

Thesis of Doctoral Dissertation

Liberalisation and Regulation in the Energy Policy of the European Union

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1. Preliminaries and Objectives of the Dissertation

It is obvious that the research project is actual, because the liberalisation of the energy sector is in progress and it raises many regulatory questions. Due to the current energy industry related problems (energy dependency) in the EU member states the continuous revision of the governmental roles is a need.

The centre of my research project is the continuously developing and changing energy policy and the regulation of the European Union. The European Union is an economic unit established by the member states and its dependence on energy influences the economy of all the members. This dependency is one of the most prioritized issue, so there are many direct and indirect regulations to solve this problem.

As a result of the effort to match the environmental policy (required by the international law) a lot of questions arise, because the economic and social interests, concepts and orientations are different, so the European Union has to help the setting of the right direction. To reach the common goals, all the member states have to accept them and in many cases the EU's institutionalized procedures (infringement procedure) and other tools (e.g. subsidy) are needed. The project is a whole if it contains the consumer side also, which can provide the most possibilities and solutions.

The main question of the energy security and the environmental problem solution needs to be that how the majority of energy consumers contribute to the execution of duties and the direct and indirect regulative methods of the European Union and how these consumers can be motivated to be active participants in this process. In my research I follow the common deregulation and liberalisation efforts, as the changes and the problem-related reactions of the covered areas fit into the union's conception.

It is obvious that the tools in the EU's hand are unquestionably diversified, so the aspects of the availability and development of the common regulations and legal arrangements are in my research focus.

The legislation of the Member States regarding to energy policy and the approach varies from state to state, so it raises serious questions from the union's side. The energy policy belongs to the shared competencies and it makes the common actions even more difficult

and every decision cause serious concerns in terms of sovereignty, not to mention the strategic, safety and the internal political sides on national level.

My project starts with the establishment of the European Community by signing the Treaty of Rome and ends with the end date of my essay. I consider the periods of liberalisation endeavour with their four-energy package as milestones and the Treaty of Lisbon's date of effort (2009) which meant the declaration of the independent political status. Prior to that the energy policy was regulated only as part of the environmental policy. The reasons of becoming independent come from various factors, but its importance could be seen already during the development of the environmental policy.

2. Hypotheses of the Doctoral Dissertation

The analyses in my project were made according to the following hypotheses:

- There is a relation between the development of the energy sector's liberalisation and the appearance of the contractual claim of energy policy. I try to support my assumptions through deduction and by the historical analysis of the liberalisation-related documents. Due to the liberalisation of the energy policy, the market mechanism is increasingly gaining ground and it makes the dominance of economic aspects and business interest unquestionable. While the involvement of the government is more necessary in the environmental policy, in case of the energy policy the solution should come from the market mechanism. This division was predicted by the liberalisation processes in the second half of the 1990's.
- To achieve the energy efficiency the complex use of direct and indirect regulatory instruments is needed. The appropriately selected indirect instruments (e.g. tax) are able to change the consumption and usage habits. Moreover, one of the most important challenge in the modern world is the increasing energy need, which can be handled by the creation of direct regulations and efficiency solutions and not by forced reduction of the energy usage.

- In my opinion the EU's policy on renewable energy policy helps rather the environmental policy (climate protection) goals than the economic aims of energy policy.
- According to my hypothesis, the increase of the energy security can be reached with a single energy market established by the union. In order to attain this objective, the renewable energy resources and nuclear energy take an important part, because in the European countries there is a lack of fossil fuels.
- Not only the aid provided by the EU is handled loosely but its usage, highlighting the policy of renewable energy and the state of nuclear energy in the energy policy.
- There is a contradiction between the level of the market opening required by the 4th energy package and the strengthen state regulation caused by the crisis. By analytical and historical analyses, I would like to support the idea that instead of predominance of the market mechanism, rules were created to increase the intervention of the state. This is a result of accepting the latest legislative package about the need of intervention and neoliberal idea.
- The negative aspects of the last two decades' crises in energy sector (e.g. Ukrainian-Russian in 2007, global economic crisis in 2008) raised the attention to the dependence on external, sensitive countries and to the need of a solution from the EU side. Therefore, this also shows that the establishment of a single, internal energy market is needed.
- The financial framework for the development of the network infrastructure, the institute of unbundling, the independence of national authorities and their correct coordination are essential to create the internal energy market. According to my hypothesis, as a result of the liberalisation, the obligations related to the separation process were fulfilled in the electricity market and gas industry and this caused a change in the ownership of the transmission system operators and the decrease of the state's influence.

- In my opinion, despite the fact that the Energy Tax is an environmental tax, the economic aspects are more highlighted, and it's well indicated by the regulations of the Member States. I would like to support this idea by the comparison of 4 selected countries' energy sector related analysis.
- As a result of the liberalisation of energy policy, the price control on nation level started to terminate, because the prices charged by the states would prevent the competition among the suppliers and the consumers from facing the actual prices. The increase of the market mechanism lead to the single market.

3. Methodology of the Doctoral Dissertation

During my research project I analysed many legal documents and I tried to involve national and international literature, legislations, theoretical and scientific documents as well. I studied the energy regulation mainly from the EU, financial and legal points of view, but due to the complexity of the topic, there was a need to use the fields of economics. These fields were used only to help the investigation. My conclusions are based on the analysis of national and European laws; and on the analytical, deductive and historical comparison of court cases. With the help of historical methodology, I highlighted those connections, which can assist in the understanding of the different sections. During this process I did not want to fully examine the documents, I used them to understand the current situation. I used the same method for the international development of environmental policy related research and for the separation process of energy policy from the environmental one. The historical point of view was also important in the analysis of the energy taxation evolution. The correspondence of sustainability, - as the relation between the energy and environmental policy – the energy efficiency and the renewable energy policy was analysed with deductive method, the specific information was gathered based on general knowledge, and these data were systematized.

Moreover, I combined the historical methodology with the court cases when I examined the theoretical parts of the State aids and made conclusions. The same method was applied in case of the energy tax related problems – after the acceptance of the common principle – with the help of court cases. This analysis was also an important part when I was checking

the price control rules, because this area is not covered by the energy packages. It is true the deductive methodology is dominant in my essay, but the inductive methodology also can be found (e.g. the subsidy for Hinkley Point C and Paks II nuclear reactor, and other European court cases). A case study was essential to have a closer insight in nuclear reactor projects. The document of the Commission takes an important part when the national aid was awarded to Hinkley Point C and Paks II projects, and the decision of the Court of Justice of the European Union also had influence on it. In parallel, I applied the qualitative method of analysis and comparative analysis.

To examine the EU's renewable energy policy the SWOT and PEST analyses were applied from the economics field. It was necessary to be able to see the strengths, weaknesses, future opportunities and threats of the current politics. With the help of the PEST I checked the most significant political, economic, social and technical aspects. Statistics (mainly from Eurostat database) was essential in the liberalisation and regularisation part. Trend analysis had a great importance as well, because I tried to grab the repetitive factors, trends, which help with a given period's history, legal documents, goals and opportunities. To receive a complex conclusion, I used the historical and comparison methods. For the better understanding and clear overview, I used charts as well. Comparison method was applied during the analyses of the energy packages' regulations, the budgetary resources for network infrastructure and the selected countries' energy taxation.

As it can be seen above, mainly the qualitative method was used, and more methodology were combined in the chapters to reach a complex overview about the topic.

4. Structure of the Doctoral Dissertation

In my dissertation I started with the analysis of the energy sector's international opinion, its relation to the politics of the European Union and the legal aspects of the regularisation. I divided my essay into two main parts by the direct and indirect regulatory instruments, and these parts are based on the analytics used in environmental policy, but it differs in case of the subcategories.¹ I included the legal form of regulation in the direct regulatory

¹ NAGY Zoltán, *Környezeti adózásszabályozása a környezetpolitika rendszerében*. University of Miskolc, Faculty of Law, 2012, <http://regi.jogikar.uni-miskolc.hu/projectSetup/files/kiadvanyok/kornyezeti-adozas-szabalyozasa-a-kornyezetpolitika-rendszereben-monografia.pdf> (2020.08.04) p. 21.

instruments, these are based on restrictions and prohibitions. The 2nd main part consists of indirect regulatory instruments, which tries to reach the appropriate attitude by taking advantages of economic interest. The tools included in this group are more flexible and suggestive. I added to the part the energy tax – it can encourage the usage of the less harmful energy resources – and the pricing regulation, because with the increase of the market mechanism the participants can help with better quality and with price setting. On the other hand, I mention the budget of the European Union here, as this provides the available fees, resources.

The indirect regulatory instruments are also divided into two parts, competition rules and other indirect rules according to division. While I examined the EU's regulations, political directions which are needed to force the market participants into competition in the first part, in the latter one the environmental related legal instruments are in the centre.

The influence of the European Union on the energy market is the first part of the analysis as it has the regulator role in the competition according to the authorisation of the Treaty. Then I try to confirm the importance of the EU's involvement in the energy policy by the presentation of market failures, its tools and processes.

After the “*I. Theoretical Introduction*” the “*II. Energy Policy in the European Union*” chapter is presented in the essay. The energy policy is still connected to the environmental policy, because the energy policy became independent from the ideology by the Treaty of Lisbon. Studies suggest there is a correlation between the two, and I would like to highlight the indirect regulatory instruments in this chapter. This relation is demonstrated not only by Treaty's translatives but the indirect rules applied in both fields by the union. I also try to support this idea with in relation with the indirect instruments.

In the “*III. The Direct Regulatory Instruments of the Energy Sector*” chapter, the analysis of the subsidies is the main part, as the selective advantages are able to deform the competition on the market. In my dissertation I analysed some important court cases and judicial decisions, mainly the energy policy related ones, to be able to provide the terminology and the idea of admissibility.

To help the development of market conditions on the energy sector, the European Union accepted 4 energy packages from the second half of the 1990's till nowadays.

In the “*IV. The Liberalisation and Deregularisation*” chapter I studied the market mechanism as a consequence of the 4 energy packages, emphasizing the timings in the market opening processes, the participants on the market, division rules, the changes in the national regulatory authorities. So, in this part the relationship between the production and the networking appears as the main component of the liberalisation. I consider the EU’s aids given to the energy sector encouraging, but I goes into details in the analysis of the networking, including the union’s three years’ budget (2007-2013, 2014-2020, 2021-2027) in order to support my idea that besides the income, the expenses are also increasing in the EU (in the field of trans-European network).

The indirect regulatory instruments and the community legislation applied in the EU’s energy sector are important elements of my dissertation and I explain them in the chapter “*V. The Indirect Regulatory Instruments of the Energy Sector*”. This part starts with the comparative study of legal instruments and the member states’ systems. Then the pricing policy takes place, highlighting the admissibility and necessity of the regulated pricing system.

5. New Scientific Evidences of the Dissertation

The energy policy of the European Union was a result of a long process in the last few decades and became an individual part of the basic regulation, but its transformation is still in progress. The need of the energy policy on the level of the union has increased, and I introduced more aspects with the help of direct and indirect regulatory acts. Based on the facts I came to the following conclusion.

Theoretical Proof of the Need of an Individual Energy Policy

The environmental policy has many aims, which can be reached by the legal and regular intervention of the union and the Member States. The document analyses made in my dissertation show the need of the independent energy policy already at the beginning of the energy sector’s liberalisation. It is obvious that there is a connection between the energy policy and the environmental policy, and my research shows that the more complex challenges and their solution need to be highlighted through economic and social aspects. In conclusion, the energy policy points beyond the environmental policy but determined by other directions, goals and perspectives. It is a strategic section where the market needs

more space and economic aspects dominate. In my opinion the spreading of the liberalisation ensured the separation, but they remained closely related. The importance of the separation is confirmed by the conflicts and different interests. An example for the latter is the conflicts about the import dependency or the climate change.

The implementation of the energy efficiency depends on the innovation and the efficient taxation

The sustainability closely belongs to the energy efficiency, which is one of the most important goals of the energy policy. Nowadays the population's increase is in parallel with the growing energy usage. As a result of this progress, the problem of dependency and the emission – because of the large usage of fossil fuels - have to be resolved from economic, environmental and social sides. It is clear in the documents I analysed that (document about the energy industry, 4th energy package) the saving is not the appropriate tool for the efficiency, but the innovative technologies, which helps the reduction of costs, dependency and also the climate protection. The Energy Tax could help the development from the quality and not the quantity point of view. At the moment there is a taxation on quantity bases, but it does not help the efficiency – with the tax exception included. In my opinion, a consistent, energy content- and carbon emission-based taxation without exceptions would be a good solution.

The Accomplishment of the European Union's Renewable Energy Policy

To achieve all the ambitious goals in the field of the environmental protection and in order to improve the energy safety, the EU use direct and indirect regulatory rules to encourage the usage of renewable energies. The SWOT analysis demonstrates in my essay that the EU's energy sector, especially regarding energy efficiency and renewable energies can face dangers besides the opportunities. Then, with the help of the PEST, I reviewed those economic, social and technological factors which have to be considered when the regulations are established regarding the policy on renewable energy.

Obviously, these regulations are permissive and don't encourage the market mechanism enough, and it blocks the free competition among the energy resources. It is a fact that the current renewable energy related politics increases the energy dependency, but helps

environmental protection. Besides the protection goals, it is important to utilize the opportunities appear in the SWOT and increase the target of renewable energy usage. At the moment, the renewable energy resources are tools for environmental policy objectives and to change this trend it would be important to give free vent to the market rules and reduce the distortions of competition caused by the national aids.

The Importance of a Single Energy Market from Energy Security Point of View

Besides the fact that the European Union is the third biggest economic authority beyond the USA and China, it has a leader role in climate policy with its ambitious goals. The energy security is the field where the economics and the climate policy can contradict or complete each other. In order to reach the climate protection aims (or because of the resource reduction), the most Member States had to reduce the use of the fossil fuels and increase the rate of renewable resources. The long-term goal is the decrease of energy dependency from a third country with sensitive politics. It is clear that the energy-need of the EU is growing in a linear way (it is essential to maintain the economic status) and it cannot be compensated by the increasing rate of renewables. These facts led to the significant energy dependency in many Member States. On the other hand, there are countries (like Poland) where thanks to the high number of fossils (e.g. coal) the dependence became lower, but it is not enough to match the EU's objectives (carbon neutrality by 2050).

In my opinion, based on the analyses made in my dissertation, as a short-term strategy the members of the union should overview their economic and environmental programmes, check the advantages and disadvantages and made decisions to match the EU's regulations. It is clear that these regulations (energy tax below the given quantity) is not so strict, so the states have possibilities.

As the long-term plan, the members should support the energy strategy of the European Union and not only to consider the current positive aspects. This would help to decrease the dependency and set acceptable prices. The current promotion of the renewables is not able to handle the dependency on the non-renewables, especially from third parties. The prices of the fossils are much lower, but on a long-term basis it can be higher, because the relationship with the sensitive countries can cause unpredicted situations for the EU. I can

mention the Russia-Ukrainian conflict or the oil crisis in the 1970s as examples. The Union cannot force its members to liberalise their markets, so monopoly still can be found. The external costs have to be paid by not only the participants but the whole society. Although it cannot be seen at this moment, the EU's strategy works well despite the resistance from the members (they have to buy the more expensive renewable resources) and by the establishment of the single energy market the problems will be solved. I consider The European Commission's aid conception positive, because the less developed countries are not forced to use only the renewables, but the environmental and security aspects of nuclear energy are also allowed (e.g. Hinkley Point C and Paks II Nuclear Power Plant). If the EU succeeds and the energy union can be created, the dependence on a third country will decrease, because the eco-friendly produced energy can be transferred among the Member States on a free market. In my opinion, this process will take long, but its pillars already exist, e. g. liberalised energy market, infrastructure and network projects. The Member States of the EU started to realize the long-term advantages of the energy union and it is helped by the common goals (e.g. carbon neutrality by 2050), the unpredictable relationship with other countries outside the EU (e.g. Russia-Ukrainian crisis) and the union's permissive aid policy.

State Aids in the Field of Energy Policy

It is important to mention that the crises (especially the global economic crisis of 2008 and the current situation caused by the pandemic) mean a weak point for the neoliberal ideas and the support of national regularisation became stronger. Introversion and closure mark this era, criticism of the EU appeared (from Hungary and Poland) and the Brexit influenced the community in a disadvantageous way. I think the achievement of the liberalisation and the reduction of regularisation on state level have already demonstrated all the advantages, but the abnormal intervention caused concerns in the state organisation.

During the analysis of the state aid's conception, I checked some court cases and I noticed that prohibition of national subsidy and its elements are broadly interpreted by the Court of Justice of the European Union. The reason behind this can be found in the distortional effect of the state intervention in the market. Despite the fact that the ideas, which highlight the importance of the state regulation have strengthen after the crises, this concept is not

reflected in cases the Court of Justice yet. After 2009, the number of cases related to aids provided for the renewable energy increased (including the Green Paper, origin and warranty systems) but it is still low. The situation is different in case of the cases related to admissibility. In 2014 the Institute accepted a guideline regarding the environmental protection and energetic aids for the period 2014-2020 (stating that it will be less permissive in the future) to handle the market's detorsions, which was a result of the Commission's regulations in order to determine the renewables price. The 4th energy package is a bit contradictory, because sometimes removes the renewable energy resources from market rules and encourages the national intervention. This change shows that the role of the state became stronger again and it is supported by the European Commission, because the package was composed by this institute. The shift is in relation with the general tendency – not only energy related trends – of the increasing admissibility of state aids.

In my essay I analysed the state aid's judgement on competition of the Hinkley Point C and Paks II nuclear power plants. The subsidy was allowed in both cases, but the reasons are different. In these cases, the limits of the energy politics can be seen within the EU, in other words the rights to select the package and the priority of the energy security and sustainability. To mention an example for the difference, in Great Britain the energy sector was divided among the participants on the market but in Hungary the nuclear energy remained under state control. In the first option the state wanted to prove that it grants offset for the help to the general market services and in the second option the market investor principle was highlighted in order to show no other market participant act in other way.

These points were not accepted, the state aid was provided both cases with permissible reasons because the projects condescend the goals of environmental policy and energy security. The decisions show that as a result of the efforts to protect the environment the dependency on energy increased and it cannot be solved only by encouraging the usage of the renewables. The permissive attitude of the Commission can be found here and it is influenced by the increased state regulative roles. I think it also appears in the environmentally friendly decisions which refers to the Paris Agreement's fulfilment and the involvement of environmental requirements into politics. Moreover, the EU tries to maintain its leader role in economics, which can be reached by the decrease of energy dependency and the exclusive usage of renewable energies is not the appropriate solution.

Main Points and Barriers of the Energy Policy in the Light of the 4th Energy Package

The details analysed in my essay show that the greenhouse gas emission decreased, but the energy dependency increased along with the use of renewables. To compensate the disadvantages, the diversification of the energy resources and the improvement of the energy networks are needed. Moreover, it's essential to maximise the environmentally friendly (nuclear) energy within the EU. The environmental policy's status was supported by the market opening in the 1970's, because there was a need for changes in the energy sector which cannot be reached by monopoly. The main points during the liberalisation were the so-called energy packages, which started to divide the energy sector to improve the efficiency then established the liberalisation's legal terms in the fields of production and trade. While the market opening happened earlier in other sectors (e.g. communications) it still in progress in the field of energy due to the role of energy policy from economic, political, strategic and security aspects. After the global economic crisis in 2008 the state's regulatory role has strengthened and many objectives were born to complete the environmental goals and several rules were created since then. In parallel, the areas affected by the legislation of Member States became stronger and also the opposing parties. It was a result of the global crisis, when the neoliberal conception was destabilized and those ideas were stronger which said there was a need for an institute to set barriers and objectives and correct the harmful processes. The current crisis caused by the COVID-19 pandemic also emphasises the role of the state, because there is a need for a solution from the government side. The final consequences are unpredictable at the moment, and it cannot be seen how the state's role will alter in the countries (especially in the Middle East) and how it will be handled by the European Union.

From the 4th energy package, I analysed four areas in my dissertation: the consumers, national authorities, renewable resources and the state intervention. *Placing the consumers' role into the centre of the energy sector* and the bottom-up approach is important not only from their point of view – affordable, sustainable, good energy quality – but it is essential to reach the goals related to emission reduction and environmental protection. This concept has a really simple reason, because without decreasing the emission and increasing the efficiency and usage of the renewables, the global complex aims cannot be reached. Instead of the old attitude, the decentralised energy production needs to be motivated with the renewable Energy Community. With this solution the consumers get a chance to be a

potential market participant and worth to produce renewable resources, to store them and the peer to peer market individually or collectively. The 4th package established a new term, the productive consumer to highlight its importance and this status has rights as well: access to the markets directly or by a third party, protection against discrimination and its fees, and the right for aids and offset.

In some cases, the 4th energy package excludes the renewable resources from market regulations which raises questions. The European Commission explained in its guideline in 2014 that the energy resources have to reflect market prices so apply mitigation regarding the aids, but the 4th package – concerning the liberalisation and the state's recruitment – prefer the intervention, in many instances against the market. It is clear that the encourage of the renewable resources on union level is essential, and it can be reached by regulations towards environmental protection and motivation.

Experience show that the uncoordinated decisions of the energy regulatory commissions caused distortion in the market, so the 4th package decided to increase the energy dependency, make the cross-border trade and internal market stronger. So nowadays the process of the governmental organization on union level is in progress. It was motivated by the crisis in 2008, the weakening of the neoliberal ideas and the recognition of the regulation's need. The emphasis is on the EU's level, besides the energy infrastructure, the energy dependency means the main point and it cannot be resolved state by state, just together. As a result, the dependency on a third country can decrease and the more expensive energy can disappear from the market. Then the diversification in energy production can reinforce the nationalism and resistance.

The nation's presence is noticeable in the package, because its role in the renewable energy usage is clear and due to the recruitment of the state regulation it became permissive.

The EU's four packages created between 1996 and 2019 are pointing forward but many questions appear. It is not sure if the liberalisation towards the third countries can be forced, the antipathy towards the European Union has increased, many countries closed after the crises.

The liberal strategy of the EU seems not to be in accordance with the support of energy companies, which is quite permissive in case of aids for renewable resources but it can lead

to market distortion. The Member States stick to national sovereignty and security questions arise. It is about energy along with the nationalism and these can prevent commercialization. Despite the difficulties, the EU had to realize that the energy problem is that kind of issue, which cannot be totally committed to the national markets, so its strategy goes beyond the nation-states.

The Change and Appreciation of the External Partner Relations

Analysing the Member States, it is clear that the Central- Eastern- and Southern European countries' biggest dependency is on oil and reached its peak in 2015 (89,2%). During the years, because of the reducing energy security new form of cooperation appeared and the EU members were forced to deepen their own internal energy union. The EU realized early that the import dependence must be reduced, the external partner relations and networks needs diversification and laws' development is essential on behalf of the energy security. These objectives can be reached only with unified foreign politics beyond the Member States' borders. In my opinion, because of the differences in the members and the diverging interests, the single market can be established only if the common conditions are available (institutes and legal framework, environmental policy objectives) but sometimes it does not worth for the members, because they differ from the union's average.

The Need of Network Connection from the Internal Energy Market's Point of View

The connection among the Member States' energy networks is an essential condition of liberalisation and the internal energy market's establishment. To reach the goals, the European Union applies regulatory and financial assets, because these are infrastructural requirements. After the analysis of the EU's budget, it is obvious that the budget for network connections increased in a linear way and it helps the establishment of the single market. The energy infrastructure had increased budgets already in the 2014-2020 plans and it will grow even more in 2021-2027 (more than in the other two networks). Among the regulatory tools, the institutionalized unbundling process didn't modify the ownership structure. Regarding the electricity sector, in more than half of the Member States, the transmission system operators' owner is the state (except for Great Britain and Portugal, where it is 100% private property) and in a quarter the private and state property is mixed. The ownership structure in gas industry is more complex, the private and hybrid

properties have higher importance. It is in connection with the fact that the electricity is a general service in every country, but the gas sector depends on the states' own decisions.

The Energy Tax does not Retentive the Use of Harmful Resources

In my essay I checked the energy taxation structures of four members related to 2003/96/EK directive. I tried to select countries from the developed ones (Germany) and one which is on the top regarding air pollution (Poland). I chose Portugal from the Mediterranean region and Hungary from the Central-European countries. Since the energy tax has to be paid based on the quantity (rather buy the cheaper, but pollutant energy resources) it is not a retentiveness and doesn't stop the climate change because in many members the usage of fossil fuels is significant. Three of the four countries have excise duty (in Germany it is not applied on coal), except for Portugal where one tax is used for all the energy products. Apart from Poland, the import dependency is above the EU's average. In this country the coal is on the first place in energy production with 74%, and because the taxation is based on quantity and not carbon content, the tax doesn't slow down the progress. A contradiction can be seen between the energy security and the environmental protection goals, because Poland won't be able to achieve the carbon-neutrality by 2050 although its energy dependence is lower than in the other three countries. It can be concluded that the monetary obligation is amount based and it doesn't encourage the efficiency, because the quality is not the main aspect. It is a bit revised by the tax exemptions and tax reliefs. In Germany the margin between the renewables' wholesale price and the introductory price gives the basis of the tax relief. As far as Poland is concerned, its industry significantly build upon the coal so the exemption from taxation is more often applied. This example shows that the policy allows the usage of the harmful coal. From the four countries, only Portugal has payment obligation based on carbon dioxide emission and it corresponds to ISP until 2022.

Central Control over Prices from the Safety-Related Measures' Point of View

In my dissertation I analysed the question of price control based on the activities of energy sector. Regarding the production, electricity and gas industry, they are free from the central price control and we can find mainly indirect forms (mandatory off-take). On the market

area, as a result of the 3rd energy package the energy suppliers' role has increased regarding pricing but the control of the charges remained under the authorities. It is a good point that the market can influence the fee of the electricity. The price regulation is permissible in case of monopolies, because the intervention needs to be balanced. It can happen in networking so the price regulation is essential here. The third energy package handles the network services as natural monopolies and require price regulation from the state's side. In case of other activities, the energy packages don't ban the pricing measures taken by the authorities but its permissibility was separated by the European Commission from the objectives (market liberalisation also) and the right of free choice of supplier. The Court of Justice dealt with these questions in the Federutility and Enel cases and declared that the regulation is not contrary to the union rights if allows pricing under certain conditions. In contrast to the power-supply, the gas industry is not a general service on the union level but many states consider it to be general. Sometimes there are situations on both fields when utility commitments are needed.

Since 2019 the wholesale prices of the energy show decreasing trend thanks to the increasing competition, the growing number of renewables, better connections and the more integrated internal market. It seems the liberalisation live up to expectations and helps to achieve the environmentally friendly goals. The internal energy market is unrealized yet, and it cannot be established if the energy dependency remains efficient and the energy networks are not totally connected. To meet the expected conditions, the EU has to be a decided leader. Thanks to the European Union's actions, the controlled price tendency started to show signs of improvement before 2016 (the progress was slower in the domestic gas industry). The question arises, if there is a need for the state's intervention if the market conditions are inappropriate. At this moment the EU prefers the rejection of the intervention (price maximising), because it is harmful for the consumers, so the Union encourages its Member States to act the same way. Moreover, to ensure competitiveness the competition policy is not enough, changes are also needed in energy politics. With the help of the 3rd energy package and consumer rights, the position of the consumers strengthened on the energy market. The maximalization of the prices disadvantageously affected the individuals, because the consumers can profit from the fluctuation. After the acceptance of the third energy package, the prices of the natural gas and electricity increased due to the maximalization and more expensive petroleum.

Considering the preliminaries, the aim of the 4th package is to provide real market prices for the consumers and reduce the price regulation possibilities.



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List of publications related to the dissertation

Articles, studies (10)

1. **Lovas, D.:** Fenntarthatóság és energiaszabályozás.
Glossa iuridica. 6 (3-4), 147-167, 2020. ISSN: 2064-6887.
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