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Political opinion submitted to the Commission on four proposals for Regulations and a Directive on the Winterpackage

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Contact

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The European Affairs Committee of the Danish Parliament and the Energy, Utilities and Climate Committee of the Danish Parliament submit the following opinion on COM (2016) 861 on the Regulation on the Internal Market for electricity, on COM (2016) 862, on the Regulation on risk preparedness in the electricity market, on COM (2016) 863 on Regulation establishing a European Union Agency for the Cooperation of Energy Regulators, and on COM (2016) 864) on a Directive on common rules for the internal market in electricity as part of the Winter-package.

In this connection, the European Affairs Committee and the Energy, Utilities and Climate Committee wish to make the following comments:

Against that background, a *majority* in the Committee (the Danish Social Democrats, the Liberal Party, Liberal Alliance, the Alternative, the Social Liberal Party, the Socialist People's Party and the Conservative Party) found that the proposals are not contrary to the principle of subsidiarity.

Another majority in the Committee (the Danish Social Democrats, the Liberal Party, Liberal Alliance, the Alternative, the Socialist People's Party and the Conservative Party) also considered the concrete contents of the proposals. Against this background, they propose that the Danish Parliament submit the following *opinion* to the Commission, the Council and the European Parliament:

"The Danish Parliament wishes to draw the Commission's attention to the fact that the future directive and regulation on the electricity market design may affect decisions to invest in cross-border electricity links and decisions to invest in storage solutions for energy with a view to local storage and use. Depending on the wording of the final electricity market provisions, there is a risk of generating distortions in the weighting assigned to the value of cross-border electricity links compared with e.g. investments in energy storage or

local cycles, which will typically involve a lower total energy loss. The Parliament calls on the Commission to ensure a level playing field among solutions so that cross-border links are not overprioritised. It is important to establish that it is not a question of either/or. We must ensure that we have good links for purchasing and selling energy across borders as well as enable renewable production surplus to be used in the national energy system. The final balance in the use of the surplus must depend on the market."

A minority in the Committee (the Danish People's Party) finds that the Winter Package is contrary to the principle of subsidiarity, as the Winter Package in many ways prevents Denmark from organising Danish legislation, and thus the Danish electricity market, in a way that, from a Danish point of view, is most expedient. Therefore, the Danish People's Party finds that the Winter Package is contrary to the principle of subsidiarity.

Another minority in the Committee (the Red-Green Alliance) believes that the Winter Package is contrary to the principle of subsidiarity in many respects. Denmark's position in the energy area has very much been obtained through a nationally controlled strategy for the development of renewable energy. The Winter Package interferes with this national right to decide, as the Winter Package enables the EU to legislate in ways that we can probably do better nationally if we are to fulfil the national objectives of an electrification of society and the transition to 100 percent renewable energy.

The Winter Package thus enables the EU to define the framework for how to integrate renewable energy into a single electricity market, even though we wish to integrate renewable energy into the entire energy system in Denmark. The EU applies a pillar approach that does not reflect Denmark's strategy. Therefore, the EU regulation will defeat a better national solution and thus be contrary to the principle of subsidiarity.

The Winter Package may impose an obligation on Denmark to develop an EU-controlled preparedness for crises in connection with the electricity supply, which will not necessarily be the most optimal model from a Danish point of view. Therefore, this is also contrary to the principle of subsidiarity.

The Winter Package introduces a directive that establishes common market rules for a single market for electricity. This may turn out to be in diametric opposition to Danish wishes for how we would like the electricity market to function in Denmark. Such a directive will severely limit Denmark's influence on the future electricity market in Denmark. In this regard as well, the Winter Package is contrary to the principle of subsidiarity.

Finally, the market-based price formation, which is intended, means that Denmark's and other EU countries' possibilities of having measures that

protect particularly vulnerable households are limited. Therefore, there are also anti-social aspects to the Winter Package that interfere with the principle of subsidiarity.

Yours sincerely,

Thomas Danielsen

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Chair of the Energy, Utilities and Climate
Committee

Erik Christensen

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Chair of the European
Committee