

Enhancing Competition in the market: The Commission's Energy Strategy

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Introduction

The requirements for competition:

- Access to energy
- Access to networks
- Access to customers

The barriers to competition identified in the sector inquiry:

- High concentration
- Vertical foreclosure
- Lack of market integration
- Lack of transparency
- Lack of confidence in price formation

Problems with legal unbundling

- Problems identified during competition investigations:
 - Access to the network
 - Rebates only available to the affiliated supplier
 - No access for new comer but given to affiliated supplier
 - Leakage of information
 - Representatives of affiliated supplier on TSO board
 - Copying of emails etc to whole group
 - Provision of services such as legal advice to whole group
 - Distorted investment
 - TTPC case in Italy
 - Low investment by TSOs and competitors when not unbundled

The third energy package

- Effective unbundling
 - Ownership unbundling or ISO
 - Third country aspects
 - Public / private undertakings
- Increased powers for regulators
- Better co-operation between regulators
- Better co-operation between TSOs
- Increased transparency

Competition enforcement

- Long-term downstream contracts
 - Distrigas, EDF, Electrabel
- Foreclosure of markets
 - RWE, ENI
- Market sharing
 - EON-GDF
- Regulated tariffs (State aid)
 - Spain, France
- Power-purchase agreements (State aid)
 - Hungary, Poland

Addressing the barriers to competition (1)

- High concentration
 - Unbundling effect on concentration
 - More investments by TSOs
 - More investments by new entrants
- Vertical foreclosure
 - Unbundling

Addressing the barriers to competition (2)

- Cross-border trade
 - More investment in interconnectors by TSOs
 - Better co-operation between regulators
 - Better co-operation between TSOs
- Transparency
 - Transparency proposals
- Price formation
 - Transparency
 - Greater competition
 - Regulated tariffs

Conclusion

- The barriers identified in the sector inquiry are being addressed
- Aim is to ensure all competitors have access to energy, networks and customers
- Competition enforcement and an improved regulatory framework are both necessary
- Next steps