



Public Hearing by European Parliament Committee on Industry, Research and Energy

Second Panel „A working internal energy market“

contribution by
Klaus-Peter Schultz
Head of Energy Division

Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen



Effective Competition in the Energy Markets

Regulatory main focus:

- **Cost-Plus regulation for electricity and gas network access tariffs**
- **Creating transparent, non-discriminatory, and market-oriented procedures for electricity balancing services**
- **Network access conditions for new electricity generation capacity**
- **Development of an access model for the gas supply system feasible for an energy exchange in the gas market and for mass business**
- **Standardization of contracts and processes to change the supplier**



Investment in networks

- **Legal obligation of network operators to provide a demand oriented network**
- **Cost efficiency shall not restrain necessary investments**
- **Challenge 2009:**
incentive regulation for tariffs replacing cost-plus tariff regulation
- **TSO investment plans for large restructuring investments or necessary expansion of networks shall be regulated separately from the incentive regulation**



Independent Regulator

- **Decision making by ruling chamber**
- **Participation rights of industries and consumers**
- **No automatic suspensive effect of appeals against regulator's decision**
- **No appeals or overruling of decisions by the Federal Ministry of Economics and Technology**

Unbundling is the key factor in equal access to energy networks

Legal Unbundling

- Separate legal entities for TSO network operators
- In principle preferably private network operators

Operational Unbundling

- Effective separation of personnel and interests of network operator and other areas
- Transparency of network information
- Confidentiality of customer information

Outlook

- Monitoring and evaluation
- Providing stable legal framework for companies



Security of Supply and Interconnection Capacity

- **Quality regulation**
- **Development of interconnection capacity**
- **Open Market Coupling**
- **Setting european standards for network operations**