

R/38

Wednesday 19 September 2007

The European Commission opens the gates to energy competition

Welcoming today's announcement of a third package of legislation to introduce competition in continental energy markets, Ofgem's Chairman Sir John Mogg (who is also Chair of the European energy regulators' body*) said:

"From a British perspective today's proposal is a significant step forward on the road towards making a competitive energy market a reality for all European consumers. Unbundling transmission networks from continental energy suppliers will help create effective competition which will put a downward pressure on energy prices."

"What is now needed is the political will from all Member states and the European Parliament to put the interests of consumers first and ensure that the unbundling of the transmission assets of the large energy companies takes place as set in the Commission's proposals.

"Ofgem particularly welcomes the importance the Commission has placed on ensuring that all European countries have strong independent national regulators. It is no accident that the countries who have made the most progress in creating competitive energy markets have benefited from strong independent regulation. The Commission's proposal to establish an EU - wide regulatory agency is a further welcome development, although this needs to be strengthened to the maximum extent."

Ofgem has also been seeking greater information on the gas and electricity markets in Europe because lack of transparency on the availability of continental gas suppliers creates uncertainty about gas imports to Britain and therefore increases prices.

Ofgem's Chief Executive Alistair Buchanan said: "Ofgem has been championing greater transparency in Europe and we see today's announcement as a vindication of the work Ofgem has done, over the last four years, to raise awareness in Brussels. On behalf of UK consumers we have sent two gas probe reports to the Commission outlining our concerns regarding the workings of the continental gas market and we have seconded several Ofgem staff to Brussels to help in this work.

"As information is the lifeblood of any market, competition will only become a reality in Europe when real-time information is made available across the continent. In Britain Ofgem has shone light on the gas market and real-time information now puts large customers on a level-footing with energy companies.

"We also remain 100 per cent behind Commissioner Kroes' ongoing investigations into those companies who may have sought to gain advantage through malpractices. If this has occurred we look forward to DG Competition "throwing the book" at the offending companies by considering both behavioural and structural remedies-as well as using the power of fines."

-ends-

*** Sir John is non-executive Chairman of Ofgem and President of the Council of European Energy Regulators (CEER) and Chairman of the European Energy Regulators' Group for Electricity and Gas (ERGEG).**

For further press information contact:

Mark Wiltsher: 020 7901 7006

Rebecca Hill: 020 7901 7217

Out of hours contact: 07774 728971