

Via Email to: transparency@ergeg.org
 Copy to: cbtportal@bnetza.de

EnBW Trading GmbH · Großkunden-PLZ: 76180 Karlsruhe

European Regulators Group for
 Electricity and Gas (ERGEG)

Rue le Titien, 28

B 1000 Bruxelles

Durlacher Allee 93
 76131 Karlsruhe
 Großkunden-PLZ: 76180 Karlsruhe
 Telefon +49 721 63-07
 Telefax +49 721 63-15477

Sitz der Gesellschaft: Karlsruhe
 Registergericht Karlsruhe
 HRB Nr. 8013

BW-Bank Karlsruhe
 BLZ 660 200 20
 Konto 403 899 00 00

Name **Martin Schelker / Stefan Birk**
 Bereich **Power Desk / Operations&IT**
 Telefon **+49 721 63- 15440 / 15410**
 Telefax **+49 721 63- 15488**
 E-Mail **m.schelker@enbw.com / s.birk@enbw.com**

May 9, 2006

ERGEG Public Consultation on Transparency and Information Management (C05-EMK-06-10):

Comments from EnBW Trading GmbH

EnBW Trading welcomes to comment the ERGEG Guidelines for Good Practice on Information Management and Transparency in Electricity Markets.

I. General comments

We regard an appropriate level of market transparency as very important for the further development of European electricity markets. Especially for companies which are new market entrants it is necessary to get access to relevant market data in order to trust the functioning of the markets and thus to provide additional liquidity in the markets.

Generally acknowledged **spot and forward/futures prices which are based on high trading activities of various market participants (generators, end consumers, physically and financially orientated traders) are the most important data for all market participants.** Therefore EnBW Trading supports the development of forward and futures markets in all parts of the EU-25 countries and has been one of the main drivers in developing the EEX exchange during the past years. However, it is important to recognize the different development of electricity wholesale markets within the EU-25 countries. Some countries developed transparent spot markets only (e.g. Italy, Spain, Austria, Slovenia, Poland) while others have achieved to organize forward and futures markets with more (Germany, Scandinavia) or less (France, Netherlands) liquidity.

Also the ownership structure of exchanges as transparent market places has to be considered. So the German EEX, the Dutch ENDEX and the French Powernext have various owners and can build on a widespread

Geschäftsführer:
 Ralf Klöpfer
 Dr. Dirk Mausbeck

ownership basis while the Scandinavian NordPool and some spot market places (Dutch APX, Spanish OMEL) are owned by transmission system operators (TSO's) which are often focussed on day-ahead markets and technical aspects whereas the commercial aspects are less considered.

Generally, we think the specific information required for transparency depends on the specific market design and development in each country/market region. Therefore specific attention should be laid on the level of market transparency needed **and useful** for particular markets. The costs of data collection have to be justified by the benefit which the data provide to market participants.

Additionally we want to stress that market participants in general must be able to operate in wholesale electricity markets without revealing commercially sensitive information concerning their purchasing, sales, production or other trading or contracting strategies. If there is a specific need for some detailed **commercially sensitive data**, such data should be collected by the national regulating authorities and at the same time it should be treated as strictly confidential. This point is very important regarding the **ex-ante** or the **ex-post** publication of market data.

II. Specific Comments on the ERGEG Guidelines (Ref: E05-EMK-06-10)

1. System Load Information / Transmission and Access to Interconnections (Table 1 and 2)

We think the proposed information by EURELECTRIC in its Position Paper on Market Transparency published in February 2006 on its website <http://www.eurelectric.org/PublicDoc.asp?ID=39950> is sufficient. All kinds of forecast should be based on comparable conditions and should be made "with best efforts" – important is that load data is calculated the same way at least in all countries of a specific MiniFora region (e.g. vertical load such as published by German TSO's or demand of end consumers such as published by French RTE).

2. Information on Generation (Table 3)

We regard this information as **commercially very sensitive** – due to the fact that it is information from the competition sector. We regard the transmission system sector as regulated but the generation and sales sector as competitive. Therefore EnBW Trading supports to show such data from the competitive sector to authorized official authorities (such as national or EU-regulators), but not to competitors.

However we acknowledge the need of such information in order to attract new market entrants and thus to support their trust in the functioning of wholesale markets. Therefore EnBW Trading supports the German Transparency Initiative to publish the availability of generation assets on an accumulated and anonymous basis on the website of the EEX exchange.

ERGEG suggests in its proposal that ex-ante information on generation should be published per single unit including scheduled generation schedules). EnBW Trading **strongly disagrees** with this proposal. Commercially sensible data should not be given to the public but only to authorized authorities, i.e. to national regulators or to the responsible EU bodies. We recommend therefore the proposal of EURELECTRIC mentioned above.

Moreover we want to stress that in this sensible point it is not advisable to realize the maximum thinkable degree of transparency on a **national** basis only (which is realized in Scandinavia on the background of an exchange owned by the TSOs). Instead, it should be secured that all market participants/generating companies in a specific region (**Mini Fora region**) reveal generation information in a similar way / to a comparable degree on an **international** basis. Especially in Southern and Eastern Europe, but also in the Benelux area there is still a long way to go in this respect..., that's why we strongly encourage market participants with generating capacity to join the German EEX initiative as a useful means in order to secure a sufficient level of transparency regarding available generation capacity and at the same in order to respect the anonymity/confidentiality of individual information. Generally, we regard the generation data of power plants as a disclosure of information concerning exercising options. Not even in the financial (equities/bonds/options) markets it is common to reveal option books of individual market participants. **If so, market participants would quit the markets when they would be forced to open their books.** We strongly recommend to treat individual generation information now and in the future as confidential information. A good example to do so is the ERGEG proposal of not publishing individual water reservoir levels but publishing aggregated levels only. In this respect, **thermal producers and hydro producers should be treated in the same way.** If this is not the case, also legal discussions concerning competition law aspects could arise.

Concerning the wind generation data, we think that the theoretically available capacity and the actual historic data (published in the morning of D for D-1 at the latest) are sufficient. Accurate forecasting of wind power generation is a challenging task. Several private competitors are already active in this market. Generally, we think that producing accurate forecasts should remain a means to distinguish competing companies in the energy sector.

Ex-post data of generation should be published in the same way as currently done by EEX. An explicit "close to real-time" information of unplanned unavailability of power plants how it is suggested by ERGEG would it make impossible for generating companies to hedge their risks in case of an unplanned outage. In contrast, **speculative traders** would take their chance to **push up market prices** on the spot markets.

3. Information on Balancing (Table 4)

Concerning the balancing markets, we point out that a minimum level of "harmonization" between the markets of one Mini Fora region should be reached in a first step. For example, the German balancing market is in our view the most transparent within Europe, especially concerning procurement of primary, secondary and tertiary reserve by the TSOs. Prices and volumes of auctions of primary, secondary and tertiary reserve power are published by the German TSOs in due time after the auctions. In other markets, only prices of tertiary reserve are published whereas prices of other qualities of reserve seem to be "top secret". In some countries, no details concerning reserve are published at all, not even for tertiary reserve. Before we discuss on topics such as revealing individual bids and offers of balancing mechanisms (very detailed information), there should be a general understanding that in all countries of a specific MiniFora region balancing information is published in a similar manner.

III. Summary of EnBW Trading GmbH comment on ERGEG Guidelines

EnBW Trading welcomes the efforts to reach an appropriate level of market information for all market participants. However, **the interests of individual market participants not to disclose their individual trading positions should be respected as well as the interests of generation companies not to reveal their individual production strategies.** This aim is reached by the ERGEG Guidelines for hydro producers only (publication of aggregated reservoir levels) but not for power producing companies using thermal units (individual publication of available production capacities).

Moreover we want to stress that the MiniFora are the ideal platform to reach consensus of the appropriate market transparency level. Due to the fact that commercially sensitive data is included in the ERGEG Guidelines, it must be secured that market transparency data is **published** by all TSOs/production companies **within one specific MiniFora region in a similar way** in order to achieve **similar market conditions** for all market participants.

In this respect, we strongly advise that countries negotiating individual agreements with the EU (eg. Switzerland) are also obliged to publish the relevant data in the same way as it is done by the EU countries in the respective MiniFora regions.

If you have further questions concerning the EnBW Trading commentary please don't hesitate to ask.

Kind regards,
EnBW Trading GmbH

i. V. Martin Schelker
Head of Power Desk

i. V. Stefan Birk
Head of Operations