EnergyNorway

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European Commission
DG Energy - ENER.DDG1.B.2
'Electricity transparency'

Energy Norway response to the Commission consultation the Guidelines on fundamental electricity data transparency

Energy Norway, the non-profit industry organization representing companies involved in the production, distribution and trading of electricity in Norway, welcomes this consultation on the fundamental electricity data transparency guidelines. Common transparency guidelines are very important to create a level playing field and ensure trust in the electricity markets.

We also welcome, that questions concerning the extent of transparency and its potential impact on competition are addressed in this consultation. As our Norwegian competition authority has pointed out[1], real time publication of production data per unit could have negative consequences on competition outweighing the benefits of transparency, especially in the systems characterized by a high share of flexible production with added storage possibilities. In our view, aggregation of data as suggested in question 5 would be a good remedy.

Question 1: Do you have any major problems or policy issues related to transparency, which go beyond ERGEG's advice and which you think should be addressed in the Commission's proposal?

Energy Norway welcomes the future binding Guidelines on Fundamental Electricity Data transparency, as these common rules are an precondition for market integration.

During the now ongoing decision making process, the Commission could, in our view, make certain that the future Guideline also reflects ongoing work at the Regulation on Energy Markets Integrity and Transparency (REMIT). This will ensure that the market participants will in the end meet just one clear and consistent set of binding reporting obligations and not be faced with several potentially conflicting and costly requirements stemming from different legislation.

[1] Letter from the Norwegian Competition Authority to the Commission, 6.11.2010, case number: 2010/833

In addition, we would appreciate, if the Commission could consult with competition authorities, to make certain that there are no doubts about the impact on competition before taking a final decision on the Guideline.

Question 2: Do you consider that definitions are complete and clear enough to avoid any potential problems when applied?

In our view, the definitions still need to be clarified. ENTSO-E's informal process on the definitions, started early this year, is very important to ensure the applicability of the definitions. We would appreciate if the Commission and ACER could follow the process to ensure that the definitions correspond to the guidelines and stakeholders should be effectively involved in the process, as well.

Questions to be addressed include amongst others the liability of producers for all ex-ante data requirements. Providers should not be held liable, if the data proves to be incorrect, as long as they provided the data on a best effort basis and updated the information as soon as they receive new data.

Question 3: Points 4.1.3.7 and 4.1.3.8 of ERGEG's guideline require publishing ex-ante information on planned and ex-post information on the unplanned unavailability of consumption units including the name of the consumption units, location, bidding area, available capacity during the event, installed capacity, etc. Do you consider that publishing this information on a unit-by-unit base would be likely to create any competition concerns (e.g. because of the commercially sensitive nature of information on energy consumption of individual companies)? If yes, for which industries, in which Member States, etc.? How does this concern relate to the potential benefit this information yields to participants of traded electricity markets? Could this concern be remedied in a way, which would nevertheless enable market participants to properly assess such an important change in a demand fundamental (e.g. by publishing data in aggregated form)?

Energy Norway sees no problem publishing that kind of information concerning consumption units, as it is currently the practice in the Nordpool market and there are symmetrical requirements on generation units. Large consumption and large generation units have a similar impact on markets.

Question 4: Points 4.3.2.4 and 4.3.2.5 of ERGEG's guideline require publishing ex-ante information on planned and ex-post information on the unplanned unavailability of generation units including the name of the generation units, location, bidding area, available capacity during the event, installed capacity, etc. Do you consider that publishing this information on a unit-by-unit base would be likely to create any competition concerns? If yes, how does this concern relate to the potential benefit this information yields to market participants? Could this concern be remedied in a way, which would nevertheless enable market participants to

properly assess such an important change in a supply fundamental (e.g. by publishing data in aggregated form, for instance per production type and balancing zone)?

In principle, Energy Norway sees no problem with this requirement as it is currently applied in the Nordpool market zone for generation for every outage expected to last longer than 1 hour and involving more than 100 MW. With regards to ex-post information on unplanned unavailability of generation units we want to emphasize, however, that the generators publish information on a best effort basis. They should not be held liable if the information first published later proves to be incorrect, provided they published the information in time (currently in the Nordpool market within 60 min at the latest), update it with new intelligence as soon as it becomes available and do not publish false information intentionally. We find that the availability of plant specific information creates trust in the market and that the Nordpool market functions well with its current strict rules concerning planned and unplanned outages.

Potentially the user friendliness of the information could be improved if aggregated data (per technology/fuel: nuclear, gas, coal, hydro, wind, sun, other and/or per prize zone) could be published in addition.

Question 5: Point 4.3.2.8 of ERGEG's guideline requires publishing actual unit-by-unit generation updated every hour. Do you consider that hourly publishing this information on a unit-by-unit base would be likely to create any competition concerns (e.g. by increased possibilities to monitor the behaviour of competitors, to enter into collusive strategies)? If yes, how does this concern relate to the potential benefit this information yields to market participants? How in your view could the concern be remedied (e.g. by publishing data in aggregated form, for instance per production type and balancing zone and/or by publishing with a longer delay than one hour)?

Yes, we do think that publication of actual unit – by –unit generation updated every hour could lead to the disclosure of commercially sensitive data and create competition concerns. Real time publication of data reveals a producer's underlying production patterns. With 8760 hours a year per unit there are soon enough observations to calculate a producers underlying fuel cost (in case of thermal generation without assuming storage options) or even price forecasts (in case of a hydro producer with a reservoir who calculates the opportunity cost of producing power now or in a few month/next year). Both are commercially sensitive information for a generator. In addition, there is a risk that it will reduce competition: the more flexible a producer is (for example a hydro producers with very low ramping cost) the easier it is to not only monitor competitors, but to change your behavior accordingly and enter into cooperative strategies with negative results for the markets. Especially in the Nordic market with a very high share of flexible hydro power, there is a risk that trust in the market would be lost, as it is very difficult to prove that no tacit collusion has taken place, if real time information on production patterns is freely available to all.

In addition, market participants currently make rational bidding and production decisions by looking at aggregated information without need for detailed unit by unit production information.

Therefore we support aggregation of data as a remedy as suggested in the question. Real time production data (h+1) should be published aggregated per fuel/production technology (nuclear, coal, gas, hydro, wind, sun) and/or per price area/balancing zone. Currently aggregated production data per prize zone is published in the Nordpool market, which is considered sufficient by market parties.

Of course, this doesn't preclude, that regulators, competition authorities and the energy market surveillance authorities should have access to real time production data per unit, when they request it for monitoring and control purposes.

Question 6: Do you see any other issues arising from ERGEG' proposal which may in your view give rise to competition concerns?

We see no other issues.