



European Commission
Directorate-General for Energy and Transport
Mr. François Lamoureux
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Amsterdam, 15 July 2005

Dear Mr. Lamoureux,

EFET very much appreciates the opportunity to contribute to your review of the progress of energy market liberalisation in the European Union and to comment on the development of the internal electricity and gas markets.

We decided to split our response into two parts, relating to electricity and gas respectively. This is partly because of our own internal industry association organisation, where we run separate EFET electricity and gas committees, and partly because the degree of real market opening, thus also the nature of the remaining barriers to entry, differ in each case.

Nonetheless there is considerable thematic overlap between the two papers. Common factors are dealt with in the two parts of our response, in so far as the functioning of wholesale power markets is still impeded by some structural, operational and regulatory obstacles, whilst these and more fundamental difficulties persist in the gas sector. Those common factors include:

- Limited improvements in unbundling
- Non-compliant transmission capacity allocation, especially cross border
- Lack of transparency of information about infrastructure utilisation
- Inconsistency of regulatory intervention and enforcement
- Slow development of intra-day and balancing markets
- Lack of harmonisation of technical aspects of wholesale market operation
- Continuing market share concentration or even consolidation in many countries

Annexes accompany the two parts of our response. Please note that the electricity part annexes have yet to follow.



We look forward to discussing the EFET response with you and your officials in the autumn.

Yours sincerely,
EFET

A handwritten signature in black ink, consisting of a series of fluid, overlapping strokes that form the name 'Jan van Aken'.

Jan van Aken
Secretary General

Cc: Ms. Ana Arana Antelo
Mr. Helmut Schmitt von Sydow