



**E-CONTROL**

## **The Austrian Experience**

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Walter Boltz  
Energie-Control GmbH  
Rome, 7<sup>th</sup> of March 2003

# Agenda

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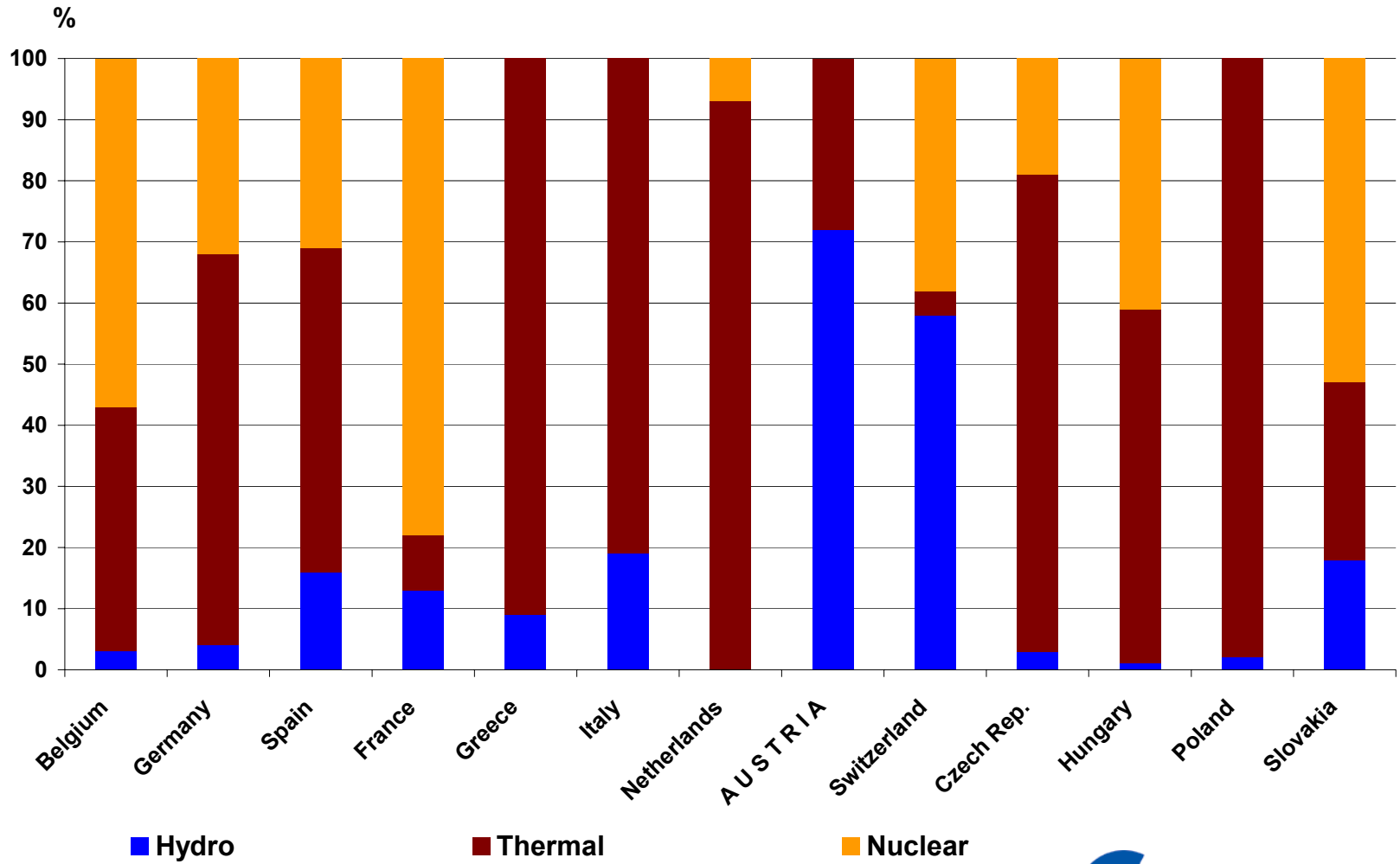
- Some basic information
- Consumer protection and liberalised markets
- Market experiences

# The Austrian Power System (1)

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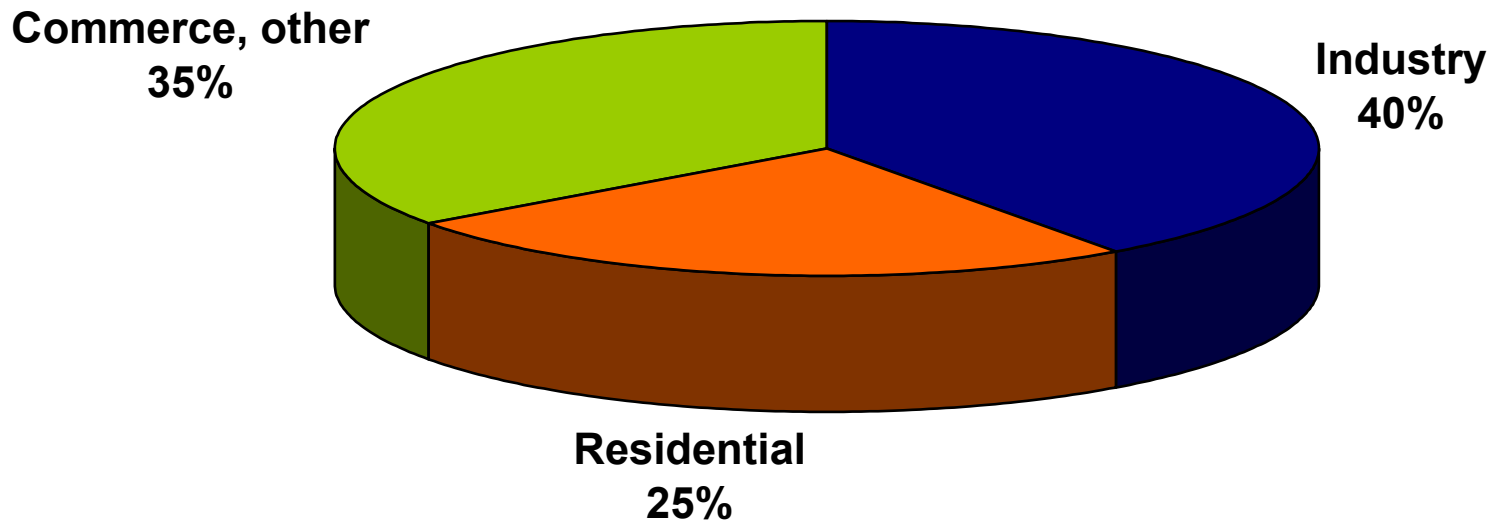
- Total installed power: 16.000 MW
- Total consumption p.a.: 60 TWh
- 3 control areas → Control Area Managers
  - ◆ „Austrian Power Grid“ – APG, also control block
  - ◆ „Tiroler Wasserkraftwerke AG“ – TIWAG, part of the German control block
  - ◆ „Vorarlberger Kraftwerke AG“ – VKW, part of the German control block
- 155 Distribution Network Operators

# Power Generation in Austria vs. Europe



# Power Consumption in Austria

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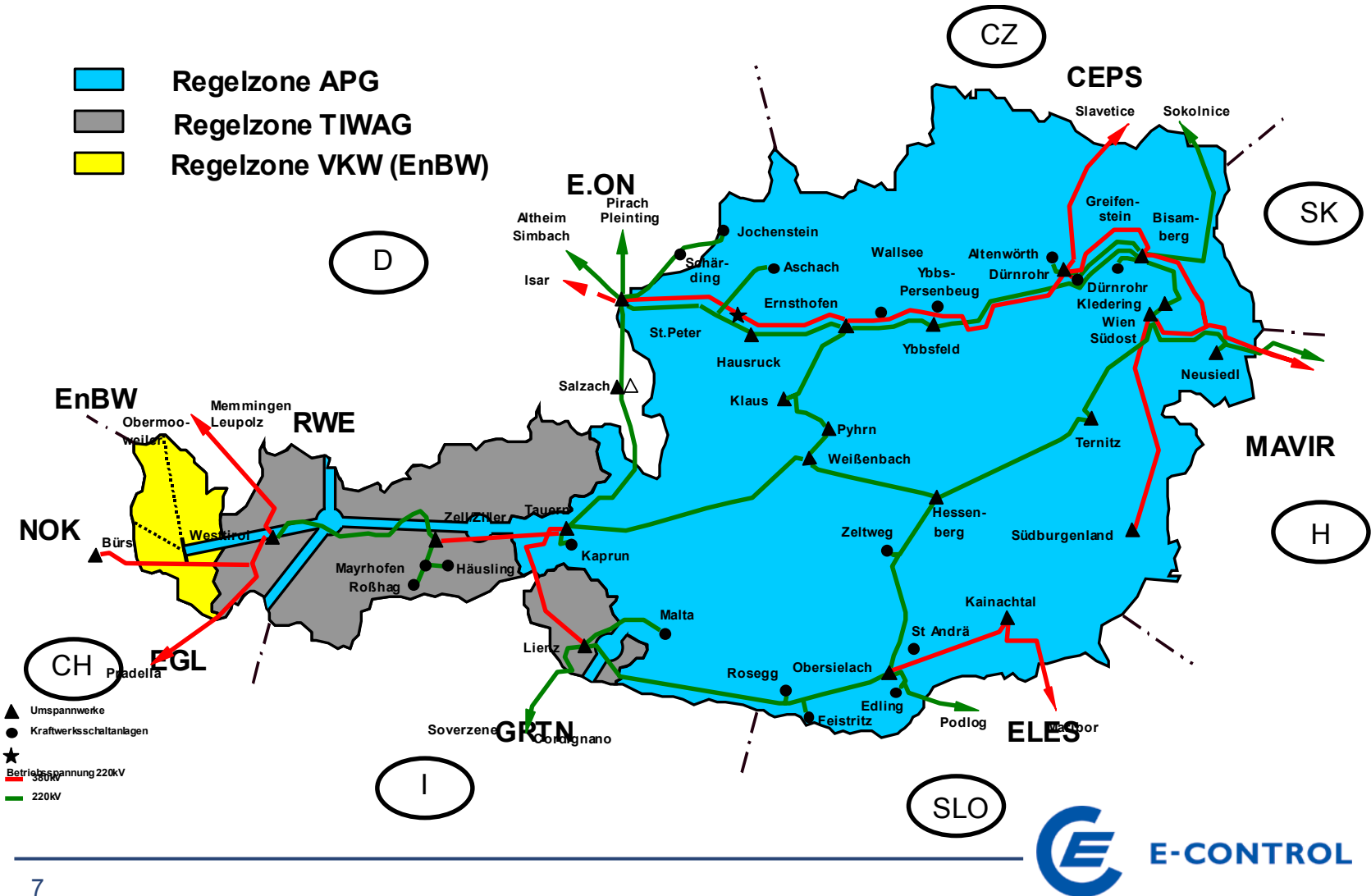


# The Austrian Power System (2)

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- Strong interconnection & exchange with Germany
- High export to Italy, often congestion on interconnection
- Significant transit, mostly from CENTREL to Italy
- Future increase of southern interconnection needed (Slovenia, etc.)

# The Transmission Grid



# Liberalization in Austria

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- Simple switching without any cost to customers
- Full retail liberalization for all electricity (since 1.10.2001) and gas (since 1.10.2002) customers
- Standard load profiles for small customers
- Price transparency through E-Control tariff calculator
- Regulation for network tariffs only – generation and retail not regulated
- Balance group model with day ahead balancing energy market



# Agenda

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- Some basic information
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# There is no ideal world..

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- **Vision:** in a world of perfect competition with no transition cost and equally distributed information, those who intend to take advantage on customers, will be punished by the market



- **Reality:** Market participants use uncompetitive techniques to distort this ideal world by a number of ways

# Transparency is needed

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- Energy retailers (particularly incumbents) tend to hide price information and make prices as intransparent as possible to prevent customers from efficient price comparison
- E-Control's answer:
  - ◆ Web based energy price calculator for retail customers and small businesses
  - ◆ Compilation of international price comparison for all customer segments
  - ◆ Broad information on price issues through mass media

# Competition enhanced by transparency

**TARIFKALKULATOR**

Herzlich willkommen beim Tarifkalkulator der E-Control. Sie wollen wissen, wer der für Sie günstigste Energielieferant ist, wer die für Sie attraktivsten Zusatzleistungen hat und wer Sie am besten betreut? Dann sind Sie hier genau richtig.

Bitte geben Sie Ihre Postleitzahl ein:

1010

Wählen Sie die gewünschte Energieart aus:

**Strom** **Gas**

20.01.2003  
**Der neue Tarifkalkulator für Strom und Gas!**

14.01.2003  
**Netzzuschläge**

**TARIFKALKULATOR GAS**

Der Tarifkalkulator ist ein Projekt von: **E-CONTROL AK**

Resultat vom 22/01/2003. Die nachstehend genannten Anbieter bieten Ihnen in absteigender Reihenfolge das günstigste Angebot. Um Details dazu abzurufen, wählen Sie bitte aus der nachstehenden Liste. Basis für diese Kalkulation sind Ihre Angaben: Postleitzahl 1010, Verteilnetzbetreiber Wiengas, Gesamtverbrauch 16049 kWh.

Netzbetreiber Lieferanten << Zurück

Tarif:	Energielieferant:	Preise inkl. USt in EUR /Jahr	Preis:	Rabatt:	Endpreis:	Bindefrist/Datum:	Details:
1. Kärnten -Paket	KELAG-Kärntner Elektrizitäts-Aktiengesellschaft	737,13	26,00	<b>711,13</b>	12 Monate		
2. MyElectric Erdgas Privat	MyElectric Energievertriebs- u. dienstleistungsGmbH	756,34	18,14	<b>738,19</b>	11 Monate		
3. Wien Energie Erdgas	Wienenergie GmbH & Co KG	745,38	keine	<b>745,38</b>	12 Monate		
4. Erdgas Oberösterreich Tarif Ostösterreich	Erdgas Oberösterreich GmbH & CO KG	770,77	keine	<b>770,77</b>	12 Monate		

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**neu berechnen**

**Hinweis:** Bei den angegebenen Preisen handelt es sich um Inklusivpreise (Energiekosten, Netzkosten, Steuern und Abgaben) pro Jahr. Diejenigen Tarife, die mit gekennzeichnet sind, beinhalten Zusatzleistungen.

**Angaben ohne Gewähr**  
Ihre tatsächlichen Gesamtkosten können von diesen Werten geringfügig abweichen. Gründe dafür können z.B. sein:  
- unterjährige Änderungen von einzelnen Kostenbestandteilen  
- Hinzukommen von Kommunalsteuern, die ev. in der Datenbank noch nicht erfasst sind  
- unterschiedliche Höhe des "Entgeltes für Messleistungen", da nur Standardwerte erfasst wurden und nicht individuelle Werte abgefragt werden  
(den tatsächlichen Wert finden Sie auf Ihrer Jahresabrechnung oder erkundigen Sie sich bei Ihrem Netzbetreiber).

# Disputes must be settled

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- Utilities might distort information towards customers or not dealing with them in an appropriate way. They also might overcharge or supply them at an unsatisfactory quality level
- E-Control's answer:
  - ◆ Official dispute settlement service for retail customers at no cost
  - ◆ 50 cases handled in 4 months, >500 inquiries
  - ◆ Co-operation with other consumer protection agencies

# Supply must be guaranteed

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- Utilities might use their cash flow from the network tariffs in an unacceptable way(e.g. for retail) thereby decreasing the level of security of supply
- Furthermore Utilities might refuse to supply „risky“ customers
- E-Control's answer:
  - ◆ Establishment of an incentive regime to guarantee an appropriate service level
  - ◆ Pre-paid metering for „risky“ economically handicapped customers
  - ◆ Coordinated approach for handling “hardship cases” e.g. single mother with no heating,.....

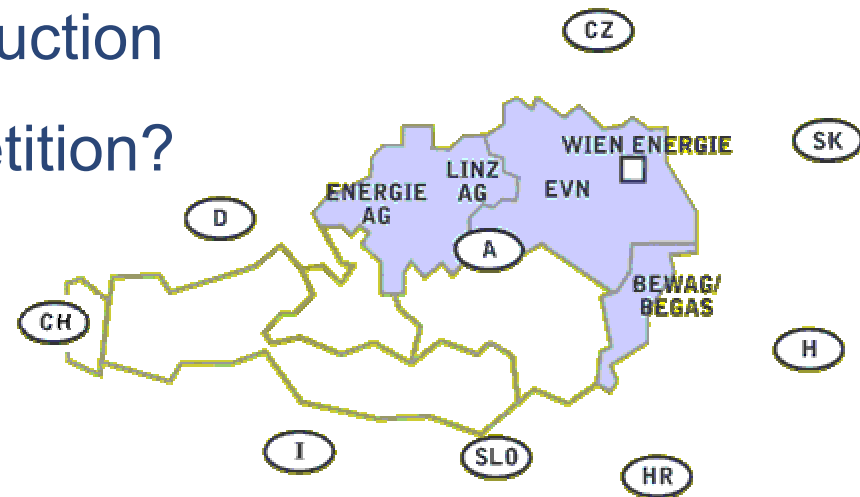
# Market concentration must be examined

“Energy Austria” is an intended trading and supply venture of 5 regional electricity providers and the largest producer in Austria:

- covers some 60 % of large electricity customers
- accounts for 75 % of production
- What about supply competition?



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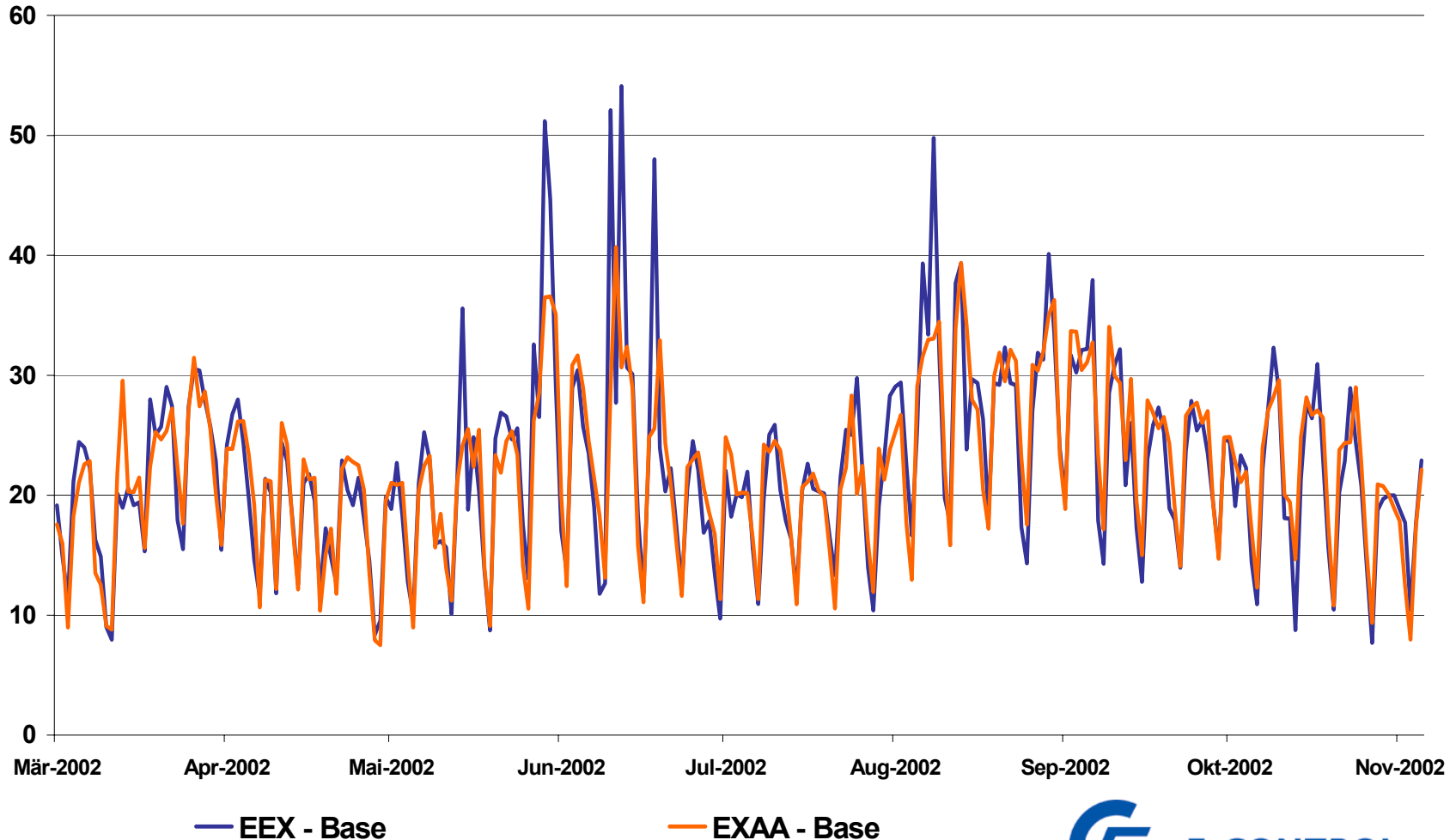
# Emerging Austrian wholesale market

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- relatively liquid spot and forward markets
- approx. 20 traders
- mainly physical products
- large trading volumes
- OTC and exchange trading (EXAA)
- convergence with Germany and Switzerland

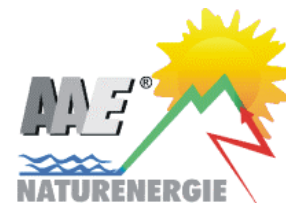
# Convergence between wholesale markets Austria and Germany (Day-ahead Base)

€/MWh

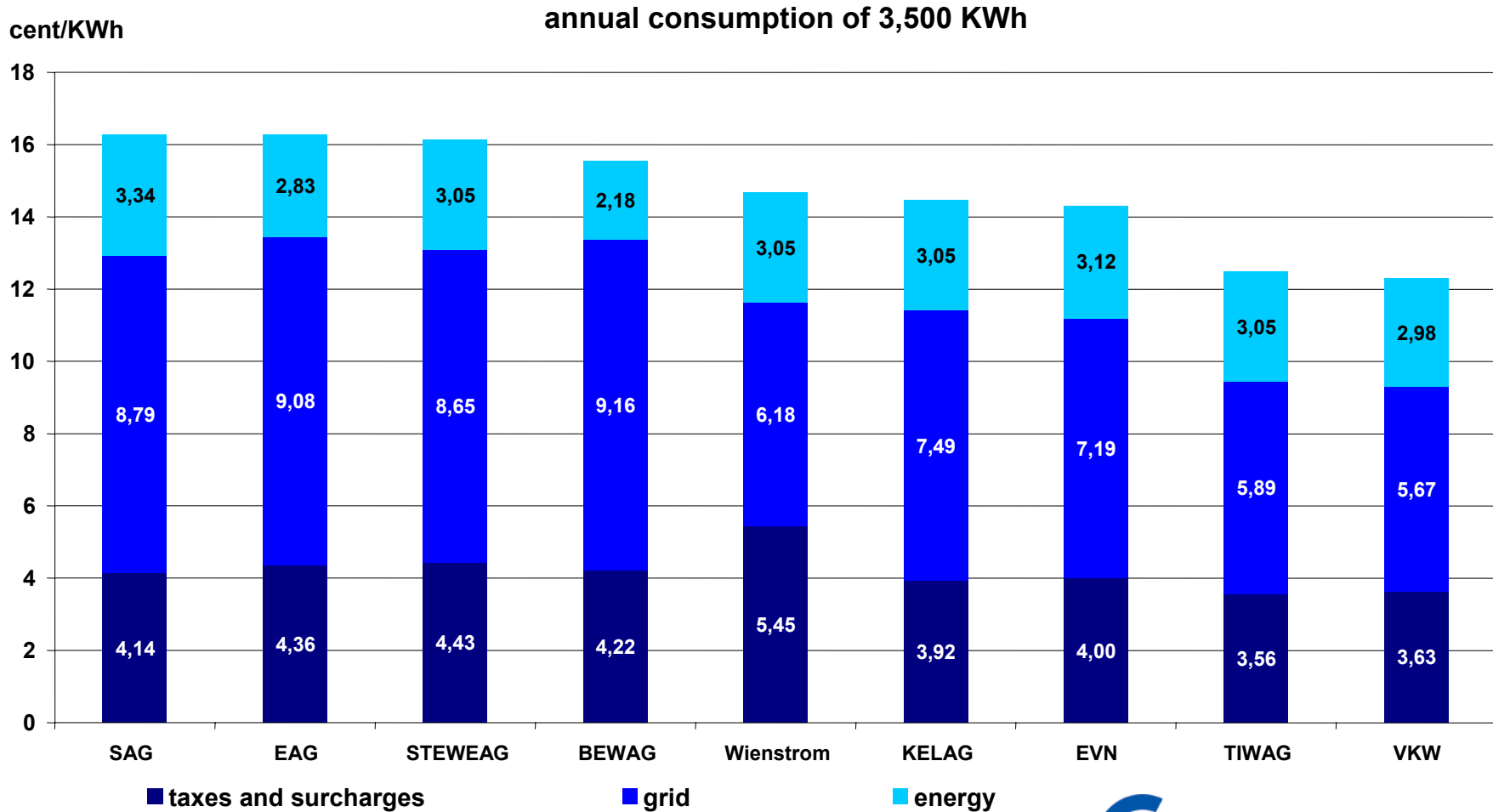


# Competition on retail markets

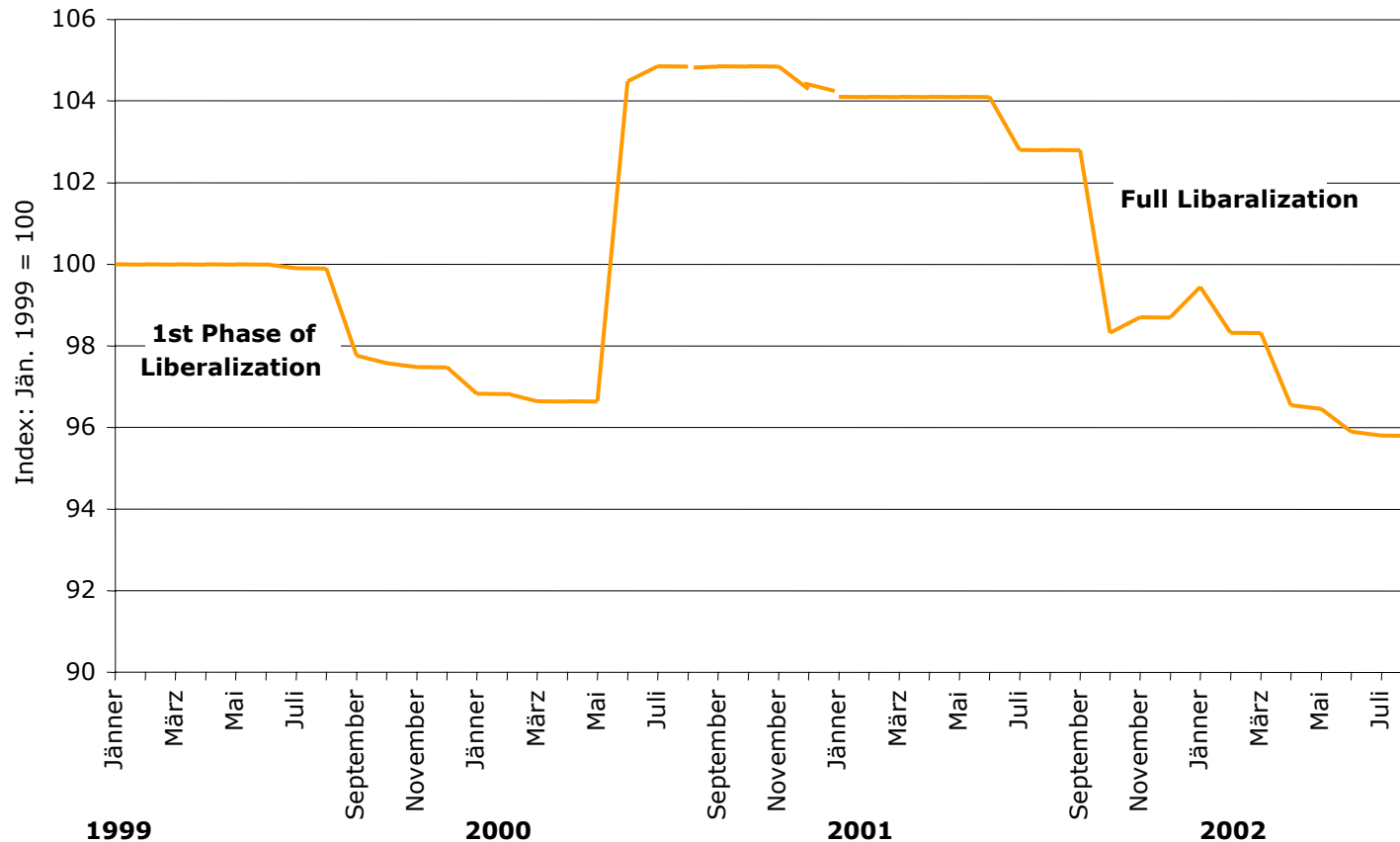
- Simple switching process
- New retail brands
- strong local players
- Relatively low margins
- Modest switching behaviour
  - ◆ 60,000 customers with new supplier
  - ◆ Switching rate:
    - + 1 % of residential customers
    - + 3% of businesses
    - + 13 % of industry customers



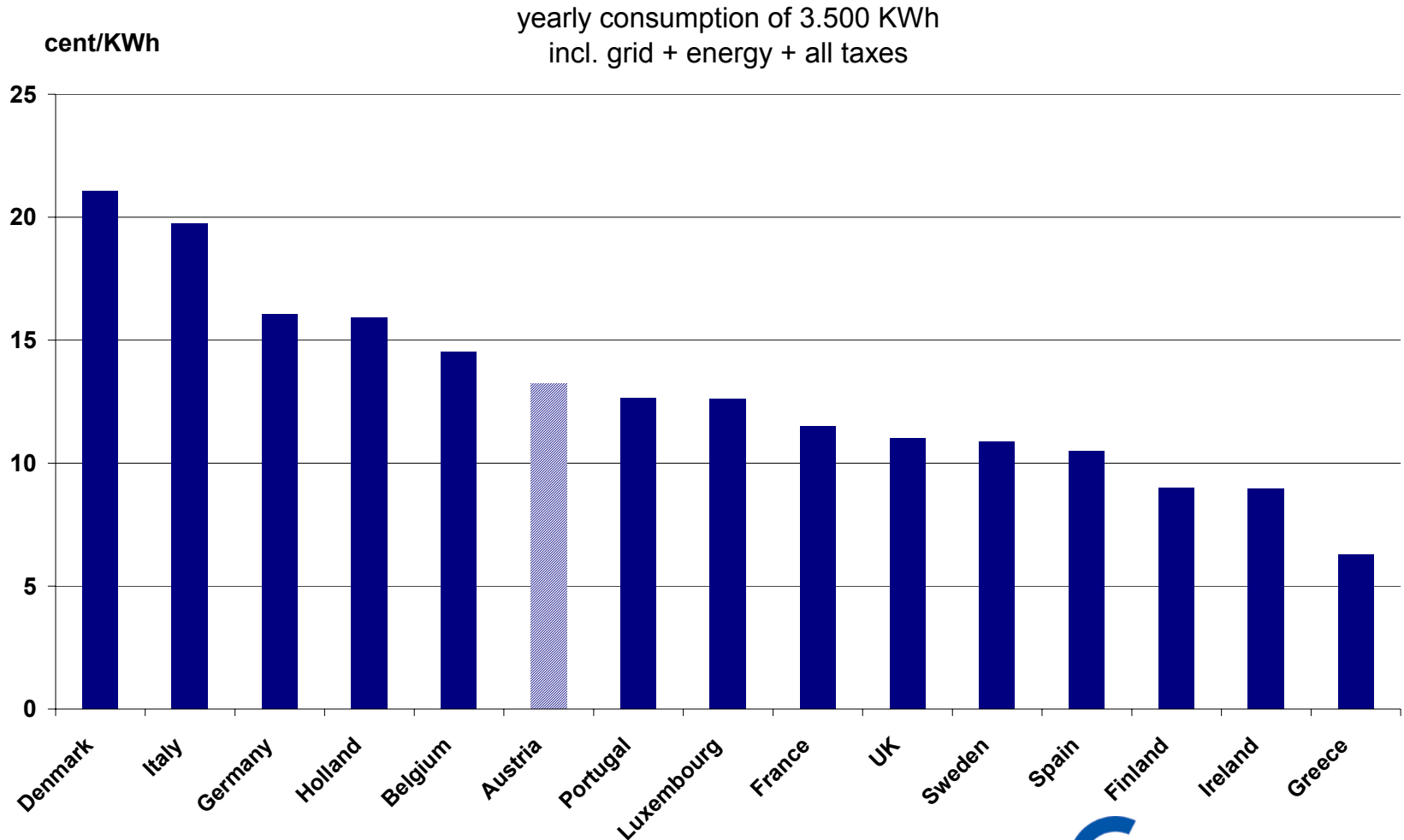
# Components of domestic prices



# Nominal development of household prices

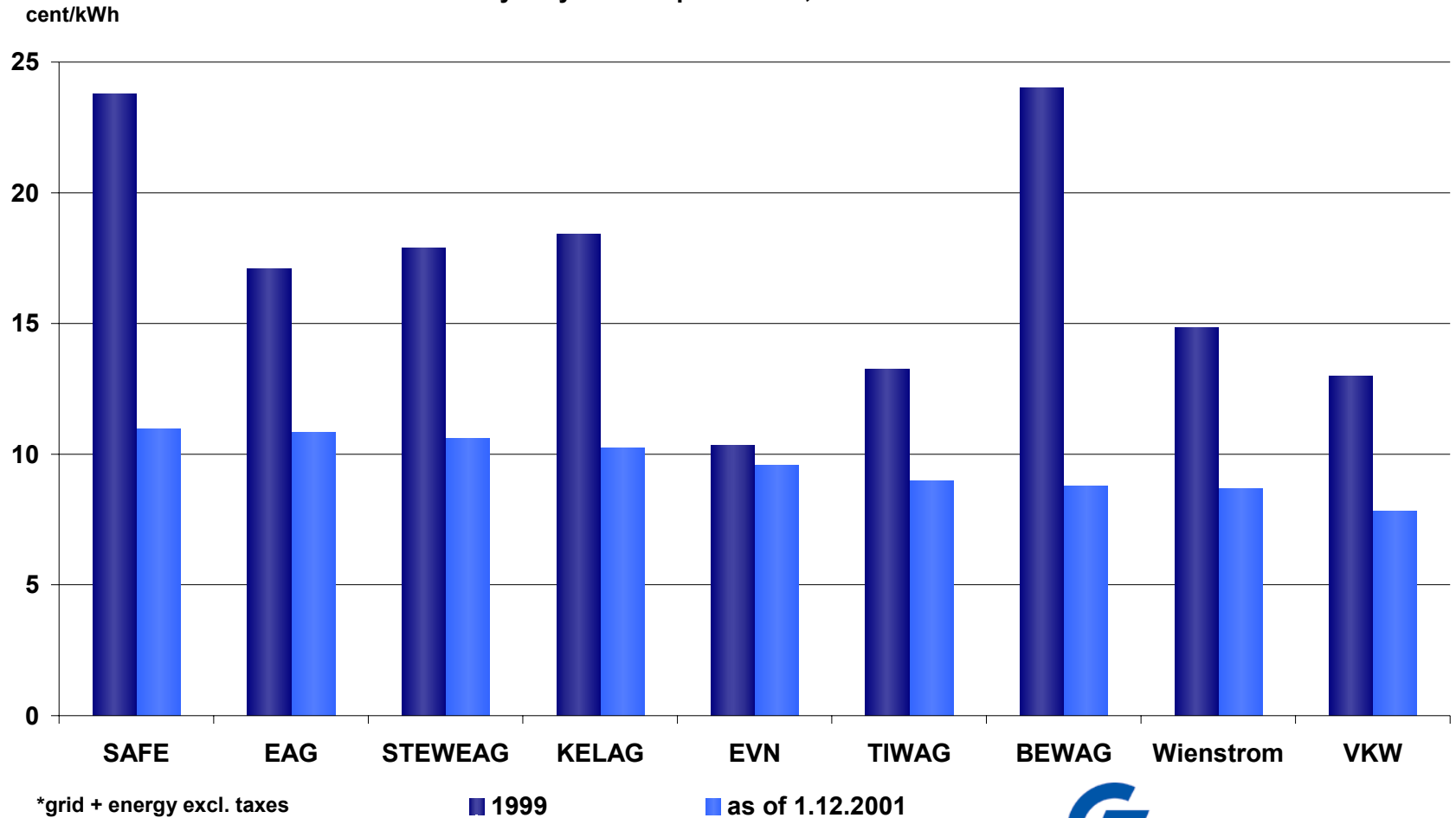


# International domestic price comparison



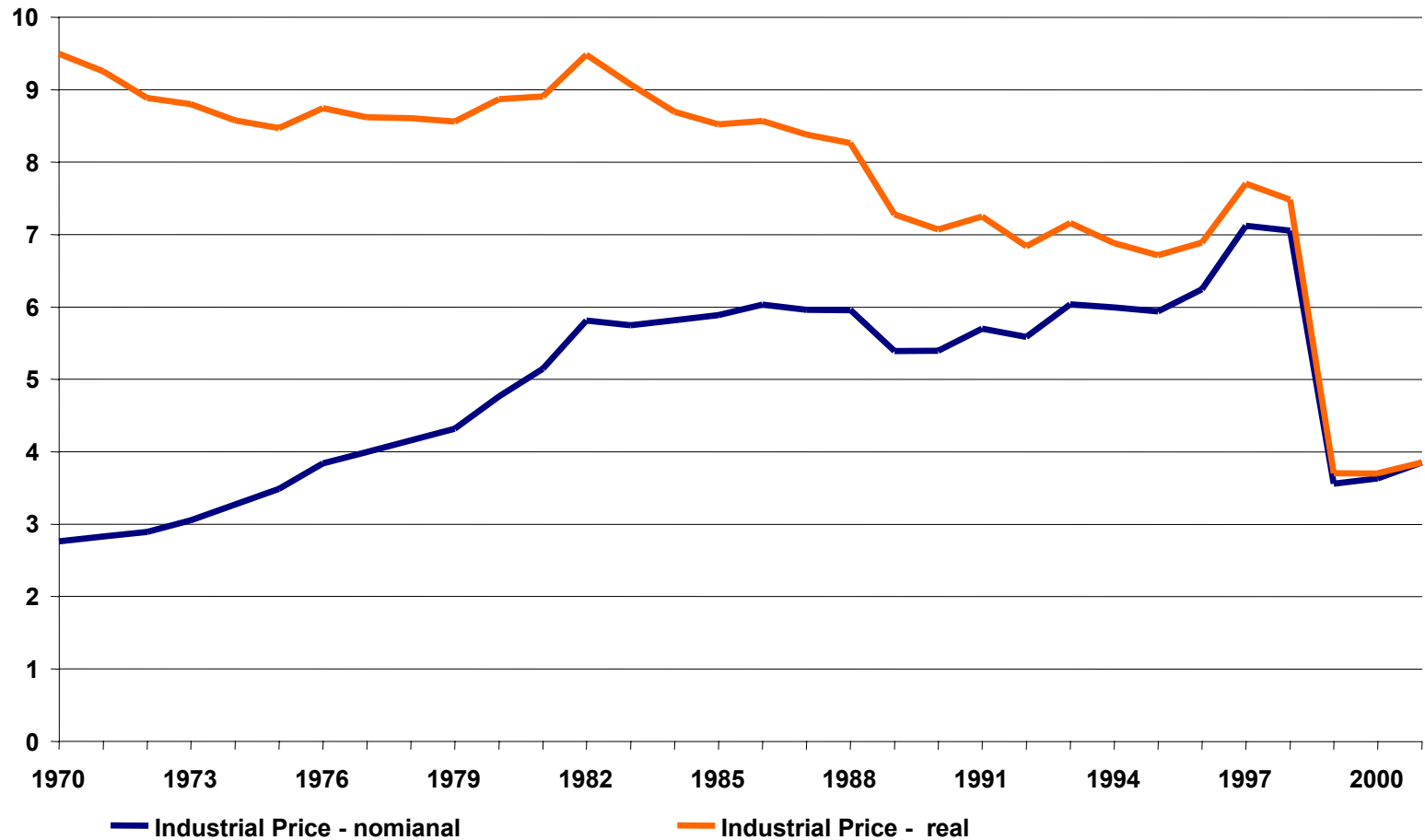
# Development of SME prices

average price decrease of 43%\*  
yearly consumption of 10,000 KWh



# Development of industrial prices

Cent/kWh





# Ongoing and future projects of the regulator

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- Further reduction of network tariffs
  - ◆ Incentive based regulation
  - ◆ New tariff structure
- Improvement of market rules and regulations
- Transparent capacity procedures for cross border constraint
- Security of supply planning
- On-the-spot support for retail customers
  - ◆ Open days

# Contact

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