



Gas and electricity market opening

- an update

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Summary



- Recap of the Directives
- Current Activities
- Future Developments



A recap of Directives



- New gas and electricity Directives mean:
 - full market opening
 - legal and functional unbundling of networks
 - Published network tariffs approved by regulators
 - Deadlines 2004 and 2007



Market Opening



- Market Opening
 - deadline for non-households July 2004

 - deadline for all customers July 2007

 - Generation market open since 1999 (first Directive). Anybody can build generation capacity; e.g. large users, CHP producers.



Role of regulators



- Regulated Access to Networks
 - Regulator is in charge of
 - network access tariff methodology: Art. 23(2)(a)
 - balancing methodology: Art 23(2)(b)
 - cross border capacity allocation: Regulation Art 9
 - regulators must have access to information (e.g. accounts)
 - regulators must have some form of sanction against companies to ensure compliance



Separation of network operators



■ Unbundling

- Legal unbundling of TSO from July 2004,
- Additional measures to ensure independence
 - Management may not participate in other activities of the integrated undertaking
 - No conflict of interest
 - Compliance programme
- Legal unbundling of DSO not later than July 2007, but management unbundling applies from 2004



Current Developments



- 2005 review exercise
- Sectoral Inquiry – DG COMP
- Development of Cross Border Guidelines under the Regulation 1228/03



2005 report



- Progress report on the implementation of the Directives and the results
- Focus will be on implementation on existing requirements
- More work needed, especially by Member States and Regulators to improve market functioning



Sectoral Inquiry



- Background is increasing wholesale prices in electricity and gas markets
- Focus on the behaviour of companies
 - Issues: transparency, fair access to network, effect of long term contracts
- Results in mid-2006



Guidelines



- Regulation 1228/03 allows for adoption of binding guidelines for cross border electricity trading
- Need for fair access to cross border capacity -> New Guidelines for next year
- Similar process for gas



Future work



■ Role of the Commission

- to oversee application of Directives, Regulation and Competition law
- Make new proposals if necessary, but not yet.
- New rules on Impact Assessment and Consultation.



Future work



■ Role of Member States

- Must transpose and enforce Directives
- They ought to address issues relating to market structure – dilute oligopolies
- Should support market integration



Future work



■ Role of the Regulators

- Ensure that market is fair, with non discriminatory rules for access, balancing etc.
- Increase efforts to co-operate through ERGEG so as to achieve European\ regional markets





Thank you for your attention

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