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EUROPEAN COMMISSION STANDS FIRM ON ENERGY LIBERALISATION

Energy regulator Ofgem today (Wednesday) welcomed the European Commission's Strategic European Energy Review and the results of its inquiry into EU energy markets. New legislation arising from today's announcement should make the EU energy markets more like Britain's highly competitive market – meanwhile Ofgem will push for practical and urgent reform of regional barriers to market integration whilst the legislation is being put in place.

Ofgem chief executive Alistair Buchanan said: "The EC's tough proposals today are good news for Britain's energy consumers who, for too long, have paid the price for a lack of real competition in continental Europe. And they're bad news for the dominant energy giants who must relinquish their stranglehold on their national energy markets and compete in the new European energy market.

"Now the Commission must move forward against the inevitable opposition and prove that, when it comes to liberalisation, it will not back down. It's time for European governments to stand with the Commission and to protect European energy customers and not the interests of national energy champions.

"Those governments must show the political will needed to drive through these changes. This will require the full ownership unbundling of all gas and electricity transmission businesses across the EU.

"For our part, we will be ramping up our efforts to integrate the UK markets with those of France and Ireland and through our membership of the European Energy Regulators' Group (ERREG) we will press for other regional initiatives to be stepped up to bring the vision of a European energy market closer to reality."

Ofgem's part in shaping the Commission's proposals has included showing the need for an investigation into the European gas market and seconding staff to the Commission to help with their inquiry.

We strongly support the Commission's determination to tackle climate change through actions on energy efficiency and the development of the emissions trading scheme. Ofgem thinks the trading scheme is the best way to achieve significant carbon emission reductions at the lowest possible cost to energy customers.

Ofgem supports the Commission's proposals to build up and strengthen the powers of the European Regulators Group, ERREG, in which Ofgem will continue to play a leading role.

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