

# **Restructuring and outsourcing of electricity distribution in EU**

(May 2003 ) Restructuring and outsourcing of electricity distribution in EU, by Stephen Thomas and David Hall, PSIRU, University of Greenwich

## 1. Factors affecting the electricity distribution business

1.1. The European Union Electricity Directive} The European Union Electricity Directive was signed in December 1996 and entered into force in February 1997. Under the Directive, Member States had to implement the Directive within two years by translating the provisions of the Directive into national law. Belgium and Ireland were given an additional year to implement the Directive, while Greece was given an extra two years. The Directive had a number of aspects, most of which had a number of options the Member States could choose between. While the reforms required are radical, they do not (and cannot under EU law) impose any requirements as far as ownership goes. In practice however, given that the Directive requires the creation of competitive markets, in countries with dominant publicly owned companies, public ownership will inevitably be diluted by new private sector companies. The Directive and its implementation do have implications for international trade in electricity, but these are of limited significance to the distribution sector and are not discussed in detail. {see full report attached}

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