



Towards a better balance of market power

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Nightmare scenario

- Liberalisation process → Oligopoly of 3 or 4 giant utility providers
- 25 “Regional” markets
- Politicians, Regulators, System Operators entangled in endless background battles
- Insufficient investments
- Exorbitant prices



Focus on four improvements

- Limit the growth in market share of the biggest players
 - E.g. if > 20.000 MW in Europe; growth above 20% market share, in any relevant market, prohibited
- Fully unbundle the grids
 - Prevent any influence from producers/suppliers on grid investments, operations, access etc.
 - Preferably go for ownership unbundling



Focus on four improvements

- Integrate markets
 - *Eurogrid Coordinator* (or some *regional coordinators*)
 - Set procedures for intra and inter regional transactions
 - Identify bottlenecks in cross border trading
 - Impose infrastructure improvements on TSO's and finance them
 - funding out of congestion management revenues
- Increase transparency, surveillance and governance
 - Obligatory and ample data publication
 - aggregated → market players; detailed → surveillance
 - Empower the CEER and intensify cooperation with competition authorities
 - Market rules for wholesale markets
 - do's and don'ts for day-ahead and forwards markets
 - sanction possible breaching of rules



Comments to Mr Sjørgard's presentation

- General impression: largely in line with IFIEC views
- Remarks:
 - Policy mix (organization, regulation, competition) is OK,
 - Let's work on EU wide implementation proposals, and timing.
 - Alert system for day-ahead market looks excellent.
 - Promote roll-out throughout EU and extend to forward markets.
 - Cooperation between regulators is prerequisite for success.
 - Propose legislative changes, enabling regulators to give up (part of their) authorities and responsibilities.
 - Cooperation between system operators is not less important.
 - Propose legislative changes, enabling SO's to give up (part of their) authorities and responsibilities.
 - Merger policy is the top priority.
 - Vulnerable if subject to court ruling.
 - Integrate in legislation as much as possible.



Comments to Mr de la Mano

- Competition policy is a key issue.
- Remarks:
 - Flows between Member States can and must be improved. Not by competition policy but by integrating TSO's and Regulators into international bodies with authority.
 - Concentration in generation is a worry that we fully share. Doubts about the remedies like:
 - Imposing of location and technology by governments/regulators.
 - Offering of incentives for investments
 - Mandatory investments.

Leave all this to the market!



Comments to Mr de la Mano

- We agree on:
 - Clear guidelines for bidding behaviour in spotmarkets but also in the forward markets.
(:: financial markets?).
Useless without compliance incentives (carrots? and sticks)
 - Go for a strong merger control instead of relying only on ex post control of abusive conduct
 - Threat coming from integration between electricity and gas giants.
- Expand the Energy Sector Enquiry of DG Comp.
 - Is there a need for definition of market abuse?
 - Is there a need for ruling the day-ahead and forward bidding like in financial markets?



Final remarks

- Liberalization process needs focus again.
- Via a comprehensive set of measures

Challenge:

- Convince decision makers to decide quickly
 - Route, milestones and timetable

Inconceivable?

Think back, to where we started!