

ERGEG Guidelines for Good Practice on Information Management and transparency in Electricity Markets

KS Bedrift – The Norwegian Employers’ Organisation for Locally owned Enterprises – organises companies in the municipal and county council sector. Our member companies are located throughout Norway, and cover a wide range of important industries - such as energy, waste disposal, water and sewage systems, auditing, property management, schools, culture, health care and other activities that once used to be an integrated part of the municipal structure.

KS Bedrift has more than 440 member companies with a total workforce of 12.000 employees. The enterprises are wholly or partly owned by municipalities and county councils, or wholly or partly privately owned.

Introduction

Information Management and Transparency are of utmost importance and there has to be clear and strong rules governing the market participants. As a rule we will say that more is better, e.g. the more information disclosed the better.

In the cover note to the Guidelines, ERGEG gives the rationale for the Guidelines: “... In some instances the lack of sufficient and transparent information is considered to be undermining competition and hampering market development. Furthermore, the holding or dissemination of market information itself, if done in an asymmetric or discriminatory manner, is likely to damage wholesale market confidence significantly, deter new entry to the market and hamper the competitive process...” This must be the guiding light for the work on these Guidelines. And the process must continue. The wholesale market is a dynamic process; therefore the Guidelines must be dynamic too.

We will commend ERGEG for the initiative on these crucial matters. And we expect that ERGEG view this as an ongoing process, as long as the European Electricity Wholesale Market is in its infancy.

We have a few comments to the proposed Guidelines. In the following we will give our comments in a chronological order following the table of contents of the Guidelines

Chapter 1 Introduction

Existing legal framework concerning data confidentiality can often be seen as a way of avoiding information transparency. Data confidentiality must not be an argument against transparency. As a minimum it must be the regulator who has the final word.

Chapter 2 General Requirements on Information Transparency in Electricity Markets

2.1 General Principles of Transparency

ERGEG states: “...information shall be made available unless there is a reason against”. Do such reasons exist at all? We are afraid that this statement gives a clear reason to withhold information. In the Guidelines any such reason, if they at all exists, should be listed by the

regulators. It must not be for the information holder to decide whether this information can be held back from the market or not.

Further ERGEG states: "... Alternatively the active publication of information may be required." The active publication should be the rule not the exception. We believe that the Guidelines should state that active publication is the method of information disclosure.

2.4 Information Management

ERGEG states: "... and the onus shall be on holders of information to justify any withholding of information on a cost/benefit to market basis".

Here it is important to stress that this is not a "carte blanche" to withhold information. The regulators must be able to review the decision of the holder of information.

2.5 Governance

ERGEG states: "... , regulators will generally have a final right of review and veto any such proposals".

The regulators must have, not generally have this final right.

2.6 Methodology

ERGEG states: "... may be considered – in particular by the generators – to be confidential information..."

Again, it must not be the holder of information who decides whether to publish the information or not, but the regulator. If not, only the imagination will limit the content of the term "confidential information".

3 Specific Requirements on Information Transparency in Electricity Markets

3.3 Generation

Here we will stress that generators are the most important holders of information, and therefore they have to be obliged to disclose as much information as possible, at least in the infancy of the Wholesale Market. The single most important road to a well functioning European Wholesale Electricity Market is to make the generators disclose as much information about their business as possible.

3.4 Balancing

We agree that it is important to reach a high level of transparency in the field of balancing markets. Since the TSO's are central in these markets, this high level of transparency should be reached through the regulation of the TSO's.

Concluding remarks

This concludes KS Bedrift's comments on the ERGEG Guidelines for Good Practice on Information Management and Transparency in Electricity Markets.

Our main recommendation is that more is better. Only the smallest amount of information possible should be legally held back from the market. The kind of information that can be held back from the market should be determined by the regulator through a listing. Information transparency and information management are probably the most important prerequisites for the development of a well functioning Electricity Wholesale Market in Europe.