



CEFIC Contribution

**Electricity Market Liberalisation,
Sector Inquiry, EC Green Paper**

Florence Forum 7/8 September 2006

Green Paper and Sector Inquiry

CEFIC supports EC Green Paper and Sector Inquiry

Competitive, functioning energy markets improve EU competitiveness and also Security of Supply

Coherent, coordinated energy policy needed; Need to follow up HLG conclusions

Infrastructure and external policy dimension

Corrections of EU policies such as EU ETS and renewables

CE Green Paper & Regions

CEFIC supports CEER initiatives

Regional Initiative : advantage for consumers only if

- **Region is one zone** without internal borders
- TSO manage the whole region as a **single 'national' grid**
- **Congestions** to be solved by **optimizing interconnector investments and generation**
- **Auctioning is not a solution**: =rewarding instead of removing capacity bottlenecks!

Imbalances

Avoid a specific power market for imbalances,

- Give power reserves and modulations to TSO for the ancillary services: each TSO manages those powers at national level with TSO-to-TSO ancillary service share.
- Aiming at maximum transfer capacity we recommend rather restricting ancillary services generation to national areas
- Regulator shall prevent/discourage local dominances

Electricity Price

Power exchange marginal clearing prices (today based on gas and CO2 prices) are only fraction of trade, do not represent industry long-term base-load demand, need for stability and predictability.

Transitional Measures

The present dramatic increase of power prices in Europe is extremely worrying for electro-intensive chemical processes

- Industry needs access to best available generating technology
- We need long-term contracts, or initiatives/solutions like in France, Finland