



**CONFERENCE OF THE BOARD OF REGULATORS OF THE IBERIAN  
ELECTRICITY MARKET (MIBEL)**

**“MIBEL in the Internal Energy Market”**

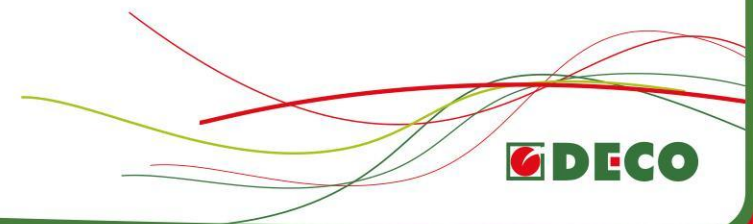
**Tuesday, 5 July 2016**

**CNMC Premises, Alcalá 47, 28014 Madrid**



# **AGENDA**

- 1. Short presentation of DECO**
- 2. Electricity market in Portugal: key points from consumer point of view**
- 3. MIBEL Highlights**
- 4. Beyond MIBEL**



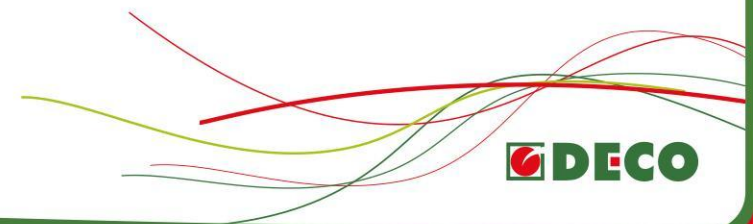
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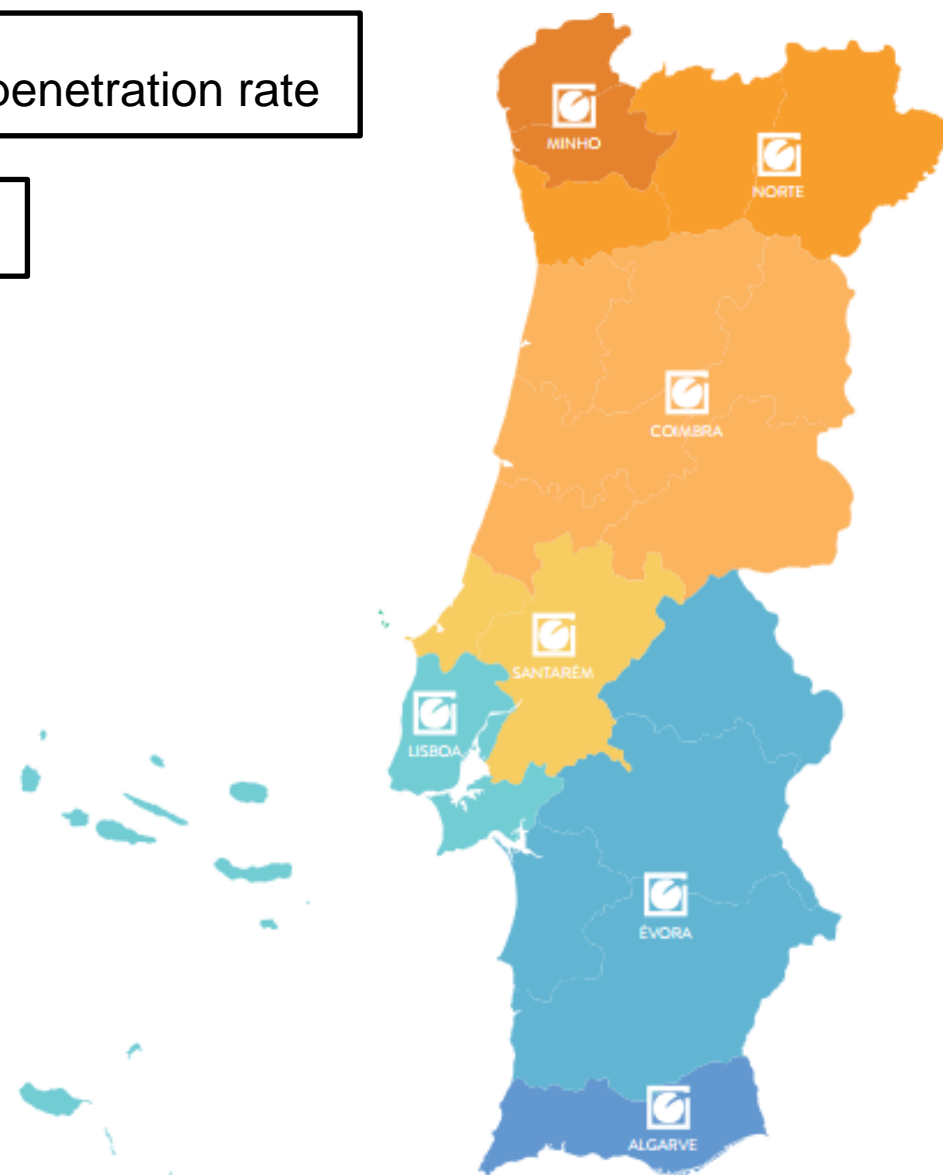
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- **470.000** members  $\approx$  **12%** household penetration rate

- **6 regional delegations**



# ✓ 3 main axis of concern regarding energy markets, from a consumer point of view:

1) Affordability: fair prices and commercial practices

2) Reliability: Security supply and quality of service

3) Active participation and consumer protection:  
*empowerment, data protection, vulnerable consumers*

And never forget, electricity (and natural gas) is  
an **essential public service**



# DECO's intervention on energy market

## Formation/Education

more than 500 sessions (2015)



(partnership with ERSE)



(partnership with DGEG)



(partnership with ESTIF)

**Petition** against “extra Costs” (160k signed up) (2010)



# DECO's intervention on energy market





## 3 ELETRICITY&GAS Auction (collective switching)

Open to all  
Consumers and providers  
More than 1M consumers  
engaged

- ✓ Easy switch
- ✓ no unfair terms or penalties for early termination
- ✓ no obligation to direct debit or other bundled services
- ✓ Price stability for 12 months (except if variation on regulated components)

## Open simulator (includes DUAL)

("Consumer centric" simulator– 300k visits 2015)

SERVIÇO	QUALIDADE <sup>i</sup>	CUSTO ANUAL
 <b>GALP</b> <b>GALP ON Comfort Home (simples)</b> Fidelização: sim Serviços adicionais pagos obrigatórios: sim Débito direto obrigatório: não	53 Média qualidade	<b>€ 967</b> tornar-se cliente sem poupança
 <b>ENDESA</b> <b>ENDESA (simples)</b> Fidelização: não Serviços adicionais pagos obrigatórios: sim Débito direto obrigatório: não	53 Média qualidade	<b>€ 969,53</b> tornar-se cliente sem poupança

Indication of  
relevant  
conditions for  
consumers

Appreciation  
on service  
Global Quality  
(including  
contract)

Total real  
cost

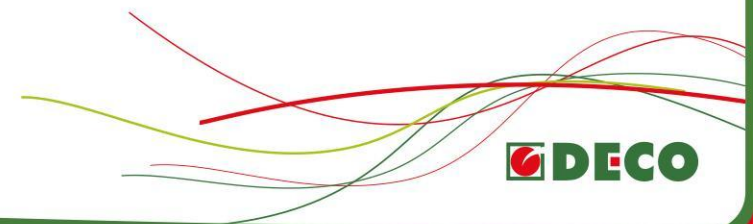
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# Consumer perception



*Liberalization  $\neq$  competition*

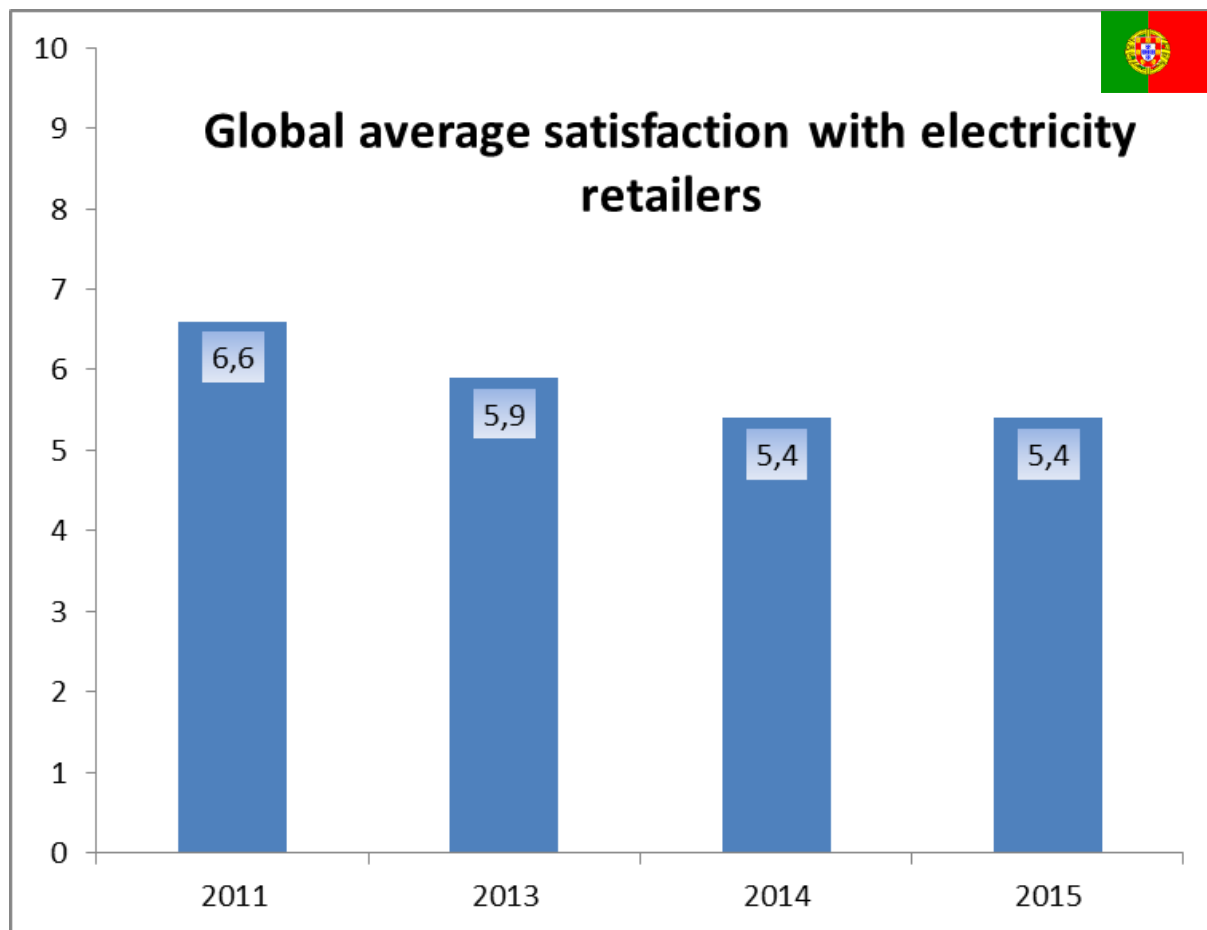
*Liberalization = small savings + bigger risks (contract terms, price evolution, increasing complexity, bundled offers,...)*

*In a context of economical, financial and social difficulties, it's boring to be an electricity consumer (forced switch, low knowledge, involvement, confidence and satisfaction).*

# What consumers think about electricity service providers?



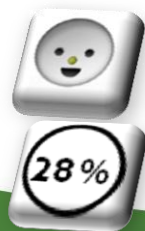
Source: DECO PROTESTE, 2015.



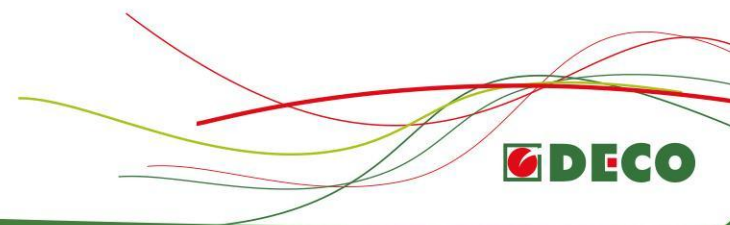
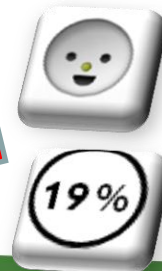
**| switch process average satisfaction: 6,3 /10**



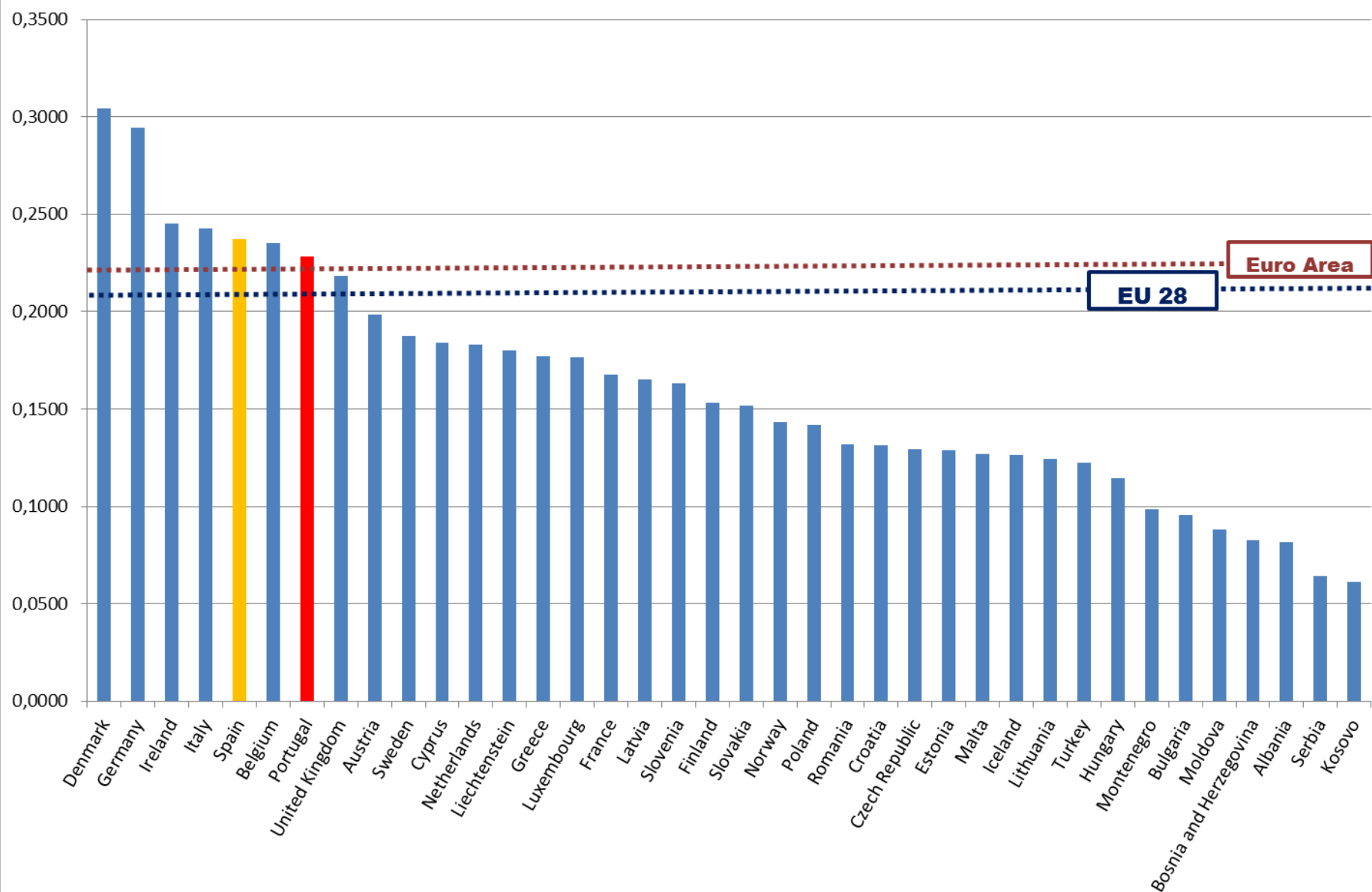
- Staff correction and competences (4,8/10)
- Personal data handling (5,4/10)



**% very satisfied**  
(8-10)



**EUROSTAT - Domestic Households (€/kWh)**  
**All taxes and levies included - 2 Semester 2015**  
**Band DC : 2 500 kWh < Consumption < 5 000 kWh**





## | **Heavy packback costs**

| “CIEG” (political costs) and Tariff Debt (5kM€) – Sustainability concerns

| Network access price evolution

## | **Closing liberalization cycle**

## | **Vulnerable consumers & Energy poverty**

## | **Self consumption & Energy Efficiency**

## | ***Consumer empowerment*** *(“delivering a new deal for energy consumers”)*



## | **MIBEL & Energy Union**

| Markets structure & Organization

| Innovation; DSR, Smart Grids & Big Data

## | **Green Tariffs**

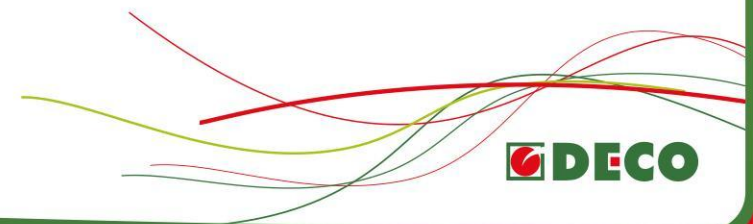
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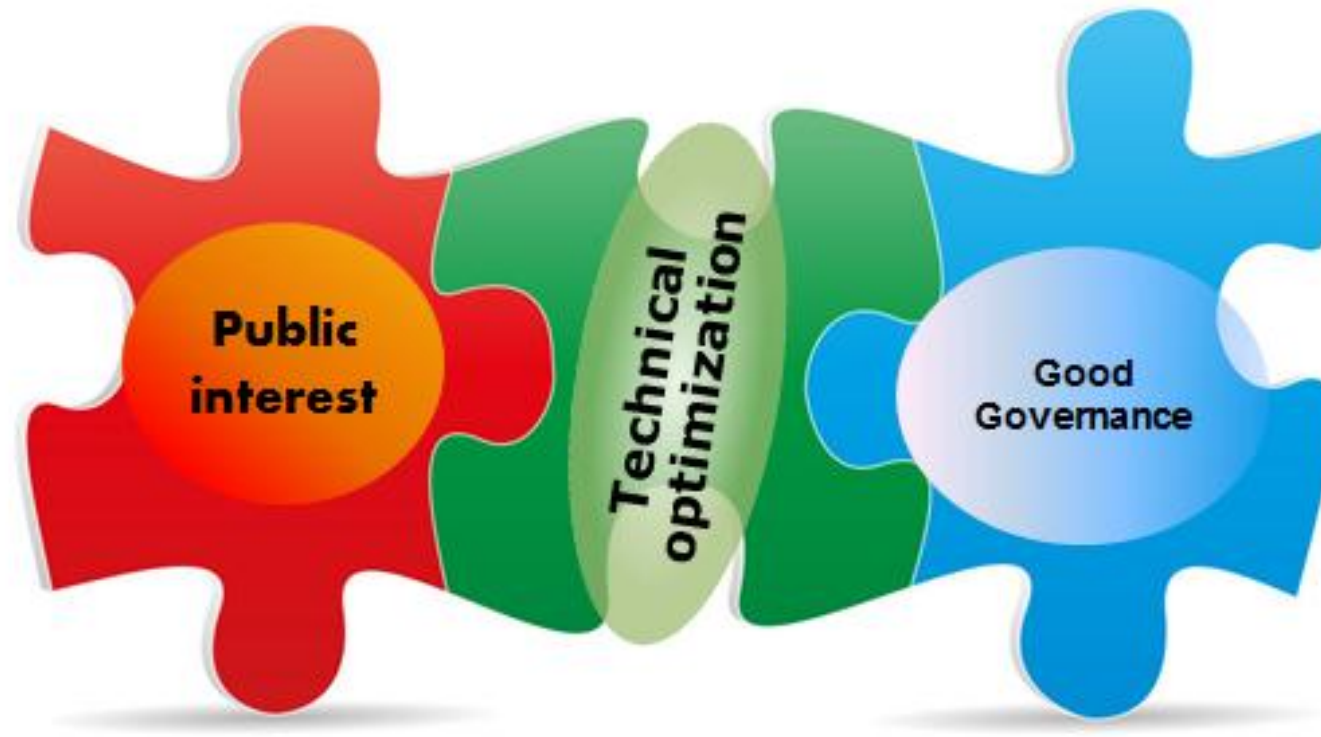
**3. MIBEL Highlights**

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**MIBEL** is not only a matter of technical optimization but also a political and citizenship process....



... The supranational character of the Iberian market construction should not set aside (domestic) consumers.



- **Generation** structure are quite **similar** on both sides
- **Interconnections and wholesale market** configuration are working...



- **Regulators** from Spain and Portugal have **different level powers**
- **Complete and harmonize** the regulation framework (tariff structure, renewables integration, capacity mechanisms, interconnection capacity auction,...)
- **No retail market** achievement. A more “**commercial**” **concern** for the board of the regulators of MIBEL, namely
  - **Regulated tariffs** orientation is different from Spain and Portugal.
  - Full harmonization of **Switching rules** (for Gas and Electricity).
  - Harmonization of **bills main structure**
  - Reduced number of players, high concentration rate. **independent retailers** are missing.
  - Supervise **new** emerging **commercial offers** (i-e, bundled services)

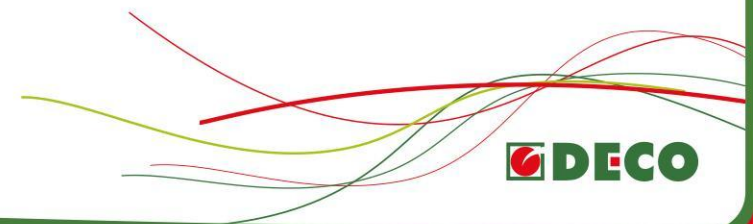
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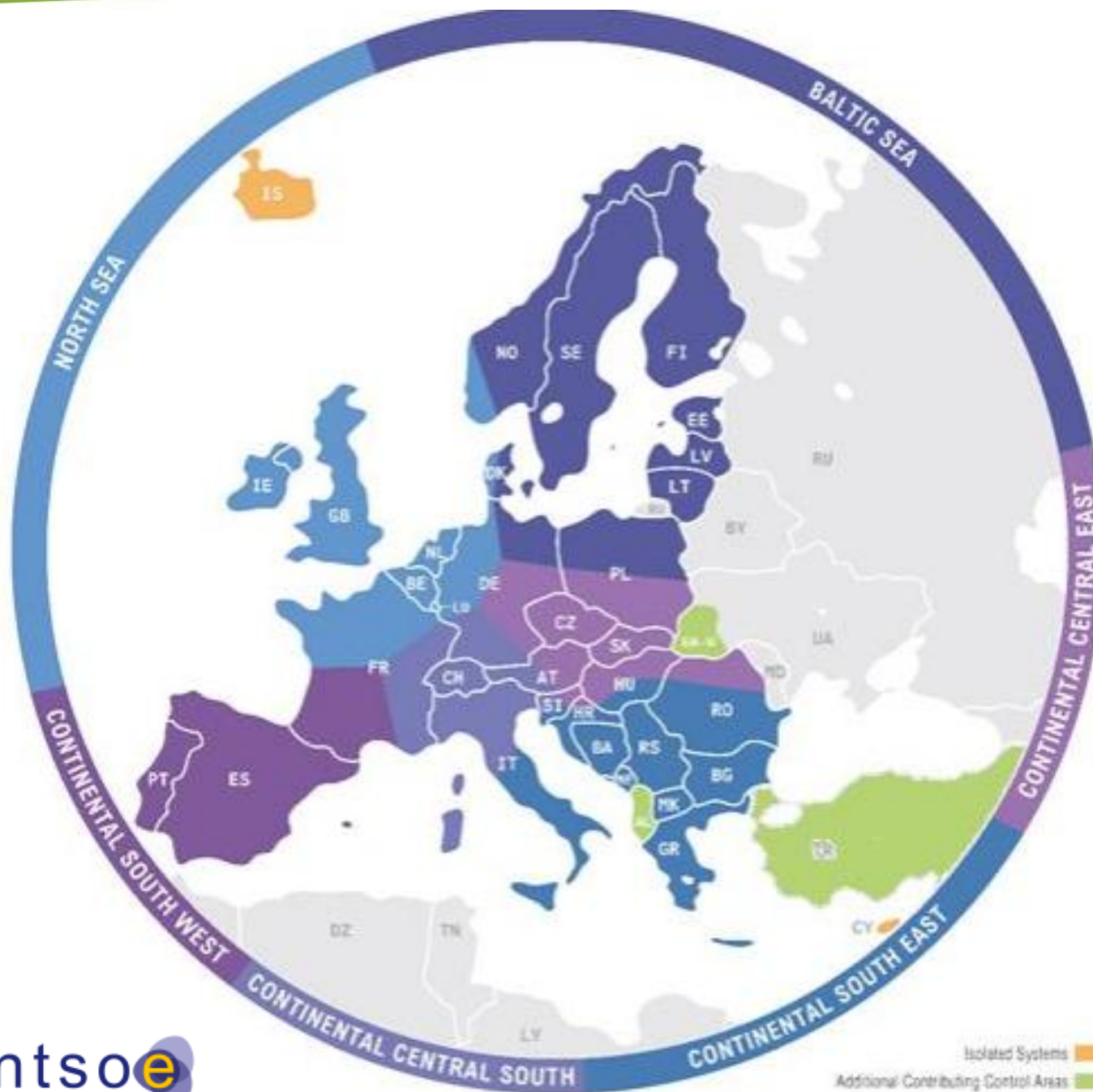
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Isolated Systems  
Additional Contributing Control Areas

DECO



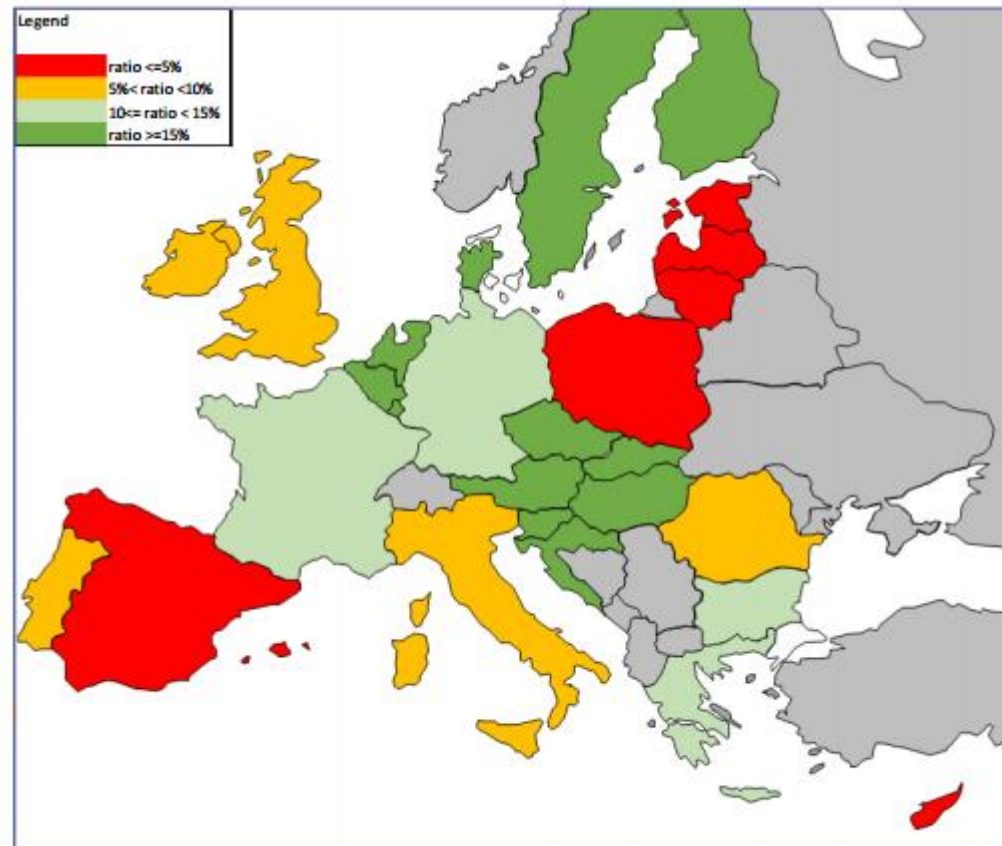


Figura 3.3-1 Interconnection levels for electricity in 2014: Source, EC communication 25/02/2015

“(...) The European Council has recently (October 2014 and March 2015) sent a strong signal that grid infrastructure development is an essential component of Europe’s Energy Union goals, by confirming the **need of an interconnection ratio of at least 10% of the installed generation capacity in every Member State by 2020**. In addition, the Council also endorsed the **objective of reaching a 15% level by 2030** “while taking into account the costs aspects and the potential of commercial exchanges” (...)”



— main boundaries  
— other important boundaries

# 150-200 B€ till 2030

125 projects to DOUBLE interconnection capacity (TYNDP 2014)

EU seeks mainly for **Private Funding**



re 4.1.4-2 Alternatives for additional cross border projects between France and Spain

## Regional Investment Plan 2015 Continental South West region

## QUESTIONS MARK:

- 1- Do we really need **10/15%** of interconnection to optimize UE market functioning?
- 2- Are the **Cost-Benefits Analysis** (CBA) really appropriate and taking in account our peripheral situation?
- 3- Are we sure we have a **fair** playground **rules** for energy transit and remuneration?
- 4- How to tackle the French TSO different unbundled situation? (*interconnection ability is not enough*)
- 5- Don't lose sight of **North African Market ...**

SINCE WHO PAYS THE BILL IS the usual guy ...





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