



IFIEC's view on MARKETS TRANSPARENCY

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Why is transparency essential in power markets?

- **Equilibrium conditions in power markets vary continuously**
- **Power markets are natural oligopolies with asymmetric information for participants**
- **Generators are clearly “price setters” of power markets; they are able to pass-through completely their supply and opportunity costs into the selling prices**
- **Uniform first-price auctions, broadly used to fix the clearing price in power markets, hide information on infra-marginal units. Portfolio-bids multiply opacity at the market place**



Who may assure transparency?

- **Strict market regulation is the only way. Self-regulation will always be insufficient**
- **Co-operation between Energy Regulators and commodity/securities Supervisory Commissions is necessary both at country and European level**
- **True independency of TSO from market players is a must**
- **Adequate market design is key to success**



Which information and by whom should be released?

- **Apart of economic conditions of bilateral transactions, very few information of power markets should be earmarked as “confidential”**
- **Any element related to the physics of the electrical system affecting its equilibrium should not only be broadly disclosed but also properly processed to provide visibility to market participants. Information is not only numbers but also analysis and forecasts**
- **TSOs, Market Operators of spot or derivatives exchanges and Auctioneers, are the natural data collectors and information providers**



Summary of key information missing

➤ TSO (*)

- Hourly demand, real time, short and mid term forecasts
- Renewable production, real time, short term forecasts
- Generators unavailability, programmed and unscheduled
- Margin reserve, actual, short, mid and long term forecasts
- Balancing markets, bids information, market shares
- Interruptibility, allocated resources and applications
- Grid model, for short and mid term congestion analysis
- Interconnections use, actual market shares

(*) Some independent TSO's may be already broadcasting (part of) the data listed



Summary of key information missing

- **Day-ahead markets**
 - Sale and purchase bids made by participants
 - Hourly market shares
- **Forward markets, CO2 exchanges, power clearing houses**
 - Volumes traded per participant and product
- **Capacity auctions**
 - Volumes asked and finally allocated by participants