

12th Meeting of the European Electricity Regulatory Forum



Statement from UNICE
Union of Industrial and Employers'
Confederations of Europe

Development of the European Electricity Market: Common Understandings...

- **Directive 96/92/EC of Dec 1996:**
(4) ... the internal market in electricity is particularly important in order to increase efficiency ... while reinforcing security of supply and the competitiveness of the European economy.
- **Directive 2003/54/EC of June 2003:**
(2) Experience ... shows the benefits that may result in terms of efficiency gains, price reductions ... and increased competitiveness. However, important shortcomings ... remain, notably concrete provisions ... to reduce the risks of market dominance...
(3) ... in Lisbon ... March 2000, the European Council called for rapid work ... with a view to achieving a fully operational internal market.

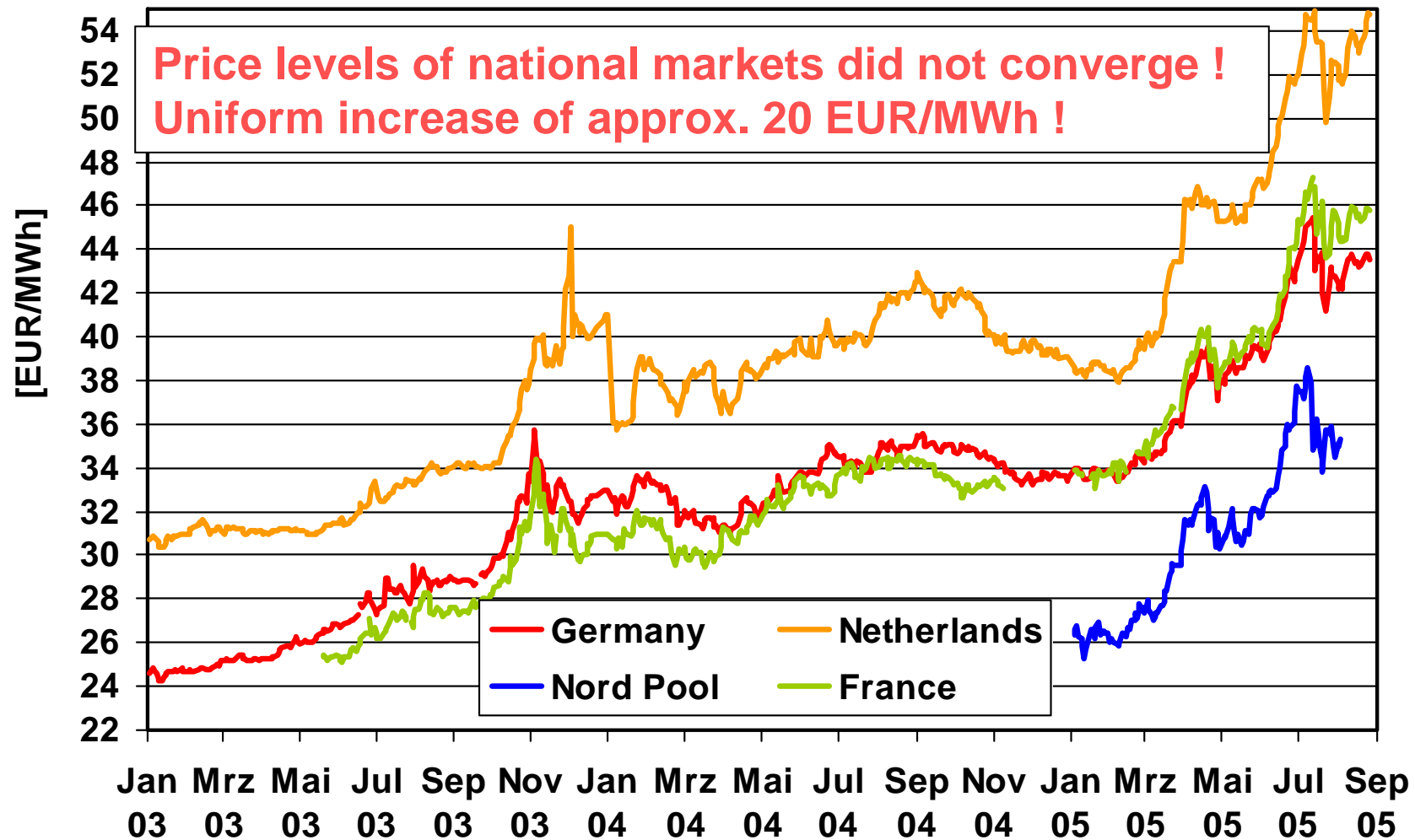
Development of the European Electricity Market: Slow Progress...

- **Report from the Commission of January 2005:**
... Although electricity prices are lower than 1995 in real terms they have increased in the last 18 months... A key issue relates to the failure to fully integrate national energy supply into a wider European market. Secondly Member States are still failing to deal with the issue of market structure...
... electricity markets are dominated ... and there is often inadequate capacity for cross border competition...

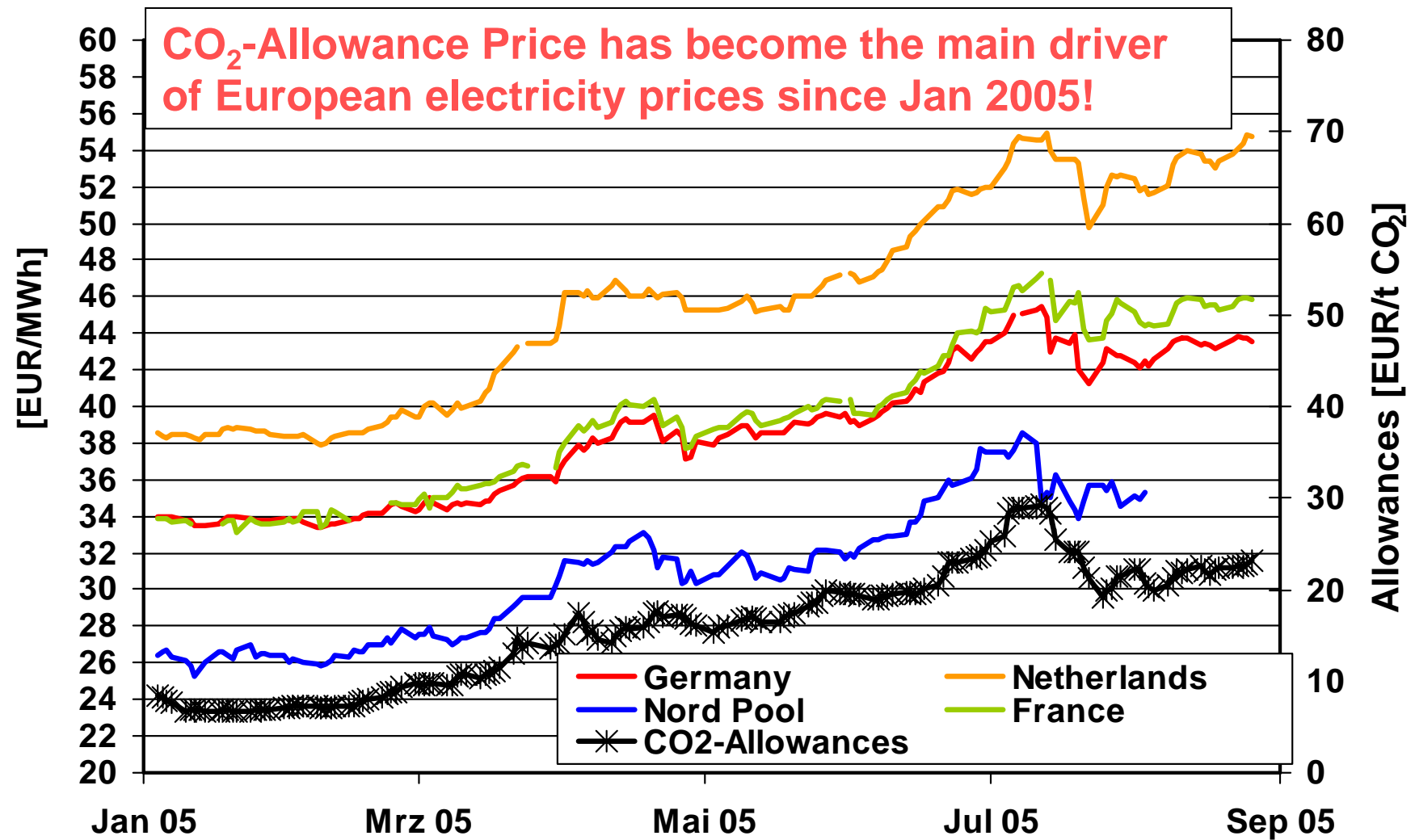
Development of the European Electricity Market: Chances and Risks...

- A highly competitive harmonized European electricity market is a key issue for the global competitiveness of European industry.
- **Variety and balance of primary energy sources** for electricity generation within Europe (nuclear-coal-lignite-natural gas-regenerative) are a potential **advantage of the European economy** with respect to **efficiency, stability and adaptability**.
- **However:**
As long as national electricity markets prevail rather than a true European market this potential is not utilized and the international competitiveness of European industry is seriously affected.

Development of Electricity Base Load Prices Year Ahead



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Development of the European Electricity Market: Urgent steps (1) ...

- **Lack of Cross Border Capacity is one essential reason for lack of true competition. Capacities must be increased – not administered by means of auctions!**
- **Little improvement has happened during last years – obviously additional income from auctions tends to stabilize existing bottlenecks and create new ones.**
- **Structured monitoring report of capacity expansion projects should become a routine topic in further Florence conferences.**

Development of the European Electricity Market: Urgent steps (2) ...

- **Cross border transactions for industrial end users are practically impossible due to complicated and unreliable procedures – as ETSO and UTCE have failed to find practicable solutions regulatory attention is necessary!**
- **Close attention must be paid by DG COMP and national competition authorities in order to detect and counteract any abuse of dominant market positions.**
- **Interdependence of the EU Emissions Trading Scheme and the European electricity market(s) should be investigated by the Commission and discussed on the next Florence conference.**