



E-CONTROL



Benchmarking and Harmonising Effective Regulation

Johannes Mayer

Agenda



- **High Level Comments**
- **Benchmarking for Good Practices**
- **Harmonizing Effective Regulation**



High Level Comments

Top down approach

- What are our main goals? **Efficient markets**
 - National markets
 - Regional markets
 - Single market

- Test for efficient use in monopolistic sector
- Test for national competition
- Test for integration
- Test for administrative structures

- Task is to select issues (Sustainability, social issues, etc. very difficult to benchmark)!

Proposed Indicators



→ Market Design

- Market Opening
- Unbundling
- Allocation Procedure
- Liquidity

→ Market Power

- Concentration in whole sale (capacity based)
- Concentration in retail
- Lerner Index for whole sale performance
- Switching in the last year for retail performance

Proposed Indicators II



→ Integration

- Long term contracts awarded without competition
- Net import position of retailers and the country as a whole
- Industrial prices vs domestic prices
- Regional benchmarks

→ Regulation

- Form of regulation
- Process of regulation
- Outcome of regulation



- **Mainly National Indicators**
 - Data often collected at national basis but markets are NOT national (supra- or subnational)
- **Benchmarking the main goals (Vision)**
 - Member states are at different levels of liberalization; they have different targets (national competition, fulfilling the minimum required, regional integration,...) → Are there concrete timetables; Is there governance structure in place;
- **Actual implementation of existing law**
 - Many countries are in one way or another not fully compliant

Effective Regulation



- Independence (at arm's length from government because of public ownership)
 - (Consumer board with good information)
- TSO as „proxy“ regulator
 - Same independence needed;
- Network regulation
 - Benchmarking techniques; one fits all vs. discretion; (depends on legal basis)
- Adequacy
 - Market failures might reduce investment (or increase)
- Reliability
 - Need for regulation; (regulation is only one aspect of the product: distribution)
- Sector specific regulation vs. general competition regulation
 - Important in electricity; only in the course of liberalisation (Concrete action, data collection → no blind spots)



- National vs. „European“ Issues
 - Example: Network regulation (in case of ownership unbundling → national problem)
- Monitoring as a major challenge
 - Data collection
 - Data exchange
- Regulatory process of ex-ante and ex-post regulation
 - Instruments have to be co-ordinated → very close co-operation or responsibilities within one agency (problem of active vs. reactive behaviour)

More Information



→ Contact

Johannes Mayer

Director

Department for Regulation & Competition

Tel: 01 24724-700

Fax: 01 24724-900

Johannes.mayer@e-control.at

www.e-control.at



Thank You !