



E-CONTROL

Market Power – The Regional Dimension

2nd SESSA Conference

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Own Conclusions/Hypotheses from the Conference

- H1: Proving market power is at least always arbitrary
- H2: Proving abuses is all the more difficult
- H3: Proving collusion is almost always impossible

- H4: Electricity prices are still „political“ – strong inclination of politicians to interfere
- Control of market power seems to be a „political“ game
 - ◆ Public interest
 - ◆ Public arguments

The European Dimension

- The second package paved the way
- Member states have to show that they are really realizing workable competition
- Incumbents are also supposed to show their willingness

- In 2006: Review report by the EU-Commission:
 - ◆ Unbundling
 - ◆ Market structure
 - ◆ Transparency
 - ◆ Competitiveness of the markets

Some Critical Elements

- Level of regional integration (as a step towards the internal market)
- Level of information on behavior of individual companies
- Level of national regulation

To answer the question whether a
3rd package will be necessary!!

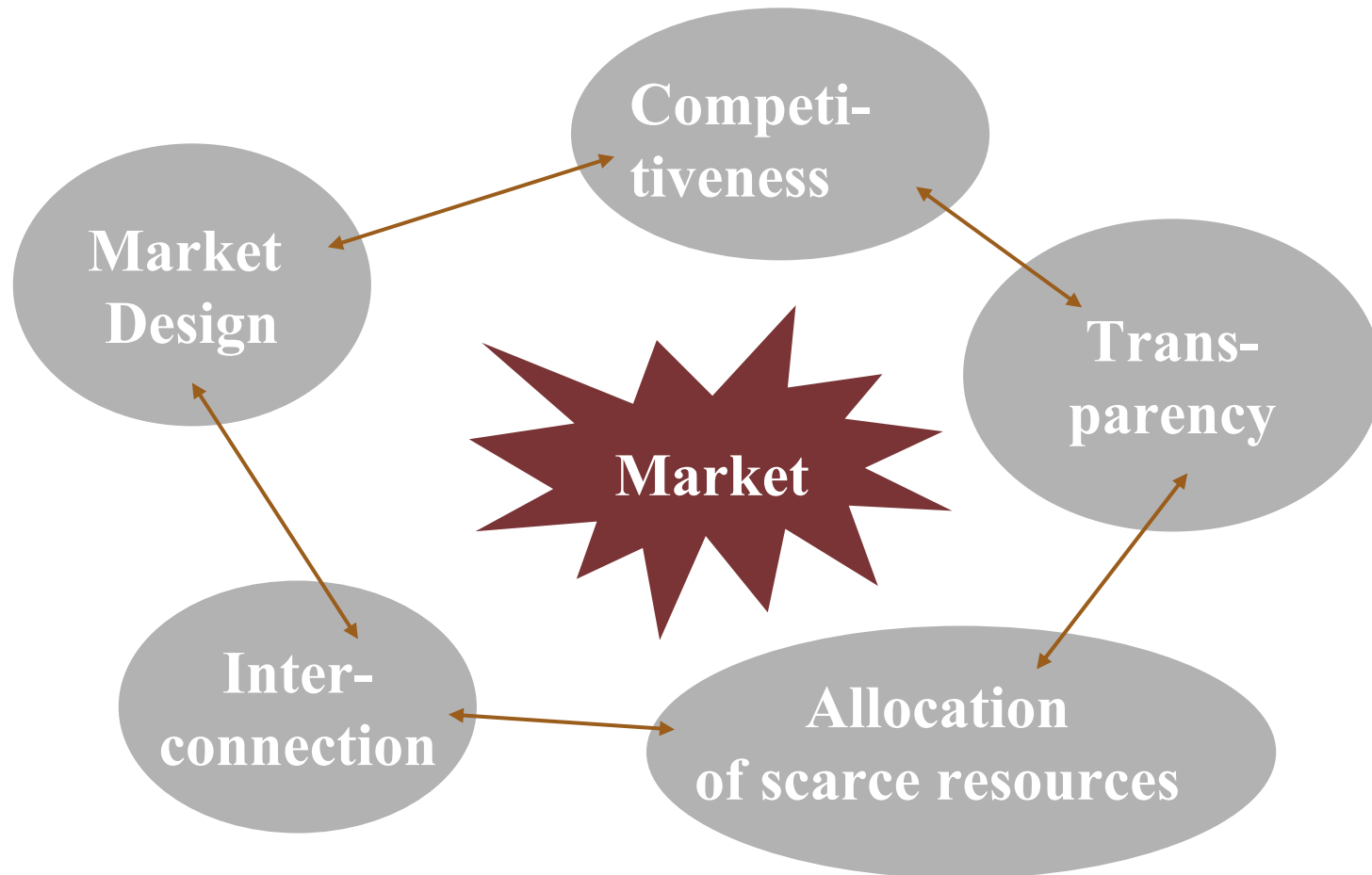
(on unbundling, transparency, network tariffs,...)

A Political Assessment

The question is mainly not whether abuse will be proved in individual cases, but whether public opinion is satisfied.

This will decide on a further centralization of energy deregulation.

Elements of the Market



Available Data



Conclusion

- Until now transparency on a national scale does not seem to be sufficient and nor possible to increase
- Competitiveness is neither rapidly improving – market integration the only way forward
- Market design will have to be coordinated on a regional level
- The same is true for the allocation of scarce resources

The way forward is to improve and establish regional markets (danger that this will be a long run solution)– making it necessary to assess the market (Indexes for competitiveness needed) on that level →
Co-operation between national agencies or European institutions

Contact

Johannes Mayer

Director Regulation & Competition
Energie-Control GmbH (Ltd.)
Rudolfsplatz 13a
1010 Vienna

Tel.: +43 1-24 7 24-701

Fax: +43 1-24 7 24-900

johannes.mayer@e-control.at

www.e-control.at

