</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
While recognising some positive aspects of a regional ISO+ approach, warns against the problems such model could impose on peripheral Member States by creating bigger "energy islands".	While recognising some positive aspects of a regional ISO+ approach, warns against the problems such model could impose on peripheral Member States by creating bigger "energy islands", <b>which could create obstacles to a fully integrated internal market.</b>
<i>Justification</i>	
<i>Clarification</i>	

<b>Amendment 12</b>	
<b>Unbundling 4</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Understands that the ISO+ model can hardly be applied to gas undertakings as many of them generate most of their revenue through the transport of imported gas. In this respect, urges the Commission and Member States to send a political message to third countries, insisting that European gas undertakings should have fair access to upstream production and to their markets in accordance with the reciprocity principle.	Understands that <b>different considerations apply to the unbundling model for gas and electricity undertakings in view of their different sector characteristics.</b>
<i>Justification</i>	
<i>Original text is confusing</i>	

<b>Amendment 13</b>	
<b>(New) Unbundling 4bis</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
	<b>Insists</b> that European gas undertakings should have fair access to upstream production and to their markets in accordance with the reciprocity principle;
<i>Justification</i>	
<i>A separate point</i>	

Amendment 14	
Regulators 5	
Report Proposal	EUROGAS Amendment
Welcomes the Commission's proposal to enhance cooperation between national regulators at EU level as it considers that increased convergence and synchronisation between them is essential to overcome technical and regulatory differences that impose serious barriers to cross border trade and interconnections. Underlines that the Commission should play a key role and that the decisions taken by the regulators should be based on recommendations by TSOs and be legally binding.	Welcomes the Commission's proposal to enhance cooperation between national regulators at EU level as it considers that increased convergence and <b>co-operation</b> between them is essential to <b>improve cross-border planning and to</b> overcome, <b>interoperability</b> technical and regulatory differences that impose serious barriers to cross border trade and interconnections; underlines that the Commission should play a key role and that the decisions taken by the regulators should be binding;
<u>Justification</u>	
<u>Clarification</u>	

Amendment 15	
Regulators 6	
Report Proposal	EUROGAS Amendment
Points out that national regulators should remain the only responsible authority of decisions within their borders.	Points out that national regulators should remain the only responsible authority of <b>energy market</b> decisions within their borders.
<u>Justification</u>	
<i>There could be a continuing role for example for national competition authorities</i>	

Amendment 16	
Regulated tariffs 9	
Report Proposal	EUROGAS Amendment
Urges Member States to gradually remove the application of generalised regulated tariffs – with the exception of last resort tariffs, as defined in Directive 2003/54/CE - as they distort the market and are often used in some Member States to push new entrants out of business.	Urges Member States to remove the application of generalised regulated tariffs as they distort the market and <b>have anti-competitive consequences.</b>
<u>Justification</u>	

*Findings in assessment of market opening*

**Amendment 17**

**Interconnections 10**

<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Welcomes Council's commitment to fulfil the Barcelona Summit objective of achieving 10% interconnection levels in all Member States.	Welcomes Council's commitment to fulfill the Barcelona Summit objective of achieving <b>adequate interconnection in particular of isolated energy markets and for the Member States concerned to achieve at least 10% of electricity and gas interconnection capacity by 2010.</b>
<i>Justification</i>	
<i>Clarification</i>	

**Amendment 18**

**Interconnections 11**

<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Calls on Member States to increase their efforts in removing technical and political barriers to the completion of existing projects, in particular the 4 projects identified by the Commission as <i>projects of European interest</i> .	Calls on Member States to increase their efforts in removing technical and political barriers to the completion of existing projects, in particular the <b>42</b> projects identified by the Commission as "projects of European interest";
<i>Justification</i>	
<i>See Priority Interconnection Plan (COM(2006)846 p.6</i>	

**Amendment 19**

**Interconnections 12**

<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Recognises that upstream long term contracts are necessary to provide a positive investment climate and contribute significantly to security of supply;	Recognises that upstream <b>gas</b> long term contracts are necessary to provide a positive investment climate and contribute significantly to security of supply;
<i>Justification</i>	
<i>Clarification</i>	

<b>Amendment 20</b>	
<b>Long term contracts 13</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Believes downstream bilateral long term contracts, as long as they do not take up a significant percentage of the market, provide an opportunity to energy intensive industries to negotiate lower energy prices and should therefore be allowed albeit being properly regulated.	Believes downstream bilateral long term contracts <b>with potential advantages for customers</b> , should be allowed <b>providing that they do not impede competition</b> .
<i>Justification</i>	
<i>Simplification</i>	

<b>Amendment 21</b>	
<b>Long term contracts 14</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Asks the Commission to provide clear guidance on such downstream long term contracts in order to reduce uncertainty in the market;	Asks the Commission to provide clear guidance on <b>the situation pertaining to</b> downstream long term contracts in order to reduce uncertainty in the market;
<i>Justification</i>	

<b>Amendment 22</b>	
<b>Electric Grid &amp; Gas Networks 15</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Reiterates its concern over the investment deficits in the upgrading of the electric grids and gas networks;	Reiterates its concern over the <b>need for new investment to enhance</b> the electric grids and gas networks;
<i>Justification</i>	

<b>Amendment 23</b>	
<b>Gas 18bis</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
	<b>Welcomes the Commission's assessment that current gas infrastructure projects are progressing reasonably well; reiterates the importance of ensuring the right regulatory and business framework for continued</b>

	<b>investments, to meet the growing demand for gas, and in the interests of a well functioning market and security of supply.</b>
<i>Justification</i>	
<i>See below 18quatr.</i>	

<b>Amendment 24</b>	
<b>Gas 18ter.</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
	<b>Emphasizes that favourable investment conditions should especially include a clear and stable regulatory framework, removal of administrative barriers, a fair return on the investor’s risk portfolio, and harmonized regulatory and operating procedures to facilitate cross-border connections.</b>
<i>Justification</i>	
<i>See below 18quatr.</i>	

<b>Amendment 25</b>	
<b>Gas 18quatr.</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
	<b>Considers also that increased co-operation between transmission system operators will improve cross-border gas network operations; recommends that the form this should take should be carefully considered, and not lead to the empowerment of TSOs at the expense of system users’ interests.</b>
<i>Justification</i>	
<i>Gas investment is important, and is not adequately taken into account in the original text</i>	

<b>Amendment 26</b>	
<b>Strategic Stocks 19</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Agrees with the Commission's assessment that, in relation to gas, considering the present technology, it is better to diversify supply routes and technologies, such as degasification plants and Liquefied Natural Gas (LNG) terminals, than to create massive gas stocks as this option is too expensive, could be used to influence market prices and its use is less flexible than oil stocks;	<b>Considers</b> that, in relation to gas, it is better to <b>focus more on more seasonal storage further diversification of</b> supply routes and technologies, such as degasification plants and Liquefied Natural Gas (LNG) terminals, than <b>on creating so-called strategic storage</b> ; this option <b>would be expensive, and there would be a risk that it would distort the market and act as a disincentive to commercial storage</b> ; its use is less flexible than oil stocks;
<i>Justification</i>	
<i>A distinction has to be made between an acknowledged need for storage, and intentions on strategic storage</i>	

<b>Amendment 27</b>	
<b>Implementation of EU legislation 20</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Is concerned at the number of Member States who are still to transpose Directives 2003/54 and 2003/55 and those who have failed to implement them. Calls on Member States to transpose and fully implement these Directives without delay.	Is concerned at the number of Member States who are still to transpose <b>fully</b> Directives 2003/54 and 2003/55 and those who have failed to implement them; calls on Member States to transpose and fully implement these Directives without delay;
<i>Justification</i>	

<b>Amendment 28</b>	
<b>Implementation of EU legislation 23</b>	
<b>Report Proposal</b>	<b>EUROGAS Amendment</b>
Calls on national governments to stop the promotion of the so-called national champions and refrain from passing protectionist legislation preventing the development of a truly integrated European energy market.	Calls on national governments to refrain from <b>any actions which could inhibit</b> the development of a truly integrated European energy market.
<i>Justification</i>	
<i>The original text is unduly specific</i>	