



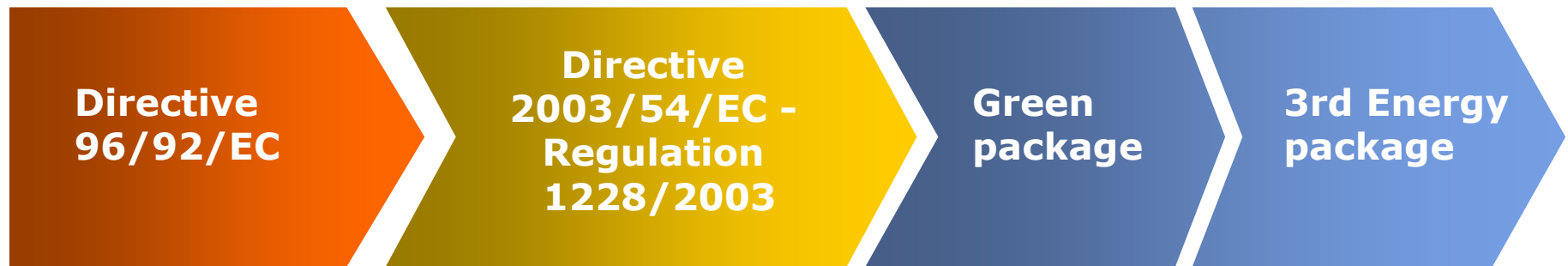
Competition in European Energy market

Simone Mori

WEC

Rome, 13 November 2007

Internal electricity market – Milestones



**Directive
96/92/EC**

- First steps for liberalization
- Unbundling
- eligibility thresholds

**Directive
2003/54/EC -
Regulation
1228/2003**

- Further unbundling requirements
- Full liberalization
- Public service obligation
- Market mechanisms for congestion management

**Green
package**

- Renewables
- ETS
- Energy efficiency

**3rd Energy
package**

- TSO Unbundling/ISO
- Strengthening of national regulators power
- transparency and monitoring
- ACER and ETSO+

3rd Energy package

Unbundling and powers of regulators

Unbundling

- For the transmission 2 alternative options:
 - i. Ownership unbundling
 - ii. Independent System Operator (ISO), as derogation subject to the approval of the EC

Strengthening of national regulators































- National Regulators must be truly independent and with effective powers (sets tariffs, sanctions, quality of service, PSO, access to network and gas storage, ex-ante measures to promote competition like VPP)

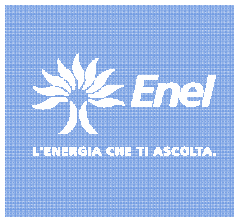
Coordination of regulation Authorities and TSOs

- Agency for the Cooperation of Energy Regulators (ACER): monitoring/advising powers on Regulators and TSOs and setting rules on merchant lines
- European Network of TSOs (ENTSO+): publishing on yearly base a 10 years investment plan of European grid and coordinating national TSOs on technical codes

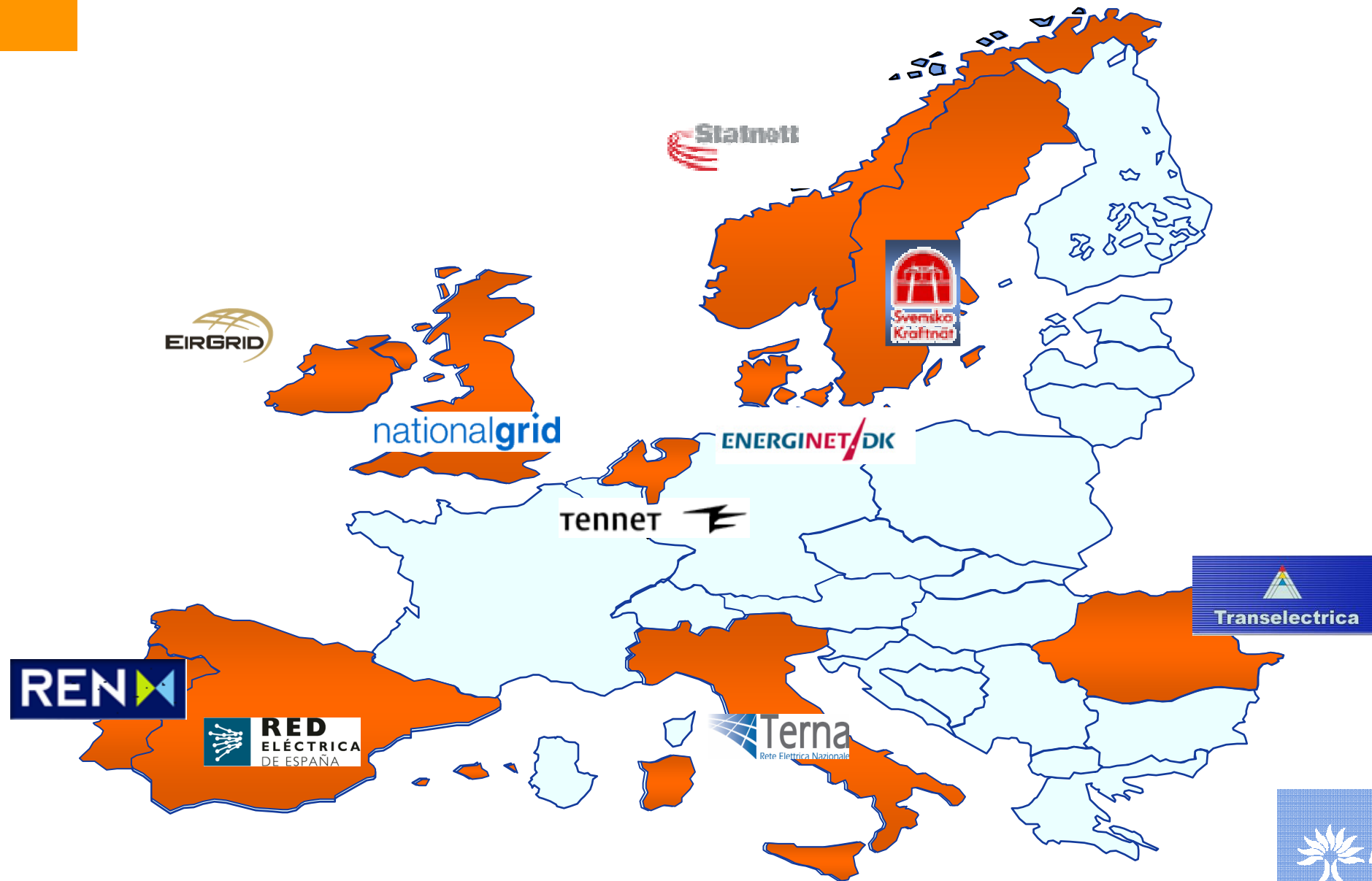
Imbalances: Powers of regulators

- Network access tariffs setting or approval
- Conditions for universal service and PSO
- Sanctioning powers
- Quality of service regulation
- Gas storage access regulation

					
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Imbalances: Independent TSOs in Europe

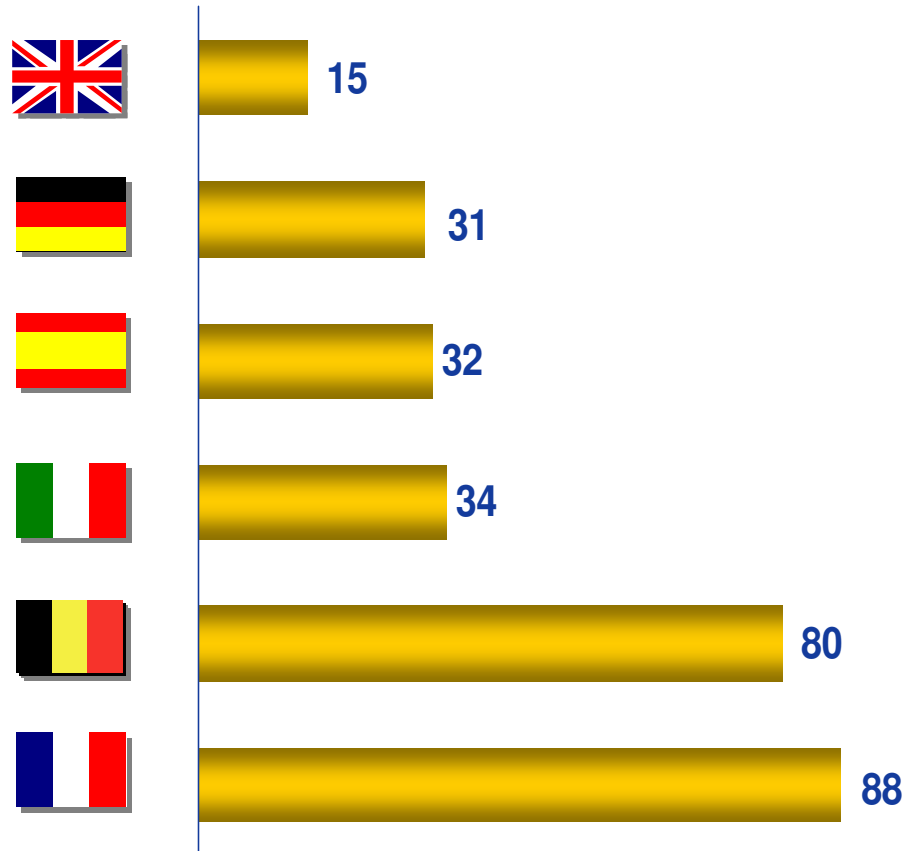


Source: European Commission, Benchmarking Report, and company info
Ownership unbundled TSOs where no electricity operator is a relevant shareholder are considered as being independent

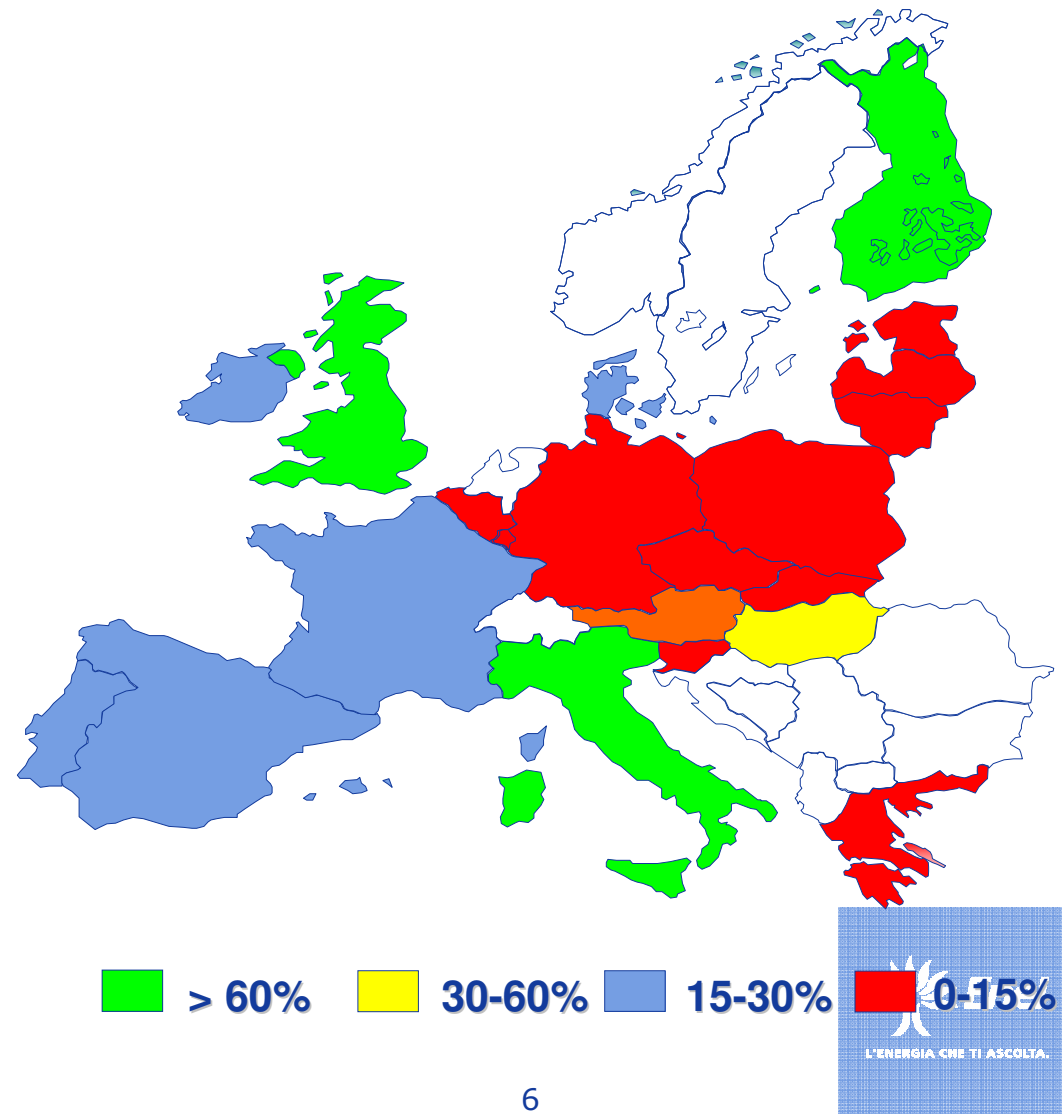


Imbalances: market share and switching rates

Generation market share of former incumbent, 2006

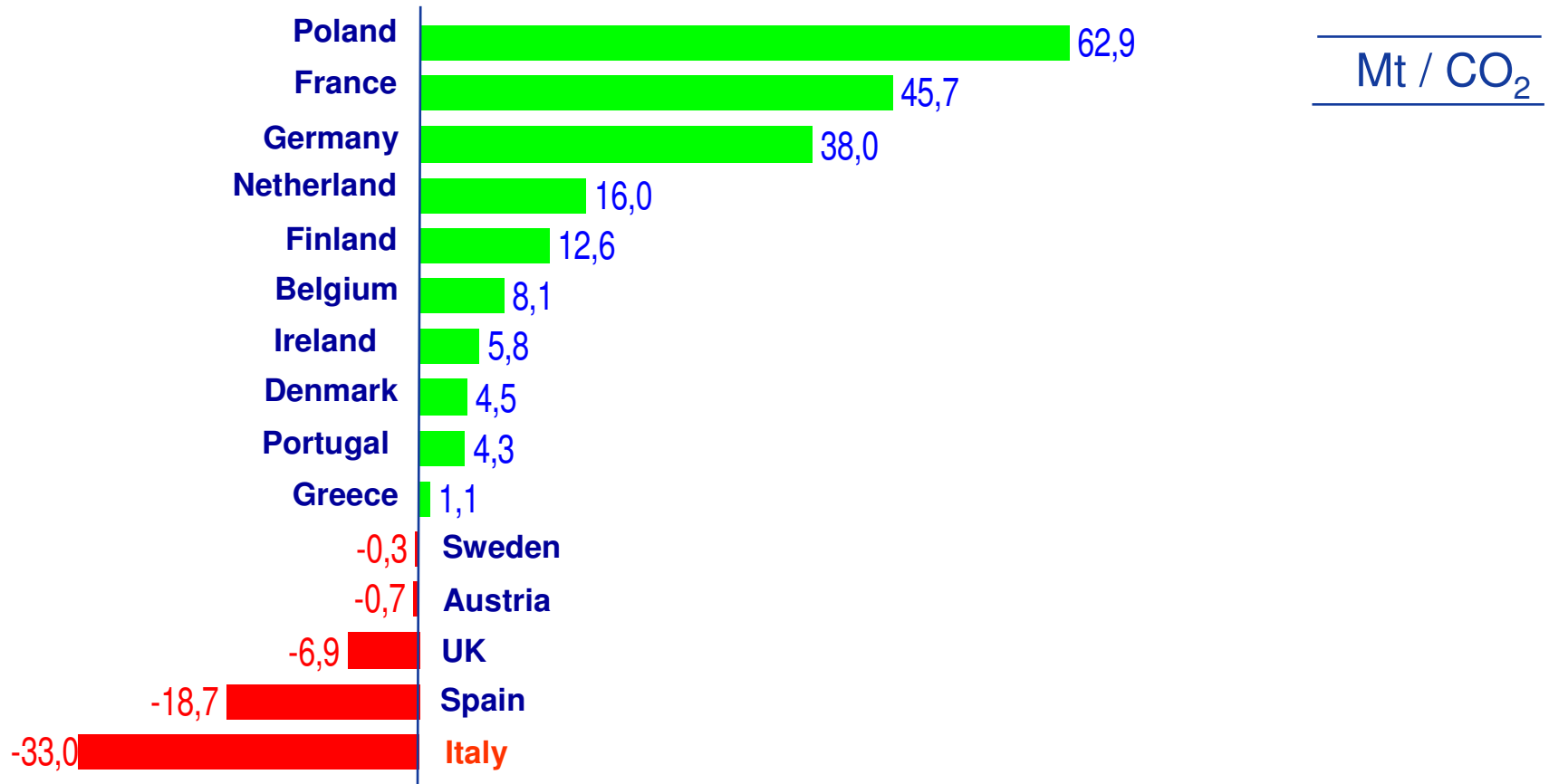


Switching rate, small and medium industrial



Imbalances: ETS first commitment period

Difference between allocations and emission of CO₂, years 2005-2006





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