



European Commission



Progress in the Electricity Single Market

4th benchmarking report New Member States

*William Webster
Electricity and Gas Unit
William.Webster@cec.eu.int*





Background for benchmarking exercise



- *New IEM Directives now in place*
- *Obligation on Commission to report annually on market opening (Article 28) – by 12/2004*
- *2004 transition year for many countries*





Electricity market New Legislation



- *All markets should already be at least 60-70% open*
- *Regulated TPA and unbundling should also be in place*
- *Possible infringement cases*

- **SUCCESSFUL MARKET OPENING
REQUIRES PRACTICAL MEASURES
BEYOND LEGAL IMPLEMENTATION**





Electricity market Coverage



- *All 25 Member States plus remaining Candidate and Neighbouring Countries*
- *All main aspects of electricity and gas market opening are covered*
- *Both legal implementation and results*





Electricity Market

Unbundling measures - basic



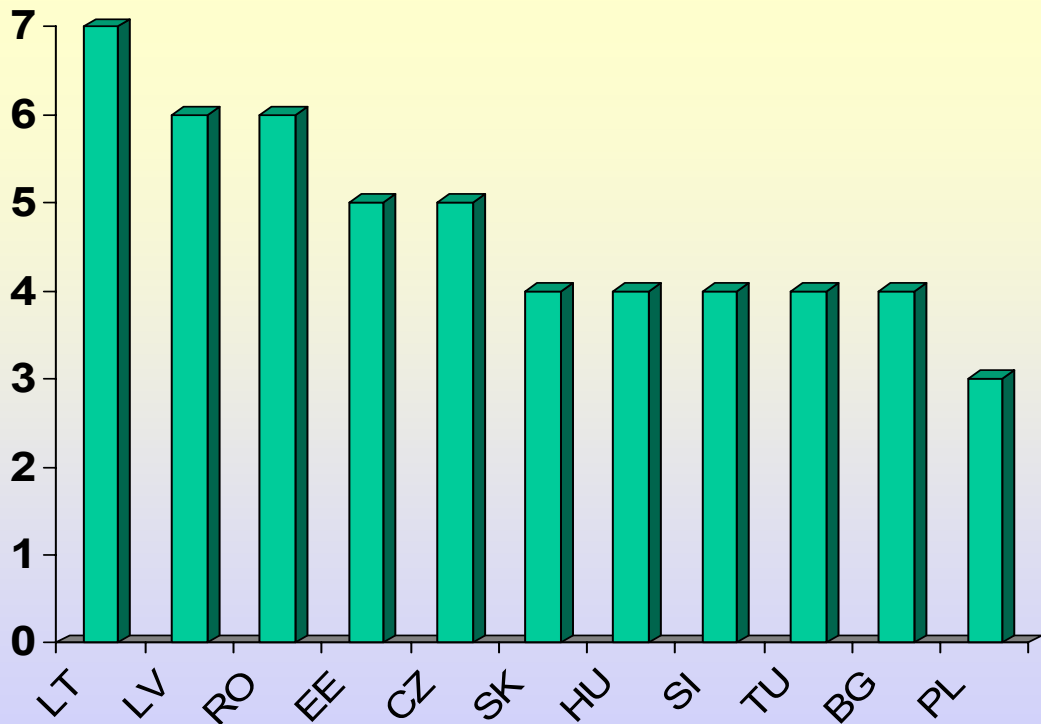
	Elec		Gas	
Estonia	leg.	leg.	acc.	acc.
Latvia	acc.	acc.	acc.	acc.
Lithuania	leg.	leg.	acc.	acc.
Poland	leg.	acc.	leg.	acc.
Czech R	leg.	acc.	none.	none.
Slovakia	leg.	man.	man.	man.
Hungary	leg.	acc.	leg.	acc.
Slovenia	leg.	acc.	leg.	acc.





Electricity Market

Unbundling measures – marks out of 8



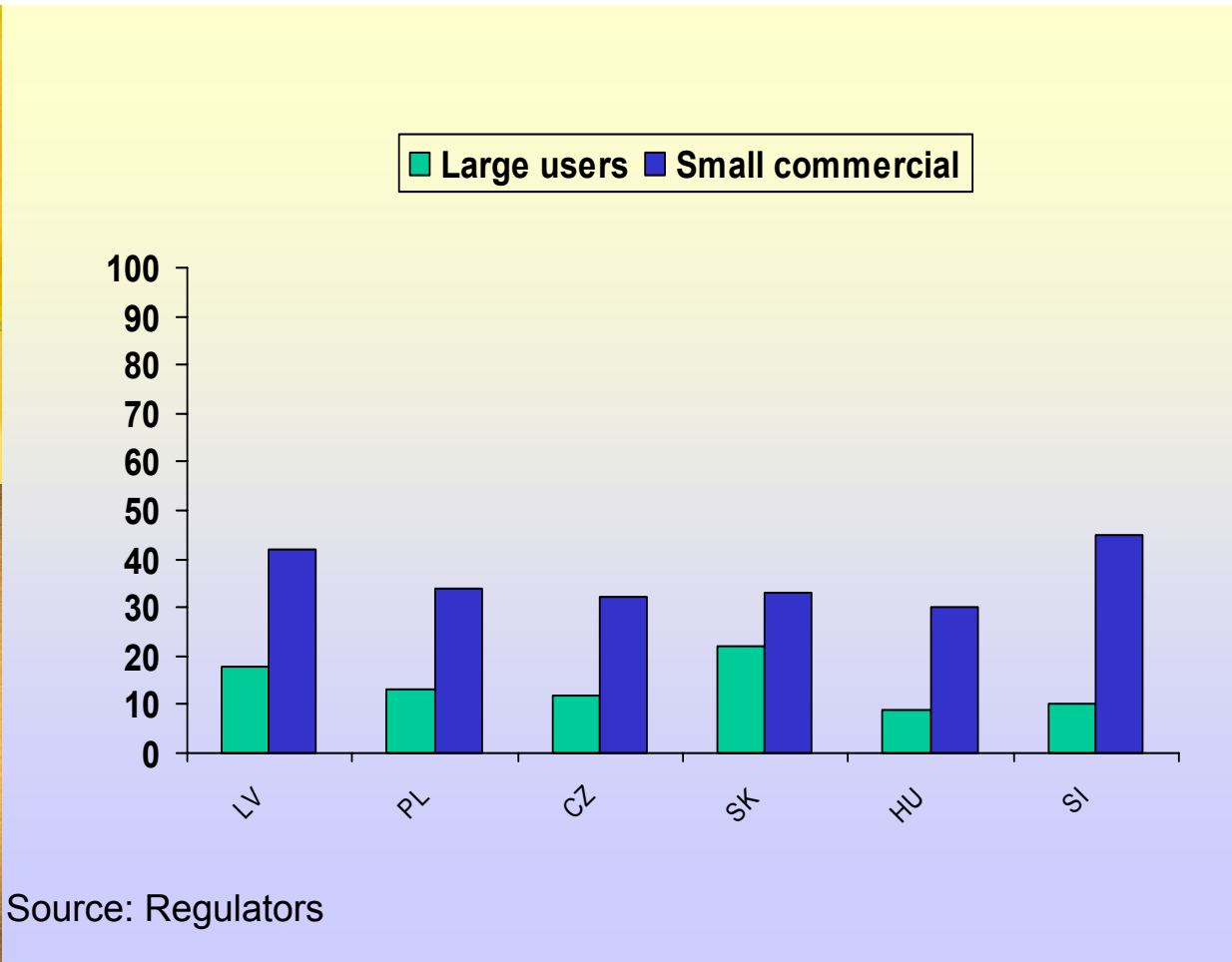
- 1. Published Accounts
- 2. Compliance Officer
- 3. Separate Locations
- 4. Separate Identity





Electricity market

Network tariffs



Source: Regulators



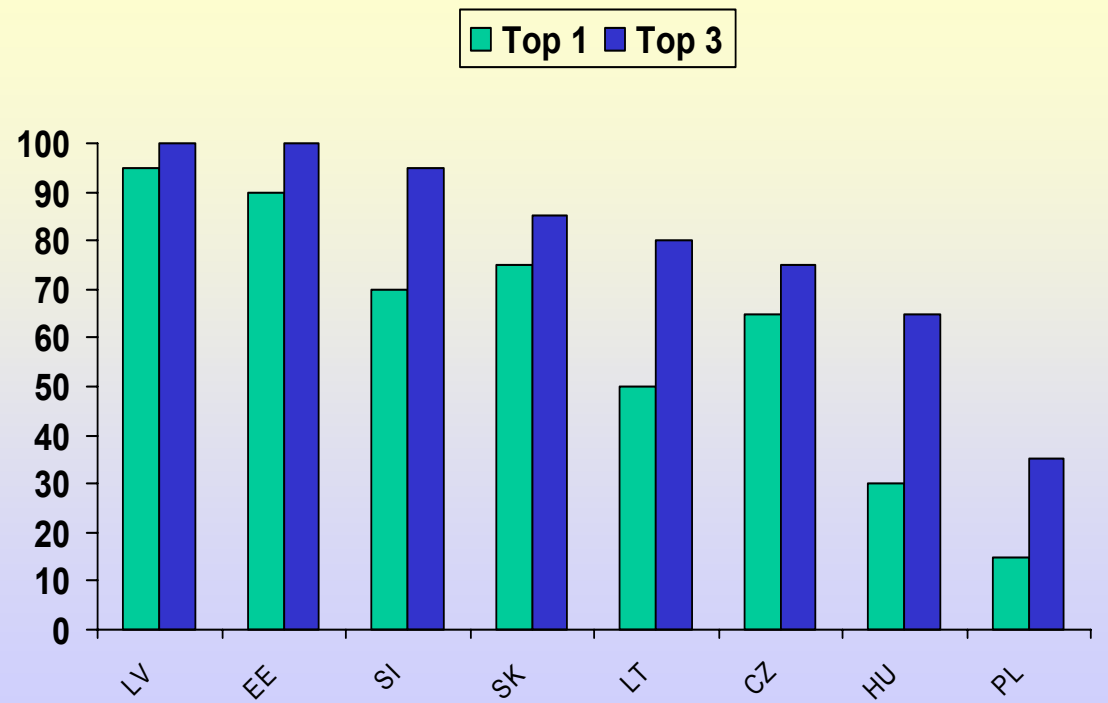


Electricity market

Market structure in Member States



Generation



Source: Eurostat



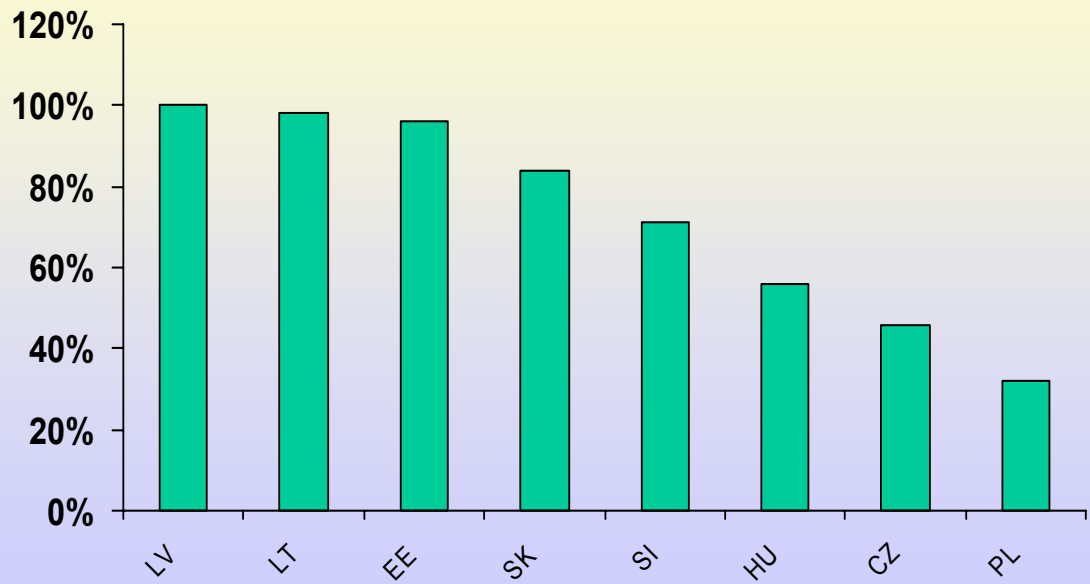


Electricity market

Market structure in Member States



Retail: share of top 3 suppliers



Source: Eurostat

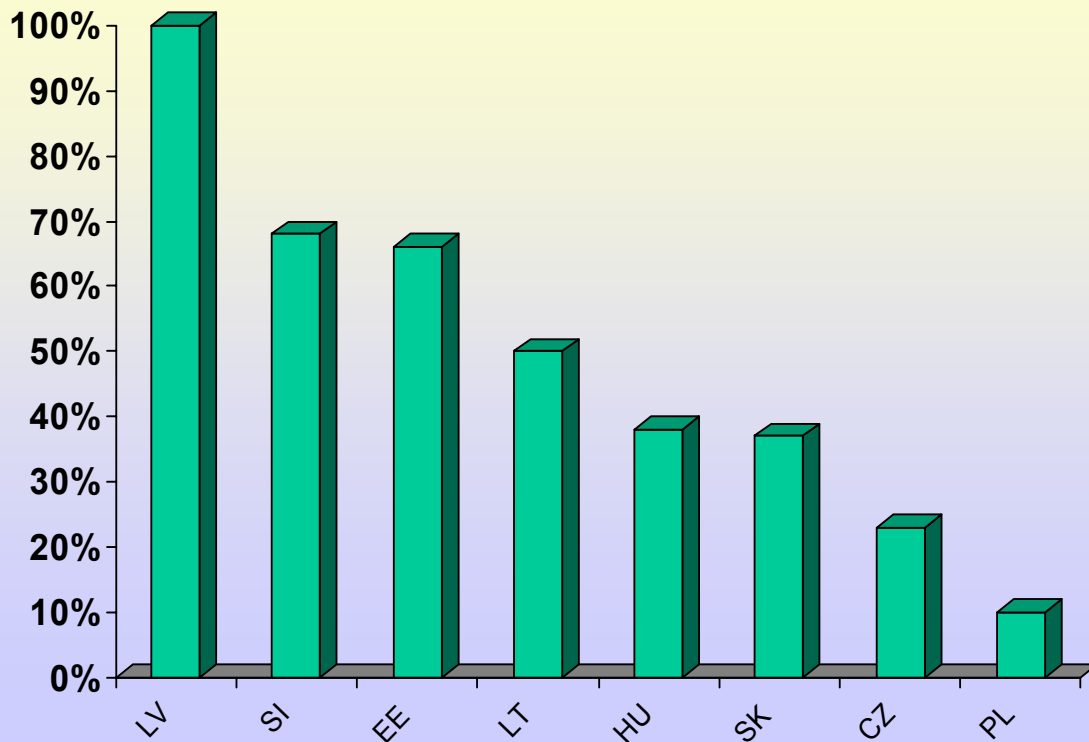




Infrastructure development



Interconnection: % of installed capacity





Electricity market Customer Switching

Estimated switching since market opening



	<i>Large industrial users switch</i>
<i><5%</i>	<i>EE, LV, SK</i>
<i>5-10%</i>	<i>PL, SI</i>
<i>10-15%</i>	<i>LT, HU</i>
<i>N.K.</i>	<i>CZ</i>

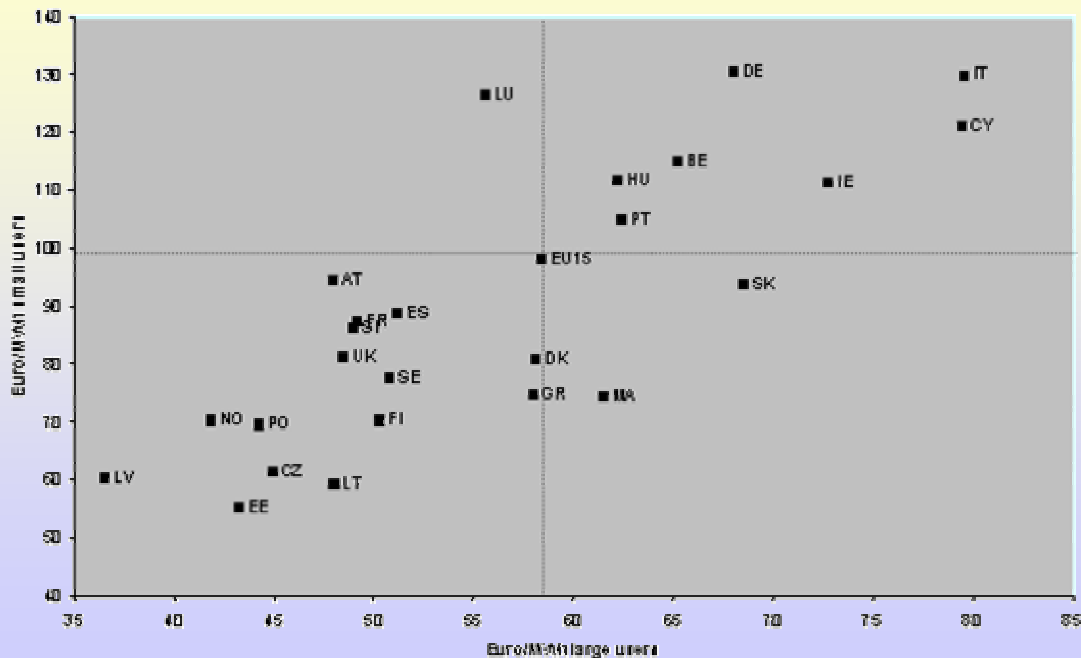




Electricity market Customer Switching



Price comparison





Conclusions



- *New Member States compare quite well with EU15 for electricity*
- *Key challenge is the integration of markets*
- *Dealing with stranded costs a key issues*
- *Price controls need to be realistic reflection of long term costs – ideally should be removed*

