



COMMENT OF THE BUNDESKARTELLAMT

REGARDING THE

GUIDELINES ON FUNDAMENTAL ELECTRICITY DATA

TRANSPARENCY

(Publication document of the Directorate General of Energy)

BONN, SEPTEMBER, 16, 2011

- The comment of the Bundeskartellamt is not confidential and may be published by DG ENERGY in the consultation process. -

I. General concerns on the publication of “fundamental electricity data”

The Bundeskartellamt¹ considers transparency an important factor to enable the functioning of markets. Nevertheless it is crucial that secret competition (“Geheimwettbewerb”) is protected. The Bundeskartellamt worries about the publication of the “fundamental electricity data” as proposed by the Commission. The level of detail how data on the unavailability of electricity production units should be published to the market participants according to the guidelines is not necessary to guarantee the security of supply. On the contrary, an ex-ante and unit-by-unit publication of unavailability endangers secret competition and facilitates market abuses.

In detail

Especially on electricity markets, a well-balanced relation between transparency on the one hand and secret competition on the other hand is necessary to take the specificities of the market into account. Since electricity must be simultaneously generated and consumed, electricity generators rely on precise information on the market conditions. In order to guarantee the security of supply and to prevent blackouts, electricity generators should have access to information that depicts the actual overall situation of electricity supply. This kind of information is known as fundamental data. The “fundamental electricity data” being subject to this consultation, in contrast, exceed the proper sense and purpose of “fundamental data”.

Particularly in highly concentrated markets where production conditions are based on the level of marginal costs too many information being published might even increase existing information asymmetries between market participants instead of reducing them.

Optimising the power plants’ production schedule, rational electricity generators will compare marginal costs and benefits of production. The better they know how much

¹ The Bundeskartellamt is the federal German competition authority.

electricity is needed and produced by others, the better the power plants production schedules can be optimised. Therefore, electricity generators operating a whole power plant portfolio will per se be better informed than generators who run a single power plant.

The publication of detailed production data such as information on the unavailability of production or consumption units facilitates business for generators with a power plant portfolio. Notably an ex-ante and unit-by-unit publication of specific information allows conclusions as to the marginal costs of the production units. Electricity generators with superior knowledge of the market might be able to predict market outcomes by hand of published unit-by-unit-information. This can favour market abuses in particular when production capacities are increasingly limited. In such cases, market participants with a dominant market position have incentives to withhold capacities in order to influence the market price. Furthermore, the less uncertainty remains on market outcomes, the easier collusion between market participants can be arranged.

Since an ex-ante publication on a unit-by-unit level is no precondition for a proper functioning of the electricity generation market, there is no need to increase the transparency for market participants compared to the already practiced publication of real fundamental data. Existing “transparency platforms” as already installed in Germany² provide relevant information for market participants to manage electricity generation properly and at the same time pay due respect to the prerequisites of secret competition.

² In Germany, „real“ fundamental electricity data is already published by a so-called „Transparency Initiative“ („Transparenzinitiative“) which was implemented by several market participants as a platform at the European Energy Exchange AG (EEX AG). Cf. <http://www.transparency.eex.com/de/> .

II. Alternative solutions

As an alternative to an ex-ante *publication* of unit-by-unit unavailability of production or consumption units, the Bundeskartellamt suggests to collect the relevant data as envisaged by the Commission, but to publish the data on an aggregated level only.

An aggregation of the data could be made on the basis of local or regional balancing zones for example. A local or regional level of detail allows electricity generators to operate adequately without secret competition being endangered.