



Energy

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Third energy package

The previous round of EU energy market legislation, known as the third energy package, aims at improving the functioning of the internal energy market and resolving certain structural problems.

Proposed in September 2007, it was formally agreed in July 2009 and entered into force in September 2009. Since then, the Clean energy for all Europeans package introduced a new set of rules on the internal energy market, which EU countries have until 31 December to implement in national law. The third energy package is valid until this date and covers the following five areas:

Unbundling

Unbundling is the separation of energy supply and generation from the operation of transmission

networks. If a single company operates a transmission network and generates or sells energy at the same time, it may have an incentive to obstruct competitors' access to infrastructure. This prevents fair competition in the market and can lead to higher prices for consumers.

Under the third package, unbundling must take place in one of three ways, depending on the preferences of individual EU countries:

- **Ownership Unbundling:** all integrated energy companies sell off their gas and electricity networks. In this case, no supply or production company is allowed to hold a majority share or interfere in the work of a transmission system operator
- **Independent System Operator:** energy supply companies may still formally own gas or electricity transmission networks but must leave the entire operation, maintenance, and investment in the grid to an independent company
- **Independent Transmission System Operator:** energy supply companies may still own and operate gas or electricity networks but must do so through a subsidiary. All important decisions must be taken independent of the parent company.

The European Commission publishes guidance documents which explain how these unbundling models should be applied.

Operators that comply with the unbundling rules can apply for certification with their national energy regulator. Every operator in Europe must be certified and the Commission provides its opinion

on the certification procedure. These opinions are published by the Commission, and regularly updated:

[Opinions and decisions on operator certifications](#)

Independent regulators

A competitive internal energy market cannot exist without independent regulators who ensure the application of the rules. Under the third package, the requirements for national regulators have undergone a number of changes. Specifically:

- regulators must be independent from both industry interests and government. They must be their own legal entity and have authority over their own budget. National governments must also supply them with sufficient resources to carry out their operations
- regulators can issue binding decisions to companies and impose penalties on those that do not comply with their legal obligations
- electricity generators, gas network operators, and energy suppliers are required to provide accurate data to regulators
- regulators from different EU countries must cooperate with each other to promote competition, the opening-up of the market, and an efficient and secure energy network system.

Agency for the Cooperation of Energy Regulators

In order to help the different national regulators cooperate and ensure the smooth functioning of the internal energy market, the EU established the [Agency for the Cooperation of Energy Regulators](#) (ACER). ACER is independent from the Commission, national governments, and energy companies. Its work involves:

- drafting guidelines for the operation of cross-border gas pipelines and electricity networks
- reviewing the implementation of EU-wide network development plans
- deciding on cross-border issues if national regulators cannot agree or if they ask it to intervene
- monitoring the functioning of the internal market including retail prices, network access for electricity produced from renewables, and consumer rights.

Cross-border cooperation

National transmission system operators are responsible for ensuring electricity and natural gas is effectively transported through pipelines and grids.

Due to the cross-border nature of Europe's energy market, they must work together to ensure the optimal management of EU networks. This is done through the European Network for Transmission System Operators for Electricity (ENTSO-E) and the European Network for Transmission System Operators for Gas (ENTSO-G).

These organisations develop standards and draft network codes to help adjust the flow of electricity

and gas across different transmission systems. They also coordinate the planning of new network investments and monitor the development of new transmission capabilities. This includes publishing a Europe-wide 10-year investment plan to help identify investment gaps every two years.

The Commission has published guidance documents that identifies the [conditions for access to the network for cross-border exchanges in electricity](#). (SEC(2009)642)

Open and fair retail markets

The third package includes rules designed to benefit European energy consumers and protect their rights. They include the right to choose or change suppliers without extra charges, receive information on energy consumption, and quickly and cheaply resolve disputes.

More about [energy consumer rights](#).

Documents

- [Proposal for a revised regulation on a European Agency for the Cooperation of Energy Regulators \(ACER\)](#) COM (2016) 863 final
- [List of certification notifications received](#) (2011-2015)
- [Report on the progress towards completing the internal energy market](#) COM(2014) 634
- [Commission evaluation of ACER](#) C(2014) 242 final

- [Delivering the internal electricity market and making the most of public intervention](#)
COM(2013) 7243
- [Ownership unbundling: assessing conflicts of interests](#) SWD(2013) 177
- [Certification of Transmission System Operators of networks for electricity and natural gas in the EU](#) SEC(2011) 1095
- [Possibility of neighbouring countries and their Transmission System Operators to participate in ACER and in the ENTSOs](#) SEC(2011)546
- [Interpretative note on unbundling in the electricity directive and the natural gas directive](#) (2010)
- [Interpretative note on third-party access to storage facilities in the Electricity Directive and the Natural Gas Directive](#) (2010)
- [Interpretative note on regulatory authorities in the electricity directive and the natural gas directive](#) (2010)
- [Interpretative note on the retail market in the electricity directive and the natural gas directive](#) (2010)
- [Electricity Directive](#) (2009/72/EC)
- [Natural Gas Directive](#) (2009/73/EC)
- [Regulation Establishing an Agency for the Cooperation of Energy Regulators](#) (EC) No 713/2009
- [Electricity Regulation](#) (EC) No 714/2009
- [Natural Gas Transmission Networks Regulation](#) (EC) No715/2009

Related links

- [European Network for Transmission System Operators for Electricity](#) (ENTSO-E)
- [European Network for Transmission System Operators for Gas](#) (ENTSOG)

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