

## **bne-Statement**

### **CEER-Call for Evidence: Generation Adequacy Treatment in Electricity C09-ESS-05-03**

**Berlin, 27.04.2010**

All key issues have been identified and adequately described in the CEER's document. The relevance of the issues certainly varies, depending on the specific national situation. We will highlight some of the issues that are particularly significant from a German perspective.

**Question 1:** *What are the key elements for ensuring generation adequacy in the competitive electricity market in EU MS and the EU as a whole?*

The electricity markets are becoming more and more European-wide markets. Therefore any investment decision has a European perspective. Transparency of EU-wide generation data is a prerequisite for any large-scale investment decision. Although transparency may be already sufficient in some markets, the overall situation is still dissatisfactory.

**Question 2:** *Do you observe any barriers for investing in new generation capacity? If yes, please list and explain them.*

Already mentioned in the CEER-document the issue of CO<sub>2</sub>-emission allowances has to be particularly stressed: The CO<sub>2</sub>-issue is a key driver in investment decisions. As investments in generation have to consider time-spans between now and far beyond 2020, the regime for CO<sub>2</sub>-emission allowances for that time frame has to be particularly defined and clear to the investor. From a perspective of a generation-capacity-investor the current situation is untenable.

A specific German problem is the lack of adequate access to gas pipelines and gas storage. Without fair conditions for access to pipelines and storage, investments in gas generation are not an option for new entrants in Germany. In addition the unsatisfactory unbundling in Germany in the electricity sector leaves us in doubt about the fair access to the electricity grid too. Though both issues are of national scope, an EU-wide generation adequacy will, regarding the size of the German market and its central location, only be achieved after those problems are tackled.

**Question 3:** *In case of additional measures for ensuring generation adequacy, what would be the key issues to take into account?*

The aforementioned transparency of the electricity market has many aspects. One, not elaborated in depth in the CEER-document, is the monitoring of price spikes. It is important for the market participants to understand whether price spikes are the result of competitive behavior or reflect market distortions/manipulations. We would extraordinarily welcome an EU-wide monitoring of market prices by an independent European authority. The findings of that authority should be regularly published and include an analysis of the key drivers of the price spikes observed. The objective of a monitoring like this should be to give participants a clear view on the drivers of price spikes and thus eliminating uncertainty about market effectiveness, at least to some degree.