

## STATEMENT

provided by the German Association of Local Utilities  
(VKU in the following) on

# **ERGEG Draft Comitology Guidelines on Fundamental Electricity Data Transparency**

Berlin, 28th October 2010

*The VKU represents 1,370 local utilities in the areas of energy, water and waste disposal. In the end-user segment they have a share of 54% in electricity, of 51,4% in natural gas, of 53,6% in provision of heating and of 77,5% in the provision of drinking water. The wide range of services provided by local utility companies is reliable, environmentally compatible and affordable for the consumer. They make a significant contribution to regional economic development. With over 240,000 employees the individual segments together generated revenue in excess of 90 billion euro in 2008. Investments amounted to 8 million euro. The majority of these investments took the form of contracts placed with companies located in the region.*

## **General Remarks**

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 a decision. For the analyses and forming of an opinion regarding future price developments, the traders need exact and reliable information. Therefore comprehensive transparency is necessary so that no capital can be drawn from asymmetrical distribution of information.

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

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 VKU 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 standardized und make it available to the market participants. It is to be expected, with that measure, the internal energy market will be strengthened, as it is the goal of the European Commission.

VKU is grateful for the opportunity to comment on the present issue regarding the consultation procedure of the ERGEG about data transparency.

## **Transparency-platform Germany**

In October 2010 the German transparency-platform ([www.transparency.eex.com](http://www.transparency.eex.com)) commenced operations. This platform is under overall-control of the EEX with the German associations of the energy-industry VKU, 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 of guidelines 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, were fulfilled. Extend and form of data were aligned by the unions and the Federal Network Agency within the frames of the transparency initiative of the Federal Ministry of Economy. The data

was stipulated in the following list: “Disclosure requirements in a central data platform to create transparency in the electricity wholesale trade” – specification dated 22.04.2009 (so called BMWi-list). 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, as the German regulatory 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, not least 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.

VKU welcomes the opinion of ERGEG that the German transparency platforms, among others, as an example of best practice. The German experience shows, that more necessary transparency can be achieved on a voluntary basis.

### **Central platform**

VKU acknowledges ERGEG’s aim to establish a consistent transparency platform for all European market participants. With this, the strive 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 e. g. NordPool, for the northern European market, exist.

VKU suggests, in case of an implementation of a central platform, to use the experience of member states and 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 rule of law and liability in an European context has to be considered. It seems to be much more complex and companies expect higher expenditures, if a pan-European is established. 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 regionals authorities. Using existing decentral platforms would reduce the risk of stranded of all participants.

Of course an alignment has to be achieved regarding 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 to the planned extend 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 merit.