

EFET's reaction on the Seventh Meeting of the Florence Regulatory Forum.

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The brief and apparently unspecific Conclusions of the Seventh Meeting (7/8 May) of the Florence Electricity Regulatory Forum make reference to a lack of progress in completion of the internal market. In reality there have been some important moves towards more open cross-border electricity transmission access in Continental Europe. These partly regulatory and partly commercial developments underscore the advancement of wholesale power markets in Central Western Europe. Nevertheless, significant impediments to wholesale intermediation by new entrants remain.

EFET has consistently fought for the removal of barriers to entry in national power markets. That requires alert supervision of the process of liberalisation on a pan-European basis by the European Commission but also by individual energy regulators in each Member State. Vigilance over competitive conditions is also required on the part of sectoral regulators and competition bodies. In keeping with such obligations, the Conclusions display a determination on the part of the responsible authorities represented at Florence to disallow any cross-border transmission tariffs and capacity allocation mechanisms which could inhibit trade in electricity within the European Union or which could hinder competition.

While a harmonised transitional arrangement for cross-border power transmission tariffication by 1 September would indeed be desirable, the more important aim is to avoid trade distortions and prohibit anti-competitive behaviour. In this regard EFET welcomes the intention of nearly all national energy regulators to ensure abolition of export or import related transmission fees and special "transit" charges. EFET members remain confident that the cross-border transaction portfolios they have started to build will help practically establish transnational wholesale power markets. The exigencies of these markets will in turn contribute to the gradual dismantling of any remaining transmission fees, congestion charges and capacity allocation mechanisms, which may have been designed to recover excessive costs or artificially to constrain the availability of transmission capacity to new entrants. The Florence Forum participants have shown in their seventh gathering that they increasingly appreciate this emerging reality.

Note to editors: EFET, the European Federation of Energy Traders has 51 members from 14 European countries. EFET represents the Energy Traders in Europe and encourages EU and other European and national organisations to abolish barriers to wholesale trading and to create an efficient energy market in Europe.

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