

# SEE Electricity Market Monitoring Workshop

October 4-5, 2005  
Athens

**Dimitri Papakonstantinou**  
**Chairman of the EURELECTRIC ad-hoc Working Group**  
**on Energy Community in SEE**

# Competitive markets require:

- 1) an appropriate regulatory framework  
and market monitoring**
- 2) prospects for market developments**

# 1) Main elements of the regulatory framework

- **Opening of generation and supply to competition**
- **Unbundling of network from competitive activities (legal + functional)**
- **Clear & unconditional opening dates**

# 1) Main elements of the regulatory framework

## **Market opening: EU versus SEE:**

- ***EU - July 2004: for non-household customers***
  - ***July 2007: full market opening + legal unbundling distribution/supply***
- ***SEE - January 2008: for non-household customers + legal, functional & account unbundling of TSOs***
  - ***January 2010: legal, functional & account unbundling of DSOs***
  - ***2015 – full market opening***

# 1) Main elements of the regulatory framework (cont.)

- **Independent National Regulators**
- **Regulated third party access**
- **Ex-ante publication of network tariffs**
- **Regulator – essential players in market monitoring & dispute handling**

## 2) Prospects for market developments

### **Do's:**

- **Development of wholesale market (PXs or OTC)**
- **Facilitate cross-border trade**
- **Co-ordinated market based mechanisms**
- **Development of interconnectors**
- **Co-operation of Regulators, TSOs & PXs**

## 2) Prospects for market developments

### **Don't:**

- **Long Term PPA with negative effect on competition**
- **Price caps and price regulations**

# Market Monitoring Tools

- **Regular Reports – Benchmarking reports**
- **Regular Meetings**



# Market Monitoring Principles

- **Availability of information/data**
- **Structural approach to data – indicators**
- **Regularity of data collection and assessment**
- **Clear responsibility of market players (national/regional level):**
  - **Who is responsible for market monitoring?**
  - **How are corrective measures proposed?**
  - **Who is responsible for implementing corrective measures?**

# Alternative indicators to the benchmarking report

## **Economic indicators:**

- **productivity increase**

# Alternative indicators to the benchmarking report

## **Customer choice:**

- **contract renegotiations**
- **number of competing offers**
- **number of competing suppliers**
- **number of new suppliers since market opening**
- **customer satisfaction**
- **administrative and financial barriers to customer switching**
- **public service obligation and customer protection measures**

# Alternative indicators to the benchmarking report

## **Generation, wholesale markets, expansion of relevant Markets:**

- convergence of price zones
- evolution of liquidity of spot and futures markets
- development of data exchange and market information
- participation of energy consumers in the power exchanges
- repartition of investment shares in new generation (presence of new players in new investments)
- capability to attract investments (generation adequacy)
- cooperation between TSO's
- evolution of percentage of generation with non market based pricing (eg RES, CHP based on feed-in tariffs)

# Alternative indicators to the benchmarking report

## **Cross-border trade:**

- **percentage of interconnectors with market based congestion management**
- **foreseen development of interconnectors**
- **evolution of available capacity on interconnectors**
- **utilisation of interconnectors (available capacity, congestion management methods, secondary market for capacity, ...)**
- **auction capacity price/3 years period**

# Alternative indicators to the benchmarking report

## **Creation of a level playing field:**

- underlying competitive gas market
- evolution of differences in taxation, levies
- evolution of differences in G/L tarification
- implementation of IEM directive by member states
- “gold plating” of IEM directive by member states