







EFET Position on Information Transparency

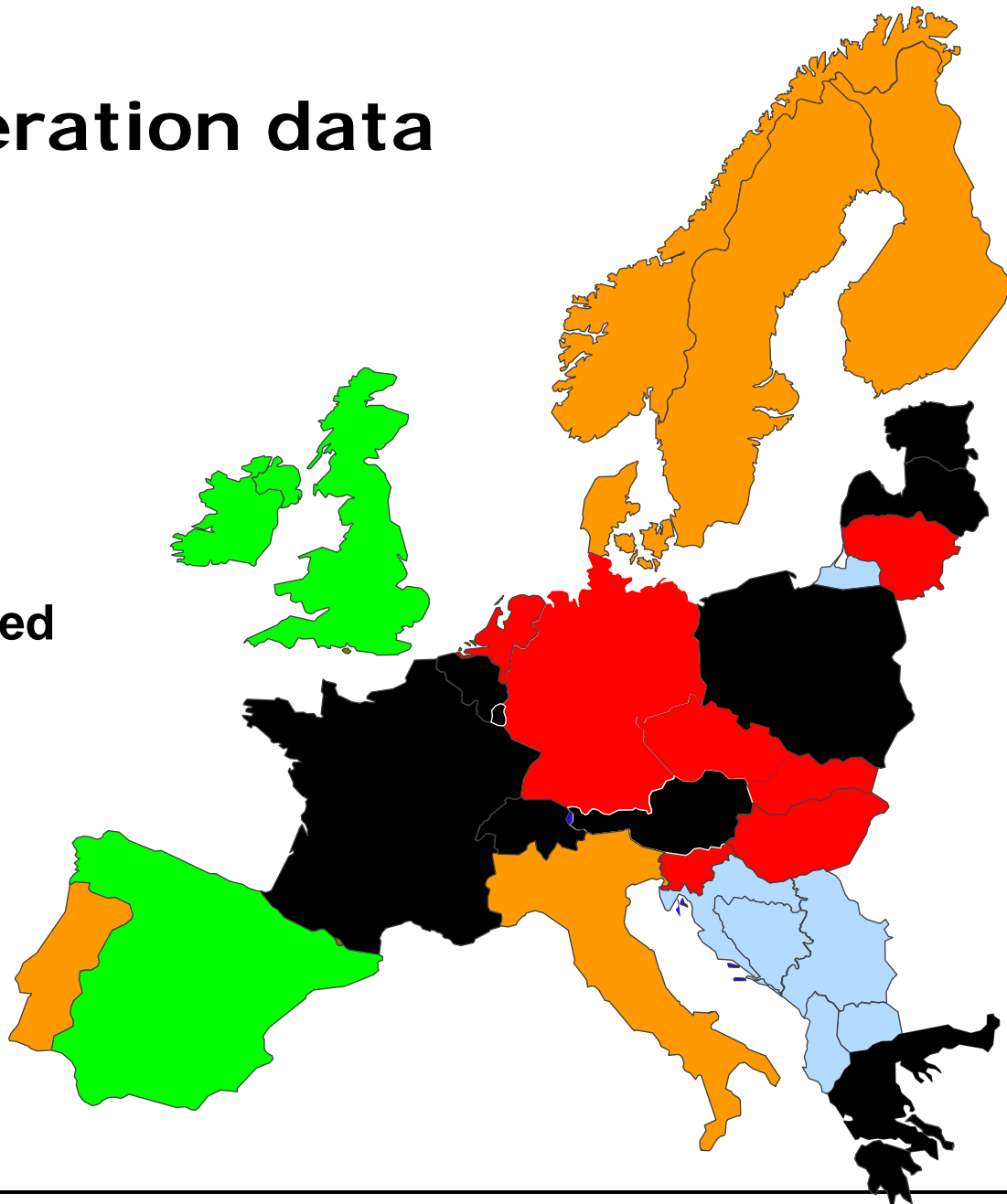
Paul Dawson, Barclays Capital
EREG Public Hearing on Transparency
6th July 2006

Lack of information transparency is a key barrier to greater competition and liquidity





- Traders need to understand supply, demand and transport fundamentals to take a view on future price movements
- Customer and market confidence requires ability to explain price movements in terms of fundamentals
- Ability to understand and quantify associated risks is essential to liquidity provision and greater competition
- Asymmetric information increases risk and reduces liquidity
- The lack of information transparency is a key barrier to greater competition in the power and gas sectors
- Commission and ERGEG initiatives to address this problem are hugely welcome

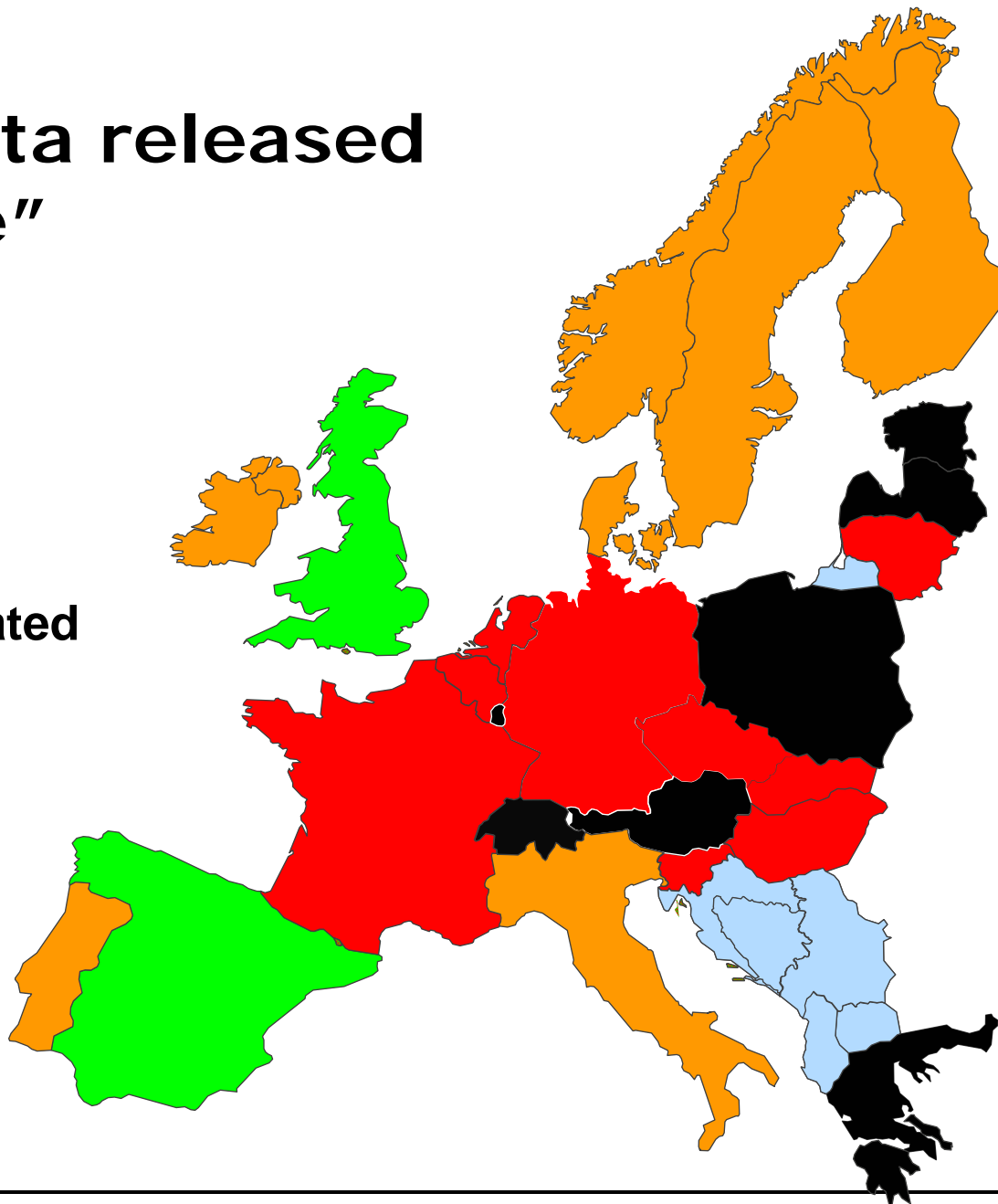
Physical generation data released

-  Unit-by-unit
-  Complete aggregated
-  Incomplete
-  Nothing






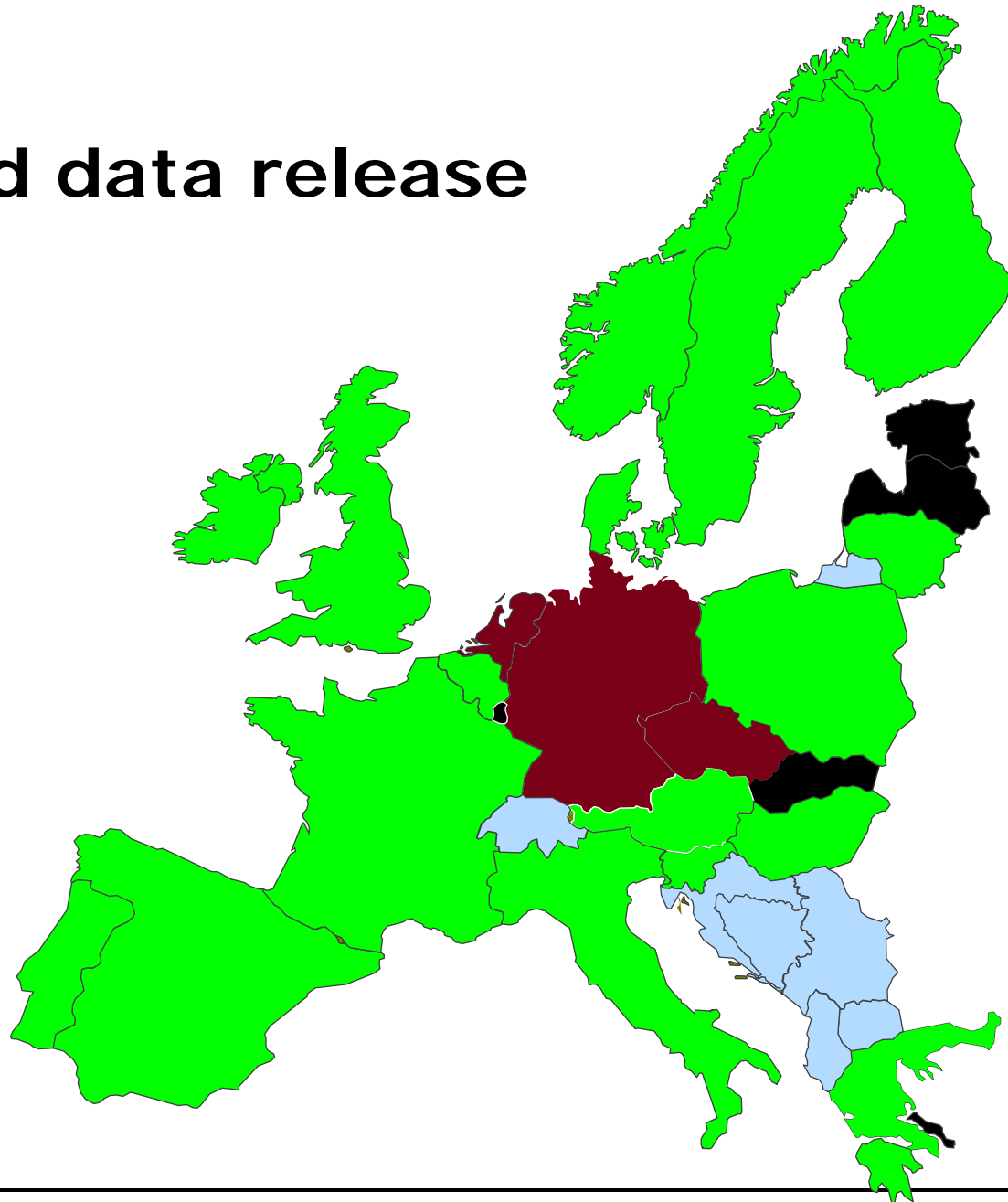
Generation data released and "available"

-  Unit-by-unit
-  Complete aggregated
-  Incomplete
-  Nothing



Actual demand data release

-  Real-time
-  Partial
-  Nothing



Perceived risk of collusion should not limit information made available

- Collusion is also a concern in opaque markets
- Aggregation can address concerns for ex ante information
- No grounds for restricting ex post production data & standing capacity data
- Transparency allows traders to provide liquidity and competition even in presence of collusion
- Transparency = effective scrutiny from participants, regulators, academics etc = effective regulation
- Anti-trust and market abuse rules also apply
- Delaying information release pending the development of sufficient competition & liquidity is inherently circular
- Benefits of transparency >> potential detriment

Commercial confidentiality should not unduly limit information made available

- Confidentiality of ex ante information is arguable, but limited aggregation addresses concerns
- Standing data and ex post production data should not present major concerns (borne out by UK, Spain and Nordpool experience)
- Trading is a zero-sum game
- Case for temporary differentiation for small independent generators in isolated and illiquid national markets
- Even delayed plant-by-plant information is hugely valuable
- Commercial data provision = data is no longer confidential (but coverage is partial and costly)

Information requirements: generation and demand

- Ex post, actual generation data
 - Plant-by-plant
 - As soon as practicable after generation
 - Prompt publication of unplanned outages
- Ex ante generation data
 - Installed capacity by plant
 - Annual maintenance and availability with quarterly updates
 - Planned availability for the coming week
 - Aggregated by fuel per price zone or smaller areas if feasible
 - Timetable for transition to plant-by-plant disclosure
- Demand
 - Hub-by-hub forecasts per TSO forecasts and at least at D-1
 - Close to real-time actual
 - Historical data for past 3 years

Information requirements: transmission capacity etc

- Forecast capacity, maintenance etc from year-ahead to day-ahead
- Actual outage details
- Capacity requests, offers and bookings (including any long-term contracts and bookings)
- Thermal, ratings and flows
- Immediate publication of assumptions and estimation methodologies is also required (in particular treatment of contingency safety margins)