Electricity retailing in Europe: remarkable events
(with a special focus on Belgium 🇧🇪)

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Electricity market: an integrated model till 2003

Generator

Wholesaler/transmitter

Distribution company

Customer

Generator

Wholesaler/transmitter

Distribution company

Customer

→ Electrical energy sales
Quelques dates

- **1996**: directive européenne concernant les règles communes pour le marché intérieur de l'électricité (96/92/CE)
- **1999**: transposition de la directive européenne au niveau fédéral via la loi relative à l'organisation du marché du gaz et au statut fiscal des producteurs d'électricité
- **2000**: un accord politique confie à la Région wallonne le soin de mettre en œuvre la libéralisation dans le cadre de ses compétences.
- **2001**: la Région wallonne, avec le décret du 12 avril 2001 relatif à l'organisation du marché régional de l'électricité, transpose la directive européenne et réglemente la libéralisation de ce marché.
- **2003**: nouvelle directives concernant les règles communes pour le marché intérieur de l'électricité et abrogeant celle de 1996 en vue d'une ouverture totale du marché (2003/54/CE abrogeant 96/92/CE)
- **Juillet 2004**: ouverture progressive du marché de l'électricité aux clients professionnels en Région wallonne
- **Janvier 2007**: ouverture du marché de l'électricité à l'ensemble de la clientèle en Région wallonne
- **Juillet 2008**: décret modifiant le décret du 12 avril 2001 relatif à l'organisation du marché régional de l'électricité

Information taken from the CWAPE, the regulator for the Wallonia region, see: [https://www.cwape.be/?dir=4.5.01](https://www.cwape.be/?dir=4.5.01)
The market: how it is organized now (and since 2007 in Belgium)
Remarkable events in the retailing business

Low-cost retailers

Less than ten years ago: the Belgian market was dominated by the two historical retailers, Luminus and Electrabel.

Low-cost retailers have appeared. Their tricks for succeeding: (i) buying electricity at the cheapest price on electricity markets (ii) bet on a downward trend for electricity prices (iii) very lean companies (iv) regulation in their favor.

Effects: (i) pressure on retail prices for electricity (ii) historical actors have had to adopt leaner/more efficient operational practices.
Remarkable events in the retailing business

June

Effects: (i) better competition between retailers (ii) make sure you always grab the best offers.

Technology.

June's patented technology helps you save automatically on your energy bill.

June consists of a gateway, one or more smart meter readers and an online platform. Our self-learning algorithms get smarter and smarter and help you to optimize your energy bill.

The smart meter readers are battery based and need charging once a year. Our innovative technology allows to bridge over seven floors between the smart readers and the communication gateway.

Using your personal consumption profile June constantly looks for ways to optimize your energy bill. She also helps with any administrative burdens so you will never need to worry about your energy bill again.
Remarkable events in the retailing business
The sales trading platform of retailers

Many electricity consumers, even if eligible cannot interact directly with electricity markets (too complex).

Retailers have developed platforms allowing them to play easily the *wholesale market game*.

**Effects:** (i) de-risking the retailing business (ii) better possibilities for consumers to exploit their flexibility (iii) cheaper electricity prices.
Remarkable events in the retailing business

E.Luminati

Before:

CUSTOMERS
- Many phone calls
- Visit of salesman
- Invoice management (search, scan, etc)
- Offer management, benchmarking
- Consulting fees

TRANSACTION COSTS

RETAILERS
- Customer search (phone, visits, marketing, etc)
- Preparation and follow-up of the offers
- Training
- Consulting fees
Effects: (i) additional competition between retailers (ii) standardization of contracts for electricity (iii) the retailers will have to focus on non-standard products that bring value to their customers (e.g., products that better exploit their load profile or their flexiblity) to get again decent margins.
Remarkable events in the retailing business
The rise of uber-like models for electricity

→ Electrical energy sales

Uber-like models for electricity: a definition

Electrical energy consumed by loads that does not go (only) through the electrical energy sale channels defined by

See for more info the document “Uber-like models for the electrical industry” available at:
http://hdl.handle.net/2268/205035
A taxonomy for uber-like models for electricity

- **Microgrid**
  - 1. Single-user
  - 2. Multi-user
    - Single-user
    - Multi-user
      - 3. Power generation and/or storage close to the user
      - 4. Power generation and/or storage anywhere
      - 5. Users close to each other
      - 6. Users located anywhere
      - 7. Car not always charged at home
      - 8. Car discharging only at home
      - 9. Car as a substitute for the utility grid
      - 10. Delivery of electricity with storage devices
      - 11. Storage devices as a substitute for the transmission grid

- **Virtual microgrid**
  - 2. Multi-user
    - Multi-user
      - 5. Users close to each other
      - 6. Users located anywhere
      - 7. Car not always charged at home
      - 8. Car discharging only at home
      - 9. Car as a substitute for the utility grid

- **Mobile storage device**
  - 2. Multi-user
    - Multi-user
      - 6. Users located anywhere
      - 7. Car not always charged at home
      - 8. Car discharging only at home
      - 9. Car as a substitute for the utility grid
      - 10. Delivery of electricity with storage devices
      - 11. Storage devices as a substitute for the transmission grid

- **Electric Vehicles (EVs)**
  - 2. Multi-user
    - Multi-user
      - 5. Users close to each other
      - 6. Users located anywhere
      - 7. Car not always charged at home
      - 8. Car discharging only at home
      - 9. Car as a substitute for the utility grid
  - 5. Users close to each other
  - 6. Users located anywhere
  - 7. Car not always charged at home
  - 8. Car discharging only at home
  - 9. Car as a substitute for the utility grid

- **No Electric Vehicle Battery**
  - 5. Users close to each other
  - 6. Users located anywhere
  - 7. Car not always charged at home
  - 8. Car discharging only at home
  - 9. Car as a substitute for the utility grid
  - 10. Delivery of electricity with storage devices
  - 11. Storage devices as a substitute for the transmission grid
Uber-like models relying on (self-driving) electric vehicles

**Effects:** (i) no intermediary between production and consumption (ii) may favor the rise of fully autonomous microgrids