

Press Release

- **Competition-based security** of energy supply is required.
- **The import structure** for gas should be **more diversified** and flexible.
- In the **electricity sector**, the Monopolies Commission recommends a **competition-oriented capacity market**.
- The **Energy price caps** should be **phased out**; **direct transfer payments** are preferable to price interventions at the household level.
- In the case of **electric mobility**, **tenders** must be supported at the municipal level and **several competitors** must be allowed to compete at **service stations**.

„Energy 2023: Using competition to overcome the crisis“

The Russian war of aggression against Ukraine is leading to unforeseen developments on the energy markets, which exacerbates the already existing challenges in the context of the energy and mobility transitions. *"Particularly in uncertain times, securing energy supplies on a **competitive basis** should be a top priority in order to alleviate the burdens on households and industry,"* said Prof. Dr. Jürgen Kühling, Chairman of the Monopolies Commission.

In its 9th Energy Sector Report published today, the Monopolies Commission analyzes the competitive situation in various areas of the energy industry and recommends concrete measures to the German government to improve the security and efficiency of the energy supply.

Firstly, the report focuses on various **wholesale markets** for electricity and gas. Here, the focus is particularly on achieving **security of supply** in the long term. To this end, the **import structure** in the **gas market** must be more **diversified** and made more flexible. Furthermore, a quantitative **supply risk index** should be included in the Gas Emergency Plan of the Federal Network Agency to identify potential risks to supply security at an early stage. In the **electricity sector**, risks to supply security arise in particular from the upcoming transformation of the energy system toward carbon-free, but often weather-dependent, forms of electricity. In order to create security of supply in times of low feed-in, the German government should replace the existing system of strategic power plant reserves with a **competitively controlled capacity market** for secured power. In contrast to the strategic reserve, in the capacity market, all procured flexible capacities can always be used on the market. In the competitively managed capacity market, electricity suppliers and large customers procure their **expected demand for power plant capacity** in advance. These capacities can then be selectively increased by the federal government to avoid residual risks to security of supply.

The Monopolies Commission also examined **consumer markets** for energy. In particular, the gas shortage resulting from the war in Ukraine has led to uncertainty and price increases for households and industry. Competition between suppliers and consumers' **willingness to switch suppliers** are therefore all the more important to ensure affordable prices in the long term. The willingness to switch could be increased, for example, through **information campaigns**. Alternatives to the current system for **basic supply and supply of last resort** should be examined. Under this system, the largest supplier automatically becomes the basic supplier and can thus maintain its market power. One alternative is a **tender model** for determining the basic supplier. If there is a need for support after the planned expiry of the gas price brake in December 2023, **direct transfer payments** to households in need are more suitable than interventions that target prices. Price interventions distort scarcity signals and are also inaccurate from a distributional perspective, as high-income households also benefit from them.

In the area of electric mobility, consumers can also benefit from competition among providers of **charging infrastructure**. The Monopolies Commission found that the degree of concentration among individual providers remains high, but is declining. The largest providers still have a high average Germany-wide market share of 49 and 45 percent for normal and fast charging points, respectively. As of today, the Monopolies Commission offers a website where numerous regional data, including the relevant market share of the largest local provider, can be accessed in detail ([link](#)). The Monopolies Commission recommends that municipalities be supported in invitations to **tender** for the competitive installation of charging stations and that **financial support be tied to appropriate conditions**. Functioning competition for highway charging stations requires **access to service areas by several competitors**. Finally, prices for ad hoc charging should be made available to charging customers.

The report is now available on the Monopolies Commission's [website](#). The web page on regional concentration among charging infrastructure operators can be accessed [here](#).

The Monopolies Commission is a permanent, independent body of experts that advises the Federal Government and legislative bodies in the fields of competition policy, competition law and regulation. One of its statutory tasks is to prepare a sector report that examines the development of competition in the electricity and gas markets. The Monopolies Commission consists of five members who are appointed by the Federal President on the recommendation of the Federal Government. The Chairman of the Monopolies Commission is Prof. Dr. Jürgen Kühling, LL.M.