



DANISH COMPETITION AUTHORITY



Annual Report 2004



Annual Report 2004

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Preface

Annual Report 2004 gives an outline of the Authority's activities and cases in the past year.

One of the main features of 2004 was the amendment of the Competition Act. The first goal was to align the Danish Competition Act with the modernised EU-rules both in the area of merger control and the rules laid down in Articles 81 and 82 in the treaty. Secondly, the Act was amended in a number of areas in order to define and clarify the legal situation as much as possible.

There was also introduced new regulation in the area of public procurement. In the spring 2004 the new public procurement directives were adopted. They entered into force in Danish law on 1 January 2005.

In all an exciting year with many new initiatives and interesting cases.

Finn Lauritzen
Copenhagen, April 2005



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1 Company profile

The Danish Competition Authority is an independent authority that is responsible for matters related to competition, energy regulation, public procurement and state aid. The Authority is the secretariat of the Danish Competition Council and the Danish Energy Regulatory Authority. The Danish Competition Authority performs a number of tasks in co-operation with the competition authority of the European Commission, the Directorate General for Competition.

1.1 Strategy

The Danish Competition Authority strongly supports the notion that competition encourages prosperity and innovation.

The Authority strives to create an effective market through competition in both the public and private sectors. The mission of the Competition Authority is to contribute to an effective market economy where competition ensures a wide range of goods and services at reasonable prices and with competition for public procurements.

The Authority aims at being one of the most effective, competent and service-minded competition authorities in the OECD countries.

The Authority has set two concrete goals to intensify competition in Denmark:

- To halve the number of industries in Denmark with competition problems.
- The average price level in Denmark must converge to the average price levels of the countries that Denmark is traditionally compared with.

The Danish Competition Act is – like in many other countries and in the EU – based on the principle of prohibition. The act is "full-fledged", i.e. based on the principle of prohibition, and includes merger control. The Authority publishes an annual Competition Report (Konkurrenceredegørelsen), which measures competition in Denmark, analyses the financial and legal situation, and describes major decisions of the year.

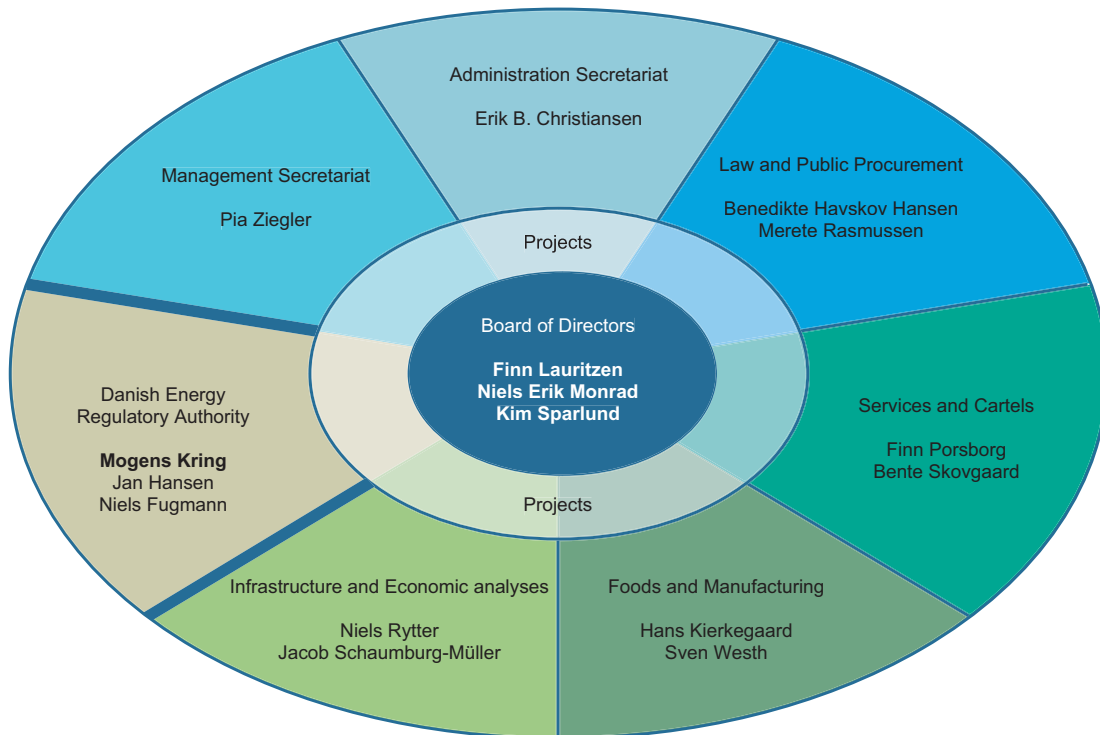
1.2 Organisation

The Authority comprises three competition units, a unit dealing with legal affairs and public procurement, two units dealing with energy regulation, an administration secretariat and a management secretariat.

The Authority has developed a project and network organisation that stimulates teamwork, cross-sectional co-operation and internal mobility. The results of this organisation have increased productivity, development capacity and employee satisfaction.

The Authority currently employs 142 persons. Of these, 49 works with the competition cases, 35 works with energy regulation, 17 works with legal affairs and public procurement, and 16 are administrative employees.





1.3 The Competition Council

The Danish Competition Council is composed of a chairman and 18 members. The Council represents versatile knowledge of public and private enterprise, including legal, economic, financial and consumer-related issues.

The Competition Council decides on major cases and test cases on the basis of submissions made by the Competition Authority. The Council meets once a month. The Authority is responsible for the day-to-day management on behalf of the Council. The decisions and case administration of the Council and the Authority





2 Promotion of competition

2.1 Amendments to the Danish Competition Act

On 16 December 2004 the Folketing (Danish Parliament) adopted a number of amendments to the Danish Competition Act. Among other things, this was a result of new provisions for the application of EU competition rules that entered into force on 1 May 2004. Although its provisions are immediately applicable in Denmark, the revision provided a basis for amending the Competition Act to ensure that the rules were transparent and that the Danish rules did not differ materially from EU rules.

In addition, the Danish Competition Council was given a wider scope to take action against dominant enterprises whose behaviour impedes effective competition. Finally, the Act was amended in a number of areas in order to define and clarify the legal situation as much as possible.

The Act entered into force on 1 February 2005.

Highlights of the new Competition Act

- In special cases, the Competition Council will be empowered to order dominant enterprises to prepare and submit written trading conditions.
- The prohibition against binding resale prices is emphasised to make it clear that it also applies in single cases of price control where the management is unaware of the issue. Discounts to retailers who agree to observe fixed prices are also prohibited.
- The merger criterion is amended to give the authorities a wider scope to impose requirements in connection with mergers that threaten to impede effective competition, even though the mergers do not comprise the largest enterprise in the market (i.e. the so called SIEC criteria).
- Like the European Commission, the Competition Council will be empowered to settle competition issues by accepting binding commitments from the enterprises.
- Moreover, the competition authorities will be empowered to issue orders to ensure that an enterprise observes the commitments made to the competition authorities in a timely and proper manner.
- The existing notification system is modernised so that enterprises may claim exemption from the Competition Act without prior application.
- It is emphasised that the Act warrants publication of judgments and fixed-penalty notices for infringement of the Competition Act.
- The Competition Appeal Tribunal will be enlarged from 3 to 5 members.
- It will be possible to handle cases in English, wholly or partly.

2.2 Punishable infringements of the Competition Act

Cartels represent one of the most obstructive types of anti-competitive behaviour. Investigation and inquiry into such activities are therefore given a very high priority by the Competition Authority. Investigations into both cartels and other matters concerning punishable infringement of the Competition Act are generally based on information received by the Authority from companies and the public by way of complaints, inquiries, etc. However, the Authority also collects information as part of its general market monitoring and case administration work. In some cases, these efforts reveal illegal cartel activities, etc.

Not only actual cartel agreements infringe the Competition Act. Also other anti-competitive agreements and behaviour, e.g. binding prices and abuse of dominant position, have a significant, harmful impact on society and the consumers. Consequently, the Competition Authority also attaches great importance to clearing up of and investigation into such violations.

2.3 Decisions

The Competition Council decides on major cases and test cases. The Competition Authority is in charge of the day-to-day administration of the Act and the preparation of cases to be submitted to the Council. On behalf of the Council, it decides cases in accordance with practice or in accordance with guidelines set out by the Council.

The Competition Council held eleven meetings and decided 13 cases in 2004. The Competition Authority made 68 decisions in important cases with subsequent publication. This decline is due to very few notifications of agreements since 2002. The workload has not declined since the remaining cases are becoming more complex and have conflicting parties. In 2004, the Authority also concluded about 629 minor cases, mainly concerning access to documents, questions from citizens, etc.

Production figures, competition cases 2002-2004

	2002	2003	2004
Council decisions	29	21	13
Authority decisions	166	74	68
Concluded cases, total	720	769	710

Decisions of the Council and the Authority can be appealed to the Competition Appeal Tribunal. Eight cases were decided in 2004. Of these, two were overruled or referred back. Decisions of the Appeal Tribunal can be brought before the courts.

Average duration of case handling, Competition 2001-2004 (months)

Council decisions			
2001	2002	2003	2004
6.3	10.0	11.6	12
Authority decisions			
2001	2002	2003	2004
5.4	5.8	5.6	4.7

Below some of the major cases the council decided in 2004 are described.

2.4 Anti-competitive agreements

Illegal price coordination between Wewers Belægningsten and Ikast Betonvarefabrik

The Competition Council ordered Wewers Belægningsten A/S and A/S Ikast Betonvarefabrik to terminate their illegal price coordination.

The irregularities were disclosed by the Danish Competition Authority following unannounced inspections of both enterprises in May 2003. During its inspections the Authority found evidence that the two companies were exchanging price lists with a view to raising the prices of products manufactured by both enterprises.

Wewers Belægningsten was a joint venture controlled by Ikast Betonvarefabrik and Wewers Teglværker. The circumstance that one enterprise partly owned another enterprise did not make it legal to harmonise prices.

2.5 Abuse of dominance

Abuse of dominance by TDC

The Competition Council found that TDC had abused its dominance. TDC had applied discriminatory and loyalty-enhancing discounts when selling traffic minutes to resellers and had squeezed margins. Both practices are comprised by the prohibition in section 11 of the Competition Act.

Song Networks A/S, which provided fixed-line telephony to business customers, had filed a complaint about TDC and SONOFON to the Competition Authority.

The Competition Council did not find that SONOFON had infringed the Competition Act. The Council did, however, find that TDC had sold its PlusNet Mobil product at retail prices that did not cover the total costs including a risk premium and a normal profit margin. This was an illegal margin squeeze. TDC had maintained a high wholesale price for several of the services that are part of its competitors' end products. At the same time, the retail price – e.g. for termination in the mobile network – was lower than the wholesale price. The wholesale price exceeded DKK 1.00 per minute for termination in TDC's mobile network, while the corresponding retail price was DKK 0.50-0.60.

The Council also found that TDC's bonus system in relation to its mobile resale agreements was discriminatory and loyalty-enhancing. The bonuses could not be explained by costs. The existing bonus system meant that small and medium-sized providers were discriminated against and that TDC gave preferential treatment to itself.

Abuse of dominance by Post Danmark

The Competition Council found that Post Danmark had abused its dominance in the market for distribution of unaddressed items. This market comprises advertisements and local newspapers.

Post Danmark had quoted different prices to its own and its competitors' customers. In a few cases Post Danmark had quoted more favourable prices to its competitor's customers than to its own customers. Post Danmark had also applied discriminatory prices towards its own customers. Finally, Post Danmark had on six occasions applied loyalty-enhancing target discounts whereby customers were offered higher discounts if the actual number of items sent exceeded an agreed target. Some of these discounts could not be explained by costs, but were chiefly aimed at gaining market shares from Forbrugerkontakt.

The Competition Council ordered Post Danmark to amend its prices and discounts.

2.6 Mergers and acquisitions

Merger control was incorporated in the Danish Competition Act in 2000. In 2004, the Competition Authority treated 12 merger cases. The largest merger case in 2004 was the merger between Elsam and NESAs.

The threshold value for mergers in Denmark is DKK 3.8 billion. The Competition Act includes a special provision on mergers not found in any other countries. According to this provision, the parties may obtain a preliminary approval, which is not published until at a later agreed time. This provision may in some negotiations be expedient for the parties – and is naturally only applied in cases where it is completely clear that the merger will have no impact on competition.

The merger between Elsam and NESAs

The Competition Council approved the merger between Elsam and NESAs subject to Elsam's acceptance of a number of commitments. Without these commitments, the merger would have cost electricity users DKK 150-200 million a year.

Firstly, Elsam must sell a significant volume of centralised power capacity (600 MW) by auction. The sale of this capacity was not limited in time. The Competition Authority was to determine the auction conditions. In addition, Elsam must sell all its own and NESAs' decentralised gas-fuelled combined heat and power (CHP) stations. The CHP stations had a total capacity of 230 MW. At the same time, Elsam will abstain from purchasing and operating decentralised power stations for the next 12 years. These commitments meant that Elsam would still meet competition in the wholesale market.

Secondly, Elsam made a commitment to transfer NESAs' ownership interests in Elkraft System and Transmission to an independent enterprise. This was to prevent Elsam from gaining influence on the system responsibility or infrastructure. In addition, Elsam must ensure that a 600 MW Great Belt cable be established between Funen and Zealand. Consequently, the capacity sold by Elsam would boost competition in both Eastern and Western Denmark.

Thirdly, conditions in the retail market were improved. New suppliers were given easier access to NESAs' customers' consumption profiles. NESAs would also allow other suppliers to establish full customer relations, including settlement with the grid company.

The positive effects of the commitments offset the negative impacts of the merger. The negative impacts were mainly attributable to the fact that Elsam acquired 36 per cent of the shares in the Eastern Danish company, Energi E2, which had a total centralised CHP capacity of almost 3,500 MW.

2.7 Other decisions

The Competition Council may issue orders for the termination or repayment of aid granted from public funds, which has been granted to the benefit of specific forms of business activities, and which is not legitimate according to public regulation. This provision should be seen as a supplement to the EC state aid rules. This means that the Competition Council can now intervene if the aid is not legal pursuant to statutory regulation and if it distorts competition. This also applies if public authorities sell or let land, commercial tenancies, etc. below market prices.

In principle, the Danish Competition Act seeks to achieve the greatest possible equality between private and public business activities. If anti-competitive practice is a direct or necessary consequence of a public regulation, the provisions of the Act do not apply. The assessment of this - which entails putting other legislation above the Competition Act - can only be made by the relevant minister who is answerable to the Danish Parliament. The minister responsible and the Minister of Economic and Business Affairs must motivate governmental restrictions on competition questioned by the Competition Authority.

The Competition Council recommended that the free choice rules be amended. The Competition Council recommended that the Minister for Social Affairs amend the rules for free choice of supplier (service provider) of home care. The Council recommended that the local authorities compensate private providers of home care services if the payment they received was lower than the local authority's costs.

Users have a free choice between private and public service providers. The hourly rate paid to the private service provider is equal to the cost at which the local authority would be able to provide the service. Legislation permits local authorities to include future efficiency gains in their hourly rates, i.e. to operate with such gains at a time when efficiency has not yet been improved. This allows local authorities to fix a lower hourly rate than their actual costs at the time of calculation. Competition is distorted in regard to private service providers if the efficiency gains are not realised.

Consequently, the Competition Council recommended that this rule be amended so that private service providers receive supplementary payment if the planned efficiency improvements on which the reduced settlement price was based are not implemented.

2.8 User satisfaction

The Competition Authority has a wide range of tasks. Regulatory tasks include some that are not directly requested by customers, e.g. when the Authority or Council makes decisions that entail obligations or conduct unannounced inspections of selected enterprises. However, this does not prevent the Authority from aiming for high customer satisfaction.

Via interviews with most of its customers, the Competition Authority has measured customer satisfaction since 1998. Customers include enterprises, lawyers and other authorities whose cases have been handled by the Authority.

The Authority is pleased to note that satisfaction in the competition area stabilised in 2004.

User survey, Competition (2002-2004)

Year	Positive/very positive replies – per cent		
	2002	2003	2004
Duration of case handling	67	69	61
Reasoning sufficient	72	74	71
Information before decision	70	76	78
Getting in touch by phone	95	91	92
Returning calls	92	93	92
Service level in general	90	84	92
Intelligibility of letters	92	96	90
Legal competence	78	75	75
Economic competence	79	68	77
Sector knowledge	68	65	64
Explain Competition Act	88	84	76
Presentation of facts	87	77	74



3 Public procurement and state aid

3.1 Public procurement

The purpose of the EU public procurement legislation is to create cross-border competition within the European Union. The aim is to ensure that suppliers from all EU Member States have equal access to bidding for public contracts. This promotes cross-border competition and leads to procurement on the best possible terms.

In 2004 the work of the Competition Authority within the field of public procurement was dominated by the work on new legislation.

First and foremost, the new set of public procurement EU-directives was adopted and implemented into Danish Law. On a national level, a new law on tendering procedures for work contracts was adopted.

Also the structural reform for local and regional governments resulted in new tasks for the Competition Authority.

The implementation of the legal package

In spring 2004 the new public procurement directives were adopted. In order to make it possible for the contracting authorities to profit from the new procurement procedures the Danish Government aimed for a speedy implementation. Thus the Competition Authority entered into dialogue with the interested parties in order to set up the framework for the new legislation. After a broad public hearing the two new governmental orders, implementing the new directives, were issued in September 2004.

Some of the new provisions are voluntary for the Member States, e.g. the provisions on framework agreements, centralised purchasing, electronic auctions and competitive dialogue. This entails that each Member State has to decide whether to implement these rules into national law. Denmark has chosen to give access to all new procurement procedures and instruments with only one limitation. Electronic auctions cannot be used in the field of public works contracts.

The new directives entered into force in Danish law on 1 January 2005.

As a supplementary means the Competition Authority has introduced extensive interactive guidelines to the new procurement legislation. These can be found on the homepage of the Competition Authority at www.ks.dk/udbud.

The structural reform

With the introduction of the structural reform for local and regional government the authorities in question are met with a range of challenges in the field of procurement and public contracts.

To ease the upcoming tasks, the Competition Authority – in cooperation with Local Government Denmark, Danish Regions and the Ministry of Interior and Health Affairs – has created a set of guidelines on the use of procurement in this regard. The guidelines deal with possible problems that local authorities have to cope with, and give examples of the various solutions at hand, e.g. the use of framework agreements, options, and contractual agreements.

These guidelines can also be found at www.ks.dk/udbud.

The Act on Tendering Procedures for work contracts

A new Act on Tendering Procedures for work contracts below EU-thresholds (Tilbudslov) will be adopted spring 2005. This law is the result of a study of the effects of the 2001 Act on Tendering Procedures, which it replaces.

The main aims of the new law are to hinder waste of resources for both contracting authorities and tenderers, to enhance transparency and legal certainty, and to ensure efficient competition.

Both the new law and the Competition Authority guideline hereto can be found at www.ks.dk/udbud.

Complaint cases and informative statements

Whenever a tenderer has reason to believe that a contracting authority is in breach with public procurement legislation, a complaint can be submitted to the Competition Authority.

By being able to submit such a complaint, the tenderer is given an easily accessible, rapid and inexpensive way of dealing with procurement problems. On receipt of a complaint the Competition Authority contacts the contracting authority in question, examines the case and comes up with solutions for possible violations. In by far the most cases, this results in the infringements being remedied and the contracting authorities complying with the rules.

However, the Competition Authority does not deal with cases where a contract has already been signed or with claims for damages.

In 2004, the Competition Authority received a total of 35 complaints. In 22 cases the authority expressed critique of the contracting authority.

In addition to the informal problem solving system, the Competition Authority offers quick answers to procurement questions from contracting authorities, tenderers and advisors via a telephone hotline service. Written informative statements are limited to questions of more general interest concerning law interpretation.

Average duration of case handling 2001–2004, Procurement (months)

Complaint cases			
2001	2002	2003	2004
2.1	2.7	1.7	4.1
Informative statements			
2001	2002	2003	2004
1.5	2.4	0.9	1.1

3.2 State aid

State aid policy has many things in common with competition policy. Both state aid and restrictions on competition distort competition between companies and can result in considerable losses for society. State aid policy is covered by the competition rules of the EC Treaty and serves the same purpose as competition policy, namely to ensure an efficient use of society's resources. For this reason the state aid area is under the auspices of the Danish Competition Authority.

The Danish policy on state aid concentrates on state aid being used in the most efficient way, encouraging the desired objectives and avoiding unintended negative consequences, such as distortion of competition and/or a waste of public money.

It is the responsibility of the Authority to participate in the EU co-operation on matters relating to state aid. Thus, the Authority takes part in negotiations within the EU on new measures in respect of state aid. An important part of the Authority's work in this context is to ensure that Danish interests are safeguarded in the best possible way.

In addition to international work, the Authority plays a national advisory role. The State Aid Office offers advice to the Danish authorities on state aid issues and may provide recommendations; however, it cannot make decisions regarding EU regulation. The European Commission and the European Court of Justice make the final decision as to whether a given scheme constitutes state aid, and whether such an arrangement may be approved. The Authority can – within the provisions of the Danish Competition Act – investigate state aid that falls outside the EU definition of state-aid.

New rules on state aid and modernising state aid control

The Commission has acknowledged that state aid rules must be in constant evolution and require adjustments over time, because they must take account of political, economic and legal developments. There is an increased focus on a modernised state aid policy in the context of the Lisbon strategy for growth and employment. In 2004 the Commission's state aid reform gave rise to a series of changes in different areas.

The new Commission regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 sets out a comprehensive procedural framework on notification issues, time limits and repayment of aid. The new rescue and restructuring guidelines clarify the approach the Commission intends to take in individual cases.

The new guidelines are based on the core principle that in any restructuring operation the aid beneficiary should be obliged to finance a large part of its restructuring cost. The guidelines also introduce a uniform standstill period during which the aid recipient should not rely on follow-up aid.

Furthermore, the guidelines introduce a uniform period of ten years that should elapse after the award of restructuring aid before new aid in whatever form is envisaged ("one time last time principle"). As regards de minimis aid the Commission has adopted a special regulation which allows de minimis aid in the agricultural and fisheries sector. The total de minimis aid granted to any one enterprise within the agricultural and fisheries sector may not exceed € 3.000 over any period of three years.

The Commission will continue to review its state aid instruments to simplify and clarify them, and remove possible conflicts between the different texts. At present, priority is being given to reviewing the rules on regional aid rules after enlargement, to simplify the rules on research, development and innovation, to clarify the area of services of general economic interest, and to review the rules on risk capital, de minimis aid and aid to the aviation sector.

Production figures, procurement and state aid 2001–2004

	2001	2002	2003	2004
Complaint cases, procurement	22	37	42	32
Informative statements, procurement	77	78	186	169
Informative statements, state aid	24	29	41	30
Procurement problems abroad	8	2	3	3
Concluded cases, total	131	147	271	234



4 Energy regulation

The Danish Energy Regulatory Authority (DERA) is the supervisory body and board of appeal of the energy sector. The Authority was set up as part of the liberalisation and legal reformation of the Danish electricity sector and commenced its activities on 1 January 2000. The DERA is serviced by the Danish Competition Authority.

DERA publishes a more extensive annual report, which is available at www.energitilsynet.dk.

The Authority's principal task is to regulate the monopoly companies in the energy sector. This includes the grid and transmission companies, the companies with supply obligations in the electricity and gas sectors as well as the district heating companies. The Authority ensures third party access to the grid and therefore that grid owners do not obtain unreasonable advantages from their natural monopoly status and that all consumers enjoy fair, uniform and transparent prices and conditions of supply.

The aim of the Authority is to enhance efficiency and reduce consumers' energy costs. The Authority's tasks can be summarised under four headings:

- Supervision of distribution prices and connection charges.
- Transparent prices and conditions of supply for the consumers.
- Hearing and resolving complaints from consumers as regards the monopoly companies.
- Encouraging efficiency improvements to ensure that monopoly companies not exposed to pressure from competitors still feel obligated to improve efficiency.

4.1 Activities in 2004

The Authority hears cases of fundamental importance or of significant social or financial interest in the field of energy legislation.

A large proportion of the cases are brought by consumers, particularly electricity consumers who are dissatisfied with charges, conditions of supply or other matters related to their energy supply. Other cases are brought by energy companies and may concern the interpretation of laws and regulations or relationships with other companies. In addition, the Authority will take up cases which it becomes aware of through notifications or the press. Finally, there are development-related cases and cases of a general, regulatory nature, such as efficiency improvements in the grid companies, international matters, consultations and ministerial cases.

Examples of activities in 2004

In 2004, the Authority was engaged in the work to establish the new regulation to cap prices and income for the electricity and gas sectors as well as for the system operators in both sectors. Preparations for incorporating the new EU directives for electricity and gas into Danish legislation also meant a lot of work for the Authority in 2004.

New regulation for the grid companies

In the electricity area, the above political agreement stipulates a fundamental revision of the regulation of the grid companies.

The main principle of the new regulation is that the tariffs are frozen as at 1 January 2004 and can only be increased in line with inflation. In essence a price cap regulation has been introduced. Compared to the former regulation regime, the new regime constitutes far fewer administrative burdens – for both the sector and the Authority. In 2005, DERA will allocate many resources to develop a new regulation regime and produce guidelines for the new system. Another part of the political agreement is that DERA will not place efficiency



demands on the companies until 2008. In the meantime, the Authority will develop a new benchmarking model is to be used in calculating efficiency demands.

Full opening of the natural gas market

From 1 January 2004, all the approximately 300,000 Danish natural gas consumers will have a free choice of supplier. In 2003, DERA contributed to preparations for the full opening of the market. Amongst other things, DERA established the roles for the various market actors, and the procedures to be followed when a consumer wants to change supplier.

In 2004, together with the sector, DERA supervised the implementation of the market opening. This also contained handling new issues and complaints of pivotal importance to the functioning of the market.

A much larger proportion of the price of natural gas is open to competition than is the case for electricity. However this does not include the whole price. Taxes also comprise a significant part of the price of natural gas, and all customers, irrespective of their choice of supplier, must pay for distribution by their local distribution company. On the other hand, as a main rule, the supplier is responsible for buying natural gas, as well as transmission and storage.

Problems concerning lack of sufficient data

During most of 2004, the secretariat of DERA was deeply involved in a case concerning lack of meter data.

The energy supply department of the Danish Farmers' Association had launched a complaint that several energy suppliers did not deliver the data necessary for the department to write out bills for the about 4,800 farmers, who buy electricity on market terms from the Danish Farmers' Association. The association was accordingly unable to write out bills for these consumers.

Together with the Energy Suppliers' Association, DERA focused on a series of computer-related issues as the source of the problem. The energy suppliers had expected these problems to be solved by the end of May 2004 at the latest. However, this was not the case. Accordingly DERA asked 11 electricity suppliers to provide a draft plan concerning fast and durable solutions.

Due to the above efforts, the problems have been alleviated.

Simplification of electricity bills

During 2004, DERA and the electricity suppliers association took the initiative to set up a committee dealing with how to simplify the bills sent to electricity consumers.

The committee put great effort into weeding out the mumbo-jumbo of the sector and replacing it with clear, easy-to-understand language. Sufficient information about power consumption, government taxes and VAT must be provided, together with an overview of the changes in the individual consumer's consumption over the previous years. Furthermore, the different items of the account should appear separately in order to make the bill more easily understandable for the consumer and make clear which items concern monthly or quarterly payments and which concern the yearly settlement.

In October 2004, as a result of the work of this committee, the electricity suppliers' association issued an instruction to its members concerning the use of simple language and simplified electricity bills.

4.2 A New Board of Complaints

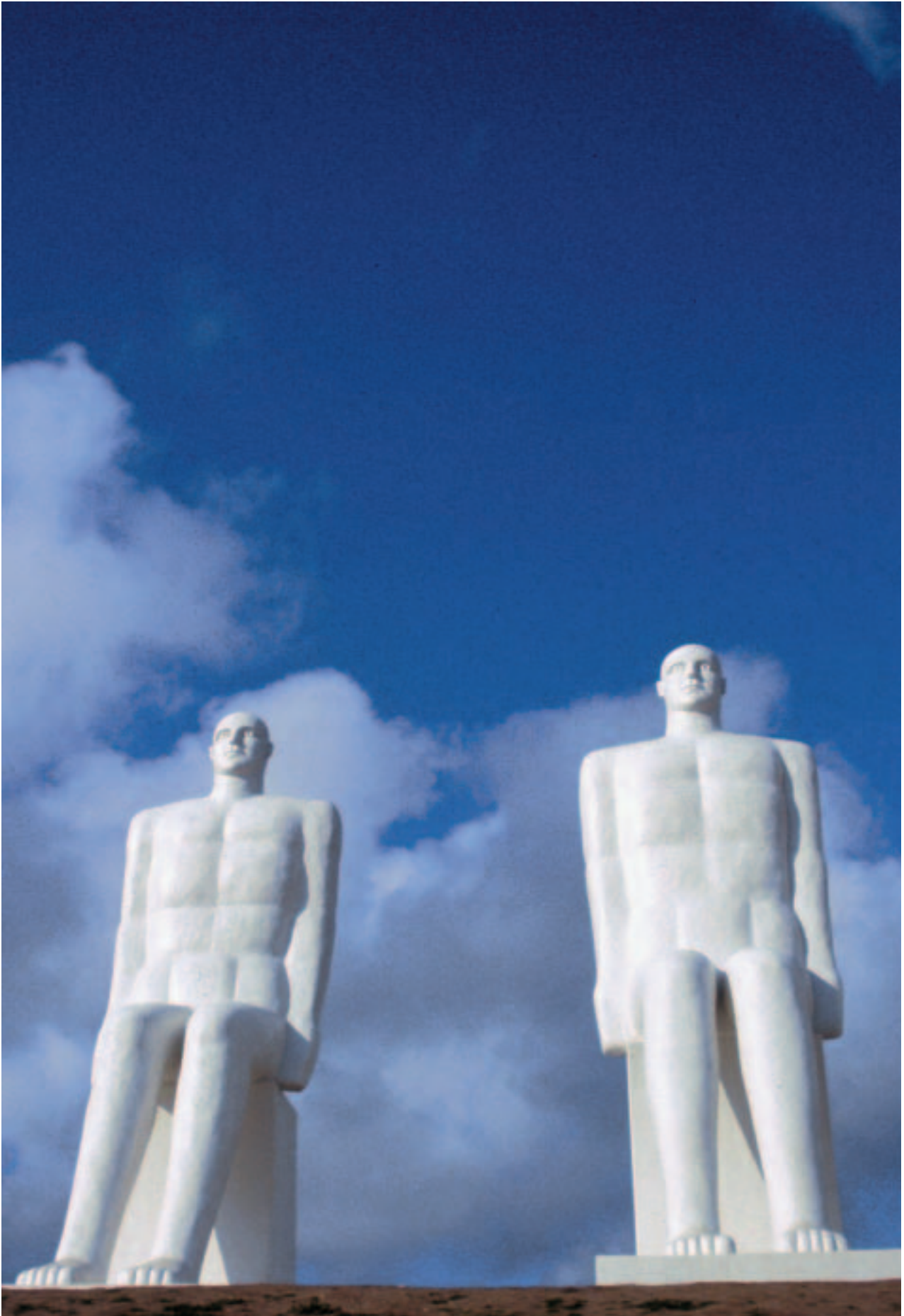
Up to November 2004, both DERA and the Consumer Complaint Board dealt with complaints from consumers regarding conditions for sale and delivery from energy suppliers. Now these complaints are being dealt with by a new complaint board named the Energy Supplies Complaint Board, abbreviated to the ANE. ANE is approved by the Minister for Family and Consumer Affairs according to the Act on Consumer Complaints.

The setting up of the new board means that the consumers now have an easy and efficient means of complaint.

The energy suppliers and the National Consumer Agency, in agreement with the Danish Competition Authority took the initiative to set up the new board. It means that consumers only need contact the secretariat of DERA, and they do not have to bother about the proper forum of their complaint.

The secretariat of DERA has kept to its timetable regarding the working group on the new complaints board, and the board was ready to start functioning on 1 November 2004, including a brand new homepage (www.energianke.dk), daily telephone counselling and new complaint forms.





5 Projects and reports

A major part of the development work of the Authority takes place in projects that analyse fundamental problems in the various fields of the Authority. 12–14 full-time equivalents are currently set aside for projects. This approach to the cases has led to a more efficient utilisation of resources, as the project results provide the Authority with a better basis for its day-to-day case work. The project results are published in separate reports or in the annual Competition Report.

In 2004, 7 projects were concluded:

Competition Report 2004

Annual Report 2003

Telecompetition - Towards a single Nordic market for telecommunication services?

Competition policy strategy

Report from the ECA working group concerning air transport

Real estate agents

The merger between Elsam and NESAs

The Competition Report, which is published annually, describes relevant competition/political problems illustrated by both Danish and international examples. Subjects selected are those of significance to the quality and understanding of the work of the Competition Authority, plus theoretical and practical circles of problems for the framework conditions of trade and industry. The first Competition Report was published in December 1997. The Competition Report 2004 is the seventh report published.

The Competition Authority also publishes "Competition in Denmark (Annual Report)", which reports on the objectives, results and organisation of the Authority. Besides, it contains an analysis of the results which the Authority has achieved in the field of competition, energy, procurement, state aid, etc.



Key figures

	2001	2002	2003	2004*
Cases, total	1840	1950	2337	3064
Increase in productivity	6.3%	3.4%	9.4%	30,4%

* The definition of cases has changed from 2003 to 2004 and can therefore not be compared directly. If 2003 is to be compared the right number for 2003 is 3141.

Staff	Year-end 2004
Board of Directors	3
Competition	49
Legal Affairs and Public Procurement	17
Energy	35
Projects	19
Administration	16
Information and relations to the Ministry	3
Total	142

Financial Statement	Expenditure 2004
	(DKK million)
Competition	37.5
Procurement and State aid	6.0
Energy	17.2
Assistance	12.5
General Management and administration	15.4
Total	88.6





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