

## Response to the EU Commission – Public Consultation Document “Guidelines on Fundamental Electricity Transparency”

16 September 2011

In its latest public consultation document, regarding the guidelines on fundamental electricity data transparency, the EU-commission gives all interested parties the opportunity to provide a direct input, especially with regards to the completeness of the ERGEG proposal on “Fundamental Electricity Data Transparency – Evaluation of responses – E10- ENM-27-03a” and potential competition issues relating to the proposed measures. In the following, IFIEC comments on those questions which affect industrial consumers. These are the issues concerning consumption units and generation units, the latter ones including industrial self-generation.

### Answer to question 3:

1. The publication of technical unavailabilities of industrial **consumption units** must take place anonymously and in a aggregated form, because other companies from the same industrial sector can draw conclusions about particular manufacturing processes, operating schedules and manufacturing costs. This information will have direct impact on their product market and thus is competitively sensitive.
2. This can be underlined by the following examples:
  - 2.1. In steel manufacturing, electric furnaces need maintenance in more or less frequent intervals, during which the electricity consumption of the steel mill drops. Such technical unavailabilities need to be published according to the guidelines. Depending on the length and frequency of these unavailabilities, one can draw conclusions about the quality of the material used in maintaining the furnace. This in turn reveals information about the cost structure and efficiency of the furnace in question, which is valuable information for any competitor in the steel business;
  - 2.2. In the chemical industry, a published unavailability of large consumption units may be attributed to the outage of a chlorine electrolysis. Since chlorine usually is not stored in large amounts, any competitor who learns about this outage immediately knows that downstream processes need to be put on hold and that the affected producers may have problems meeting their delivery commitments. This fact can be exploited by competitors who may be able to sell their products at a higher price;
  - 2.3. An example not confined to a specific sector concerns the recent past economic crisis. Some industrial plants were stopped because of decreased market demand and price. A detailed publication of electricity consumption might permit, for any sector, to estimate the market politic of each group (continuing to decrease prices or blocking price level and stopping production) and the merit order of the manufacturing plants in each area.
3. These examples are not confined to specific countries but apply to all countries in which consumers from these industry sectors are located. They show that publishing electricity-related information can expose sensitive production-related information in the downstream market. This could harm an industrial company or may lead to competition concerns in their product market.
4. On the other hand, for the market participants in the electricity market, detailed unit-by-unit information delivers no more additional benefit than publication in an aggregated way, because the relevant piece of information is the impact on the wholesale electricity market (demand side). This impact is determined by the total amount of consumption, thus by the total sum of consumption capacity not available for technical reasons. Therefore anonymous and aggregated publication of unavailability data on industrial consumption units is sufficient.
5. When aggregating, it has to be ensured that real anonymity is achieved. If aggregation is performed within a certain area, e.g. a balancing zone, this zone needs to comprise at least three different consumers who are obliged to publish their data (i.e. their units exceed the threshold of 100 MW).

Otherwise, with only two companies in one aggregation area, each company knows its own consumption, so if any unavailability is reported, this company can draw reliable conclusions about the other company's situation. Therefore, it is not sufficient to publish all information anonymously, but to aggregate this information in a sufficiently large area as well (e.g. price zone).

**IFIEC calls for the publication of ex-ante information on planned and ex-post information on the unplanned technical unavailability of industrial consumption units without publishing the name of the consumption units. The information has to be published in an anonymous and properly aggregated manner.**

Answer to question 4:

6. Just as it is not necessary to publish technical unavailabilities of consumption units unit-by-unit or by publishing the name of the company, in IFIEC's opinion the detailed publication of unavailabilities of **generation units** also is not relevant for the market, because there is no additional benefit to the market from such detailed information. For the market it is only relevant to have information about the bidding area – e.g. because of possible grid-congestions in some area – and have the information about the kind of generation unit, i.e. the fuel-type. The costs of generation and thus the associated prices at the wholesale market depend to a great extent on the required fuel. The publication linked to the fuel requirements is preferred to the publication linked to the generation technology. To provide the market with positive information it is adequate to aggregate this generation units by the required fuel.

**IFIEC argues for a publication of information of generation units linked to the fuel requirement.**

Answer to question 5:

7. Information which becomes relevant to the market should be made available immediately to all stakeholders and at the same time, subject to the anonymity requirements mentioned above. This is essential to ensure no-one gains an informational advantage. However, such publication requires an efficient and liquid intraday market. An outage of a generation or consumption unit requires replacement or disposition in a very short timeframe, which generally take place on the intraday market. A short-term publication of this outage-information must not prevent the operator of this unit from an economically reasonable replacement. In bidding areas where intraday markets are insufficient and illiquid, the information could be published with a delay of 2 hours.
8. IFIEC has the opinion, as it is proposed in the consultation document, that a publication of relevant data in aggregated form, for instance per production type and balancing zone, is adequate for the market. If the publication is adequately aggregated and the intraday market in the area concerned is deemed liquid enough, an hourly update instead of a two-hour-delay, as in illiquid markets, might be acceptable.

**IFIEC argues for an immediate publication of information which becomes relevant to the market. In bidding areas without a liquid intraday market the information can be published with a delay of 2 hours in an aggregated form.**

Answer to question 6:

9. IFIEC strongly recommends that the 100 MW threshold be upheld for technical unavailability of industrial consumption units, as well as generation units, so far as publication is concerned. A lower threshold would lead to a huge increase in bureaucratic burden for minimal gain, since load and generation issues at such a low scale do not impact the market. Moreover, as experience from the Nordic market shows, too low a threshold may lead to information overload, with no practical benefits in terms of relevant information. Therefore, one could even argue for a higher threshold, but IFIEC and CEFIC can accept 100 MW. In any case, it should not be lowered.
10. For reasons of market monitoring by authorities (regulators, competition authorities) to detect, pursue or deter market abuse, the requirements of anonymity and aggregation need to be softened. Anonymity is only required vis-à-vis other market participants, especially from the same industrial sector, whereas authorities should be able to collect detailed generation data to perform their role of supervising the market.