



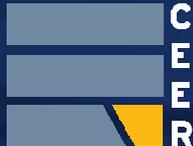
# Wholesale energy trading licenses in the EU

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One crucial step towards creation of a single European energy market is the harmonisation of the rules regarding access to market places and trading of electricity and gas.

→ **Therefore the European Commission mandated European energy regulators to develop advice on this issue.**



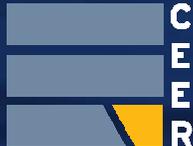
# What is the problem?

- There are nationally different administrative requirements trading companies need to meet in order to operate on the national wholesale energy market.
- The existence of these different requirements may be an entry barrier and thus an obstacle on the way towards a true pan-European energy market.
- Establishing common administrative requirements across Member States (i.e. single trading passport) may mitigate these barriers to market entry and increase the number of market participants.

### **... European energy regulators commissioned external consultants**

- to analyse the current situation in the Member States and
- give recommendations on harmonisation and design of administrative requirements for trading.

**→ Based on the outcome of this study detailed recommendations will be developed by European energy regulators.**



# Scope of the study

- Provide comprehensive advice on the legal, physical and financial characteristics of the administrative requirements as well as best practice examples
- Inform European energy regulators on the appropriate level of harmonisation of trading requirements and the potential benefits and costs
- The study addresses the following aspects of the licensing process:
  - The licensing requirements – conditions that an applicant should meet to be granted a license;
  - Administrative requirements – e.g. who should issue the license, the time it takes to issue the license, etc.
  - Should use “**most ambitious practices**” as orientation

# Main findings of the study

**There are differences between national regimes, e.g.**

- Some countries require a branch office in the country
- In some countries cost of obtaining a license is considered by traders to be very high
- Differences in the length of the application procedure

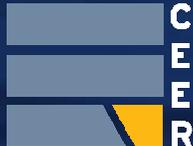
**→ These differences may result in (partly unnecessary) barriers to market entry!**

## Provisional conclusions of the study

- A **single EU trading license** both for electricity and gas is recommended.
- Every licensee should be licensed in **its home country** – the trading license will then be valid in all EEA countries.
- The license should cover gas and electricity **wholesale trading** (not supply).
- Transactions covered by MiFID should not require the EU trading license.

## Next steps

- Energy Regulators see the need for considering the robustness of the preliminary results of the study thoroughly – there will be further discussions with the consultants.
- The preliminary findings of the study will be discussed with “practitioners” together with the consultants before finalising the study (during July).
- Based on the outcome of the discussion the finalised study will be open for a public consultation (in autumn).
- A public hearing is also foreseen.



Thank you for your attention!

[www.energy-regulators.eu](http://www.energy-regulators.eu)