



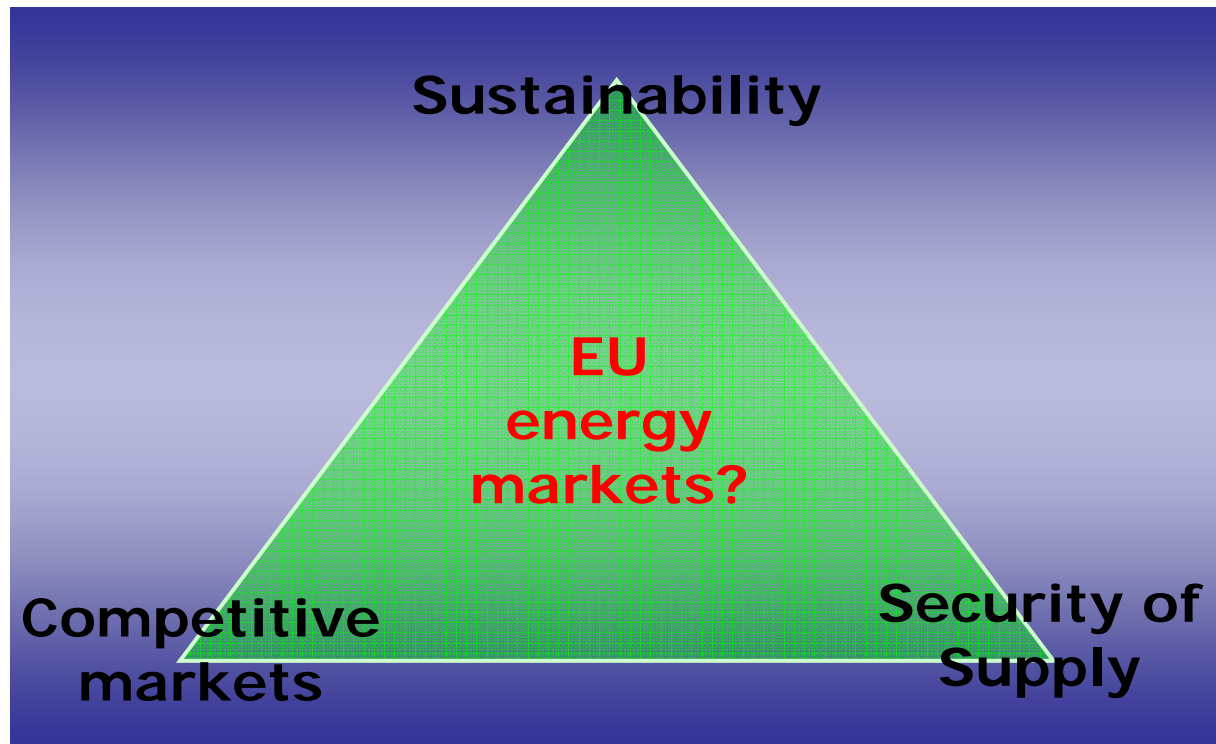
Promoting choice and value
for all gas and electricity customers

The EU 3rd package – Overview

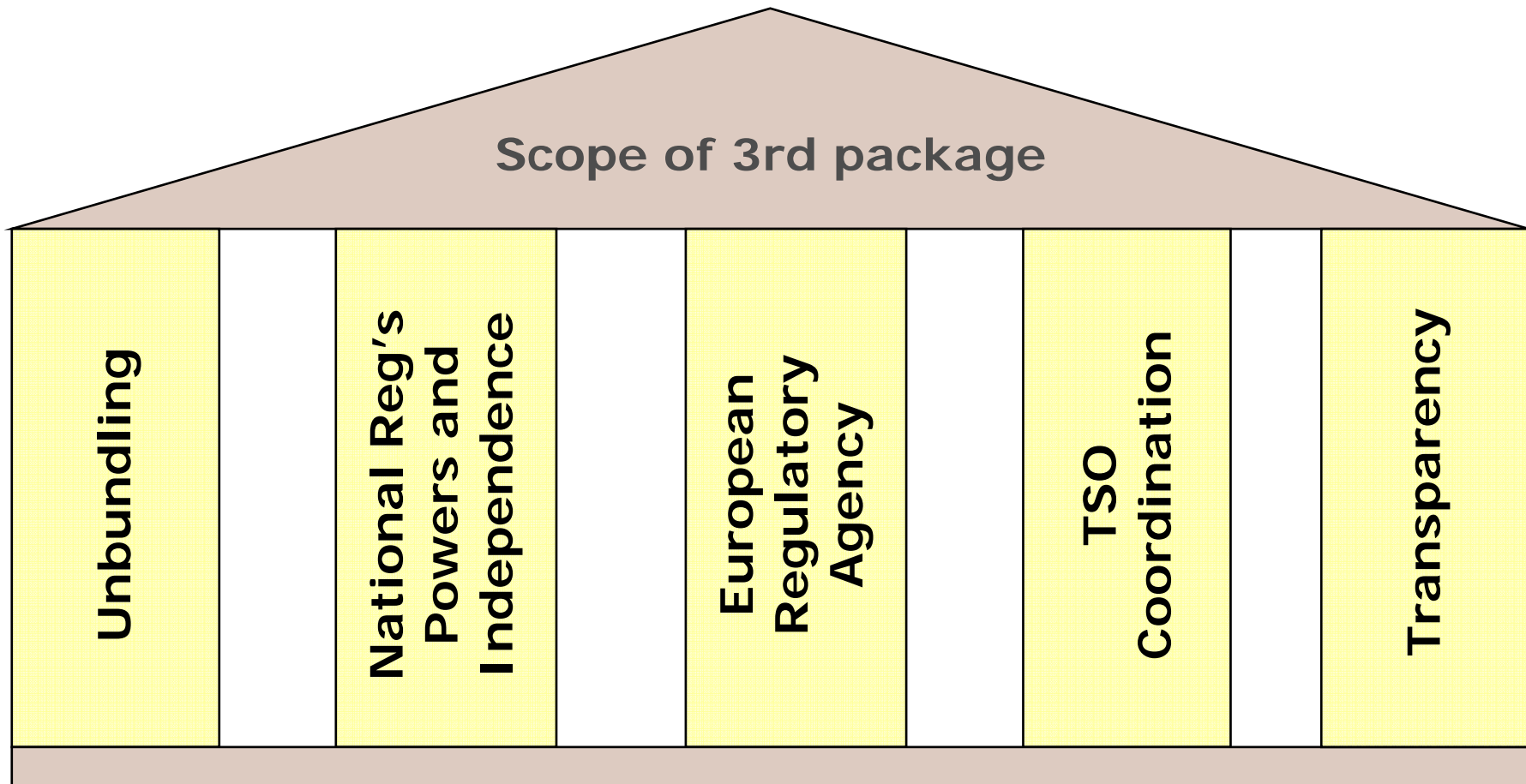
Nick Thompson, Ofgem
DWSG, 2 November 2007

First Principles

Well designed competitive energy markets and independent regulation can address the European energy paradigm

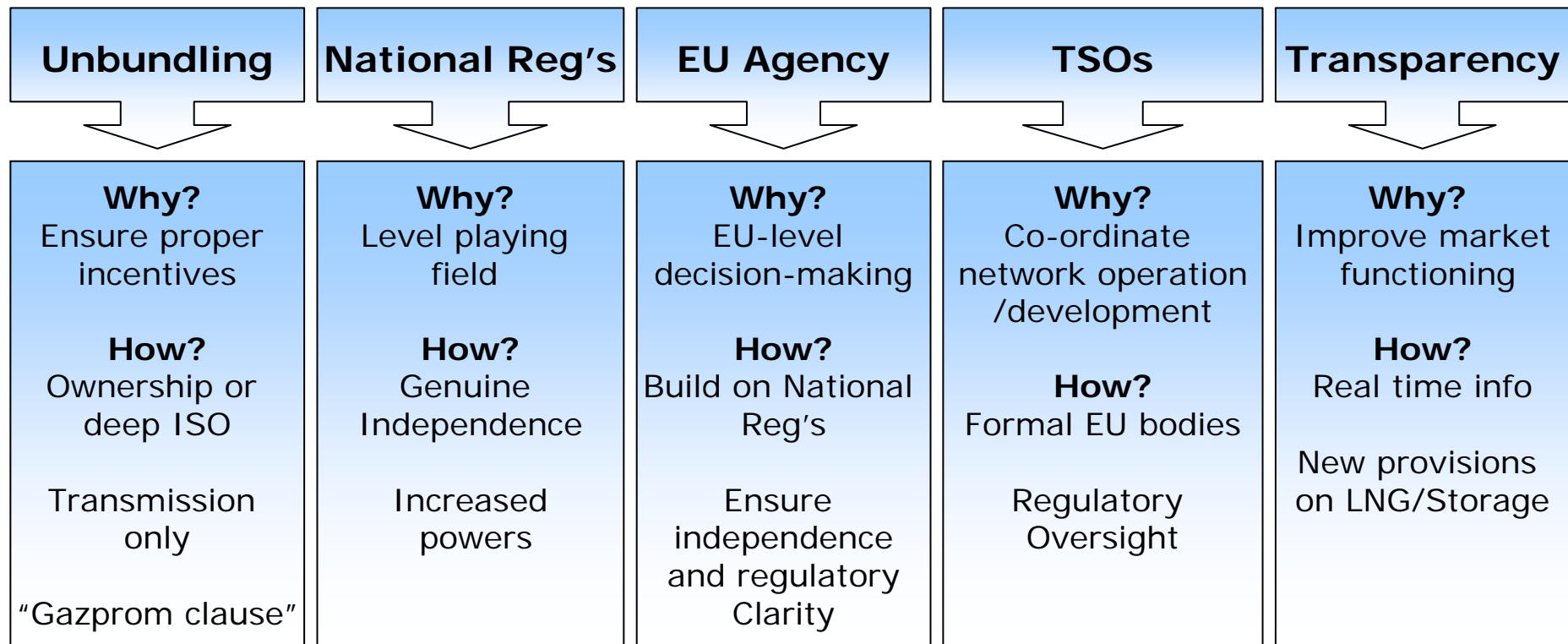


Building integrated EU energy markets



Delivering the principles

The objectives of an EU regulatory framework must be to facilitate investment and integrate markets



Getting it right in practice is key to success

Issue?

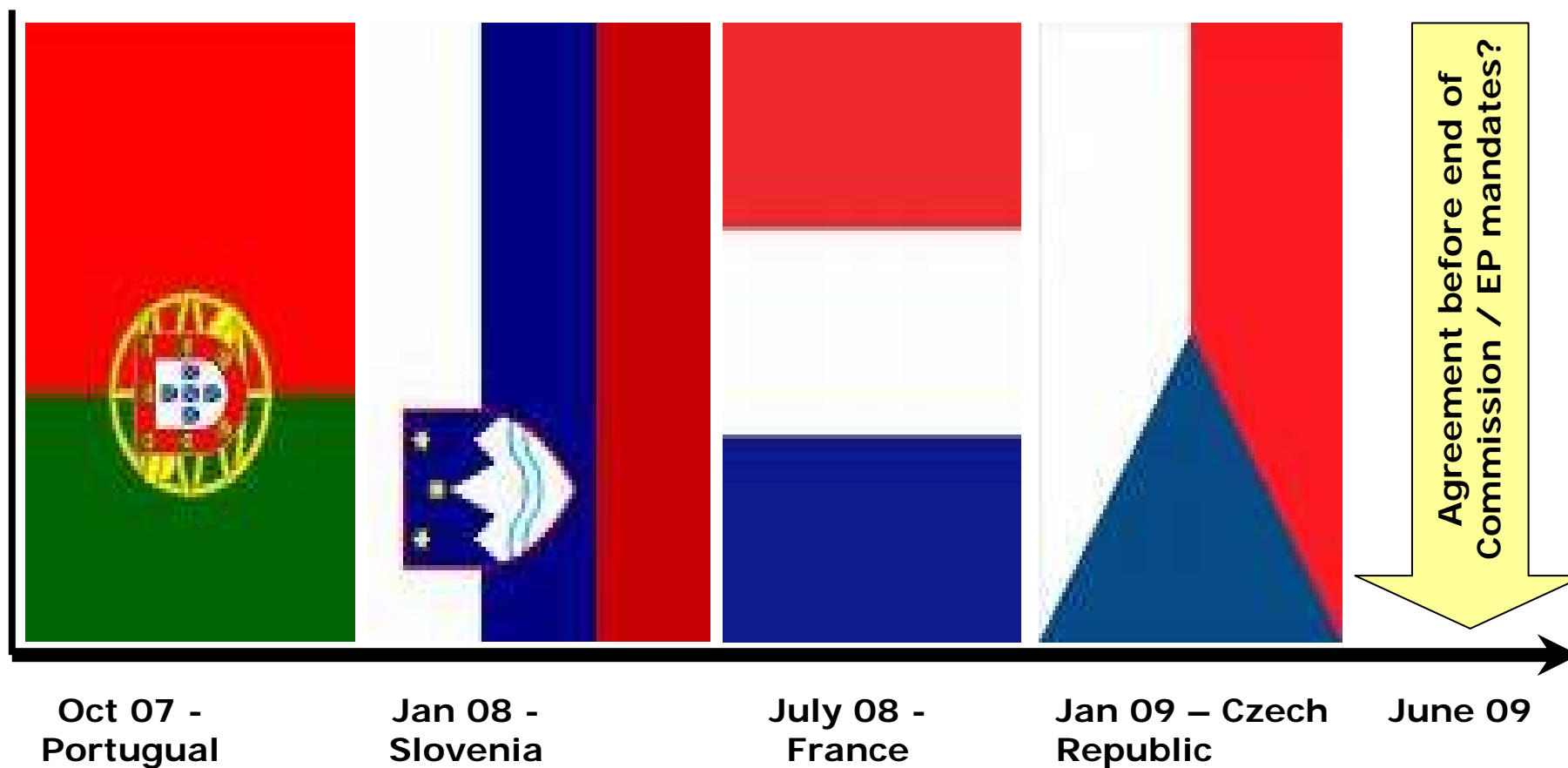
If got right?

If got wrong?

<p>Targeted EU framework</p>	<p>✓ EU rules to complement national regimes and fill the "regulatory gap"</p>	<p>✗ Confusion in decision-making</p>
<p>Political interference at national or EU level</p>	<p>✓ Stable climate for cross-border investment</p>	<p>✗ Uncertainty leading to less investment / increased costs to consumers</p>
<p>Unbundling</p>	<p>✓ Proper incentives on EU TSOs ✓ EU networks act more like National Grid</p>	<p>✗ Risk or perception of ongoing discrimination ✗ Cartelisation of TSOs</p>

EU timetable - long way to go...

Not clear when political decisions on either proposals will be taken





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