

Consultation on Guidelines on Fundamental Electricity Data Transparency

Position paper of French Competition Authority

The French Competition Authority is of the opinion that the Guidelines may have negative effects on competition.

First and foremost, detailed recent and future generation data published by operator, by unit and on an hourly basis may increase risks of production capacity withholding by electricity producers. Indeed, the publication of the detailed data will make it easier for operators to reconstruct their competitors' future supply curves and thus to infer, on an hourly basis, the marginal unit (i.e. the unit that is necessary to meet demand). Generators operating capacities with marginal costs below the marginal cost of that unit (i.e. units that are on the left-hand side of the supply curve) will then be incited to withhold some capacity with the objective of raising prices for the other infra-marginal units that they operate. Anticipating more precisely the shape of the aggregate supply curve will make withholding more attractive, because it reduces the risk that withholding does not affect the equilibrium price (i.e., because it does not modify the marginal technology) and only results in smaller volumes and therefore lower profits for the firm. Thus, any increase in transparency that reduces operators' uncertainty about the future aggregate supply curve, even if information is aggregated per production technology, can result in an overall increase in electricity prices thereby reducing consumer welfare.

Secondly, it is unlikely that the reduction of the asymmetry of information between competitors may be reduced by the publication of the above-mentioned data in so far as operators will not be incentivized to communicate quality data due to the absence of a real system of sanctions. The latter would probably not be enforceable, since operators bidding less capacity than indicated could invoke last-minute unplanned unavailability that would be uneasy to contest.

Lastly, there seems to be no efficiency justification for sharing among competitors such detailed information by unit and by operator. Reducing price volatility through a better anticipation of supply fundamentals only requires aggregated data. More detailed data can be transmitted to the TSO to ensure system stability and security, but it does not need to be shared with all operators. Indeed, this detailed information could foster collusion among competitors. In markets where several producers are sufficiently similar to agree on a common course of action, this information exchange could allow them to monitor each other's behavior, thereby enhancing stability of a collusive equilibrium.

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