

Energy Community premises – Am Hof 4, 1010 Vienna/Austria

WORKSTATION 1

Market entry barriers

Programme: Market entry barriers are the obstacles that suppliers are facing before or at the beginning of their market activity. But this does not mean that these obstacles are only administrative. There are also different market irregularities that prevent new suppliers to enter the market. The most common barriers of administrative nature are impossibility to operate supply business from the other country, requirements regarding the number and structure of employees, too long, complicated and expensive licensing process, too high licensing and registration fees, too high level of financial guarantees required etc. But there are also some aspects of market design and functioning that distort it which could lead to the discouraging of new potential market participants to enter the market. Usual practices of that kind are too low regulated prices, existence of cross-subsidies, unclear or irregular Market rules particularly balancing and financial settlement, absence of functional wholesale market, inefficient non-payers disconnecting mechanism and dispute settlement procedures, insufficient unbundling etc. When new suppliers become conscious of that kind of issues, they hesitate to enter such market.

Testimonials:

- Are administrative procedures barriers for the entrance of new participants?
- Is entrance to the retail market too expensive?
- Which barriers other than administrative exist?
- Which way different types of barriers discourage possible new suppliers to enter the market?
- Are the market entry obstacles within the responsibility of regulator only?

Discussion:

- Which kind of market entry barriers exist in your country?
- Which kind of barriers you consider the most discouraging in your country?
- What are the measures that regulator can do in order to encourage new retail market entrants?
- Are the other institutions dealing with the issue of barriers removal and which way?