

Regulated prices remain in the toolbox to protect Europeans from market failure



(20 December 2018) On 19 December 2018, the European Parliament and the Council reached a compromise agreement on the Electricity Market Design Directive, finally wrapping up the “clean energy for all Europeans” package. The political deal on price regulation is a step to protect domestic households against the vagaries of the European internal market for electricity as EPSU advocated. It demonstrates that [the concerns of EPSU](#) are broadly shared. The overall architecture of the European electricity market remains putting profit before people.

EPSU welcomes the following elements of the compromise agreement:

- the acknowledgement of price regulation as a valuable tool to fight energy poverty as well as to protect households from market failure;
- the scope of applying regulated prices has been broadened to include domestic households;

- there is no deadline for phasing out price regulation, but a review clause for 2025.

The compromise agreement of the Market Design Directive includes a clear definition of energy poverty. The European legislator should have gone further to protect the most vulnerable ones by recognising the Right to Energy and by banning disconnections. Commission and conservative MEPs continue to favour market-based solutions. These have shown their shortcomings in the past 20 years. The liberalization of the market led to an increase in energy bills and energy poverty. It did not deliver the necessary investments in clean energy.

Citizens want secure, affordable and clean energy. This can be better delivered through a public service approach based on energy democracy and public ownership of energy production, transmission and distribution, than through the vagaries of the internal market and profit-maximizing companies.

EPSU has been fighting against energy poverty as part of the [Right to Energy Coalition](#) and will continue its effort in 2019.

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