

# Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Directive	2004/0110(COD) Procedure lapsed or withdrawn
Electricity: opening of the market, transitional period granted to Estonia	
Subject 3.60.03 Gas, electricity, natural gas, biogas	
Geographical area Estonia	

Key players			
European Parliament			
Council of the European Union	Council configuration <a href="#">Environment</a>	Meeting <a href="#">2593</a>	Date 28/06/2004
European Commission	Commission DG Energy and Transport	Commissioner	

Key events			
27/04/2004	Legislative proposal published	<a href="#">COM(2004)0318</a>	Summary
28/06/2004	Act adopted by Council after consultation of Parliament		
07/07/2004	Final act published in Official Journal		

Technical information	
Procedure reference	2004/0110(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	Adhesion Treaty (10 countries) TTE 057
Stage reached in procedure	Procedure lapsed or withdrawn

Documentation gateway					
Legislative proposal		<a href="#">COM(2004)0318</a>	27/04/2004	EC	Summary

Additional information	
European Commission	<a href="#">EUR-Lex</a>

## 2004/0110(COD) - 27/04/2004 Legislative proposal

**PURPOSE** : to amend Directive 2003/54/EC and grant Estonia a derogation from the application of certain common rules for the internal market in electricity. **PROPOSED ACT** : Directive of the European Parliament and of the Council. **CONTENT** : Estonia was granted a transitional period until 31 December 2008 for the application of Article 19(2) of Directive 96/92/EC, an article relating to the gradual opening of the market. Estonia undertook gradually to open the electricity market for non-household customers by that date. Subsequent to the signature of the Treaty of Accession on 16 April 2003, there has been a substantial change in the legal position. Directive 2003/54/EC which comes into force on 1 July 2004, will speed up the opening of the electricity market. Under Article 21 of the new Directive, the opening of the market must be completed by 1 July 2004 for all non-household customers in order to achieve the complete opening provided for by 1 July 2007. In these new circumstances, Estonia transmitted a first formal request for adaptation of the Treaty of Accession covering both the derogation granted which has to be adapted to cover the new Directive and a second request for a transitional period aimed at not applying Article 21 on the opening of the market to non-household customers of Directive 2003/54/EC between 1 January 2009 and 31 December 2012. These two requests are based on a credible restructuring plan for the oil shale sector extending until 31 December 2012. At the request of the European Commission, Estonia indicated in a further letter that it was planning to achieve the complete opening of the market provided for in Article 21 by 31 December 2015. In the light of these two requests, the Commission carried out an additional evaluation of the criteria used in the accession strategy. Oil shale is the only real indigenous energy resource in Estonia and national production represents almost 84% of world production. 90% of the electricity produced in Estonia is from this solid fuel. It is therefore of great strategic importance for security of supply in Estonia. However the sector requires a major reform, which is already under way, in order to make it more efficient. Investments totalling EUR 455 million will be required up to 2015, in particular to bring production installations up to Community environment standards and modernise the generation plants in Narva. The investments already made and those planned in the oil shale sector have to be guaranteed for a period extending beyond 2008, which is possible only by means of a gradual introduction of competition. The Commission considers that deferring the granting of a derogation for the period 2008-2012 would seriously affect the security of investments in generating plants, which would weaken security of supply in Estonia and would not allow the serious environmental problems created by these plants to be resolved. Moreover, there must be appropriate accompanying measures to take account of social aspects in the Narva region. However, it is essential to continue to monitor developments which could arise in the Estonian market. Since 1 July 1999, 10% of the market has been open. The market in Estonia could be 35% opened by 31 December 2008 and be fully open by 31 December 2012, which would be a more rapid process than that planned by Estonia (77% by 31 December 2012). Among other things, the situation could change as regards ownership of the companies in that region. At present they are small and they could attempt to consolidate through a strategic partnership aimed at strengthening their market position. For these reasons, the Commission does not consider it expedient to propose granting the derogation until 31 December 2015, but rather until the end of 2012 which will guarantee the abovementioned objectives while safeguarding the interests of the Union in seeing an internal market established in this region.?

## 2004/0110(COD) - 28/06/2004 Final act

**PURPOSE** : to grant Estonia a temporary derogation on certain provisions on the opening-up of its electricity market.

**LEGISLATIVE ACT** : Council Directive 2004/85/EC amending Directive 2003/54/EC of the European Parliament and of the Council as regards the application of certain provisions to Estonia.

**CONTENT** : During the accession negotiations, Estonia invoked the specific characteristics of its electricity sector to request a transitional period for the application of Directive 96/92/EC concerning common rules for the internal market in electricity. Estonia was granted a transitional period until 31 December 2008 for the application of Article 19(2) of Directive 96/92/EC, relating to the gradual opening of the market. Directive 96/92/EC was replaced by Directive 2003/54/EC which has to be implemented by 1 July 2004 and which has the effect of speeding up the opening of the electricity market.

Estonia transmitted a request aimed at not applying Article 21(1)(b) of Directive 2003/54/EC, on the opening of the market to non-household customers, until 31 December 2012. It indicated that it was planning to achieve the complete opening of the market provided for in Article 21(1)(c) of that Directive by 31 December 2015. The request made by Estonia is granted by this directive. The following points should be noted:

- The request by Estonia is based on a credible restructuring plan for the oil shale sector extending until 31 December 2012.
- Oil shale is the only real indigenous energy resource in Estonia and national production represents almost 84 % of world production. 90 % of the electricity produced in Estonia is from this solid fuel. It is therefore of great strategic importance for security of supply in Estonia.
- The granting of a further derogation for the period 2009 to 2012 will guarantee security of investments in generating plants and security of supply in Estonia while allowing the serious environmental problems created by those plants to be resolved.
- Estonia must take the measures necessary to ensure the opening of its electricity market. This will be carried out gradually over the reference period with the aim of complete opening of the market by 1 January 2013. On 1 January 2009, the opening of the market must represent at least 35 % of consumption. Estonia will communicate annually to the Commission the consumption thresholds extending eligibility to final customers.

**ENTRY INTO FORCE** : 8 July 2004.

**DATE OF TRANSPOSITION** : 1 July 2004.

