



## **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