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# **Sessa Conference Stake-holder session**

**Cambridge, July 15th, 2005**

## Contents of the response

**Dr Gietzbertz's presentation handled quite a few issues most of which belong to three main fields. The response will address the three corresponding topics.**

- › The type of market information which should or can be made public
- › Harmonisation and regulation issues related to the creation of regional markets
- › Regulation at European level



## What type of information can come into the public domain?

**Ex post information is very useful to achieve an efficient operation of the market and to implement regulation.**

Basic ex post information concerning for instance:

- › the amount of generated power (sorted by fuels)
- › prices and quantities on the balancing market

is most helpful to understand the market situation.

This type of information is widely available in France.

**Ex ante information can be most useful as well but might influence the competitive situation of the different players in the market**

In the regulated sector publishing information cannot harm any player:

- › information sharing among TSOs improves the efficiency of CBT
- › TSOs can contribute to generation adequacy by publishing information about available reserve capacity (new French draft law)

In the competitive sector, an asymmetrical provision of information might distort competition.



## Harmonisation and regulation issues related to the creation of regional markets

**The creation of regional markets is a logical step on the way to a really integrated market in the EU**

The interconnection capacity between the national markets has not reached a sufficient level yet to achieve the integration of an European market. As suggested by DG-Tren's "medium term vision" well interconnected control areas could co-operate to create regional markets.

**Regional markets will function all the easier if the market structures are relatively similar and interoperable**

A high degree of cooperation between TSOs, involving information flows will be needed. An efficient CBT will be easier to operate if :

- › transmission tariff structures become more similar
- › balancing markets are accessible
- › capacity is fairly allocated and available on a medium-term basis.

The CBT regulation has created a first framework. No further European initiative is announced as far.



## Regulation at European level

### We have passed a new point in the process of establishing really independent regulators

The process of creating an independent regulation has been gradual:

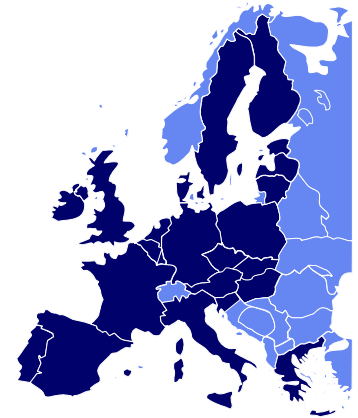
- › creation of national regulators (nearly completed)
- › Creation of CEER and ERGEG

### A few issues concerning the electricity sector are actually brought up at European level such as:

- › allocation and tariffs of interconnection capacities
- › security of supply
- › development of new infrastructures
- › harmonization of transmission tariff structure

and possibly in near future creation of regional markets (as a first stage of the integration of the EU market).

They might require at a further stage a more consistent type of European regulation than the ERGEG can provide, possibly some sort of European regulatory authority. A collective and thorough analysis of this concept should be launched.





# Back-up

## Security of supply

## Security of supply might be handled at European level, respecting the subsidiarity principle

The EU is within its rights when requiring a high level of security, but should respect each member-state's right to choose the methods it considers most appropriate.

This raises complex issues to tackle in the forthcoming period:

- › Which degree of harmonisation of security requirements will be needed? How should it be reached?
- › If the member-states' approaches were to be too different, might competition on the internal market be distorted?
- › Does an efficient organisation require a much more coordinated and harmonized operation of national markets?
- › How can the security policy be coordinated with the development of CBT and enhance the cooperation between TSOs?

The security of supply is likely to be guaranteed in the EU

- › This should be achieved by limited interventions which would not distort the market
- › The more rapid the integration of the EU market, the easier the task of guaranteeing security without distorting competition
- › Relevant devices have complex impacts on market operation and competition: a precise assessment is needed

