CEER Annual Conference

ACER/CEER Annual Report on monitoring the electricity and natural gas markets

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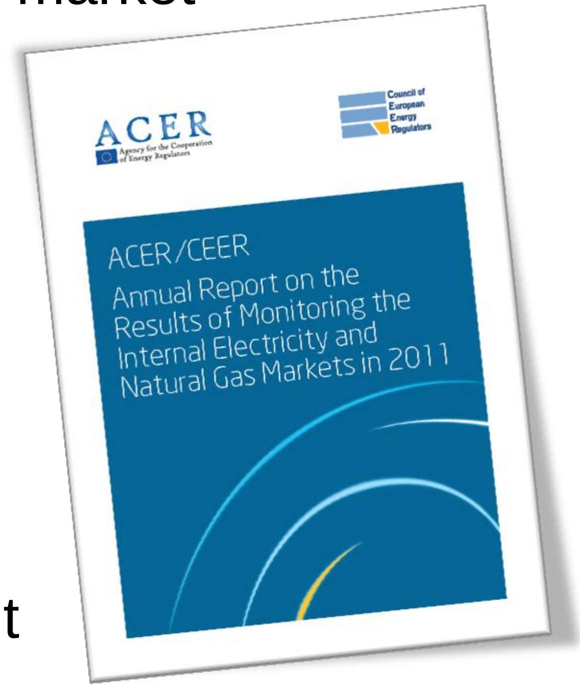
Brussels, 29 January 2013

Report scope and structure

- First joint annual electricity and natural gas market monitoring report by ACER/CEER



- Article 11 of Regulation (EC) No 713/2009

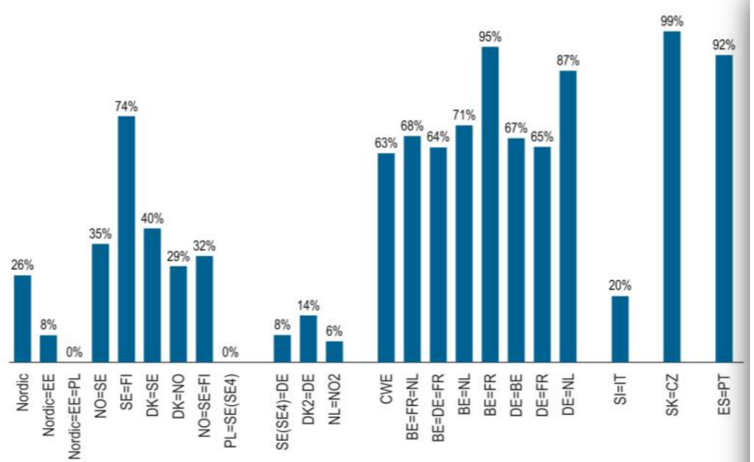
- Three main areas covered:
  - Electricity markets
  - Natural gas markets
  - Consumer protection and empowerment

Key findings

Progress towards the internal market

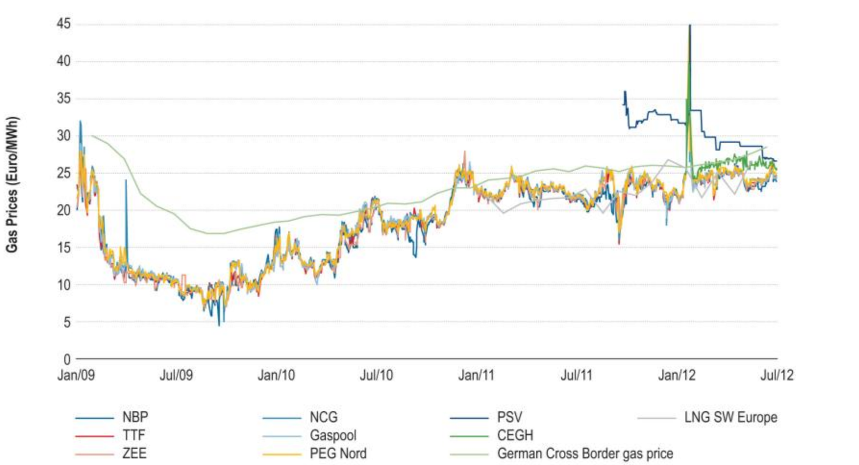
Wholesale price convergence increasing in both electricity and gas markets
→ Indicates greater integration

Figure 17: Percentage of hours when hourly day-ahead prices were equal for a selection of European regions – 2011 (%)



Source: Data provided by NRAs and a selection of power exchanges (2012)

Figure 50: Natural gas wholesale day-ahead prices at selected EU hubs – 2009 to 2012 (euro/MWh)



Source: Bloomberg, Eurostat COMEXT and Ofgem elaboration (2012)

Key findings

Barriers to market integration

Growing phenomenon of “unplanned flows” undermines the efficiency of the internal electricity market

There are regions where gas price transparency is still a problem

Lack of investments in electricity network infrastructure that would enable more cross-zonal capacity and trade

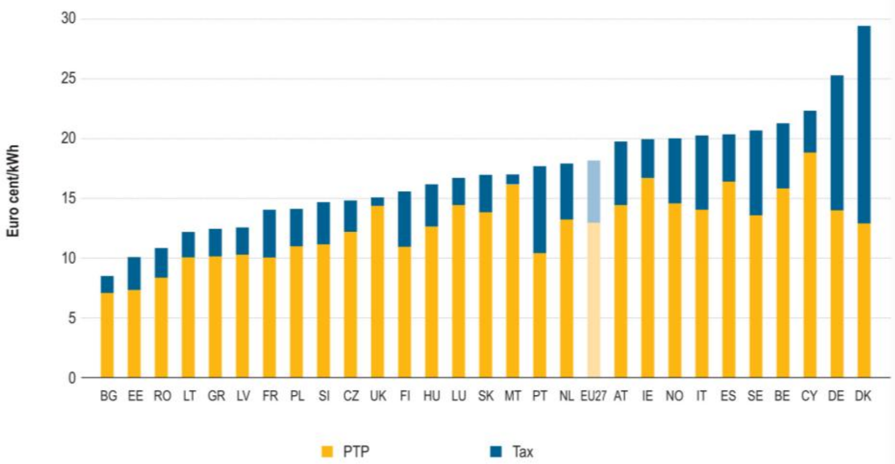
Key findings

Electricity and Gas retail markets

Wide variations in retail prices persist among Member States

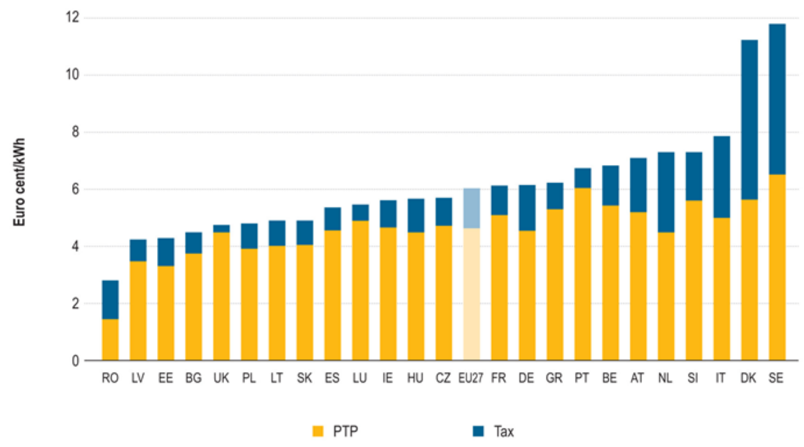
Many Member States still maintain regulated prices

Figure 8: Electricity post-tax total price in the EU-27 plus Norway – 2011 (euro cent/kWh)



Source: Eurostat (2012)

Figure 44: Natural gas post-tax total price in EU-27 – 2011 (euro cent/kWh)



Source: Eurostat (2012)

Key findings

Electricity and gas consumer protection

- Important gaps in a number of MS regarding consumer protection and empowerment

For instance:

- Maximum period for switching supplier
- Definition and treatment of vulnerable customers
- Complaint handling
- Dispute resolution procedures

2020 Vision for Europe's energy customers

Through CEER, NRAs working to deliver a European energy sector that puts smaller customers first by:

- Analyse and understand customer impacts
- Identifying and sharing best practice
- Developing advice and guidance

Achieving our competitiveness goals

To achieve an IEM, persisting gaps need to be addressed, e.g.:

- Remove barriers to trade
- Improve transparency (gas)
- Improve availability of gas capacity
- Reinforce cross-border interconnections
- Integrate renewables and address loop flow problems
- Promote competition - also at retail level
- Improve implementation of consumer provisions

Final remarks

Overall, findings show continuing internal market development and improvement.

Need for further progress:

- **3rd Package must be transposed and implemented fully** and effectively into national law
- **EU-wide network codes and market rules** must be developed and adopted as soon as possible
- **Voluntary regional initiatives and integration projects** are key and “pilot” for future network codes
- **Continued monitoring** is essential

Thank you for your kind attention