



Games without Frontiers? The development of electricity actors from local league to transnational players.

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Keywords

electricity companies; market development; stakeholder consultation; non-state actors

Abstract

Liberalisation of the energy market in Europe has meant that electricity companies have changed from being state-owned public services to corporate actors influencing energy policy for their own interests. This paper maps the transition for these companies, and questions the levels and effectiveness of this influence, with particular regard to their impact on policies for carbon emissions reduction.

After summarising the development of companies from local utility to public company, and identifying those which might now be considered transnational corporations, the paper discusses the methods and levels of policy influence currently shown, using evidence from recent EU policy consultations. The strategies identified include lobbying, consultation responses, open meetings with policymakers and regulators, evidence to government committees and membership of influential business organisations. The degree to which these are successful are analysed from available policy statements.

The paper goes on to ask the extent to which new developments in policy appraisal presents a threat or an opportunity to these non-state actors. By considering the results of the COOL project compared with the analysis of consultation responses, it suggests that there is no real increase in understanding of the dialectic, at least in the international setting, although further research is needed to examine the balance of power and the potential for further change in governance structures.

Introduction

The 1997 EU Directive (Directive 96/92/EC) required markets to be opened up by an average 25% by 1999 and the “Second Electricity Directive” (Directive 2003/54/EC) required complete market opening in EU-15 by 2007. This liberalisation created impacts that have been well researched, both in economic and social terms (e.g. Hall 1999, Kemfert et al 2003, Harker & Waddams Price 2006) and in regulatory terms, such as the EU’s own report on progress (EC 2005). This paper is not about the impact of liberalisation on the market or its communities but the impact on the structures and standing of the firms themselves, and their influence on policy. The period leading up to liberalisation provided very different outlooks and market activities in some countries than others. In the UK, denationalisation of the gas industry in 1986 predated thoughts of a free market, whereas privatisation of electricity companies in 1990 was with full awareness of the intention to set up a residential energy market over 8 months in 1998-9 (Harker & Waddams Price, op.cit.). In Sweden, Norway and Finland, an open market in electricity was introduced gradually during the 1990s (Hall, op.cit). However in many countries the advent of an international market meant re-engineering forms of public electricity company in order to compete in an

international market. Some chose to place part of the shares in the company on the open market in order to release equity into the public domain, but in others state ownership persists, not only in terms of generation capacity, but in distribution, and supply also. Indeed one of the key criticisms of the electricity system is the lack of action in dismantling this vertical integration and consequent distortion of the market (EC 2007a).

If one considers the previous strength of the power companies in influencing policies in their own favour, this is hardly surprising. For nationalised generation companies, the state itself is responsible for providing power at reasonable cost, and can promote policies and practices that achieve this in support of the public good – whether measured in low tariffs for domestic customers, especially as a social service, or maintaining competitiveness of manufacturing, and hence promoting its own GDP and balance of payments. For the management of the companies themselves there is a strong direction towards providing a national public good. Whether these national actors influence national policy or national policy influenced national actors is not the relevant issue here. The point is that the onset of the open electricity market changes the arena in which policy influence is displayed, both by the electricity actors and the state.

In this paper the role of electricity companies in this changing arena is examined in order to map their progress of from single country entities to transnational companies. In this respect we use the term transnational company (TNC) to mean any company that is trading trans-nationally *and* has branches or subsidiaries outside the home country (Willems, 2001). The paper starts by summarising the development of companies from local utility to public company, noticing that the companies' acquisitive nature may be grounded in the original development of the electricity industry and changes in the political landscape of Europe over the past century. It then discusses the methods and levels of policy influence currently shown, judged on the degree to which their public arguments have been adopted into current policy discourse on energy and climate change policies.

Development and change in electricity company ownership

It is difficult to illustrate the change from completely public organisations to private ones in Europe. No single date can be selected to provide a 'before' and 'after' contrast due to the foresight that provided some of the companies with a platform for partial privatisation in the lead-up to 1999, and the business practices of others who developed a public-private approach much earlier, particularly due to operating conditions in their countries (such as RWE and its predecessors). Market liberalisation was already on the agenda in the late 1980s (Collier 2002). However one overview of the largest twelve companies in 1997 is provided by Vattenfall (annual report, 1998), which showed that five were public companies (EdF, Enel, Vattenfall itself, IVO and Statkraft), with the rest (RWE, Preusselektra, National Power, Electrabel, Endesa, Powergen, Iberdrola and Viag) being at least 50% privately owned. By contrast, in their most recent report (2005), Vattenfall, who were still 100% state owned, cite their major competitors as E.On (listed), RWE (listed), EnBW (listed, 45% owned by EdF), Dong (100% state owned), EdF (listed, 85% state owned), Enel (listed, 32% state owned), Fortum (listed, 32% state owned), Endesa (listed) and Essent (not listed). This list does not cover all the major players in Europe in 2005, and suggests either a focus on their particular market (Nordic countries, Germany and Poland), or those companies that are relatively transparent in their public reporting. An example is Endesa, whose operating area is Spain, Portugal, Latin America, Italy, France, and so does not impact on Vattenfall's market, but whose website makes research particularly easy.

The changing ownership of these companies creates a complex map. Some straightforward transitions can be tracked through focus on a single company e.g. Eastern Electricity Board (incorporating Midlands and Central Electricity Generating Boards) in the UK

was privatised as Eastern plc, then bought by the Hanson Group, sold to TXU, acquired by Powergen and now absorbed into E.On. However shares in one company can also be sold to another, and partial acquisitions shared between two or more electricity companies. In some cases EU competition rules lead to disposal of assets to a third party. A selected history and illustration of the transnational status of ten major companies is listed in the next few paragraphs, all of which have been drawn from published information on the companies' corporate websites, in most cases the most recent annual report. This aims to give an overview and is not intended as a complete analysis but to demonstrate the extent to which these actors have become transnational in the geographic sense.

E.On is based in Germany and operates in Sweden, Belgium, Netherlands, Luxembourg, UK, Czech Republic, Poland, Italy, Romania, Bulgaria and Hungary. Turnover was €56.4 billion from both gas and electricity (2005). As of 01/12/06 E.ON is organized in five market units: E.ON Energie AG, which supplies power in continental Europe; E.ON Sverige, which supplies power in Scandinavia (ex. Sydkraft); E.ON UK, which supplies power in the UK (ex. Powergen as noted above); E.ON US, which supplies power in the US; Ruhrgas, which supplies gas in Europe. It formally launched a takeover bid for Endesa in Spain in February 2007. It was formed in 2000 from the merger of VEBA (ex. Preusselektra) and VIAG (ex. Bayenwerk) in Germany; these also provided a presence in Eastern Europe.

EDF is based in France (Electricite de France). It operates in UK, Germany, POL, HUN, SVK, ITA, ESP and BEL and had a turnover of €1bn in 2005. It generated 22.9 TWh in UK, 493.6 TWh France, 73.6 TWh Germany, 15 TWh Poland (plus heat), 44.7 TWh Italy and 1.5 TWh Hungary (plus heat). Founded in 1946, EDF Group's activities include generation, trading, transmission, distribution, supply and other energy services. It has 42.2 million customers around the world, with 36.7 million of these in Europe (85%). EDF Group has investments in 22 countries (13 in Europe) and offers services and consulting in 35 countries. EDF took over the UK regional (denationalised) businesses of London Electricity (1998), SEEboard and SWEB to form EDF Energy in 2003. It also controls 46% of EnBW in Germany, 50% of EDISON in Italy plus Fenice. Other companies in Europe in which it has an interest are ECH Krakow, ECJ, Kogeneracja, Rybnik & Zielona Gora in Poland; BERT and Demasz in Hungary; SSE Slovakia; EDF Energy Belgium and Hispaelec Energia Spain. Its main overseas presences are in US, Mexico, Brazil, Morocco and Cote D'Ivoire.

Endesa is a Spanish company at present (see E.On). It operates also in ITA, FRA, POR, NED, POL, as well as MOR, CHI, PER, ARG, BRA, COL In 2004

it generated 97.4 TWh in Spain, 20.8 TWh in Italy, 11.2 TWh in France and 55.1 TWh in Latin America. Endesa was founded in 1944, merged with Hydrogalicia in 1972, and acquired the Spanish government stake in regional electricity companies Enher, Gesa, Unelco, and Encasurin 1983 as well as buying ERZ. In 1988 it listed on the Spanish stock market and also NYSE, with Spanish state share dropping to 75%. More development and acquisition of shares in other regional and Spanish speaking Latin American energy and telecoms companies followed. In 1998 Endesa was fully privatised. ENDESA Europa, registered 2001, covers stakes in: Endesa Italia (Italy), Snet, Soprolif and Powernext (France), Tejo Energia (Portugal), Endex (the Netherlands), Gielda Energii (Poland) and Lydec (Morocco). Its involvement in Latin America through ENERSIS includes: Endesa Chile, San Isidro, Pangué, Celta, Pehuenche & Chilectrica (Chile), Edesur, Costanera & El Chocón (Argentina): Cachoeira Dourada, Endesa Fortaleza, Ampla, Coelce and Cien (Brazil): Edegel and Edelnor (Peru): Emgesa, Betania and Codensa (Colombia). ENDESA also has direct shareholdings in Argentine generator Dock Sud and Peruvian generators Etevensa and Pyura.

EnBW is based in GER, operating also in POL, AUT, SWI, HUN, CZE. In 2005 it had sales of €10.8bn; generated c73.6 TWh (not clear whether this is all generation or includes long term supply contracts). It was jointly owned by OEW (Baden-Württemberg regional consortium) & EDF Group (90% between them) in 2005, but is now (2007) listed as an EdF subsidiary. EnBW had interests in a “number of other European energy companies including in Romania and Czech Republic” as of 2005. It was formed in 1997 from merger of Badenwerk AG & Energie-Versorgung AG. It has a controlling interest in Salamander AG, NWS, ZEAG, Kraftwerk Laufenberg (aka Energiedienst Holding AG) in SWI. It sold ENRW in 2003, but in 2002 acquired EnAlpin (Switzerland) & GESO. At some stage between 1998 and 2002 it gained a stake in Verbund (Austria) but sold this in 2004.

Enel is based in ITA with interest in ESP. It generated 112 TWh Italy; plus 13 TWh internationally, with revenues €34bn (2005). Enel produces and sells electricity mostly in Europe, North and Latin America. Its generating capacity in Spain comprises Enel Viesgo (bought from Endesa in 2002), and Enel Union Fenosa Renovables - wind & hydro. It also has stakes in generation in Russia, Slovakia, Bulgaria, Romania, plus US, and Brazil for renewables (mainly hydro). It was established in 1962, and was converted to joint-stock company in 1992 (wholly owned by government). Privatised in 1998, (listed on Italian and NY stock exchanges) Enel is now 30% publicly owned (Italian Economic ministry and State bank) . It is currently in joint tender for companies in Turkey.

Fortum is a broad based Nordic energy company, no 1 in electricity supply and district heating, no 2 in power generation in the region. Its sales in 2005 were sales €3.87 bn; with 42.3 TWh electricity generated. In a reverse of most trends with the largest companies, it acquired share in E.ON Finland from Espoo City council 2005. It has stakes in Lenenergo, Kolenergo in Russia, and is dominant in the heat market in Sweden, Estonia, Poland among others.

Iberdrola operates from Spain, with GRE, and POR. Its 2005 income was €1.7 bn; generating 85.7 TWh. It holds a 50% stake in Rokas (wind energy, Greece) and acquired Celpe in 2000; it has many business interests in South and Central America. It originates from 1901, when it was set up to provide hydro electric power. Its generation capacity developed through gas, nuclear and more recently wind and thermoelectric; Iberdrola itself was set up in 1992. In November 2006 it agreed a takeover of UK's Scottish Power, with income €5.4 bn. This was formed 1991 on privatisation of Scottish Electric; acquired Manweb 1995 and Southern Water 1996, plus telecom interests with Scottish Telecom (Thus), since demerged. It merged in 1999 with Pacificorp to gain North American interests.

RWE is a German based company which traces its origins back to 1898 as the Rhein-Westphalia Electricity company in Essen. It currently operates mainly in UK, POL, CZE, NED, HUN, SVK, generating 317.8 TWh in 2005 with sales revenue of €41.8Bn. After 1898 it expanded steadily with agreements with other municipalities till 1933. In an early instance of transnational operation, it maintained integrated grid connections with France, Belgium, Netherlands which were maintained post-war. There were various shifts in alignments and corporate entities through 1948-1970 including joint construction of Germany's first nuclear power station with Bayernwerk in 1966. The 1967 annual report lists 98 companies as being majority-owned by RWE, of which 50 are consolidated. By contrast, the 1996/97 Annual Report lists 759 majority-owned companies, of which 292 will be consolidated.

In 1990 it reorganised, with its traditional core business, electricity production and distribution, becomes RWE Energie AG, Essen. Rheinisch-Westfälisches Elektrizitätswerk AG is renamed RWE Aktiengesellschaft; as the management holding company, with five Group divisions - energy, mining and raw materials, petroleum and chemicals, waste management, and mechanical and plant engineering - operations are managed by RWE Energie, Rheinbraun, RWE-DEA, RWE Entsorgung, Rheinelektra and Lahmeyer. HOCHTIEF was added later that year. The companies co-operated with rebuilding the German economy after unification leading to acquisition of equity interest in VEAG, Berlin, and other former East German and former Soviet utilities. In 1995 awareness of liberalisation

led to acquisitions of interests in Czech Republic, Portugal, Croatia, and Hungary. Further consolidation and restructuring followed the 1999 liberalisation; current group structure is; RWE Power; RWE Dea; RWE Gas Midstream; RWE Trading; RWE Energy; RWE npower; and RWE Systems (reduced to 7 companies from 13 in 2005).

Suez is an energy and water company operating in FRA, BEL, NED, LUX, ESP, POR, GER, HUN, POL, ITA with Electrabel and Tractabel as notable brands. It also has interests in Asia, Africa and the Americas. Most of the 132 TWh generation comes from Electrabel, and its total revenue is €2.2bn. In addition the group includes Distrigaz, Fluxys, SUEZ Energy International, SUEZ Energy Services. Its main businesses are electricity generation and natural gas transmission, distribution and supply. Electrabel itself was formed from Ebes, Intergen and Unerg in 1990, which were themselves formed in 1976 from 49 electricity companies that had been set up by municipalities in Belgium. In 1998 it developed generation in Luxembourg and took over Epon to enter Dutch market 2000. In 2000 it formed alliances with CNR & Acea to enter French and Italian markets (including the acquisition of Interpower 2002). SparkEnergy (NED) was taken over in 2001, and in the same year it acquired Tractabel giving DER, POL, HUN, ITA, POR presence. Suez became a minority shareholder (30%) in 2003, but in 2005 the Suez majority on Board led to public flotation of remaining Electrabel shares. In 2006 acquired SHEM (Societe Hydroelectrique du Midi); Rendo Energie and Cogas (NED). Suez also has companies in North and South America, and Asia.

Vattenfall AB (SWE, also FIN, DEN, GER, POL) is the only Government-owned energy company in the major players. Its revenue was SEK133,466 m (€ 15.1 bn) in 2004, and generated 169 TWh in 2005. Its origins are in hydro-electric generation from 1899; it became a public limited company in 1992. In 1996 it acquired Finland Transmission Co and developed a presence in Germany. It acquired further assets in Germany and some in Poland from RWE and E.On in 1998 after German deregulation forced those to reduce their holdings and Vattenfall has increased its share to control now 70% of EW and 75% of GZE in Poland. In 1999 acquired Hamburgische Electricitäts-Werke AG (HEW), which in turn HEW gained majority in Veag, then Bewag in Berlin (2000). In 2002, the merger of Bewag, HEW, Veag and Laubag formed Vattenfall Europe (of which Vattenfall AB holds 94% share). In 2005 it acquired a 35% share in Elsam (and Energy E2) in Denmark. It also has a stake in various offshore wind development companies in Sweden.

These ten companies demonstrate the complexity of company ownership and equity trading since market liberalisation. One of the problems for national

companies appears to be EU competition rules; it is difficult for a company to expand without taking up a transnational option as monopoly is prevented in a member state. The trend of acquisition tends to be twofold; early un-concentrated markets in UK and Scandinavia (Matthes and Poetzsch 2002) become market opportunities for the concentrated markets, and particularly the strongest companies such as EdF and RWE, so one trend is towards acquisition of companies in the un-concentrated markets where there was early adoption of the liberalised market. This is an interesting situation that may not continue: in other policy fields, e.g. investment, it is rather the other way around, so that actors from un-concentrated markets have splendid opportunities on “old” state-interventionist markets in transition. In the EC the addition of the new member states is providing new opportunities for acquisitions by the strongest companies. The second trend is for geographic or cultural bias: the northern European countries appear to focus mostly on neighbouring northern and eastern European opportunities; southern companies focus on other Mediterranean opportunities, including Greece and Turkey, and on Latin America. With most of the prime market moves (‘easy pickings’) now made, these strategies are taking a new turn e.g. Iberdrola acquisition of Scottish Power and E.On’s bid for Endesa. However so far, except for TXU’s disastrous foray into Europe, acquisition of European companies by other global corporations has not taken place. Indeed, many European power companies have acquired an interest in North American utilities. This situation leads some observers to suggest that this market concentration will lead to ‘a handful of oligopolies’ (Turmes 2002) where each country has the same major suppliers. Some call for stronger legislation within the EU to prevent distortion of the market. Indeed the EU Inquiry into the gas and electricity market calls for unbundling of ownership of generation, distribution and supply in order to address liberalised market operation (EC 2007a). To what extent will this be feasible? Will companies respond to calls for a redistribution of their assets by influencing the Commission itself? Firstly, this paper reviews the general approaches taken by multi-national corporations. This will then lead to an assessment of the extent to which transnational electricity companies are behaving as transnational actors in the policy sense.

Transnational actors and influencing strategies

Studies of the impacts of multi-national corporations (MNCs) in global governance systems date from at least the 1970s (Risse 1995). Key areas of concern are the focus on the economic power of the MNCs and the potential for conflict of economic concerns and environmental issues. Monbiot in his *Forward* to Balanya et al (2003), described this process as a

“battle between corporations and democracy”, but from another perspective companies could be seen as part of the democratic system, balancing their legitimate business interests and those of other single-interest non-governmental organisations (NGOs). However in the context of global environmental change, the role of MNCs has usually been to oppose environmental improvement, oppose attempts to make progress towards sustainable development which genuinely considers social and environmental issues on a par with economic interests, and obstruct progress towards social justice, as evidenced by opposition to pollution control, the conflict between the TRIPs Agreement and the Convention on Biodiversity, and the attempt to introduce the MAI.

These activities form part of legitimate strategy if businesses are to achieve superior economic performance. They must position themselves simultaneously in economic, political, and organisational ways. However, these aspects are not mutually exclusive, nor do they have to be addressed simultaneously or to the same degree. Companies may seek both market power and efficiency but not necessarily with equal intensity. Similarly some may engage regularly in political conflict and cooperation, while others are not greatly concerned with political bargaining behaviour and rely almost exclusively on non-bargaining activities (Salorio et al, 2005). The contention is that most TNCs are politically motivated, whether by necessity to protect their interests, or as a strategy to do business in multiple countries (Risse, op.cit.).

If business political strategy is an accepted issue, research turns to how firms should organise themselves better to achieve their desired outcomes. Vining et al (2005) have developed a framework to aid political lobbying, and cite de Figueiredo (2002) in saying that lobbying is a more effective strategy than campaign contribution, at least in the American context. They propose a political lobbying strategy that requires choices in five strategic elements: the level and type of inclusiveness; the forms of argument to be used; the location or venue; the specific organisational target and whether the strategies will be delivered by the firm’s managers or contracted out (Vining et al, op.cit.). The level of inclusiveness relates expressly to whether a firm should lobby on its own account or as part of an industry or interest group. Effectiveness of involvement in a coalition may depend as much on the issue as the level of influence held by the company itself, and common beliefs may help to strengthen the effectiveness of the argument (Sabatier 1988).

Balanya et al (op.cit.) trace the activity of the European Roundtable for Industry (ERT) as the key influencers of European policy through the 1980s onwards. They distinguish between the influence

shown by this group by their collective approaches, in terms of lobbying and press activity, and the actions of individual members in taking up advisory posts, including in EU single-issue policy committees. They also assess the importance of PR and media consultancies in providing corporate actors with lobbying and guidance on strategies to make their influence felt in the appropriate areas of the Commission. These categories of influencing strategies: direct lobbying, lobbying as part of one or more interest groups, involvement in decision making committees, and use of PR and consultancies to act on their behalf can be added to simple meetings with officials, and to open consultations as direct strategies. Another category is the influence of country representatives to act in an international setting. This can be in the ‘home’ country, such as influence on the ‘home’ member state so that the actors views become incorporated into the state’s professed views in the European policy context, or to gain support from other countries for their objectives through methods such as investment promises, that affect those countries’ stances in global negotiations such as the Kyoto conferences of the parties (ibid.).

These forms of political activity are seen as necessary for a firm to position itself as an actor in the governance of its sector, and to influence the context of its operations. However, it has been proposed that different structures of governance as well differences in political institutions are the key to whether TNAs can impact state policies (Risse op.cit). The EU provides a society-dominated structure which is easy to infiltrate, but with more fragmented policy institution, thus care is needed to understand and identify the correct coalitions and interest structures with whom to work. It is in this arena that the electricity companies of Europe need to assert their influence. The next section aims to assess the extent to which the transnational companies are becoming transnational actors.

Influencing strategies of electricity actors

As discussed earlier, the role of national utilities in policy was traditionally more about governments ensuring that the utilities played their part in a healthy national economy than the utility influencing government in setting policy platforms. With the privatisation of the electricity sector, new forms of influence were needed by these companies in order to satisfy not only demand-related pressures from industry, consumers and governments, but also business investment pressures from private equity interests. Of course, some firms had private shareholders to satisfy already, but the scale and arena of the pressure response changed.

At the country level, prior to 1990 most electricity firms were already involved in dialogue with the appropriate ministry about policy issues. These

meetings, whether open or private, remain important opportunities for discussion of issues and desirability of various courses of action. Three particular changes required a change in activity from the firms: the rise of lobbying by other non-state actors bringing different perspectives to the problem at a national level, especially in respect of environmental problems (Hajer, 1995); the extension of the policy platform from national to EU (and its further extension to EU-25), and the transition to a more consultative approach to policy development (Vogler & Jordan, 2003).

By the time of liberalisation (1989), most of the major companies were active at EU level (Greenwood, 2002), and there was positive action in lobbying from a wide range of producer associations, among them EURELECTRIC (formed 1990s), the European Association for Renewables, the European Heat & Power Association (formed 1994), CEDEC – the European Federation of Local Public Energy Distribution Companies (formed 1992), Cogen Europe (formed 1993), and FORATOM, the nuclear industry association. Consumer or user associations were also active at liberalisation: IFEIC – the International Federation of Industrial Energy Consumers, ENER8 (formed 1992) and other large-scale user and single sector industry groups, ERT, plus trades union, and public sector alliances (ibid.). Post-liberalisation brought new coalitions and alliances forward. EuroACE, the European Alliance of Companies for Energy Efficiency in Buildings (formed 1998) brought manufacturers of energy conservation products together to lobby for energy efficiency, as well as new European networks for transmission, distribution and electricity trading. The rise of anti-globalisation, the sustainable development and climate change policy agendas all brought new coalitions and interest groups forward, particularly the ‘green’ groups, with varying degrees of organisation and influence. If the electricity companies are to be truly TNAs, what is their response to this political landscape? What evidence is there that they are actively developing their own political strategies as well as their economic and organisation ones?

In the description of TNAs in the previous section, direct lobbying, lobbying as part of one or more interest groups, involvement in decision making committees, and use of PR and consultancies to act on their behalf were seen as the main activities. Responses to open consultations are also key, as is production of policy documents based on self-generated research.

Table 1: Lobbying strategies of key European Electricity companies

Company	Direct lobbying	Business groups, INGOs	Consultations	Other PR
E.On	yes	ERT, Eurelectric	yes	yes - country

EdF	yes	WBCSD, World Energy Council	yes	yes - global
Enel		Eurelectric		
Fortum				general position papers
Iberdrola		UNESA (Eurelectric)	yes	yes - country
RWE	yes			yes - global
Suez		WBCSD, ERT	yes	yes - global
Vattenfall	yes	Eurelectric	yes	yes - global

Table 1 above shows for the companies whose transition from national in transnational company was described earlier, in what types of political activities they are engaged. Data are taken from published sources either from the company themselves or the organisations: direct lobbying is evidenced by a European or International Head of Policy, or similar title; committee activity was difficult to source and use of consultancies was not pursued as by its nature, it is not transparent, consequently more weight has been given to production of independent climate/energy policy reports and response to consultations.

The adoption of independent research or policy reports is interesting in itself as the suggestion has been made that production of information is a key indicator of a governance regime (Newell, 2000). EdF and Suez were party to an industry led report calling for a six-step agenda towards a sustainable energy future (WBCSD, 2006). Vattenfall’s climate change working group have produced their own report on behalf of their CEO on climate change policy, specifically burden sharing (Vattenfall 2006). E.On UK and EdF Energy supported a UK study of impacts of climate change on energy delivery (Brown, 2006), but it could be suggested that these are nationally focused. If only country-based policy research is produced by a subsidiary, without a wider focus (region or global), this could be a contradiction of these companies’ trans-national actor status. However EdF have other credentials; in addition to World Business Council for Sustainable Development (WBCSD), they are also represented at committee level on the World Energy Council. E.On (as well as recently acquired Endesa) are members of the influential European Roundtable of Industrialists (ERT) – as is Suez. RWE have a comprehensive research facility as evidence by their World Energy Report (RWE 2006) and their useful approach to collation of energy statistics within their annual reports. However their reports tend towards the technical/analytical rather than political, which suggests their influencing strategy may be based on provision of information rather than lobbying.

It is important to notice that this is early stage research, and that absence of evidence is not evidence that any organisation is not active in any one of these areas. However, if they intend to promote their views, that promotion is not evident. It is also the case that information on involvement with trade and industry lobby groups was not easily found on the web site, and involvement with Eurelectric is only shown through membership of the national trade association, as Eurelectric accepts membership only of that association or the largest national electricity organisation if the trade organisation is not active. In the table, representation of the companies within the list of board members is taken as evidence of their involvement in European affairs for the purposes of this paper.

To what extent have these influencing strategies been effective? Analysis of the position papers and research reports indicated above suggests that the key issues of concern of these actors are (in no particular order):

- Proper operation of an integrated electricity market
- Long-term price signals for carbon as a policy to promote investment in climate change mitigation measures
- Choice of energy options including energy efficiency, clean fossil, renewable and nuclear fuels
- Resistance to command and control mechanisms
- Need for a global burden-sharing approach / concerns over an EU-isolated approach
- Investment in new technology (including R&D, Carbon capture and storage, smart grids, distributed generation)
- Access to electricity for all

Comparison with the Energy Policy (EC 2007b), and the climate change communication 'Limiting Global Climate Change to 2 degree Celsius' (EC 2007c), suggests that there is a general consensus over all but the issue of command and control mechanisms (and binding targets, which are one aspect of command and control). However, whereas issues may be agreed, the details are not, and it has been suggested that MS resistance to binding targets may be significantly affected by influence of the national electricity companies on the MS.

On the basis of the data in Table 1, it is suggested that EdF, Suez and Vattenfall are acting transnationally in a political sense, RWE is acting transnationally in many ways but with less emphasis on a governance regime and E.ON may be acting transnationally and with its national subsidiaries emphasising local governance. This is open to considerable research and further development of the arguments of, among others; the nature of transnational influence, the management styles of

organisations especially with regard to acquisitions, the continued influence on governance at the country level, and the strategic choice of technical or political influence.

However, according to the scientific research agenda, transnational actors have to engage with a developing set of systems described as earth system governance, in which all non-governmental actors are involved. This means operating at levels already described, with coalitions of other business interests, but also coalitions with societal actors such as environmental NGOs, INGOs and others. The WBCSD is one INGO which is already involved with other societal NGOs. But if they are aware of and developing a presence in the structures of transnational governance are the electricity companies also engaging with the emerging techniques of determining socially acceptable policies?

Towards new transnational governance

It is generally recognised that European policy development operates in what is described as a post-normative society (Hajer & Wagenaar, 2003), i.e. in order that governance can take place, all segments of society have a role to play in both setting and deriving policy; the normative structure of government setting the rules and society obeying them is not enforceable, especially with respect to environmental policy (Vogler & Jordan op. cit.) due to the complexity of the problem and the immediate impact of the proposed solution on the electorate. The shift in power from simple national governance in the last few decades means that transnational actors, including corporations, campaigning and charitable NGOs, quasi governmental organisations such as UNEP and others all exercise power through their influence on governments (Risse op.cit.). Democratic governments need support from their electorate, citizens or corporations, in order to implement negotiated policies and to be re-elected to office. Thus they also need new techniques to elicit the concerns of their electorate, and new transparent methods to demonstrate their responsiveness to those concerns. Involvement of stakeholders in policy appraisal becomes the issue – how, when and where to do so, and what to do with the information or opinions gained.

It is claimed (van de Kerkhof 2004) that highly complex problems benefit in three ways from stakeholder involvement. Firstly, that participation improves decision-making as stakeholder involvement improves the legitimacy and accountability of the decisions that are made. Secondly, that it improves scientific claims where there is uncertainty by helping to make the science 'socially robust' and thirdly, that it enables structuring of the problem under investigation, enabling the problem to be defined in such a way that

all the different views (including conflicting ones) are taken into account, considered and compared. In the EU and Member States, the method of involvement in common use is consultation, performed by presenting a draft document, seeking responses through a number of methods, analysing the responses and creating a final document. However this level of stakeholder engagement may be insufficient to utilise the knowledge and values in society to integrate with scientific knowledge and create a more acceptable policy solution. However, it may not be clear that stakeholders have been asked the right questions, and whether there is agreement on the problem and the way it is defined, as shown by the success gained by Greenpeace in legally contesting the validity of the recent UK 'Energy Challenge' process (BBC 2007). The degree to which such consultation influence policy outcomes is not always clear. While some segments of society are more powerful than others, that power is expressed in ways that are not transparent (Newell 2000), and often powerful groups are able to oppose policy moves that are potentially damaging to them, unless an equally powerful interest is in opposition (Michaelowa, 1998).

It is into this context that the electricity companies are placing their transnational interests. It is already been suggested in this paper, that the companies have successfully influenced their 'home' country energy policies since liberalisation of the market. It has also been suggested that their responses to consultations have by and large been integrated into policy documents. But how would they respond in the situation that goes beyond consultation, and into a participatory process of policy making, with a much wider range of stakeholders, possibly even individual consumers?

Participatory methods of appraisal can include a range of interactions from information provision, through consultation, to deliberation. Information provision does not learn anything from stakeholders, consultation provides a wide range of responses that may not distinguish individual 'good' ideas from the majority response, but a clearer understanding of the divisive issues can be addressed through deliberative methods. These work with stakeholders to restate and understand the problem at the heart of the policy in question, and it does so from the diverse perspectives of all the actors engaged. A well designed deliberative exercise can develop, in a transparent way, a set of criteria for evaluating policy options or strategies that make them more acceptable to society, and therefore, more likely to be feasible in implementation. Developing criteria using stakeholder input in this way uses deliberation as opposed to consultation, and has been applied to complex problems such as disposal of nuclear waste (Burgess et al, 2004), health care choices (Warburton, 2006) and the ethics of organ transplants (Davies & Burgess 2004), among others.

To what extent does participatory appraisal presents a threat or an opportunity to these non-state actors? One influential work using deliberation with energy stakeholders was the COOL project. The Climate OptiOns on the Long term project was a Dutch integrated assessment project supporting the development of long-term climate policy in the Netherlands in a European and global context, which was completed in 2001. The main objective of this project was to develop ideas for strategies on how to achieve drastic reduction in greenhouse gas emissions in the Netherlands in the long term, in a European and global context, using a participatory approach. It included the sub-project referred to as the National Dialogue. One of the most striking issues at the start of the project was the differing positions of the stakeholders, not in respect of the acceptance of climate change science, but of policy options for mitigation. The DGM (Directorate for Environmental Protection) "had the opinion that lifestyle changes and renewable energy would not be sufficient to achieve drastic reductions of CO₂ emissions.... the stakeholders needed to become aware ... that technology could do the job at relatively low costs" (van de Kerkhof 2004, p97). However, other actors in society came to the discussions with different perspectives, ranging from potential resource scarcity to lifestyle changes, from business opportunities for renewables to wider concerns about sustainable development.

The National Dialogue ran in three phases from 1999 to 2001, with stakeholder dialogue at different levels of intensity throughout. There were four groups of stakeholders, one of which was the Industry and Energy group. This group showed a high degree of commitment 70% attendance over the phase of the first 6 participation workshops and 65% at the final two plenary workshops, which were optional for them to attend. The groups developed a range of key arguments from which the criteria were developed. These criteria were dominated by the desire for long-term climate policy not to focus on a specific technology, leaving options open – this was followed by concern for on CO₂ effectiveness, cost effectiveness, and market conformity. Selection of options by market mechanism was also important, but there was recognition that there could be a possible conflict between cost effectiveness and sustainability, between CO₂ effectiveness and innovation potential. Cost effectiveness was seen as cost per tonne of CO₂ reduced, whereas the Building group prioritised cost effectiveness based on the cost per tonne of sustainably reduced CO₂. These conflicts in priorities for the different groups required further deliberation to come to a societally agreed set: the Housing and Construction group prioritised sustainability, social support and consumers freedom of choice; Agriculture and Nutrition selected societal support, sustainability and cost effectiveness, whereas the Traffic & Transport group selected cost

effectiveness and climate awareness (van de Kerkhof, 2006). One of the overall outcomes of this intensive process of deliberation for the project as a whole was that in the final stages of the Dialogue, the stakeholder participants had rather fewer problems making choices under scientific uncertainty than the scientists, provided the assumptions on which the choices were made were transparent and acceptable to them.

In exercises such as this, the electricity actors may become confined to their own input or deliberation group. This is not a necessary condition in deliberation design, but has the outcome of finding the perspective of one group. In a more homogenous set of groups, the opportunity for a more wide ranging exchange of perspectives, and for learning from each other, is a side benefit. But what does it do for the power and influence of these major actors? Does it increase or hinder their leverage? On the one hand, participation gives these transnational actors the opportunity to ensure that the issues of concern to them are debated by other stakeholders. On the other, it suggests they need to use public information methods (such as the WBCSD report) more widely to ensure that their information is incorporated into the discourse by other actors, including individuals. This might be particularly useful in the local setting where, for example, climate change impacts can be discussed in the local context and (electricity company) preferred solutions set alongside.

However it could also be suggested that these actors have no need for a more deliberative approach as they already have the influence over the policy setters. Indeed as the key issues of European Energy

Policy have been analysed through consultation, the points of deliberation – the dialectic described through the COOL process – could be shown already to be broadly agreed. Moreover, the only point of contention between the list of key points from industry and that proposed by the Commission appears to be over regulation – industry wanting less, and the Commission requiring more in order to achieve a ‘working’ internal market for electricity. Unless a deliberative exercise involving a very wide range of stakeholders, and not just in the electricity supply sector itself, came up with radically new issues, deliberation would hardly justify the time or the effort involved.

Summary and conclusions

This paper has examined the international operating structures and policy strategies for the twenty top energy suppliers in Europe and identified the trends towards trans-national governance structures in EdF, Suez, Vattenfall, E.ON, and RWE. It has shown that under the current consultation and lobbying regime, the range of arguments in European climate change policy is largely agreed, except for the issue of how to manage an internal electricity market. It has also considered the potential rise of deliberative methods as a contribution to development of socially acceptable policy, especially for climate change, but suggests that considerably more advantage needs to be demonstrated in order for these methods to overtake the existing methods of influence, at least on the regional scale.

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Acknowledgements

With special thanks to my former colleagues on the ADAM project (EU Framework 6 programme, Project no. 018476-GOCE), especially Thure Traber (DIW, Berlin) and Fariborz Zelli (Tyndall Centre, UEA, Norwich) for their support and comments on early drafts.