

2nd SESSA Conference:

Addressing Market Power and
Industry Restructuring for Consumer
Benefits

Stockholm

October 7-8, 2004

Objectives and theme

- Assessing market from the point of view of
 - Industry restructuring
 - Recent developments and current trends
 - Consumer benefits, particularly w.r.t.
 - Security of supply
 - Sustainability
 - Prices

Some points of departure

- Electricity market reform is motivated by the consumer benefits that increased competition and trade across national borders are expected to bring
- Market power is a major potential threat to the consumer benefits of electricity market reform

Some consensus views

- In practice market power may be difficult to detect and measure
- Market power problems are less likely if the degree of concentration is low
- Several measures can be used in order to reduce the degree of concentration
 - Create additional inter-connector capacity (with proper pricing of interconnection)
 - Create a common set of rules and regulations
 - Reduce barriers to entry
- Full market opening is not sufficient to bring about effective retail competition