

Smart unbundling?

Jaap de Keijzer

*The Netherlands Competition Authority /
Member of the Board*

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Agenda

1. Case study - the Netherlands
2. Challenges

NL ± 9000 km of high-voltage lines en cables



NL wind energy



Why unbundling?

“... ensure a level playing field within the EU...”

“..removing any conflict of interests between producers, suppliers and transmission system operators....”

- no discrimination in access to networks
- no discrimination in access to commercially relevant information
- incentives for necessary investments in networks
- transparent and efficient regulatory regime

- NL: Antitrust Authority and Energy Regulator one and the same
- EU: OU (Ownership Unbundling)
ISO (Independent System Operator)
ITO (Independent Transmission Operator)
- NL: OU (for TSOs and DSOs)

NL Pre-liberalisation (1998)

- E**
- 4 generators
 - generation managed and transmission owned by central coordinating body
 - > 100 supply and distribution companies

- G**
- all gas produced sold to Gasunie (50% state, 50% Shell/Exxon)
 - Gasunie owns transmission network
 - > 100 supply and distribution companies

- Separation of generation and supply
- Regulated tariffs
- Gold plating

- OU TSO-E in 1998 – TenneT
- OU TSO-G in 2004 – Gasunie
- Vertical integration generation-distribution-supply
- Consolidation generation and supply national and international (Electrabel, Eon, RWE, Vattenfall)
- Law to enforce OU at DSO level
- Trend: consolidation DSOs
- Trend: international consolidation TSOs?

- E**
- Generation: C 4 \geq 70 %
 - Supply: C 3 \geq 80 %
 - Supply new entrants: 20 %
 - Switching: 10 % / year

- G**
- Trade + wholesale supply: dominant incumbent
 - Supply retail: C 3 \geq 75 %

TSO-E	OU
TSO-G	OU
DSOs	OU, except for 2

Trading / Energy Exchange:

- APX-Endex-Belpex (owned by Dutch & Belgian TSOs, E+G): spot products & futures
- OTC market
- CWE & Nordic DA market coupling
- NL & BE ELBAS Intraday
- UK: BritNed market coupling

Issues - TSOs

1. OU TSO-E ++

OU TSO-G ±

a. GasTerra – GTS

b. State as shareholder

(WACC, RAV, Depreciation)

2. Public shareholding

- level playing field EU

- future investments

3. International consolidation
(TSO-E and TSO-G in Germany)

4. Investment Climate

- impact RES
- regional effects
- socialization of costs

Issues - DSOs

1. Level playing field among DSOs
2. Consolidation – impact on regulatory regime
3. Public shareholding
4. Market facilitation – technicians in drivers seat?

Issues - Supply

1. C 3 > 80%, - reasonable prices – safety net regulation
2. Regulation as barrier to entry
3. Switching and Sleeping

“... some traders are more equal than others”

- Diverging national regimes
- License as barrier to entry?
- Passporting: as strong as weakest link

Issues – Energy Exchanges

- Commercial business
- Exclusive tasks
- Monopoly in Day Ahead / Intraday cross border trading
- Shareholding an issue?
- One regime, one regulator?

NL needs Europe

Most consumer welfare to be gained by enlarging the market:

- interconnections, market integration
- competition at wholesale level
- trading, energy exchanges/hubs

Thank you for your attention!

