



Joint press release

Bonn, 27 January 2021
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Monitoring Report 2020 published by the Bundesnetzagentur and the Bundeskartellamt

The Bundeskartellamt and the Bundesnetzagentur have today published the Monitoring Report 2020 on developments in the German electricity and gas markets.

"There has been more progress in the switch from conventional to renewable electricity generation. Another 9 GW or more of coal capacity will be shut down or converted by 2023," said Jochen Homann, Bundesnetzagentur President.

Andreas Mundt, Bundeskartellamt President: *"While the retail markets are characterised by lively competition and consumers have a wide range of suppliers to choose from, the trends in market power in the electricity generation market could take a greater hold."*

Decline in conventional electricity generation

There was a further reduction in coal-fired electricity production in 2019. Generation at coal plants was 59 TWh or 27% lower than in 2018. As in previous years, there was an overall reduction in conventional generation, falling by 13%.

Coal capacity on the market is expected to decrease by a further 9 GW or more by the end of 2023 under the Act to Reduce and End Coal-Fired Power Generation (KVBG). Coal plants with a capacity of nearly 5 GW already ceased marketing their coal-fired electricity at the end of last year as a consequence of the first tendering process. The operators can still market electricity generated at these plants using other fuels or shut down the plants completely.

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In addition to these plants with just under 5 GW of capacity that are prohibited from marketing their coal-fired electricity, a further 14 GW or more of capacity will be withdrawn from the market or partly replaced by other energy sources by the end of 2023. This capacity comprises 4 GW or more from other plants under the KVBG, around 8 GW from the remaining nuclear power stations, and more than 2 GW from standby lignite-fired power plants. The Bundesnetzagentur has been notified of plants with a total capacity of around 2 GW that are currently under construction or in trial operation and are scheduled to start operation by the end of 2023.

Structure of the electricity generation market

With an overall decline in the market shares of the five largest electricity producers, the relative standings within the group have shifted. RWE continues to be the market leader, with a large gap between it and the other companies. In addition to the market shares in electricity generation determined for the monitoring report, more detailed analyses of the market are needed to evaluate the market positions of the large electricity producers. In particular, account needs to be taken of the fact that the amount of electricity consumed and that generated have to match at all times and only very limited storage options are available.

Andreas Mundt: *"In the RWE/E.ON merger control proceedings we found that RWE was indispensable for meeting electricity demand in a fairly significant number of hours over the year. The Bundeskartellamt's second market power report published at the end of 2020 has re-confirmed this analysis. Further developments on the electricity generating market will be strongly shaped by the energy transition. The ongoing decrease in generation capacity and the associated market shortage mean that RWE could potentially pass the threshold for market dominance."*

Developments in the renewable energy sector

Renewable electricity generation rose slightly more again in 2019 following comparatively weak growth in 2018, with the share of renewable electricity as a proportion of gross electricity consumption increasing to 42%.



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The level of new renewable generating capacity in 2019 was comparable to that a year earlier. Despite a considerable year-on-year increase in the volume of renewable energy curtailed owing to network congestion, it was still possible to transport around 97% of the renewable electricity to final consumers in 2019. There was a slight decrease in 2019 in reductions and increases in feed-in from conventional power plants. The total costs for measures to maintain system security fell from €1.48bn in 2018 to €1.28bn in 2019.

Electricity and gas wholesale trading

Trading volumes and liquidity on the wholesale electricity and gas markets increased significantly in 2019 compared with a year earlier. Such a development generally has a positive effect on competition, since it enhances market entry options for new providers and opens up opportunities for market players to diversify their choice of trading partners and products as well as their forms and methods of trading. Moreover, 2019 saw a fall in electricity and gas wholesale prices.

Retail markets

At present, as in the past, no company has a dominant position on any of the individual retail markets. The combined market shares of the four largest electricity and gas suppliers for interval-metered and standard load profile customers were again clearly below the statutory thresholds for presuming market dominance.

Although household customers in Germany can now choose between more than a hundred energy suppliers, there was a slight decrease in the number of household customers switching supplier. Furthermore, 26% of electricity customers and 17% of gas customers are still on default contracts. *"Switching supplier can usually save customers money, so the proportion of expensive default contracts is still too high. With many people working from home, we would like to urge consumers even more to look at the status of their contracts and the prices charged by their present electricity and gas suppliers and to compare them with those offered by other suppliers."*



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The Monitoring Report 2020 shows that the potential annual savings in euros for household customers can run into three digits," said Jochen Homann.

As at 1 April 2020, the average electricity price paid by a typical household customer was 32.05 ct/kWh, up 1.2 ct/kWh compared with the previous year. The reduction in the renewable energy surcharge to 6.5 ct/kWh from January 2021 represents a step towards stabilising electricity prices. There was also an increase in 2020 prices for non-household electricity customers (commercial and industrial customers). Gas prices, which in 2020 remained stable for household customers and even fell for commercial and industrial customers, are expected to increase slightly in 2021 owing to the carbon levy.

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

The Bundesnetzagentur is an authority under the responsibility of the Federal Ministry for Economic Affairs and Energy. Its core tasks include supervising the energy, telecommunications, postal and railway markets.

As part of its mandate, the Bundesnetzagentur ensures that as many undertakings as possible can use the infrastructure in these sectors so that consumers benefit from competition and favourable prices.

The authority employs over 2,900 people at its headquarters in Bonn and Mainz and its 46 regional offices.

