



Market participants who is who?

European Energy market actors are horizontally unbundled. This means that separated companies: produce energy, operate distribution network, sell energy.



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Background

From the Consumer perspective, the „old” energy market combined all utility functions in one company. This was just the „energy company”, operating the electricity network, providing distribution services and selling electric Energy to consumers. This structure of the market was a classical monopoly, causing lack of competitiveness, high margins and finally, lack of choice on consumers’ side.

This was changed from 2007 in the whole EU (with some small exemptions). Supply chains were reshaped significantly. Energy production, transmission, distribution and selling were split into separated companies and the last chain link – sale was opened for competition, also for new market players.

More information: https://ec.europa.eu/energy/topics/markets-and-consumers/market-legislation/third-energy-package_en



In practise we can see the same company logo and name for production, distribution and sale!
Does it mean the new system is not working properly?

No. It means only that unbundling is obligatory in functional and legal dimensions, but not affects ownership of the separated companies. This is why it is so important for consumers „who is who”.

Market actors: Energy producers

The energy supplied to your household comes from the „network“. You have no influence where and how this energy was produced. The network is supplied by multiple Energy power plants around the country, sometimes also imported.

So, how it is possible to offer „green energy tariff“? I thought the Energy I used comes only from green energy sources?

It is a little bit „virtual“. The deal is that for each „green energy“ 1 kWh used by the Consumer in such a tariff, the supplier has to possess 1 kWh „green energy“ bought from producers.

NOTE: consumers can also supply the network by their micro power plants like photovoltaic or wind turbines connected to the network. In such a case they become prosumers 😊

Distribution System Operator (DSO):

This company:

- is an owner of the energy networks (lines, transformers, cables but also energy meters etc.)
- ensures continuity of supply and the quality of the Energy (parameters like tension, frequency, harmonic curves, etc.) therefore it is responsible for supply breaks or inadequate quality
- provides metering and metering data to the suppliers.
- is partially responsible for supplier switching process (like to what moment and meter reading we were supplied by „old” one and when the „new” one can charge us)

DSO is a regulated natural monopoly company, which means:

- one cannot change the DSO (because we have only one Energy line and meter in our household)
- the pricelist for distribution services is regulated by the regulatory office and the consumer has no influence on this
- the consumer can only impact the consumption volume (counted in kWh), because part of the final price depends on this

The Energy Supplier is a company responsible for:

- concluding contracts with consumers
- selling energy to households
- providing invoices based on billing provided by the DSO
- handling complains (in case one has a complex contract, the energy supplier can also handle the complaints concerning distribution, for example those regarding supply breaks and the quality of energy).

Energy suppliers are generally not regulated and there is a competition among them, which means one can choose the best offer and switch supplier.

The companies established on a base of old energy monopolies, called „incumbents” are usually obliged to provide such specific, regulated tariffs, such as social tariffs.

Thank you for your attention!

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