Bundesnetzagentur Bundeskartellamt

Joint press release

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Energy Monitoring Report 2019 published by the Bundesnetzagentur and the Bundeskartellamt

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The Bundesnetzagentur and the Bundeskartellamt have today published their joint annual monitoring report on developments in the German electricity and gas markets.

At present no market dominance in electricity generation

Andreas Mundt, Bundeskartellamt President: "The market shares of the five largest electricity producers have been declining for years. Although there are currently no sufficient indications of market dominance in electricity generation, we will need to keep a closer eye on developments in the market, not least because of the effects of the energy transition. Market dominance may become an important topic again, such as at a time when the wind does not blow and the sun does not shine."

With an overall decline in market shares of the five largest electricity producers, the relative standings within the group have shifted. RWE continues to be the market leader, but now with a large gap between it and the other companies.

"In addition to the market shares in electricity generation as determined for the monitoring report, more detailed analyses of the market are needed to evaluate the market positions of the large electricity producers. In the RWE/E.ON merger control proceedings we determined that although RWE was indispensable for meeting electricity demand for a fairly significant number of hours over the year, this was not to an extent that could lead to a presumption of market dominance. The Bundeskartellamt's forthcoming market power report will build on this analysis," said Andreas Mundt.

Conventional generation capacity still decreasing, wholesale prices increasing

At the end of 2018, conventional generation capacity had decreased minimally by 0.7 GW to 103.3 GW. Renewables recorded capacity growth, with an increase of around 6.6 GW to reach 118.2 GW of installed capacity. Solar generation rose by 15.2% and total renewable generation by 2.9%." Onshore wind energy failed to reach the expansion goal set for 2018. Expansion amounted to only 2.5 GW of the target 2.8 GW. This represents a considerable decline in growth, particularly compared with the strong gross expansion recorded in 2017 (5.4 GW) against the same target.

At about 592.3 TWh, net electricity generation was around 9.1 TWh lower than in the previous year, primarily due to the fall in domestic demand.

Despite the increased expansion and the higher amount of renewable energy fed into the grid, around 97% of the renewable electricity was still able to be transported to final consumers in 2018. Curtailments of feed-in from renewable installations due to network congestion were slightly down on 2017, while there was a larger decrease in curtailments of feed-in from conventional installations through redispatching to 2.1% of the total feed-in from conventional sources.

Wholesale electricity prices averaged across 2018 were again considerably higher. The effective division of the combined German-Austrian market area in October 2018 also had an identifiable impact on the structure of the trading products.

Closer monitoring of retail markets

As in previous years, the combined market shares of the largest electricity and gas suppliers for standard load profile and interval-metered customers in the respective retail markets were clearly below the statutory thresholds for presuming market dominance. At the same time, even more customers could benefit from these positive competition indicators.

"Switching suppliers or contracts is almost always worthwhile for household customers. We encourage consumers to do so. The figures show that we need to increase our focus on the retail markets. Switching numbers are stagnating in both the gas and the electricity market. The proportion of household customers on default contracts is still too high," said Jochen Homann, Bundesnetzagentur President. Household customers in Germany can choose between an average of 130 electricity and more than 100 gas suppliers, although around 27% of the electricity and 18% of the gas customers are still on default contracts. *"We need to look more intensively for the reasons for this. Many households could save money by switching, despite rising prices."*

As at 1 April 2019, the average electricity price for household customers had exceeded the 30 ct/kWh mark for the first time, and at 30.85 ct/kWh it was around 1 ct higher than in the previous year. Electricity prices for commercial and industrial customers also rose, albeit to a lesser extent, by around 0.66 ct/kWh to 22.22 ct/kWh and by 0.68 ct/kWh to 15.98 ct/kWh respectively. The main driver for the increases is the higher wholesale price.

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As at 1 April 2019, the average gas price for household customers had also risen, by 0.27 ct/kWh to 6.34 ct/kWh; the average gas price for commercial and industrial customers rose by 0.15 ct/kWh to 4.55 ct/kWh and by 0.04 ct/kWh to 2.86 ct/kWh respectively.

The latest report and additional information are available at http://www.bundesnetzagentur.de/berichte.
