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Co-legislators give final approval to broadband law

During its last plenary session, the European Parliament adopted almost unanimously the provisional agreement on the Gigabit Infrastructure Act (GIA) on 23 April. The Parliament’s vote was followed by a Council endorsement on 29 April, paving the way for the GIA to be published in the Official Journal of the EU, which is expected any time soon. The Regulation will apply 18 months after its publication, with some specific provisions applying at a later stage.

Electricity Market Design reform close to the finish line

The new rules on the Electricity Market Design (EMD) will soon become EU law. Members of the European Parliament (MEPs) adopted the final text on 11 April, with 473 MEPs voting in favour and 80 against. As a last step before publication and entry into force, the text still needs to receive the Council’s stamp of approval at ministerial level, expected on 21 May at the Telecommunications Council.

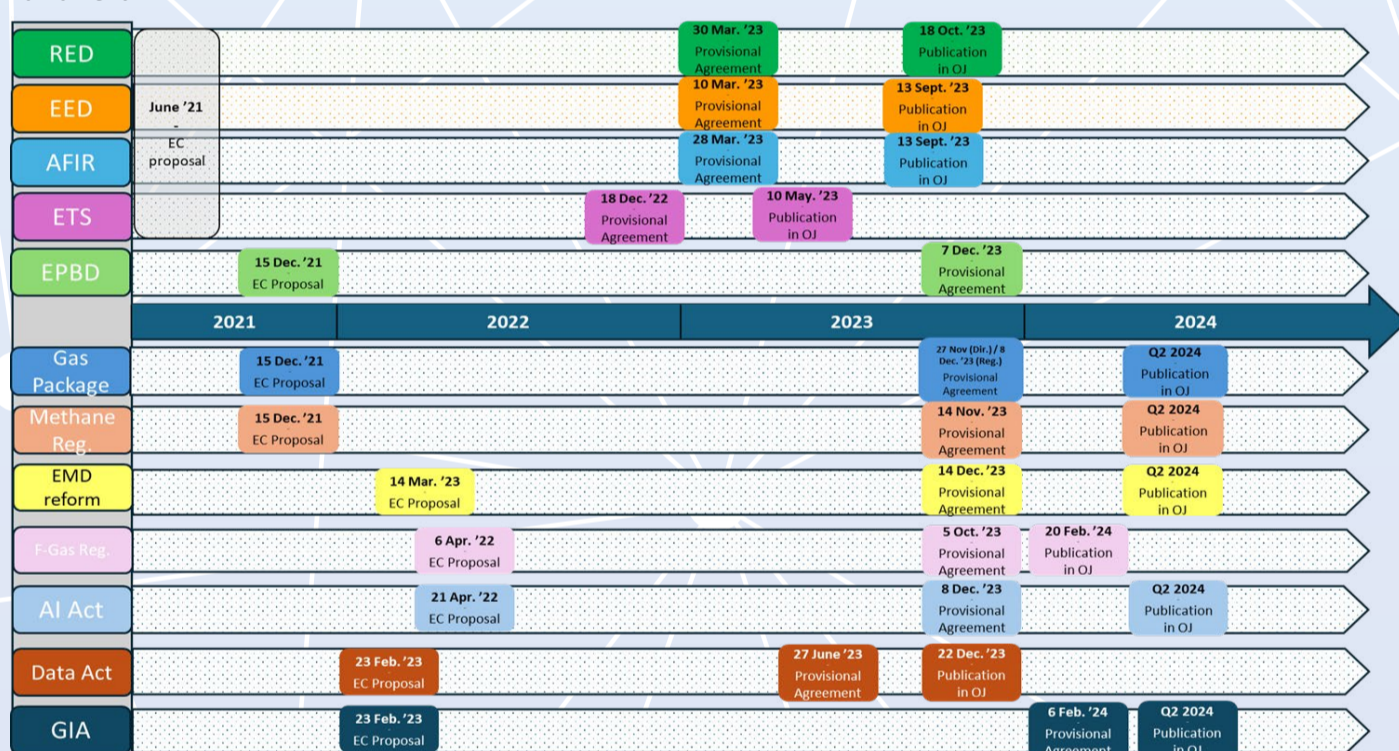
Wrapping up the mandate – All files passed, except energy taxation directive

On 25 April, the European Parliament held its last plenary session of this mandate, as MEPs head home to their constituencies to campaign for the EU elections on 6-9 June. Much like the shuttle between Brussels and Strasbourg, the legislative train has therefore made its final journey: until the new Parliament and Commission start work again after the summer break, no negotiations will take place.

Thankfully, almost all the passengers have reached their destination. Despite the exceptionally high number of files proposed under this mandate, agreements were successfully concluded for nearly all those of interest to CEDEC members. Major changes have been introduced to most EU energy and climate rules, including on renewable energy, energy efficiency and emissions trading, as well as on buildings and alternative energy infrastructure for transport. The frameworks for the electricity and molecules markets have also received significant updates, while operators of electricity and gas infrastructure will have to comply with stringent new requirements on f-gases and methane emissions. New rules on artificial intelligence, data use and digital infrastructure have also been set, with significant impacts for both energy and broadband operators. These many agreements – with overall positive outcomes for CEDEC members – have now been formally adopted and entered into force or will do so shortly. The timer has now started on the complex process of implementation, as Member States begin taking the measures necessary to comply with the numerous requirements arising from the new legislation.

One carriage is however having technical difficulties: the Energy Taxation Directive. This proposal intended to overhaul the current framework for taxation of energy products in the EU – adopted over 20 years ago – to better align it with the EU’s climate and energy objectives. It therefore proposed to set minimum tax rates for energy products according to their energy content and environmental performance, as well as their final use (e.g. heating or transport). Unfortunately – in CEDEC’s view – the Commission’s initial text falls short of this aim by applying the lowest tax rate to electricity regardless of its source, while taxing renewable gases multiple times this amount (4 times more for sustainable biogas as heating fuel, for example).

The slow progress on this file can be attributed to its topic. Tax matters are indeed particularly sensitive for Member States, which have so far struggled to overcome their divergences in the Council. Moreover, tax issues are subject to a special legislative procedure, according to which the Council has the final say but must wait for Parliament to adopt an opinion. However, the rapporteur in the Parliament – from the ultraconservative ECR group – had paralysed the process by stalling negotiations after the Commission refused his request for a new impact assessment in June 2022. Although the Council hopes to reach a common position in June, the future of this file will therefore depend on whether a more constructive approach will be taken by the next Parliament.



Letta Report “Much more than a market”

On 17 April, a report by Enrico Letta, former Italian Prime Minister and former christian-democrat Partito Democratico president, was published under the title “Much more than a market”. The almost 150 pages long report, which was much-anticipated and quite hyped by the EU institutions, aims at providing a comprehensive evaluation of the European Union’s single market, providing concrete policy proposals. Letta has written the report following a request from the European Council with support of the Spanish and Belgium Presidencies and Commission president Ursula von der Leyen. The policy proposals contained in the report, however, do not have any direct legal effect, as the publication is a non-binding “independent high-level report”. The EU’s strategic agenda for the next legislative cycle 2024-2029 still has to be set by the European Council end of June 2024.

Covering all dimensions of the Single Market, the report evidently looks at the energy and the electronic communications sectors. In view of both, Letta considers that scale matters and that Europe needs “a Single Market to play big”.

- On energy, the report focusses on the cross-border dimension of the EU electricity market and on cross-border energy infrastructures. While Letta underlines the crucial role of energy infrastructures, distribution grids are only mentioned once in the whole report.

Letta highlights the need for stronger EU funding for cross border infrastructure (reinforced Connecting Europe Facility budget – CEF) and the development of new financial instruments (Green Bonds). Finally, the report calls for enhancing resilience, namely by introducing strict cybersecurity standards as a binding criterion in the procurement of new energy infrastructure.

A novelty is the proposal to establish a single executive entity (Clean Energy Delivery Agency) to manage EU clean energy funding programs and serve as a one-stop shop for stakeholders.

- On electronic communications networks and services, Letta’s ideas read the same as the Commission’s White Paper “How to master Europe’s digital infrastructure needs”. The report equally considers the Single Market for electronic communications to be too fragmented, and that European companies are lagging behind their global counterparts.

To ensure continuation in consumer welfare (low prices, choice and quality of services), the report proposes to facilitate growth and investment attractiveness for European operators and a unified radio spectrum policy.

In addition, Letta proposes a two-layer regulatory oversight: a single regulatory body at EU level – guaranteeing coherence of the rules and being responsible for cross-border services –, and independent national regulatory authorities to deal with local issues, such as domestic services, local networks and consumer protection.

Another forthcoming report – at the request of Commission President Ursula von der Leyen – on EU competitiveness is expected to be published after the 6-9 June elections by Mario Draghi, also a former Prime Minister of Italy and former president of the European Central Bank.

Ongoing consultations

- [Feedback on EC White Paper “How to master Europe’s infrastructure needs?”](#) – deadline 30 June 2024.

Upcoming meetings & events

- CEDEC Platform Local Broadband – 8 May 2024
- CEDEC Working Group Grid Tariffs – 16 May 2024
- CEDEC Working Group Smart Grids – 22 May 2024
- CEDEC Board of Directors – 19 June 2024