MASTER IN BUSINESS ADMINISTRATION (MBA)

Trabajo Fin de Máster
Capstone project

Strategic and Financial Viability of Entering the Spanish B2B Electricity Retail Market: A Segment-Based Approach

Author: Juan Pérez Ariza
Supervisor: Carmen Alba Ruiz-Morales

Madrid

May 2026

Executive summary

This Capstone Project assesses the strategic and financial viability of entering the Spanish B2B electricity retail market as a new entrant. The study is developed through the case of **Enercom**, a fictional mid-sized energy company with financial and commercial backing, but without an existing retail electricity presence in Spain. The project is motivated by the growing relevance of electricity retail within the broader energy transition, as liberalized markets, electrification trends, and rising competitive intensity are reshaping the strategic options available to energy companies.

The main objective of the project is to determine **under what market, regulatory and internal capability conditions it is strategically and financially viable for a new entrant to enter the Spanish B2B electricity retail market, and with what positioning, target segments and scale**. In doing so, the project seeks not only to evaluate whether entry is feasible, but also to identify the most attractive strategic configuration for such entry.

The methodology combines both quantitative and qualitative approaches. First, the Spanish B2B electricity market is segmented into the **2.0, 3.0 and 6.X tariff groups**, corresponding broadly to small commercial clients, SMEs and large industrial consumers. A market sizing exercise is then conducted through the estimation of the **Total Addressable Market (TAM)**, the **Serviceable Available Market (SAM)** and the **Serviceable Obtainable Market (SOM)**. The TAM is estimated using CNMC market data, the SAM is approximated through switching rates as a proxy for contestable demand, and the SOM is calculated through a bottom-up model based on commercial capacity, measured through full-time equivalents (FTEs), clients acquired per FTE, and energy sold per client. The financial attractiveness of each segment is then assessed through a business case model based on gross margin generation and EBITDA. Finally, the quantitative findings are complemented by a **Porter's Five Forces** analysis to assess the structural attractiveness of the target segment from a qualitative perspective.

The results show that entry into the Spanish B2B electricity retail market is **both strategically and financially viable**, provided that the entrant adopts a focused and operationally realistic strategy. While the 6.X segment offers high energy volumes, its attractiveness is reduced by low margins, limited switching and structural concentration. The 2.0 segment, by contrast, benefits from relatively higher margins but suffers from low energy consumption per client, making scale more difficult to achieve efficiently. The analysis finds that the **3.0 segment offers the most attractive balance between volume, margins, scalability and contestability**, consistently delivering the strongest EBITDA performance over the 2026–2030 period.

The project therefore concludes that Enercom should enter the Spanish B2B electricity retail market through a **focused strategy targeting the 3.0 segment**, supported by a commercial model centered on efficient customer acquisition and gradual scaling. More broadly, the study shows that success in electricity retail does not depend on targeting the largest market segments, but on selecting those in which commercial effort can be

translated most effectively into sustainable profitability. In addition, the recommended strategy is broadly aligned with wider social and environmental objectives, particularly those related to **affordable and clean energy, economic development, and climate action**.

Keywords: electricity retail, B2B energy market, market entry strategy, TAM-SAM-SOM, Porter's Five Forces, energy transition

Index

Index of figures

Index of tables

1. Introduction

1.1. Background and relevance of the study

The liberalization of electricity markets across Europe has fundamentally transformed the competitive dynamics of the energy sector. In Spain, the progressive opening of the electricity retail market has enabled new entrants to compete with incumbent utilities, fostering increased competition, price transparency, and customer choice [1].

Over the past decade, the Spanish electricity retail market has experienced a gradual shift in market structure. While traditional utilities continue to hold a significant share, non-traditional commercializers have steadily gained ground across different customer segments. According to the Spanish energy regulator, the Comisión Nacional de los Mercados y la Competencia (CNMC), the market share of independent retailers has increased in recent years, particularly in the liberalized segment, reflecting a gradual intensification of competition [2].

At the same time, structural trends such as electrification, decarbonization, and the decentralization of energy systems are reshaping both supply and demand dynamics. The growing adoption of self-consumption solutions, the expansion of renewable generation, and the development of power purchase agreements (PPAs) are reducing the share of demand that is effectively contestable in the retail market [3].

In addition, increased volatility in wholesale electricity markets, particularly since the energy crisis of 2021–2022, has introduced additional complexity into retail pricing strategies and risk management. Retailers must now navigate a more uncertain environment, where margins are influenced not only by competition but also by the ability to manage exposure to wholesale price fluctuations [4].

Within this context, the B2B electricity retail market presents a particularly interesting case. Unlike the residential segment, B2B customers exhibit significant heterogeneity in terms of consumption levels, contractual arrangements, and purchasing behavior. These differences translate into distinct competitive dynamics across segments, making the identification of viable entry strategies more complex.

As a result, understanding the conditions under which a new entrant can successfully penetrate this market requires a combined analysis of market structure, regulatory constraints, and internal capabilities.

1.2. Research objective and question

The main objective of this Capstone Project is to assess the strategic and financial viability of entering the Spanish B2B electricity retail market as a new entrant.

To address this objective, the analysis is structured around the following research question:

Under what market, regulatory and internal capability conditions is it strategically and financially viable for a new entrant energy company to enter the Spanish B2B electricity retail market, and with what positioning, target segments and scale?

This question implies not only evaluating whether entry is feasible, but also determining the optimal strategic positioning of the entrant in terms of customer segments:

1.3. Methodological approach

To answer the research question, the project adopts a structured analytical framework combining both quantitative and qualitative methodologies.

First, a **market sizing analysis** is conducted, estimating the Total Addressable Market (TAM), Serviceable Available Market (SAM), and Serviceable Obtainable Market (SOM) across key B2B segments. This allows for the identification of the realistically contestable portion of the market.

Second, a **bottom-up business case model** is developed, based on a commercial capacity approach. In this framework, market penetration is driven by the number of commercial full-time equivalents (FTEs), their productivity in terms of client acquisition, and the energy consumption associated with each client segment. This approach ensures that growth assumptions are grounded in operational capabilities rather than purely top-down market share targets.

Third, the model incorporates **scenario analysis**, comparing different strategic focuses across customer segments (2.0, 3.0, and 6.X), in order to determine which segment offers the most attractive balance between scalability and profitability.

Finally, a **qualitative strategic assessment** is conducted using Porter's Five Forces framework, focusing on the most attractive segment identified in the quantitative analysis. This allows for the validation of financial results from a structural and competitive perspective.

1.4. Motivation and practical perspectives

This project is also motivated by the author's professional experience in strategy consulting, specifically during an internship at Accenture Strategy, where exposure to energy sector dynamics and business transformation projects provided practical insights into the functioning of liberalized electricity markets.

In particular, the author participated in a strategic project for Engie focused on the potential entry into the Spanish B2B electricity retail market. The project involved assessing the feasibility of launching a new electricity commercializer from scratch,

targeting business customers. This strategic direction is consistent with Engie's broader expansion strategy in Spain, as reflected in its acquisition of the SME energy supply business from Ignis, aimed at strengthening its presence in the commercial segment [5].

This experience provided first-hand exposure to key industry dynamics, including:

- commercial strategies in B2B electricity retail,
- pricing structures and margin drivers,
- and operational constraints associated with scaling commercial activity.

While the analysis presented in this project is grounded in publicly available data and established academic frameworks, certain modeling assumptions—particularly those related to commercial productivity (FTE-based models), ramp-up dynamics, and achievable margins are informed by this practical exposure. These assumptions are not intended to substitute empirical evidence, but rather to complement it, ensuring that the model reflects realistic business conditions.

In this sense, the project combines academic rigor with a practitioner-oriented perspective, aiming to bridge the gap between theoretical frameworks and real-world strategic decision-making in the energy sector.

1.5. Structure of the document

The remainder of the document is structured as follows:

- Section 2 provides an overview of the Spanish electricity retail market and its segmentation.
- Section 3 introduces the fictional company Enercom and defines its strategic positioning and capabilities.
- Section 4 describes the methodology used in the analysis.
- Section 5 presents the market sizing results (TAM, SAM, and SOM).
- Section 6 develops the business case model and analyzes the financial outcomes across different strategic scenarios.
- Section 7 presents a Porter Five Forces analysis of the selected target segment.
- Section 8 concludes with key findings and strategic recommendations.

2. Market overview and segmentation

2.1. Structure of the Spanish electricity retail market

The Spanish electricity retail market operates within the broader framework of the European internal energy market, characterized by the unbundling of generation, transmission, distribution, and retail activities. This liberalized structure enables multiple suppliers to compete in the commercialization of electricity, while regulated network activities remain under monopoly control.

Electricity retail in Spain is divided into two main segments:

- the **regulated market**, where prices are set according to regulated tariffs (PVPC), and
- the **liberalized market**, where retailers freely set prices and contractual conditions.

The focus of this project is exclusively on the liberalized market, particularly within the B2B segment, where most medium and large consumers operate.

Despite liberalization, the market remains relatively concentrated. Large incumbent utilities continue to hold a dominant position, although their market share has gradually declined over time. According to the Comisión Nacional de los Mercados y la Competencia (CNMC), independent retailers have increased their presence in recent years, particularly in the liberalized segment, reflecting a progressive intensification of competition [2].

However, market concentration varies significantly across customer segments. While competition is more open in smaller segments, large industrial customers tend to be more concentrated among established players, due to long-term relationships, contract complexity, and pricing sophistication.

2.2. Key trends shaping the market

The Spanish electricity retail market is currently being reshaped by several structural trends that directly affect the feasibility and attractiveness of entry for new players. These trends are not only observed at the national level, but are also consistent with broader transformations in European and global energy markets.

Energy transition and electrification

The transition towards a low-carbon energy system is accelerating electrification across multiple sectors, particularly in industry and services. This structural shift is expected to drive long-term growth in electricity demand, especially within the B2B segment [3].

From a strategic perspective, consulting analyses highlight that electrification represents one of the main growth levers for energy retailers, as it increases the relevance of electricity as a primary energy vector across economic activities (McKinsey & Company, 2021) [6].

At the same time, the increasing penetration of renewable energy sources is transforming wholesale price formation, leading to more dynamic and, at times, less predictable pricing environments.

Decentralization and self-consumption

One of the most significant structural changes in the market is the decentralization of energy production. The rapid growth of self-consumption (autoconsumo), particularly in Spain following regulatory simplifications, is reducing the volume of electricity purchased from traditional retailers [3].

In addition, the rise of corporate Power Purchase Agreements (PPAs), especially among large industrial consumers, is allowing companies to bypass traditional retail structures by directly sourcing energy from generators.

According to industry analyses, these trends are expected to structurally reduce the share of electricity demand that is fully contestable in retail markets, particularly in mature economies [3].

Wholesale market volatility and margin pressure

The volatility observed in wholesale electricity markets since the energy crisis of 2021–2022 has significantly increased the complexity of retail operations. Price spikes, regulatory interventions, and uncertainty in fuel markets have introduced additional risk into the retail business model [4].

From a strategic standpoint, consulting firms highlight that this environment places increasing importance on risk management capabilities, procurement strategies, and pricing sophistication. Retailers that are unable to effectively manage exposure to wholesale markets may experience significant margin compression.

Increasing competition and market fragmentation

The liberalized structure of the Spanish electricity market has enabled the entry of a growing number of retailers, including independent commercializers and new entrants backed by larger energy groups.

This has led to increasing competition, particularly in segments where switching barriers are relatively low. According to CNMC data, the number of active retailers and the share of non-incumbent players have increased over time, especially in the liberalized market [2].

Consulting analyses further suggest that this trend is leading to a gradual fragmentation of the retail landscape, where differentiation is increasingly based on commercial capabilities, pricing strategies, and customer experience rather than purely on scale [6].

Digitalization and commercial efficiency

Digitalization is also playing a key role in reshaping the electricity retail market. The adoption of digital tools for customer acquisition, pricing, and contract management is improving commercial efficiency and enabling more scalable operating models.

For new entrants, digitalization can partially offset the lack of scale by reducing customer acquisition costs and improving operational agility. However, it also raises the competitive bar, as incumbents are increasingly investing in digital capabilities.

3. Company definition: Enercom

3.1. Overview of Enercom

Enercom is a fictional mid-sized energy company seeking to enter the Spanish electricity retail market, with a specific focus on the B2B segment.

The company is assumed to be part of a broader energy group with prior experience in energy-related activities, such as energy services, infrastructure, or generation in other markets. This provides Enercom with a certain level of financial backing and industry knowledge, while still positioning it as a new entrant in the Spanish electricity retail space.

Despite this background, Enercom does not currently operate as a retail electricity supplier in Spain. As a result, it lacks:

- an established customer base in the Spanish market,
- brand recognition among local clients,
- and a proven commercial track record in electricity retail.

This positioning allows the project to analyze market entry from the perspective of a realistic but unconsolidated player.

3.2. Business model and strategic positioning

Enercom is assumed to adopt an **asset-light retail model**, focused exclusively on electricity commercialization without owning generation assets in Spain.

Under this model:

- electricity is sourced from wholesale markets,
- complemented by hedging strategies and, potentially, bilateral agreements,
- and resold to final customers through customized or semi-standardized contracts.

This approach is consistent with typical entry strategies observed among new commercializers in liberalized markets.

Enercom's initial positioning is defined by the following strategic pillars:

- **B2B focus:** The company targets business customers, where higher consumption levels allow for more efficient scaling.

- **Commercial efficiency:** growth is driven by a focused commercial organization, rather than large-scale marketing investments.
- **Competitive pricing and simplicity:** the value proposition is based on offering competitive tariffs, transparent contracts, and streamlined customer management.
- **Scalable operating model:** the company leverages digital tools and standardized processes to support growth without significant increases in fixed costs.

3.3. Organizational capabilities and constraints

At entry, Enercom is assumed to deploy a **commercial team of 20 full-time equivalents (FTEs)**, which constitutes the primary driver of growth in the business case model.

These FTEs are responsible for:

- customer acquisition,
- contract negotiation,
- and relationship management.

The model assumes that commercial capacity is the main constraint on growth, meaning that market penetration is not defined by theoretical market share targets, but by the company's ability to acquire and manage customers.

In addition to its commercial team, Enercom is assumed to possess:

- **Basic pricing capabilities**, allowing it to offer competitive tariffs aligned with market conditions
- **Risk management mechanisms**, enabling partial hedging of exposure to wholesale electricity prices
- **Operational infrastructure**, including billing systems and customer service processes

However, the company also faces several limitations:

- **Limited brand recognition**, which may increase customer acquisition costs
- **Lack of scale**, reducing its ability to compete on price with large incumbents
- **Initial constraints in risk management sophistication**, particularly compared to vertically integrated utilities

These constraints are explicitly considered in the modeling assumptions, particularly in relation to ramp-up dynamics and achievable margins.

3.4. Commercial model and productivity assumptions

A key element of the analysis is the translation of commercial capacity into market penetration.

Enercom's growth is modeled based on the productivity of its commercial team, measured in terms of:

- number of clients acquired per FTE, and
- energy consumption per client.

These parameters vary significantly across segments:

- In the **6.X segment**, each client represents a large volume of energy, but acquisition is complex and time-consuming.
- In the **3.0 segment**, clients have moderate consumption and can be acquired more efficiently.
- In the **2.0 segment**, acquisition is faster, but each client contributes relatively little volume.

This framework allows for a realistic estimation of the Serviceable Obtainable Market (SOM), grounded in operational capacity rather than purely theoretical assumptions.

3.5. Strategic scope of entry

Enercom's entry strategy is defined as a **focused and phased market entry**, rather than a broad, multi-segment expansion.

The company is assumed to initially concentrate its efforts on a single primary segment, allocating its commercial resources accordingly. This approach reflects the limited scale of the organization at entry and the need to prioritize segments where the balance between:

- acquisition difficulty,
- energy volume,
- and achievable margins

is most favorable.

The selection of the target segment is therefore a central outcome of the analysis, rather than an a priori assumption.

3.6. Role of Enercom in the analytical framework

Within the context of this project, Enercom serves as a **representative case study** to evaluate the viability of market entry in the Spanish B2B electricity retail market.

By defining a company with:

- realistic capabilities,
- explicit constraints,

- and a clearly bounded scale,

the analysis avoids overly abstract conclusions and instead provides actionable insights into how a new entrant could approach this market.

In this sense, Enercom is not intended to represent a specific real-world company, but rather a stylized and realistic entrant whose characteristics allow for the integration of:

- market analysis,
- financial modeling,
- and strategic assessment.

4. Methodology

4.1. Overview of the analytical framework

This project adopts a structured analytical framework that integrates both quantitative and qualitative methodologies to assess the strategic and financial viability of entering the Spanish B2B electricity retail market.

The analysis is conducted over a **five-year time horizon (2025–2030)**, which is considered sufficient to capture both the initial market entry phase and the stabilization of commercial operations. This time frame allows for the incorporation of ramp-up effects, the progressive acquisition of customers, and the maturation of the business model. Year 2025 is also included due to the fact that CNMC consumption data is only available until 2025 yet.

The approach is designed to ensure that conclusions are not only theoretically sound, but also grounded in realistic operational constraints. To this end, the analysis combines:

- a **top-down market sizing approach** (TAM and SAM),
- a **bottom-up commercial capacity model** (SOM),
- a **financial evaluation based on gross margin generation**,
- and a **qualitative strategic assessment using Porter's Five Forces framework**.

These elements are sequentially connected, allowing each step of the analysis to build upon the previous one.

4.2. Market sizing: TAM and SAM definition

The first step of the methodology consists of estimating the size of the relevant market.

The **Total Addressable Market (TAM)** is defined as the total electricity consumption of B2B customers in Spain, segmented according to tariff groups (2.0, 3.0, and 6.X). This provides a comprehensive view of the overall demand.

However, not all of this demand is realistically accessible to a new entrant. Therefore, the analysis introduces the concept of **Serviceable Available Market (SAM)**, which represents the portion of the TAM that can be effectively targeted.

The SAM is derived from the TAM by adjusting for structural constraints, including:

- the share of consumption covered by **long-term contracts**,
- the increasing penetration of **self-consumption (autoconsumo)**,
- and the use of **Power Purchase Agreements (PPAs)**, particularly in large industrial segments.

These adjustments reflect the fact that a significant portion of electricity demand is not actively contestable in the retail market at any given time.

4.3. Bottom-up estimation of SOM

The **Serviceable Obtainable Market (SOM)** is estimated using a bottom-up approach based on Enercom's commercial capacity.

Rather than assuming a target market share, the model derives market penetration from operational capabilities. Specifically, SOM is calculated as a function of:

$$SOM = FTE * Clients\ per\ FTE * Energy\ per\ client$$

This formulation captures the relationship between:

- the size of the commercial team,
- the productivity of each sales representative,
- and the consumption characteristics of each customer segment.

This approach ensures that growth projections are grounded in realistic commercial dynamics, avoiding overly optimistic assumptions based on top-down market share targets.

4.4. Segment-specific assumptions

The model differentiates between the three main B2B segments (2.0, 3.0, and 6.X), assigning specific parameters to each of them.

These parameters include:

- **energy consumption per client**,
- **number of clients managed per FTE**,
- and **commercial ramp-up dynamics**.

This differentiation reflects the heterogeneity of the market. For instance:

- the 6.X segment is characterized by high consumption per client but low client acquisition capacity,
- while the 2.0 segment exhibits the opposite pattern.

The 3.0 segment occupies an intermediate position, combining moderate consumption with relatively scalable acquisition dynamics.

4.5. Ramp-up dynamics

The model incorporates **ramp-up factors** to account for the time required for commercial teams to reach full productivity.

Ramp-up is modeled as a gradual increase in effective output per FTE over time, reflecting:

- the duration of sales cycles,
- the onboarding process for new clients,
- and the progressive buildup of commercial pipelines.

Different ramp-up profiles are applied to each segment:

- slower ramp-up in the 6.X segment due to complex negotiations and longer contracting processes,
- intermediate ramp-up in the 3.0 segment,
- and faster ramp-up in the 2.0 segment.

This ensures that the model captures not only the long-term potential of each segment, but also the timing of revenue generation.

4.6. Market share constraints

In addition to operational constraints, the model incorporates **structural limitations to market penetration**, particularly in the industrial segment.

In the case of the 6.X segment, the SOM is capped at a fixed percentage of the SAM in order to reflect:

- the high concentration of large industrial clients,
- the prevalence of long-term contractual relationships,
- and the limited switching behavior observed in this segment.

Without this constraint, the high energy volume per client would lead to unrealistically high market shares driven purely by FTE productivity, rather than actual market dynamics.

4.7. Financial modeling approach

The financial evaluation of the business case is based on a **gross margin approach**, rather than a full revenue-cost structure.

Gross margin is defined as:

$$Gross\ margin = Energy\ sold * Margin\ (\frac{€}{MWh})$$

This approach reflects the nature of electricity retail, where the cost of energy procurement is largely passed through to customers. As a result, value creation is better captured by the margin generated per unit of energy sold, rather than by total revenues.

The model therefore focuses on:

- **energy volumes captured**,
- **achievable margins per segment**,
- and **operating costs**, primarily driven by the size of the commercial team.

Operating costs are modeled as a function of:

- the number of FTEs,
- and an assumed average cost per employee.

The resulting metric used for comparison across scenarios is **EBITDA**, which provides a clear measure of the economic attractiveness of each strategic option.

4.8. Scenario analysis

To evaluate alternative entry strategies, the model compares three distinct scenarios:

- a **2.0-focused strategy**,
- a **3.0-focused strategy**,
- and a **6.X-focused strategy**.

In each scenario, Enercom allocates its commercial resources primarily to one segment, allowing for a clear comparison of outcomes.

This approach enables the identification of:

- the most profitable segment,
- the trade-offs between volume and margin,
- and the impact of operational constraints on scalability.

4.9. Integration with strategic analysis

Finally, the results of the quantitative model are complemented by a **qualitative strategic assessment** using Porter's Five Forces framework.

This step is critical to ensure that the segment identified as most attractive from a financial perspective is also structurally viable in terms of:

- competitive intensity,
- bargaining power,
- entry barriers,
- and substitution risk.

The integration of quantitative and qualitative analysis allows for a more robust answer to the research question, combining financial feasibility with strategic sustainability.

5. Market sizing

5.1. Total Addressable Market (TAM)

The first step in the quantitative analysis consists of estimating the **Total Addressable Market (TAM)** for the Spanish B2B electricity retail sector. The TAM represents the total electricity consumption that could, in principle, be supplied by retailers across the different customer segments.

The analysis is based on data published by the Comisión Nacional de los Mercados y la Competencia (CNMC), which provides detailed information on the **energy supplied by each retailer, disaggregated by tariff group and reported on a quarterly basis** [7]. This dataset allows for a high level of granularity in the estimation of electricity consumption across segments.

For the purposes of this study, the CNMC data has been aggregated at the segment level, grouping consumption into the standard tariff categories used in the Spanish market: **2.0, 3.0, and 6.X**. These segments capture the heterogeneity of consumption patterns across small commercial customers, SMEs, and large industrial clients, respectively.

This approach ensures that the estimation of the TAM is grounded in **actual market data**, rather than high-level approximations, and provides a robust basis for the subsequent segmentation and forecasting analysis.

5.1.1. Total electricity consumption by segment

Historical electricity consumption data is used as the basis for the TAM estimation, covering the period up to 2024. This data is segmented across the three relevant tariff

groups, allowing for a detailed understanding of how total demand is distributed across customer types.

As observed in Figure 1, the analysis shows that the **6.X segment accounts for the largest share of total electricity consumption**, reflecting the high energy intensity of large industrial customers. The **3.0 segment represents a substantial intermediate share**, while the **2.0 segment contributes a smaller portion of total energy demand**, despite representing a large number of individual customers.

This distribution highlights an important structural feature of the market: **electricity demand is highly concentrated among a relatively small number of large consumers**, which has direct implications for both market dynamics and entry strategies.

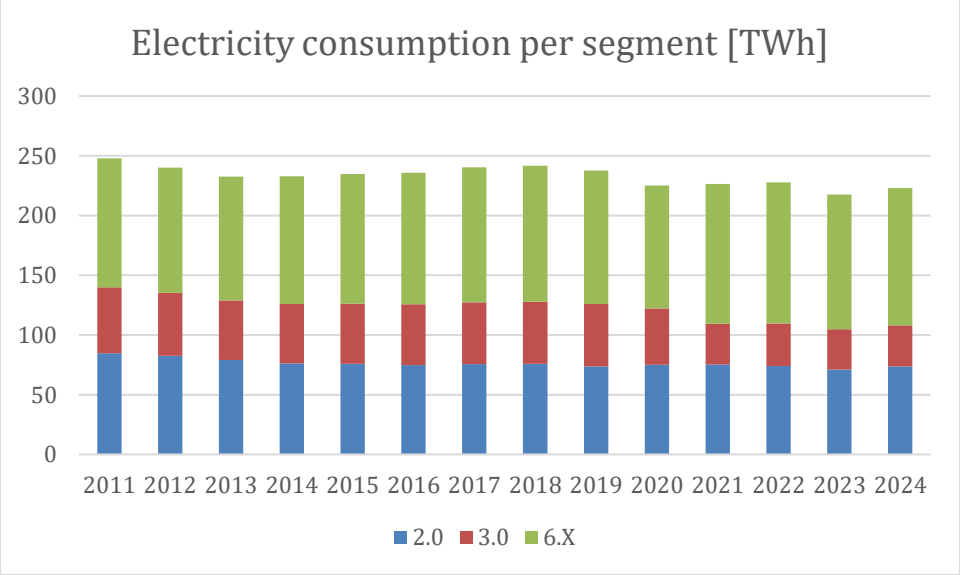

Figure 1. Electricity historical consumption in TWh

In addition to the static estimation of total electricity consumption, the analysis incorporates a historical perspective covering the period from 2012 to 2024. This allows for a better understanding of the structural dynamics of electricity demand in Spain and provides a solid basis for the forecasting assumptions used in the model.

Over this period, electricity consumption in the B2B segments has exhibited a relatively stable evolution, characterized by moderate fluctuations rather than sustained high growth. These variations are primarily explained by macroeconomic cycles, changes in industrial activity, and more recently, by energy efficiency improvements and the increasing adoption of distributed generation.

A notable feature of the historical evolution is the **limited long-term growth rate of electricity demand**, particularly when compared to earlier decades. This reflects the maturity of the Spanish economy and the gradual decoupling of economic growth from energy consumption, driven by efficiency gains and structural changes in the economy.

At the segment level, different patterns can be observed:

- The **6.X segment** shows higher volatility, as it is closely linked to industrial activity and therefore more sensitive to economic cycles.
- The **3.0 segment** exhibits a more stable and gradual evolution, reflecting the resilience of SMEs and the diversification of economic activity.
- The **2.0 segment**, once adjusted for B2B consumption, shows relatively limited variation over time, consistent with its lower energy intensity.

In addition, recent years have been influenced by external shocks, such as the COVID-19 pandemic and the energy crisis of 2021–2022, which have temporarily disrupted consumption patterns. However, these effects do not appear to fundamentally alter the long-term trend of moderate growth.

5.1.2. Adjustment of the 2.0 segment to reflect B2B demand

Given that the 2.0 segment includes both residential and small commercial consumers, an adjustment is required to isolate the B2B component of this segment.

Based on estimates derived from sectoral sources, including data from the Spanish Ministry of Housing, labor market analyses, and industry associations, approximately **9.2% of the consumption in the 2.0 segment can be attributed to business customers**.

This adjustment is applied to the total consumption of the 2.0 segment in order to derive a more accurate representation of B2B demand. As a result, the effective contribution of the 2.0 segment to the B2B TAM is significantly reduced compared to its total consumption.

The resulting B2B consumption in the 2.0 segment is specified in Table 1.

	2.0	2.0 (Only B2B)
2011	84,7	7,8
2012	82,5	7,6
2013	79,1	7,3
2014	76,1	7,0
2015	75,9	7,0
2016	74,9	6,9
2017	75,7	7,0
2018	75,9	7,0
2019	73,7	6,8
2020	75,1	6,9
2021	75,3	7,0
2022	74,0	6,8
2023	71,0	6,6
2024	73,8	6,8

Table 1. Split between total and business electricity consumption in 2.0 segment [TWh]

This step is critical to avoid overestimating the size of the addressable market and ensures that the analysis remains focused on the relevant commercial segment.

5.1.3. Demand forecasting (2025-2030)

To extend the analysis beyond historical data, a forecast of electricity consumption is developed for the period **2025–2030**, which defines the time horizon of the business case.

Three alternative growth scenarios are considered:

- **High-growth scenario (8%)**, based on projections from the Spanish National Energy and Climate Plan (PNIEC), which reflects an optimistic outlook driven by strong electrification and energy transition policies [8].
- **Moderate-growth scenario (6%)**, aligned with projections from academic and industry sources, including EY, ICAI and Aelec, which assume steady but less aggressive demand growth [9] .
- **Conservative scenario (2%)**, based on historical growth trends in electricity consumption by the business sector, as reported in international energy outlooks [3].

While higher growth scenarios could be justified under certain assumptions, the analysis adopts the **conservative scenario (2%)** as the base case. This choice reflects a prudent approach, aimed at avoiding overly optimistic assumptions in the estimation of market size.

This conservative stance is consistent with best practices in financial modeling, where downside protection is prioritized in the absence of strong evidence supporting higher growth rates.

5.1.4. Evolution of the B2B TAM

Applying the selected growth rate to the adjusted consumption data results in a projected evolution of the B2B TAM across segments over the 2025–2030 period (see Figure 2).

The results indicate that:

- The **6.X segment continues to dominate total consumption**, maintaining its position as the largest contributor to the TAM.
- The **3.0 segment exhibits steady growth**, reinforcing its relevance as a core component of the B2B market.
- The **2.0 segment remains comparatively small in terms of energy volume**, even after adjusting for B2B consumption.

Overall, the total B2B TAM shows moderate but stable growth over the period, reflecting a mature market environment where demand expansion is driven primarily by gradual electrification rather than rapid structural shifts.

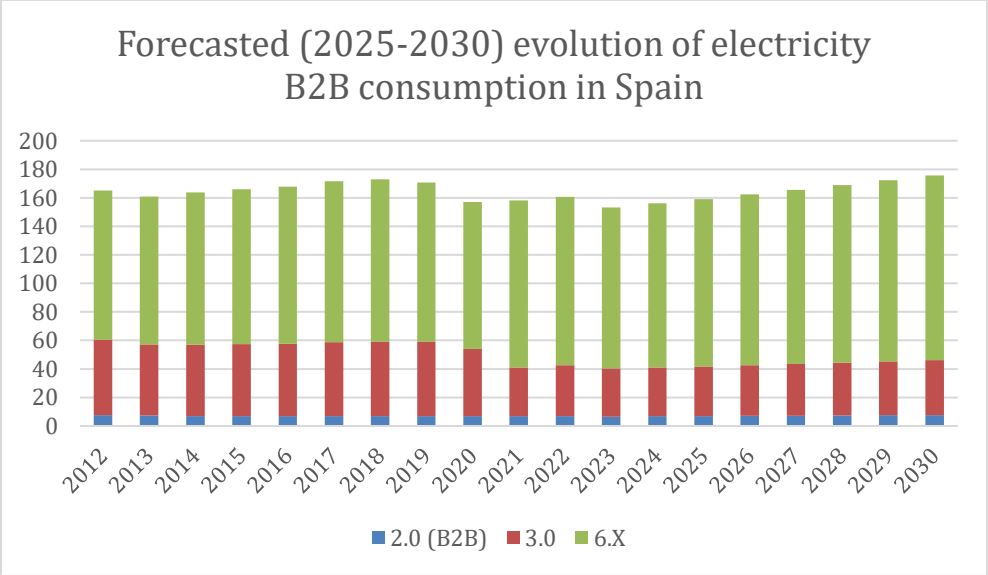

Figure 2. Forecasted (2025-2030) evolution of electricity B2B consumption in Spain

5.1.5. Key insights from the TAM analysis

The TAM analysis provides several important insights that are directly relevant for the subsequent stages of the project:

First, the strong concentration of electricity demand in the **6.X segment** suggests that large industrial customers represent a significant share of total market volume. However, this concentration does not necessarily translate into attractiveness for new entrants, as will be discussed in later sections.

Second, the **3.0 segment emerges as a structurally relevant segment**, combining a meaningful share of total consumption with a more fragmented customer base. This makes it a potentially attractive target for scalable commercial strategies.

Third, the relatively small contribution of the **2.0 segment to total energy demand**, despite its large number of customers, highlights the limitations of strategies focused on small clients, particularly in terms of scalability and operational efficiency.

Finally, the adoption of a conservative growth scenario ensures that subsequent analyses are based on realistic assumptions, reducing the risk of overestimating market potential.

5.2. Serviceable Available Market (SAM)

The estimation of the **Serviceable Available Market (SAM)** represents a critical step in the analysis, as it refines the Total Addressable Market (TAM) by identifying the portion of electricity demand that is realistically contestable for a new entrant.

While the TAM captures total electricity consumption across B2B segments, it does not account for structural and behavioral constraints that limit the accessibility of this demand. Therefore, the SAM is defined as the share of the TAM that is **effectively open to competition at a given point in time**.

5.2.1. Conceptual approach to SAM estimation

In electricity retail markets, not all consumption is equally contestable. A significant share of demand is effectively locked in due to:

- long-term contractual relationships,
- customer inertia,
- and switching frictions.

Ideally, the SAM would be estimated by excluding demand covered by **self-consumption (autoconsumo)** and **Power Purchase Agreements (PPAs)**. However, due to the lack of sufficiently granular and consistent data across segments, these factors are not explicitly modeled in this analysis.

Instead, the SAM is approximated using **switching rates as a proxy for contestability**. This approach assumes that the proportion of customers that change supplier within a given period reflects the portion of the market that is actively accessible to competitors.

This methodology is widely used in market entry analyses when direct measures of contestable demand are not available, and it provides a conservative and behaviorally grounded estimate of the accessible market.

5.2.2. Switching rates as a proxy for contestable demand

Switching rates are derived from CNMC data [2], which reports the evolution of supplier changes across different segments of the electricity market.

As shown in Figure 3, switching activity varies significantly across segments:

- The **industrial segment (6.X equivalent)** exhibits moderate switching rates, generally in the range of **5% to 7%**, reflecting more stable contractual relationships and higher switching costs.
- The **SME segment (3.0 equivalent)** shows higher switching rates, typically between **7% and 10%**, indicating a more dynamic and competitive environment.
- The **domestic segment (2.0 equivalent)** presents intermediate behavior, with switching rates around **4% to 6%**.

These differences highlight the varying degrees of contestability across segments and reinforce the need to segment the SAM estimation accordingly.

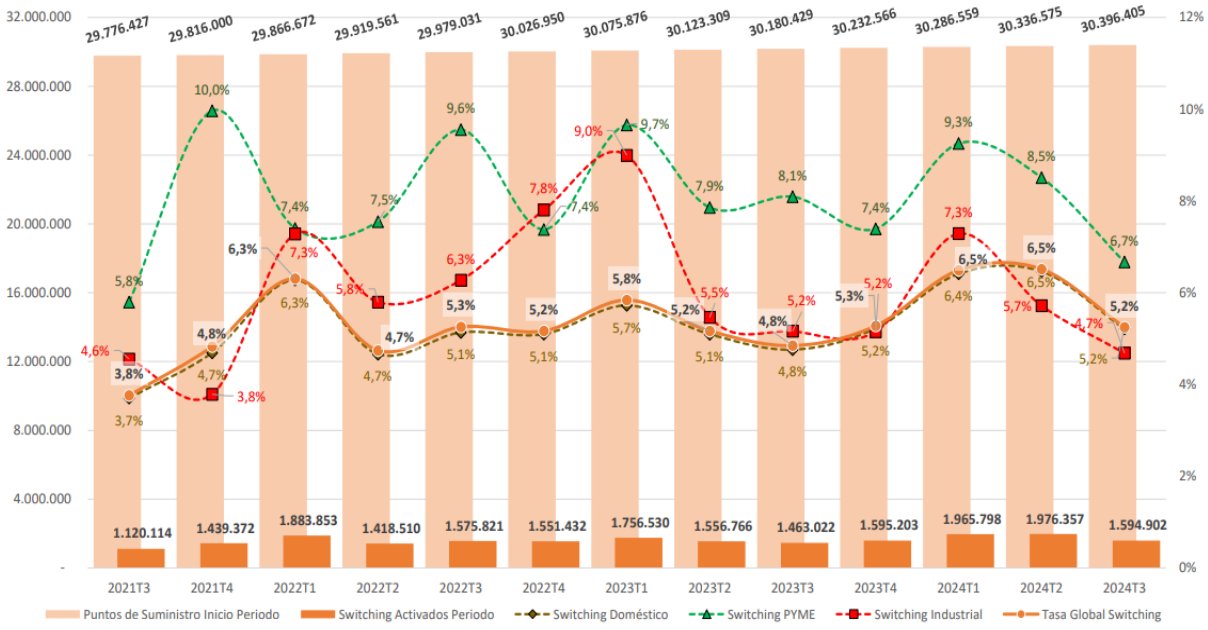

Figure 3. Switching rates per segment (2021 T3-2024 T3)

5.2.3. Adjustment of switching rates for B2B segmentation

Since switching data is reported using a segmentation that does not perfectly align with the tariff-based classification used in this study, an adjustment is required.

In particular, the switching rate for the **2.0 segment includes both residential and small commercial customers**. To isolate the B2B component, the same **9.2% adjustment factor** used in the TAM estimation is applied.

This ensures consistency across the analysis and avoids overestimating the contestable market within the 2.0 segment. As a result, the effective SAM for 2.0 B2B customers is significantly reduced, both in absolute terms and relative to other segments.

After adjusting the switching rates, their evolution from 2019 to 2023 are shown in Figure 4.

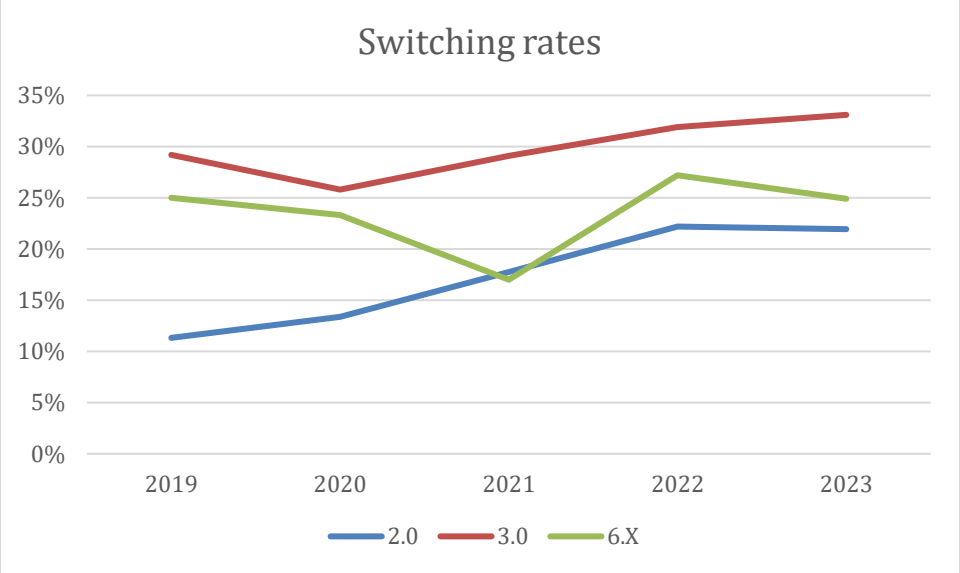

Figure 4. Switching rates evolution per segment

The evolution of switching rates across segments reveals important differences in market dynamics and contestability.

First, the **3.0 segment consistently exhibits the highest switching rates over the entire period**, increasing from approximately 29% in 2019 to over 30% in 2023. Despite a temporary decline in 2020, the segment shows a clear upward trend, indicating a progressively more dynamic and competitive environment. This suggests that SME customers are more willing to change suppliers, making this segment particularly attractive for new entrants.

Second, the **6.X segment shows significantly higher volatility in switching behavior**. After a gradual decline between 2019 and 2021, switching rates increased sharply in 2022 before stabilizing in 2023. This volatility likely reflects the impact of external factors, such as the energy crisis and price fluctuations, which may have temporarily incentivized

contract renegotiations. However, the lack of a stable upward trend suggests that switching in this segment is more event-driven than structurally high.

Third, the **2.0 segment displays a steady increase in switching rates**, rising from around 11% in 2019 to approximately 22% in 2023. This indicates a gradual improvement in customer mobility, potentially driven by increased awareness and digitalization. However, switching rates remain below those observed in the 3.0 segment, and the lower energy consumption per customer limits the strategic attractiveness of this segment.

From a comparative perspective, the data clearly shows that the **3.0 segment combines both high and stable switching rates**, while the 6.X segment is more volatile and the 2.0 segment, although improving, remains less dynamic.

Overall, these results reinforce the idea that **market contestability is not solely determined by size, but by customer behavior**, and position the 3.0 segment as the most accessible and scalable segment for a new entrant in the Spanish B2B electricity retail market.

5.2.4. Calculation of SAM

The SAM is calculated by applying the corresponding switching rate to the TAM for each segment:

$$SAM_{segment} = TAM_{segment} * Switching\ rate_{segment}$$

This approach results in a **time-dependent SAM**, reflecting both the evolution of total demand and the variability of switching behavior over time. **For simplicity, we have assumed 2023 switching rates (latest with available data for the full year) will be maintained during all the time horizon.** Switching rates per segment in year 2023 are shown in Table 2.

By construction, the SAM represents a **conservative estimate of accessible demand**, as it only considers the portion of the market that is actively switching suppliers, and therefore immediately contestable.

	2023
2.0	**22%**
3.0	**33%**
6.X	**25%**

Table 2. Switching rate per segment in year 2023

5.2.5. Evolution of the SAM

Applying the switching-based methodology to the projected TAM results in a SAM that evolves moderately over the 2026–2030 period (see Figure 5).

The results show that:

- The **6.X segment remains the largest contributor to the SAM in absolute energy terms**, despite its lower switching rates, due to its high underlying consumption.
- The **3.0 segment emerges as the most balanced segment**, combining relatively high switching rates with a meaningful share of total demand.
- The **2.0 segment contributes marginally to the SAM**, reflecting both its lower energy intensity and the adjustment applied to isolate B2B consumption.

Importantly, the relative differences between segments remain stable over time, indicating that the structural characteristics of the market are likely to persist in the medium term.

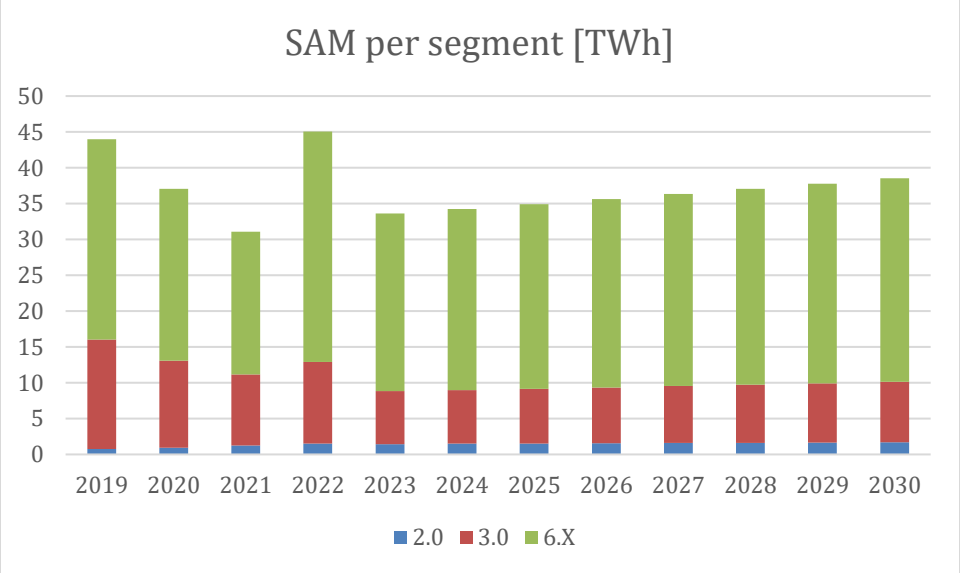

Figure 5. SAM per segment in TWh

5.2.6. Key insights from the SAM analysis

The SAM analysis provides several relevant insights for the strategic positioning of a new entrant, particularly when considering not only the absolute size of each segment, but also the underlying dynamics that determine effective market accessibility.

First, while the **6.X segment clearly dominates in terms of volume**, as illustrated in Figure 5, its relative weight in the SAM must be interpreted with caution. The large

contribution of this segment is primarily driven by its high underlying consumption rather than by high contestability. In fact, when switching behavior is taken into account, it becomes evident that **a significant portion of this demand is structurally difficult to capture**. Large industrial clients typically operate under long-term contracts, exhibit strong supplier relationships, and possess significant bargaining power, which limits the ability of new entrants to penetrate this segment at scale. As a result, the apparent attractiveness of the 6.X segment in terms of volume is partially offset by **access constraints and competitive intensity**.

Second, the **3.0 segment emerges as the most structurally balanced segment**, both in absolute and relative terms. As shown in Figure 5, this segment represents a substantial share of the SAM, while also benefiting from consistently higher switching rates compared to other segments. This combination is particularly relevant, as it indicates that **a meaningful portion of demand is not only large, but also actively contestable**. From a strategic perspective, this creates a favorable environment for new entrants, as customer acquisition is more feasible and less dependent on disruptive pricing strategies or long negotiation cycles. In addition, the relative fragmentation of SME customers reduces concentration risk and allows for more scalable commercial approaches.

Third, the **2.0 segment contributes only marginally to the SAM**, even after accounting for switching behavior. This is primarily due to the combination of two structural factors: the relatively low energy consumption per customer and the adjustment applied to isolate the B2B portion of this segment. While switching rates in this segment have shown an upward trend, indicating increasing customer mobility, the limited volume associated with each customer significantly constrains its overall economic relevance. Consequently, strategies focused on this segment would require a high number of customer acquisitions to reach meaningful scale, increasing operational complexity and acquisition costs.

Beyond the comparison across segments, the evolution of the SAM over time also provides important insights. As shown in Figure 5, the total SAM remains relatively stable throughout the forecast period, with moderate growth driven primarily by underlying demand expansion rather than changes in switching behavior. This suggests that the **structure of the market, in terms of contestability, is relatively stable in the medium term**, and that no major structural shifts are expected to significantly alter the accessibility of demand across segments.

Importantly, the use of switching rates as a proxy for contestability introduces an inherently conservative bias into the analysis. By focusing only on the portion of the market that is actively switching suppliers, the model excludes demand that could potentially become contestable under more aggressive commercial strategies. However, this conservative approach is consistent with the objective of assessing **realistic entry conditions**, particularly for a new entrant with limited initial scale and brand recognition.

From a strategic standpoint, the SAM analysis reinforces a key conclusion: **market attractiveness cannot be assessed solely on the basis of size**, but must incorporate

behavioral and structural factors that determine actual accessibility. In this context, the 3.0 segment stands out not because it is the largest, but because it offers the most favorable combination of scale, accessibility, and commercial feasibility.

5.3. Serviceable Obtainable Market (SOM)

The final step in the market sizing analysis consists of estimating the **Serviceable Obtainable Market (SOM)**, which represents the portion of the SAM that can realistically be captured by Enercom, given its operational capabilities and strategic positioning.

Unlike TAM and SAM, which are primarily market-driven metrics, the SOM is inherently **company-specific**, as it depends on the internal resources, execution capacity, and commercial effectiveness of the entrant.

5.3.1. Conceptual approach to SOM estimation

Rather than defining SOM as an assumed percentage of the SAM, this analysis adopts a **bottom-up approach**, in which market capture is derived from Enercom's commercial capacity.

This approach reflects a key principle of realistic business modeling: market share is not a target, but the result of operational execution.

Accordingly, the SOM is modeled as a function of:

$$SOM_t = FTE * Clients\ per\ FTE * Energy\ per\ client * RampUp_t$$

As stated in Section 3, 20 FTEs will be used in the analysis due to client company's Enercom capacity.

This formulation allows the model to translate commercial resources directly into energy volumes, ensuring that growth projections are grounded in the company's ability to acquire and manage customers.

5.3.2. Commercial productivity assumptions

The estimation of SOM relies on segment-specific assumptions regarding commercial productivity. These assumptions reflect the structural differences between customer segments in terms of acquisition complexity and consumption levels.

For each segment:

- **6.X (industrial clients):** high energy consumption per client (approximately 50,000 MWh/year), but low acquisition capacity due to complex negotiation processes. Each FTE is assumed to manage a limited number of clients annually.
- **3.0 (SMEs):** moderate consumption per client (around 800 MWh/year), combined with significantly higher acquisition capacity. This segment allows for scalable commercial activity.
- **2.0 (small commercial clients):** low consumption per client (approximately 35 MWh/year), but high acquisition capacity. However, the low energy contribution per customer limits overall impact.

These differences create distinct trade-offs between **volume per client** and **clients per FTE**, which are central to the strategic comparison across segments.

To ensure the robustness of these assumptions, the average energy consumption per client has been validated using CNMC data. Specifically, the analysis calculates the **average consumption per supply point (CUPS)** for each segment, based on the total energy supplied and the number of active supply points reported by the CNMC [7].

This validation step confirms that the assumed values for energy consumption per client are consistent with observed market data, reinforcing the reliability of the model. While some variability exists within each segment, the selected averages provide a representative approximation of typical consumption levels across customer groups.

5.3.3. Ramp-up dynamics (2026-2030)

The model incorporates a **ramp-up period** to reflect the time required for the commercial organization to reach full productivity.

Ramp-up is modeled differently across segments:

- Slower in the **6.X segment**, due to longer sales cycles and contract negotiations
- Intermediate in the **3.0 segment**, reflecting balanced acquisition dynamics
- Faster in the **2.0 segment**, where sales processes are more standardized

This ensures that SOM does not grow instantaneously, but rather **progressively over the 2026–2030 period**, aligning with realistic commercial development patterns.

Ramp-up values per segment and year are shown in Table 3, based on the information provided above and own knowledge from experience stated in Section 1.

	2026	2027	2028	2029	2030
2.0	40%	80%	100%	100%	100%
3.0	60%	90%	100%	100%	100%
6.X	80%	100%	100%	100%	100%

Table 3. Ramp-up per segment and year

5.3.4. Market share constraints

In addition to operational limitations, the model introduces **explicit caps on market share** in the 6.X segment (max 10% of SAM).

Without such constraints, the high energy consumption per industrial client could lead to unrealistically high SOM levels, driven purely by mathematical scaling rather than actual market dynamics.

To address this, the SOM in the 6.X segment is capped at a predefined percentage of the SAM, reflecting:

- the concentration of large clients,
- the prevalence of long-term contracts,
- and limited switching behavior.

This adjustment ensures that the model remains consistent with observed market realities.

In Table 4, the %SAM that accounts for the SOM is stated for each segment and year.

	2.0	3.0	6.X
2026	9%	7%	9%
2027	11%	11%	10%
2028	11%	12%	10%
2029	11%	12%	10%
2030	10%	11%	10%

Table 4. %SAM attained for each year and segment

5.3.5. Evolution of SOM

The resulting SOM (see Figure 6) evolves over time as a function of:

- ramp-up effects,
- segment-specific productivity,
- and market constraints.

The analysis shows that:

- The **6.X segment generates large volumes quickly**, but is structurally constrained in terms of maximum attainable market share.
- The **2.0 segment scales in number of customers but not in energy volume**, limiting its contribution to total SOM.
- The **3.0 segment achieves a balanced growth trajectory**, combining scalable acquisition with meaningful energy volumes.

This dynamic highlights that **not all growth is equally valuable**, and that the quality of growth (in terms of energy per client and margin potential) is more relevant than absolute customer numbers.

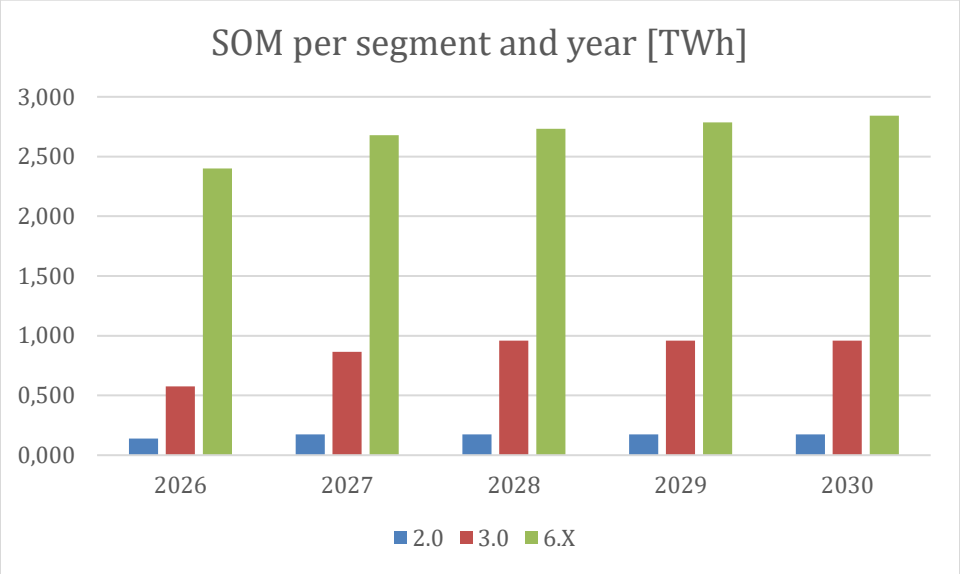

Figure 6. SOM per segment and year [TWh]

5.3.6. Key insights from SOM analysis

The SOM analysis provides a critical bridge between market potential and operational reality, translating the Serviceable Available Market (SAM) into effectively captured energy volumes based on Enercom's commercial capabilities and modeling assumptions.

From a quantitative perspective, the evolution of SOM across the 2026–2030 period reflects the combined effect of commercial ramp-up, segment-specific productivity, and structural constraints embedded in the model. In all segments, SOM increases between 2026 and 2027 as commercial activity scales, and subsequently stabilizes once the organization reaches full operational capacity.

When expressed in absolute terms (TWh), the results show that the **6.X segment generates the highest SOM volumes throughout the entire period**, reaching close to 2.8–2.9 TWh by 2030. This outcome is primarily driven by the high energy consumption per client in this segment, which allows a relatively limited number of commercial wins to translate into significant energy volumes.

However, this result must be interpreted in the context of the modeling assumptions. In particular, the SOM in the 6.X segment is subject to an explicit cap as a percentage of the SAM, reflecting structural limitations such as market concentration, long-term contractual relationships, and limited switching behavior. As a result, the observed SOM levels in this segment are not purely the outcome of commercial productivity, but also of predefined constraints aimed at ensuring realistic market penetration.

In contrast, the **3.0 segment exhibits a more gradual and unconstrained growth profile**, with SOM increasing from approximately 0.6 TWh in 2026 to around 1 TWh by 2030. This growth is driven by a combination of moderate consumption per client and higher acquisition capacity, without the need to impose explicit caps on market share. The resulting trajectory reflects the natural outcome of the bottom-up model, based on the interaction between FTE productivity and segment characteristics.

The **2.0 segment, despite achieving relatively stable SOM levels over time**, contributes only marginally to total captured energy, remaining below 0.2 TWh throughout the period. This is a direct consequence of the low energy consumption per client, which limits the impact of commercial scaling even under relatively high acquisition rates.

When analyzing SOM as a percentage of SAM, additional nuances emerge. The 2.0 and 3.0 segments show relatively stable penetration levels over time, generally in the range of 9% to 12%, reflecting the alignment between commercial capacity and accessible demand. In contrast, the 6.X segment remains close to its imposed cap (around 10%), indicating that its growth potential is externally constrained within the model.

Importantly, these results highlight the role of **model structure in shaping outcomes**. While the bottom-up approach ensures that SOM is grounded in operational capacity, the introduction of constraints—particularly in the 6.X segment—ensures that results remain consistent with observed market dynamics. Therefore, differences across segments should be interpreted as the combined effect of:

- underlying consumption levels,
- commercial productivity assumptions,
- ramp-up dynamics,
- and explicit modeling constraints.

From a dynamic perspective, the evolution of SOM shows that most of the growth occurs in the early years of the projection period, particularly between 2026 and 2027, as the commercial organization reaches maturity. Beyond this point, growth stabilizes, reflecting a steady-state level of commercial activity.

Overall, the SOM analysis does not, in itself, determine the optimal strategic segment, but rather provides a **quantitative foundation for comparing how different segments translate commercial effort into captured energy volumes under realistic constraints**. These results will be further evaluated in the next section through a financial lens, where differences in margins and cost structures will ultimately determine the relative attractiveness of each strategic option.

6. Business case analysis

6.1. Business case framework

The purpose of this section is to evaluate the **financial viability of entering the Spanish B2B electricity retail market**, building on the market sizing results developed in the previous sections.

While the TAM, SAM, and SOM analyses provide a structured understanding of market size, accessibility, and attainable volumes, they do not, on their own, determine whether entry is economically attractive. To address this, the analysis introduces a **financial evaluation framework** that translates captured energy volumes into economic outcomes.

6.1.1. Analytical approach

The business case is developed using a **bottom-up approach**, consistent with the methodology applied in the estimation of the SOM. Rather than relying on high-level assumptions regarding revenues or market share, the model builds financial performance from operational drivers.

Specifically, the analysis focuses on the relationship between:

- energy volumes captured (SOM),
- achievable margins per unit of energy (€/MWh),
- and operating costs associated with the commercial organization.

This structure ensures that financial outcomes are directly linked to both market dynamics and internal capabilities.

6.1.2. Definitions of revenues and margins

In electricity retail, total revenues are largely driven by the cost of energy procurement, which is typically passed through to the final customer. As a result, **revenues do not provide a meaningful measure of value creation**.

Instead, the model focuses on **gross margin**, defined as:

$$Gross\ Margin = Energy\ sold * Margin(\frac{€}{MWh})$$

This approach reflects the economic reality of the business, where value is generated through the spread between procurement costs and retail prices, rather than through absolute revenue levels.

Margins are defined on a segment-specific basis, reflecting differences in:

- customer bargaining power,
- pricing flexibility,

- and competitive intensity.

The margins for Enercom have been estimated based on own knowledge from previous experience, as stated in Section 1 and the background of Enercom (Section 3). They are specified in Table 5.

2.0	**30,0**
3.0	**8,0**
6.X	**2,0**

Table 5. Energy margins obtained by Enercom by segment [€/MWh]

6.1.3. Cost structure

Operating costs are modeled primarily as a function of the size of the commercial organization.

The main cost driver is:

- **personnel costs associated with FTEs**, which represent the core of the business model.

This reflects the commercial nature of electricity retail, where growth is driven by customer acquisition and relationship management.

As stated in Section 3, Enercom has capacity to employ **20 FTEs, assuming 60.000€ of cost FTEs, it results in 1.200.000€ of annual cost**.

6.1.4. Key financial

The primary metric used to evaluate performance across scenarios is **EBITDA**, defined as:

$$EBITDA = Gross\ Margin - Operating\ Costs$$

EBITDA is selected as the key metric because:

- it isolates the operational profitability of the business,
- it is directly comparable across segments,
- and it is not distorted by financing or accounting effects.

This allows for a clear comparison of the economic attractiveness of different strategic options.

6.1.5. Scenario definition

To evaluate alternative entry strategies, the analysis considers three distinct scenarios, each corresponding to a different segment focus:

- a **2.0-focused strategy**,
- a **3.0-focused strategy**,
- and a **6.X-focused strategy**.

In each scenario, Enercom allocates its commercial resources primarily to one segment, allowing for a clear comparison of how different segment characteristics translate into financial outcomes.

This approach enables the identification of:

- differences in scalability,
- trade-offs between volume and margin,
- and the impact of operational constraints on profitability.

6.1.6. Link with previous sections

The business case builds directly on the outputs of the SOM analysis:

- energy volumes are derived from the bottom-up model,
- segment dynamics are captured through productivity assumptions,
- and market constraints are incorporated through caps and switching-based accessibility.

This ensures full consistency across the analysis and avoids the introduction of disconnected assumptions.

6.1.7. Objective of the analysis

The objective of this section is not only to quantify financial outcomes, but also to **compare the relative attractiveness of different strategic positioning options**.

In particular, the analysis aims to determine:

- which segment allows for the most efficient conversion of commercial effort into profitability,
- how margins and volumes interact across segments,
- and whether the market entry is financially viable under realistic assumptions.

The results of this analysis will serve as the basis for the strategic recommendation presented in the final sections of the report.

6.2. Scenario results and comparative analysis

6.2.1. Overview of scenario outcomes

The financial model evaluates three alternative entry strategies, each focused on a different customer segment (2.0, 3.0, and 6.X), and compares their performance over the 2026–2030 period. Results for years 2026, 2027, 2028, 2029and 2030 are stated in Table 6, 7, 8, 9 and 10, respectively. Energy sold appears shadowed when its value is capped due to %SAM limit of 10%, explained in Section 5.

	2026		
	2.0	*3.0*	*6.X*
Energy sold [MWh]	140000	576000	2400000
SOM captured [%SAM]	9%	7%	9%
Energy Margin	4.200.000,00 €	4.608.000,00 €	4.800.000,00 €
Costs	- 1.200.000,00 €	- 1.200.000,00 €	- 1.200.000,00 €
EBITDA	3.000.000,00 €	3.408.000,00 €	3.600.000,00 €

Table 6. Business case results year 2026

	2027		
	2.0	*3.0*	*6.X*
Energy sold [MWh]	175000	864000	2678705
SOM captured [%SAM]	11%	11%	10%
Energy Margin	5.250.000,00 €	6.912.000,00 €	5.357.410,06 €
Costs	- 1.200.000,00 €	- 1.200.000,00 €	- 1.200.000,00 €
EBITDA	4.050.000,00 €	5.712.000,00 €	4.157.410,06 €

Table 7. Business case results year 2027

	2028		
	2.0	*3.0*	*6.X*
Energy sold [MWh]	175000	960000	2732279
SOM captured [%SAM]	11%	12%	10%
Energy Margin	5.250.000,00 €	7.680.000,00 €	5.464.558,26 €
Costs	- 1.200.000,00 €	- 1.200.000,00 €	- 1.200.000,00 €
EBITDA	4.050.000,00 €	6.480.000,00 €	4.264.558,26 €

Table 8. Business case results year 2028

	2029		
	2.0	*3.0*	*6.X*
Energy sold [MWh]	175000	960000	2786925
SOM captured [%SAM]	11%	12%	10%
Energy Margin	5.250.000,00 €	7.680.000,00 €	5.573.849,42 €
Costs	- 1.200.000,00 €	- 1.200.000,00 €	- 1.200.000,00 €
EBITDA	4.050.000,00 €	6.480.000,00 €	4.373.849,42 €

Table 9. Business case results 2029

	2030		
	2.0	*3.0*	*6.X*
Energy sold [MWh]	175000	960000	2842663
SOM captured [%SAM]	10%	11%	10%
Energy Margin	5.250.000,00 €	7.680.000,00 €	5.685.326,41 €
Costs	- 1.200.000,00 €	- 1.200.000,00 €	- 1.200.000,00 €
EBITDA	4.050.000,00 €	6.480.000,00 €	4.485.326,41 €

Table 10. Business case results year 2030

The results, expressed in terms of EBITDA, show clear differences across scenarios, reflecting the interaction between:

- captured energy volumes (SOM),
- segment-specific margins,
- and the underlying cost structure.

As illustrated in Figure 7, all three scenarios achieve positive EBITDA throughout the analyzed period, indicating that market entry is financially viable under the assumptions considered. However, the magnitude and growth profile of EBITDA vary significantly across segments.

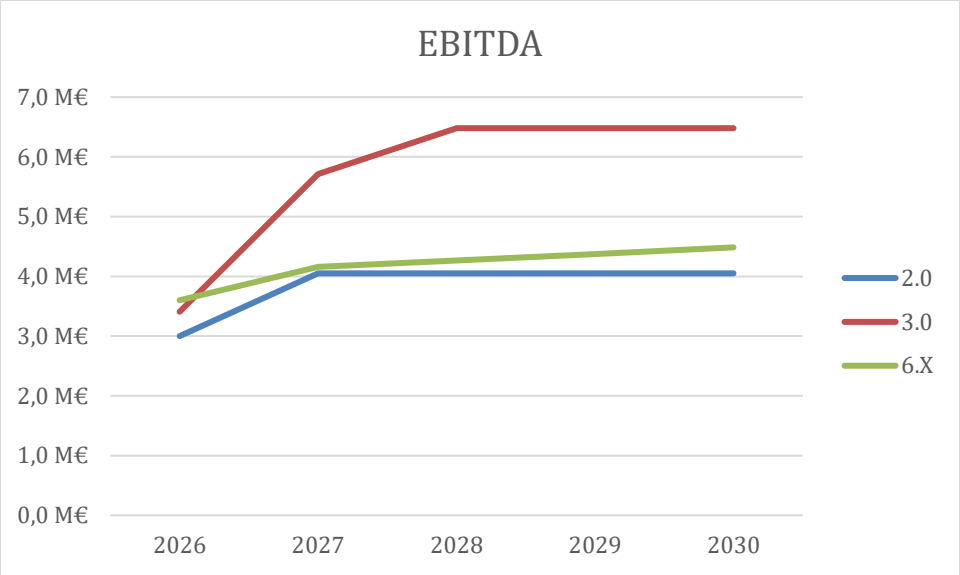

Figure 7. EBITDA evolution per segment

The 3.0-focused strategy consistently delivers the highest EBITDA levels across the entire period. EBITDA increases rapidly between 2026 and 2027, driven by the ramp-up of commercial activity, and stabilizes thereafter at a level above €6 million.

The 6.X-focused strategy shows intermediate performance, with EBITDA growing steadily over time but remaining below the levels achieved in the 3.0 scenario. Despite the high energy volumes captured in this segment, profitability is constrained by lower margins and structural limitations embedded in the model.

The 2.0-focused strategy generates the lowest EBITDA, stabilizing at around €4 million. While this segment benefits from relatively higher margins per unit of energy, the low consumption per client significantly limits the total gross margin generated, reducing overall profitability.

6.2.2. Drivers of differences across scenarios

The observed differences in EBITDA can be explained by the interaction between **volume and margin**, which varies significantly across segments.

In the **6.X segment**, profitability is driven primarily by high energy volumes. However, this advantage is offset by relatively low margins per MWh and by constraints on achievable market share. As a result, the segment exhibits a **volume-heavy but margin-constrained profile**.

In the **2.0 segment**, the situation is reversed. Higher margins per unit of energy are not sufficient to compensate for the very low energy consumption per client. This results in a **margin-rich but volume-limited profile**, where scaling requires a large number of customers without generating proportionally high revenues.

The **3.0 segment occupies an intermediate position**, combining moderate consumption per client with relatively attractive margins. This balance allows for a more efficient conversion of commercial effort into gross margin, resulting in higher overall EBITDA.

6.2.3. Key insights from scenario comparison

The comparison of scenarios highlights several important insights.

First, the results confirm that **profitability in electricity retail is not determined solely by scale**, but by the ability to balance volume and margin effectively.

Second, the analysis shows that **segments with the highest energy volumes are not necessarily the most profitable**, particularly when margins are constrained or when market access is limited.

Third, the results underline the importance of **commercial efficiency**, as the ability to convert FTE activity into economically meaningful volumes plays a central role in determining outcomes.

Finally, the consistency of results across the analyzed period suggests that the relative attractiveness of each segment is not highly sensitive to short-term dynamics, but rather reflects **structural characteristics of the market**.

6.2.4. Synthesis of the results and transition to qualitative analysis

The comparative analysis of the three scenarios provides a clear indication of the relative financial attractiveness of each segment.

Based on the results presented above, the **3.0-focused strategy emerges as the most economically attractive option**, consistently delivering the highest EBITDA levels over the 2026–2030 period. This outcome reflects the ability of this segment to combine sufficient energy volumes with relatively favorable margins, allowing for an efficient conversion of commercial activity into financial performance.

By contrast, the **6.X segment, despite generating higher absolute energy volumes**, is constrained by lower margins and structural limitations that restrict further expansion. As a result, its financial performance remains below that of the 3.0 scenario.

The **2.0 segment, while benefiting from higher margins per unit of energy**, is limited by the low consumption per client, which significantly reduces its overall contribution to gross margin and EBITDA.

Taken together, these results suggest that the relative attractiveness of each segment is not determined by a single factor, but by the interaction between volume, margin, and scalability, as reflected in the business case model.

However, while the quantitative analysis provides a strong indication of the most attractive segment, it is necessary to complement these findings with a **qualitative assessment of market structure and competitive dynamics**. Financial results alone do not fully capture factors such as competitive intensity, bargaining power, entry barriers, or substitution risks, which may materially affect the sustainability of the strategy.

For this reason, the next section applies **Porter's Five Forces framework** to the selected segment, in order to validate whether the segment identified as most attractive from a financial perspective is also structurally favorable from a strategic standpoint.

7. Porter's Five Forces Analysis – 3.0 Segment

7.1. Introduction

Following the quantitative analysis developed in the previous section, which identifies the 3.0 segment (SMEs) as the most economically attractive entry point, this section provides a qualitative assessment of the segment's structural attractiveness.

To this end, Porter's Five Forces framework is applied to evaluate the competitive dynamics of the 3.0 segment in the Spanish electricity retail market. The objective is to assess whether the segment not only offers favorable financial outcomes, but also supports **sustainable value creation** over time.

7.2. Competitive rivalry

In Figures 8, 9 and 10, market shares evolution of domestic (mainly 2.0), SMEs (3.0) and industrial companies (6.X) are shown [2]. Competitive rivalry in the 3.0 segment is **high**, reflecting both the liberalized nature of the Spanish electricity market and the presence of multiple players competing for SME customers.

In order to compare competitive rivalry within segments, the following concepts will be used:

- **CR3**: The Concentration Ratio measures the combined market share of the three largest firms in a market, providing an indication of the level of market concentration and dominance.
- **HHI**: The Herfindahl–Hirschman Index measures market concentration as the sum of the squared market shares of all firms in a market, higher values indicate greater concentration.

Market structure indicators further support this assessment. According to CNMC data, the **SME segment exhibits a CR3 (market share of the top three players) of approximately 52% and an HHI of around 1,145 in 2024**, indicating a **moderately concentrated market**. This suggests that, while leading players maintain a relevant

position, the market is sufficiently fragmented to allow competition from smaller and mid-sized retailers.

A comparison with other segments provides additional context. The **domestic segment remains highly concentrated**, with CR3 levels above 70% and HHI values exceeding 2,000, reflecting strong dominance by incumbent utilities. The **industrial segment (6.X equivalent)**, while less concentrated than the residential segment, still exhibits higher concentration levels than the SME segment, due to the importance of large clients and the prevalence of long-term contractual relationships.

This relative positioning highlights that the **3.0 segment is structurally more competitive and less concentrated than both domestic and industrial segments**, making it more accessible for new entrants.

In addition, the presence of multiple independent retailers alongside large incumbents increases the intensity of competition. A significant share of the market is held by smaller commercializers, indicating that competition is not limited to a few dominant players but distributed across a broader set of participants.

Competition is primarily driven by **price**, as electricity supply remains largely commoditized. However, the degree of rivalry is moderated by several factors:

- SMEs typically exhibit lower procurement sophistication than large industrial clients, reducing the intensity of price negotiations.
- Customer acquisition is more distributed, limiting direct competition for individual accounts.
- Service quality and commercial proximity can provide some degree of differentiation.

At the same time, the relatively high switching rates observed in this segment reinforce competitive pressure, as customers can move between suppliers with relative ease.

Overall, the 3.0 segment can be characterized as a **competitive but structurally open market**, where rivalry is strong but does not fully prevent new entrants from gaining market share.

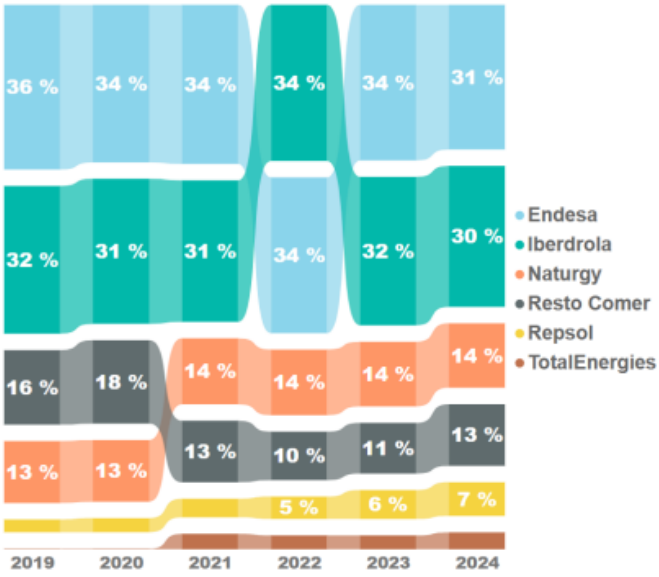

Figure 8. Market shares evolution in 2.0 segment

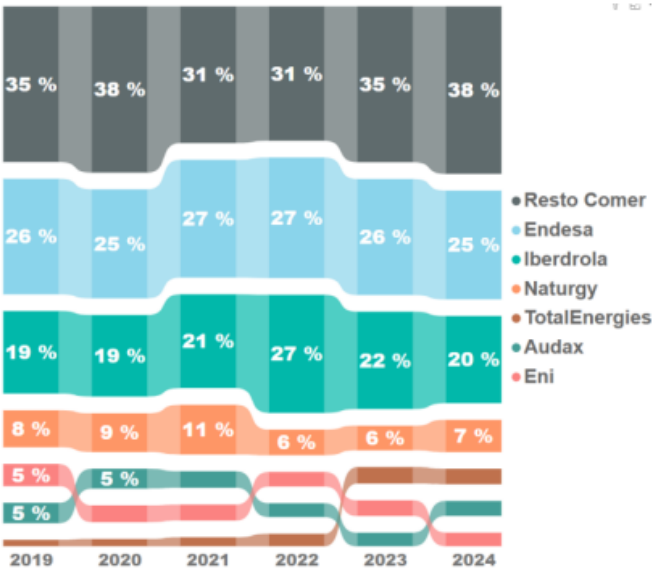

Figure 9. Market shares evolution in 3.0 segment

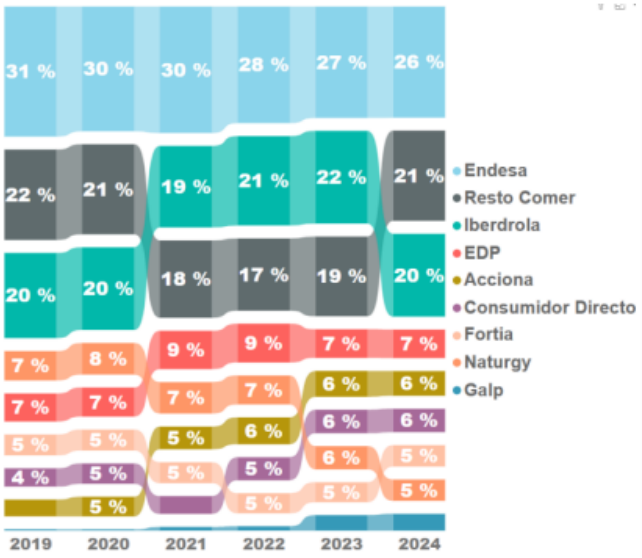

Figure 10. Market shares evolution in 6.X segment

This level of rivalry has direct implications for the business model, primarily through **downward pressure on prices and margins**. In practice, retailers must compete aggressively on tariffs to attract and retain SME customers, which limits pricing flexibility and requires strong cost control. For example, the presence of multiple independent retailers and the increasing switching rates observed in the CNMC data [2] suggest that customers can easily compare offers and move between providers, reinforcing competitive pressure.

7.3. Bargaining power of buyers

The bargaining power of buyers in the 3.0 segment can be characterized as **moderate**.

Compared to large industrial clients (6.X), SMEs:

- have lower procurement sophistication,
- typically lack dedicated energy purchasing teams,
- and are less able to negotiate highly customized contracts.

This reduces their ability to exert downward pressure on margins.

At the same time, switching costs are relatively low, and customers have access to multiple suppliers, which increases their ability to change providers if dissatisfied. This is reflected in the relatively high switching rates observed in this segment.

As a result, buyer power is balanced:

- customers are **mobile and price-sensitive**,

- but not sufficiently sophisticated to fully commoditize margins.

This translates into moderate pressure on pricing, as SMEs are sensitive to electricity costs but typically lack the sophistication to negotiate highly customized contracts, allowing retailers to retain some margin.

7.4. Bargaining power of suppliers

The bargaining power of suppliers in electricity retail is primarily determined by the structure of the wholesale electricity market.

Retailers source electricity from:

- organized wholesale markets,
- bilateral contracts,
- or hedging instruments.

Given the standardized nature of electricity as a commodity, individual suppliers do not exert significant direct bargaining power. However, **price volatility in wholesale markets** can have a substantial impact on retailer margins.

In this context, supplier power is better understood as **market-based rather than actor-based**:

- no single supplier dominates,
- but overall market conditions strongly influence costs.

For new entrants, limited scale may reduce access to favorable hedging conditions, slightly increasing effective supplier power compared to incumbents.

In business terms, this means that profitability is highly exposed to wholesale price volatility, making effective procurement and hedging strategies critical to protect margins.

Overall, supplier power can be considered **moderate**, driven mainly by exposure to wholesale market dynamics.

7.5. Threat of new entrants

The threat of new entrants in the 3.0 segment is **moderate to high**.

On the one hand, barriers to entry are relatively low:

- no need for ownership of generation assets (asset-light model),
- regulatory access to wholesale markets,

- and availability of outsourced operational services (e.g., billing, customer management).

These factors enable new players to enter the market with limited initial investment.

On the other hand, several factors act as barriers:

- the need to achieve scale to be competitive,
- limited margins, which reduce the attractiveness of entry,
- and the importance of commercial capabilities.

In addition, incumbents benefit from brand recognition and established customer bases, which can make market penetration more difficult.

This implies that, while entry is feasible, sustained profitability requires scale and commercial efficiency, limiting the number of players that can successfully operate in the market over time.

As a result, while entry is feasible, **sustained success requires effective execution**, which limits the practical threat of new entrants.

7.6. Threat of substitutes

The threat of substitutes in the 3.0 segment is **moderate and increasing over time**, primarily driven by the growing adoption of self-consumption solutions in Spain.

According to data published by the IDAE, installed self-consumption capacity has experienced significant growth in recent years, supported by regulatory incentives, declining technology costs, and increased awareness among businesses. A relevant share of this expansion is concentrated in the commercial and industrial segment, which includes SMEs [10].

This trend reflects the increasing economic attractiveness of self-consumption as a way to reduce electricity costs and mitigate exposure to wholesale price volatility.

However, despite this growth, several factors limit the extent to which self-consumption can fully substitute traditional electricity retail for SMEs:

- upfront investment requirements,
- technical constraints related to installation capacity and load profiles,
- and the continued need for grid electricity to ensure supply reliability.

This has a direct impact on the business, as the growth of self-consumption reduces the total volume of electricity purchased from the grid, limiting revenue potential. For instance, SMEs installing photovoltaic systems may significantly reduce their demand from retailers, particularly during peak solar production hours.

Overall, the threat of substitutes is best characterized as **moderate**, with a structural upward trend that may gradually impact market size but is unlikely to fully disrupt the retail model in the medium term.

7.7. Key forces and business implications

Among the five forces analyzed, two stand out as the most relevant for the 3.0 segment.

First, **competitive rivalry** plays a central role, as it directly affects pricing dynamics and margin levels. The presence of multiple competitors and relatively high switching rates creates sustained pressure on tariffs, making cost efficiency and commercial execution critical for profitability.

Second, the **threat of substitutes**, particularly self-consumption, represents a structural factor that may reduce the size of the addressable market over time. While its impact is gradual, it introduces a long-term constraint on growth and reinforces the need for retailers to adapt their value proposition.

These two forces are therefore the most relevant in shaping the economic potential of the segment, as they directly influence both revenue generation and market size.

7.8. Overall assessment of the 3.0 segment

The application of Porter's Five Forces framework suggests that the 3.0 segment presents a **balanced competitive structure**.

- Competitive rivalry is high but manageable
- Buyer power is moderate
- Supplier power is moderate
- Entry barriers are moderate
- Substitution risk is moderate and evolving

Taken together, these forces indicate that the segment is neither structurally unattractive nor excessively constrained, but rather offers a **competitive yet viable environment** for new entrants.

Importantly, the absence of extreme pressures in any single force suggests that profitability is primarily determined by **execution capabilities**, rather than by structural disadvantages.

8. Conclusions and recommendations

8.1. Summary of findings

This project has analyzed the strategic and financial viability of entering the Spanish B2B electricity retail market, with a focus on identifying the conditions under which such entry would be both feasible and attractive for a new entrant.

The analysis combined a structured market sizing approach (TAM, SAM, SOM), a bottom-up business case model based on commercial capacity, and a qualitative assessment of market dynamics using Porter's Five Forces framework.

The results show that, while the Spanish electricity retail market is mature and competitive, it remains accessible to new entrants under specific conditions. Market liberalization, the presence of multiple retailers, and relatively high switching rates (particularly in the SME segment) create opportunities for entry, despite the existence of structural constraints.

At the same time, trends such as the growth of self-consumption and increasing competition introduce additional complexity, requiring a careful selection of target segments and a well-defined entry strategy.

8.2. Answer to the consulting question

The consulting question guiding this project was:

Under what market, regulatory and internal capability conditions is it strategically and financially viable for a new entrant energy company to enter the Spanish B2B electricity retail market, and with what positioning, target segments and scale?

Based on the analysis conducted, the entry into the Spanish B2B electricity retail market can be considered **both strategically and financially viable**, provided that specific conditions are met.

From a **market perspective**, viability depends on targeting segments where demand is not only large, but also contestable. The analysis shows that market accessibility varies significantly across segments, and that switching behavior is a key determinant of entry feasibility.

From a **capability perspective**, success is strongly linked to the ability to deploy an efficient commercial organization capable of converting sales effort into captured energy volumes. The bottom-up modeling approach demonstrates that commercial capacity, rather than theoretical market share, is the main driver of growth.

From a **regulatory and structural perspective**, the market framework supports entry through its liberalized structure, although profitability remains sensitive to wholesale price dynamics and competitive pressure.

8.3. Recommended entry strategy

The results of the business case analysis indicate that a **focused entry strategy targeting the 3.0 segment (SMEs)** represents the most attractive option under the assumptions considered.

This recommendation is supported by both quantitative and qualitative findings:

- The business case shows that this segment delivers the **highest EBITDA**, reflecting a favorable balance between energy volumes and achievable margins.
- The SOM analysis demonstrates that the segment allows for **scalable market penetration**, without requiring unrealistic assumptions.
- The Five Forces analysis confirms that the segment exhibits a **competitive but structurally accessible market environment**, with no single force preventing value creation.

Taken together, these elements indicate that the 3.0 segment offers the most effective combination of:

- scale,
- accessibility,
- and operational feasibility.

8.4. Strategic implications for Enercom

For a company such as Enercom, entering the market with a limited initial scale and a commercial-driven operating model, the choice of segment is a critical determinant of success.

The analysis suggests that Enercom should adopt a **focused and phased entry strategy**, characterized by:

- an initial concentration of commercial resources in the SME segment,
- a strong emphasis on commercial efficiency and customer acquisition,
- and a gradual expansion into other segments once capabilities are developed.

This approach allows the company to:

- build scale progressively,
- optimize the use of commercial resources,
- and reduce exposure to segments with higher structural barriers.

8.5. Limitations of the analysis

While the analysis provides a robust framework for evaluating market entry, several limitations should be acknowledged.

First, the estimation of the SAM relies on **switching rates as a proxy for market contestability**, due to the lack of granular data on self-consumption and PPAs at the segment level. While this approach is conservative and widely used, it may not fully capture all dimensions of market accessibility.

Second, the financial model is based on **simplified cost assumptions**, focusing primarily on commercial costs and excluding detailed operational and risk management components. This is appropriate for comparative analysis but may not reflect the full complexity of real-world operations.

Third, margin assumptions are based on indicative ranges informed by industry knowledge, rather than detailed empirical data, which introduces a degree of uncertainty in the results.

8.6. Social and environmental impact

Beyond its financial and strategic implications, the proposed market entry also has relevant **social and environmental impacts**, particularly in the context of the ongoing energy transition.

From an environmental perspective, electricity retailers play a key role in enabling the **decarbonization of energy consumption**, as they act as intermediaries between wholesale markets, where renewable energy penetration is increasing, and final consumers. By facilitating access to electricity supply and potentially offering green energy products, retailers contribute to the broader objective of reducing greenhouse gas emissions.

In addition, the increasing adoption of self-consumption solutions, as discussed in previous sections, reflects a structural shift towards more decentralized and sustainable energy systems. While this trend may reduce the volume of electricity supplied by retailers, it also reinforces the role of market participants in supporting more efficient and flexible energy use.

From a social perspective, the entry of new retailers can enhance **competition and consumer choice**, contributing to more competitive pricing and improved service quality. This is particularly relevant for SMEs, which often lack the bargaining power of large industrial clients and may benefit from a more dynamic and competitive market environment.

In this context, the project is aligned with several **United Nations Sustainable Development Goals (SDGs)** [11]:

- **SDG 7 (Affordable and Clean Energy):** by contributing to increased access to competitive electricity supply and supporting the integration of renewable energy into the system.
- **SDG 8 (Decent Work and Economic Growth):** through the creation of commercial activity and support to SMEs, which are a key component of economic development.
- **SDG 13 (Climate Action):** by facilitating the transition towards a lower-carbon energy system and supporting the electrification of economic activity.

Overall, while the primary objective of the project is financial viability, the analysis suggests that the proposed entry strategy is broadly aligned with the **sustainability objectives of the energy sector**, contributing to both economic and environmental value creation

8.7. Key risks and mitigation strategies

While the analysis concludes that market entry is both strategically and financially viable, several key risks must be considered, as they may materially affect the execution and long-term performance of the strategy.

Regulatory risk represents a first relevant factor. The electricity retail market operates within a highly regulated framework, subject to ongoing policy changes linked to the energy transition. Modifications in tariffs, network charges, or regulatory obligations could directly impact margins and pricing strategies. While the current framework supports market entry, future regulatory adjustments introduce uncertainty.

Market risk, particularly linked to wholesale electricity price volatility, also plays a significant role. As retailers typically operate with thin margins, fluctuations in procurement costs may compress margins if not adequately hedged. This is especially relevant in periods of high price instability, as observed in recent years.

Commercial execution risk is another critical dimension. The business model relies heavily on the ability to convert commercial effort into customer acquisition. Underperformance in sales productivity, higher-than-expected customer acquisition costs, or lower switching rates could significantly reduce the expected SOM and, consequently, financial performance.

Competitive risk should also be considered. The presence of established incumbents and numerous independent retailers may lead to aggressive pricing strategies, further compressing margins and increasing customer churn.

To mitigate these risks, the entry strategy should incorporate:

- conservative assumptions in market sizing and margins,
- the development of basic risk management and hedging capabilities,
- a strong focus on commercial efficiency and performance monitoring,

- and a phased expansion approach to limit exposure in early stages.

Overall, while these risks do not invalidate the viability of the project, they highlight the importance of disciplined execution and adaptive strategy.

8.8. Final conclusion

In conclusion, the Spanish B2B electricity retail market presents a **viable but competitive opportunity** for new entrants.

The analysis shows that success in this market does not depend on targeting the largest segments, but on identifying those where **commercial effort can be most effectively translated into sustainable profitability**.

In this context, the optimal strategy is not to maximize scale or margins independently, but to operate at the intersection of both, where market accessibility, operational capacity, and financial performance are aligned.

Bibliography

[1] European Commission, «Clean Energy for all Europeans package,» 2019.

[2] CNMC, «Informe de supervisión del mercado minorista de electricidad en España,» 2024.

[3] International Energy Agency (IEA), «Electricity Market Report,» 2024.

[4] ACER, «Wholesale Electricity Market Monitoring Report,» 2023.

[5] Engie España, «Engie anuncia la adquisición del negocio de suministro energético a pymes del grupo Ignis,» 26 Marzo 2026.

[6] McKinsey & Company, «Global Energy Perspective,» 2025.

[7] Comisión Nacional de los Mercados y la Competencia (CNMC), «Energía eléctrica: energía y suministros».

[8] Gobierno de España, «Plan Nacional Integrado de Energía y Clima (PNIEC) 2021–2030,» 2021.

[9] aelēc; Ernst & Young; Instituto de Investigación Tecnológica (ICAI), «Modelo de previsión de demanda y estimación de necesidades de inversión 2025–2035,» 2025.

[10] Instituto para la Diversificación y Ahorro de la Energía (IDAE), «Balance energético en España,» 2024.

[11] United Nations, «Sustainable Development Goals,» [Online]. Available: https://sdgs.un.org/es/goals.