



European Federation of Local Energy Companies
Confédération Européenne des Entreprises Locales d'Énergie

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ERGEG Draft Comitology Guidelines on Fundamental Electricity Data Transparency

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CEDEC defends, at European level, the interests of local and regional energy companies.

CEDEC represents 1500 companies with a total turnover of about 100 billion Euros, and more than 250.000 employees. Together, they serve 60 million electricity and gas customers (connections).

These predominantly medium-sized local energy companies have developed activities as electricity and heat generators, electricity and gas distribution grid operators and suppliers.

GENERAL COMMENTS

A high market transparency will strengthen the trust in the markets and will cause more market participants to become active. This will increase liquidity, which in turn will stimulate market action.

The price which is formed on the wholesale market when offers and demands meet is an important shortage indicator and essential for the market participants when making investment decisions. For the analyses and formation of an opinion regarding future price developments, the traders need exact and reliable information. Therefore **comprehensive transparency is necessary** so that no capital will be allocated on the basis of asymmetrical distribution of information.

For this reason, the regulator has to create parameters which will allow market participants to analyze data regarding offers and demands simultaneously and optimize accordingly.

Therefore CEDEC welcomes the initiative of ERGEG regarding the implementation of more transparency in the electricity market, a subject which has been urged for on the 17th Florence Forum by market participants. A data transparency platform can be appropriate, in

order to present fundamental data in a standardized way and to make them available to the market participants.

It is to be expected that this measure will contribute to the strengthening of internal energy market, as is the goal of the European Union.

CEDEC is grateful for the opportunity to comment on the present issue in the framework of the ERGEG consultation procedure about data transparency.

BEST PRACTICE ON REGIONAL TRANSPARENCY PLATFORM

CEDEC welcomes the opinion of ERGEG that the German transparency platform - among others - is considered as an example of best practice. The German experience shows in particular that the necessary transparency can be achieved on a voluntary and regional basis.

In October 2010 the German transparency-platform (www.transparency.eex.com) commenced operations. This platform is under overall-control of the EEX with the German associations of the energy-industry CEDEC, BDEW and VIK, as well as the transmission system operators and individual power plant operators. The platform is being operated by the EEX.

By implementation of the platform, legal provisions were fulfilled regarding shortage management (attachment of European Community-regulation no. 1228/2003) as well as chapter 4.3 of the "Report on Transparency", issued under overall control of the Federal Network Agency, the German regulatory agency.

Extent and form of data were aligned within the framework of the transparency initiative of the Federal Ministry of Economy, in a list named "Disclosure requirements in a central data platform to create transparency in the electricity wholesale trade" (d.d. 22.04.2009). Along with this, data regarding installed capacity, planned and unplanned non-claimabilities of production facilities, planned and actual power production is also available. Furthermore, voluntary data, e. g. actual production from facilities <100 MW, is published.

The Federal Network Agency has been involved in the process at all times and supports the project. The agency is responsible for controlling if implementations of disclosure requirements are adhered to.

The platform is a great success, documented by a degree of coverage of about 93 %. Many market participants make use of the information available daily. Already, utility companies from Austria are using this platform in order to fulfill their disclosure requirements.

A CENTRAL EU-PLATFORM ?

CEDEC acknowledges ERGEG's aim to establish a consistent transparency platform for all European market participants. With this, the ambition of the Commission to complete the European energy internal market by 2012, is recognized.

Several transparency platforms have been established on the market. Besides the German platform, other platforms exist e. g. NordPool, for the northern European market.

CEDEC suggests, in case of an implementation of a central platform, to use the experience of member states, and to benefit from existing systems. Therefore it is conceivable, that messages from market participants will be transmitted to the respective decentralized platform, as it is done now. There they will then be aggregated, and transmitted to a central meta-platform. Further platforms like this can be implemented in other European regions, in order to achieve an extensive degree of coverage.

This procedure seems sensible, since contracts had to be signed on a regional level between several hundreds of market participants, producers, transmission system operators and consumers. On a European level this would easily summarize up to tenth of thousands. The result would be a very substantial data administration effort and difficult to manage. Furthermore the subsidiarity has to be taken into account. The advantages, as close proximity to the party concerned, manageable amounts of data and the possibility to react to regional specifics, are given.

Moreover the issue of the legal framework and liability in an European context has to be considered. If a pan-European platform is established, it seems to be much more complex, and companies expect higher expenditures.

Taking the proposed model of several decentral platforms into account, the collecting of data, legal and liability needs would be much easier to meet, because stakeholders would have to deal only with regional authorities.

Furthermore, using existing decentral platforms would reduce the risk of stranded costs for all participants.

Of course an alignment has to be achieved regarding the obligation to inform, as well as data formats, times and deadlines.

It has to be taken into account that especially small companies should not be burdened excessively. Particularly the obligation to inform for facilities below 100 MW and notices regarding unplanned failures within 15 minutes do not seem feasible. Small and medium-size companies must have the possibility to be active participants on the market, despite small resources in personnel, since they ensure competition on the generative market. Beyond that, facilities of that size have minor market relevance. The danger does exist, that the collection of data regarding many of these small size facilities will lead to a confusing gathering of data, without relevant merit.
