

If Europe's energy firms will not play fair, the EU must make them

Breaking up the monoliths is the only way consumers can get truly competitive prices, says Eluned Morgan

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Contrary to Julia Finch's assertion, opening Europe's energy markets to more competition by tackling the continent's energy monoliths is not using Europe as a "useful scapegoat for soaring energy bills." (*Viewpoint: Gas and fog, June 19*).

As the MEP who has driven the legislation to break up these markets through the European parliament, I strongly disagree with her implication that blame is unfairly being thrown at European power companies "for not taking advantage of higher prices to export to Britain".

The simple fact is that companies who own both energy grids and generation have a vested interest in keeping other companies out of the market. Indeed, we know that some companies in some EU member states have not been playing fair - giving priority access to their own companies and putting obstacles in place to stifle competition.

As a member of the European parliament's energy committee, I have heard plenty of evidence to suggest such companies have been slow to connect competitors, have failed to invest in bottlenecks - particularly in cross-border areas - and have been slow in scheduling maintenance of transmission systems. Only two weeks ago it was revealed that the European commission is to investigate two of Europe's energy giants - Eon and Gaz de France - for alleged collusion in keeping the price of gas artificially high.

Moreover, at the moment it is much easier for companies in some countries, eg France and Germany, to invest in other EU member states than for companies from these states to invest in France and Germany. When I arrive back in the UK from Brussels I am greeted by posters declaring how EDF is providing Londoners' electricity. I look forward to the day when a British company has the opportunity to do the same for Parisians.

Finch states: "It is hard to argue that competition works when consumers here are paying through the nose." But to use the example of the British market opening up to show that competition does not deliver neglects to consider the lack of continental competition on the UK market. And though Finch asserts that "power prices are much lower on the continent than in Britain", in fact estimates for January 2008 show that domestic gas and electricity prices in Britain were below the EU median average. And prices to all industrial users have historically been below the EU average - right up to October 2005 they

were no higher than the average, except for the very largest energy consumers.

Power monoliths are not being unfairly blamed, which is why the European parliament backed - by more than two-to-one - the proposals contained in my report on reforming Europe's electricity market. MEPs recognise that it is only through a full separation of generation and grids that the EU market in electricity can truly develop. Breaking up the power monoliths is the only option if we want to deliver a fair deal for consumers and ensure we have the stability to keep the lights on in Europe.

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