Italy: The Italian Competition Authority (ICA) accepts Commitments and closes Investigations into Sicilian Power Prices

On 10 January 2011, the ICA decided to close two different investigations into the major electricity companies operating in Sicily. The investigations concerned the electricity wholesale short-term prices in Sicily, which were very high as compared with the rest of Italy, in the years 2008 and 2009.

The proceedings were opened on the basis of a report of the Italian Electricity and Gas Regulator (AEEG) focusing on the evolution of the wholesale electricity prices in the Day-ahead auction at the Italian Power exchange in Sicily. According to the AEEG, the price dynamics were not completely explained by market conditions. The AEEG’s report pointed out several conducts of Edipower’s tollers (Edipower’s industrial partners) showing evidence of capacity withholding (both economic and physical) aiming at raising the electricity zonal price in Sicily.


Simultaneously, the ICA opened proceedings against ENEL Produzione SpA and its parent ENEL SpA for the alleged violation of Article 102 TFEU on the same relevant market. In this second investigation, the ICA investigated whether ENEL SpA and its subsidiary Enel Produzione SpA abused their dominant position in the wholesale supply of electricity in Sicily to inflate peak prices.

In the framework of the first proceedings, the parties offered the following commitments:

i) to exclude the San Filippo del Mela power plant from the Tolling Agreement and leave its management to Edipower,

ii) to abide by a regulatory regime according to which the generation capacity of the San Filippo del Mela will be offered at the following conditions: a) in the Day-ahead auction at either its variable or zero cost, on the basis of Terna’s instructions and b) in the market for dispatching services, at the zonal price set in the Day-ahead auction.

These commitments will last until the end of 2013. It should be considered that, by the end of 2013 a new 1000 MW interconnection between Sicily and the continent is expected to be effective, allowing a greater amount of electricity import into Sicily, which should be able to crowd out oil plants, like the San Filippo del Mela power plant, throughout most of the hours.

In the parallel proceedings, ENEL undertakes to set a cap on the price at which it will bid its capacity on the Day-ahead auction, from 1 January 2011 to the end of 2013. The bid cap is set to 190 €/MWh for the year 2011 and will be indexed to the variation of Brent prices for the following two years.

The ICA decided to make the commitments binding and terminate the proceedings without ascertaining the alleged violations. The combination of the two sets of commitments should prevent the tollers from coordinating their bidding strategies and should reduce the gap between the wholesale price in Sicily and that in mainland Italy.

See further:

Case I/721: http://www.agcm.it/concorrenza/intese-e-abusi/open/41256297003874BD/81E6CD0C6DA9DC12C12578150048C2DE.html