

Evaluation of stakeholder comments on NordREG WP2010

The NordREG draft Work Programme for 2010 has been out for public consultation from 15 December 2009 until 22 January 2010. Comments were received from eight stakeholders:

1. Nordenergi
2. NordBER (Nordic cooperation on emergency planning and crisis management for the power sector)
3. Konkurransetilsynet
4. Energinet.dk
5. Fingrid
6. Statnett
7. Fortum
8. Vattenfall Norden (Consumer ombudsman)

In the table “Evaluation of responses” each view from the stakeholders is listed together with a suggested NordREG response. The comment from Konkurransetilsynet can not be found in the table since it only expressed the view that they are positive to further cooperation with NordREG.

General comment about the stakeholder views

Stakeholders welcomed the possibility to comment on the NordREG draft Work Programme for 2010. In general the stakeholders were very supportive of the work of creating a common Nordic end-user market for electricity. Many of the stakeholders also pointed out the importance of NordREGs work for the future Nordic electricity market – both for the wholesale and for the retail market.

List of tasks in the draft work programme for 2010

Retail and distribution WG

- Task 1 - Implementation plan for Nordic retail market
- Task 2 - Nordic retail market indicators
- Task 3 - Best practice on DSO unbundling
- Task 4 - Exchange of information on economic regulation

Wholesale and transmission WG

- Task 5 - The financial market
- Task 6 - The balancing market
- Task 7 - Regulation of Nord Pool Spot
- Task 8 - Peak load arrangements
- Task 9 - Security of supply
- Task 10 - Compliance monitoring with 1228/2003

Nordic market report WG

- Task 11 - Nordic market report

Evaluation of responses

#	General comment (GC) or task no.	Stakeholder	Stakeholder view	NordREG response
1	-	Nordenergi	Specifying the regulation of capacity allocation as well as congestion management on interconnectors are important issues for NordREG to address in 2010	NordREG agrees that that this is an important issue. All the Nordic NRAs are already extensively contributing to the ERGEG work on this issue.
2	Task 1	Nordenergi	In developing a common Nordic end-user market the leading principle should be “best practice” in the sense that a common market should not harm the countries which today have the best solutions on various relevant aspects.	The specificities of the future common retail market will be developed together with stakeholders within the task “Implementation plan for Nordic retail market”. NordREG agrees that well developed systems should not be harmed in the process of developing a common retail market. However NordREG also recognizes that it may sometimes be difficult to say which method or system that is the “best practice”.
3	Task 1	Nordenergi	To minimize the costs for creating a common retail market, any changes in national market rules should lead in the direction of a common retail market.	NordREG agrees with the comment.
4	Task 1	Nordenergi	The future common retail market should be “market driven”. Rules and regulations	The specificities of the future common retail market will be

			should be flexible and allow room for new future consumer demands and corresponding innovative products.	developed together with stakeholders within the task "Implementation plan for Nordic retail market"
5	Task 3	Nordenergi	A comment was that the existing rules and regulations regarding DSO's neutrality are adequate. However, NordREGs statement that any possible new regulatory initiatives should be "proportional" is welcomed. The stakeholder is of the opinion that a demand of ownership unbundling is not a proportional measure.	NordREG takes note of the opinion regarding ownership unbundling.
6	GC	Nordenergi	It is important that the activities of NordREG lead in the direction of further market integration not only on a Nordic level, but a European level.	NordREG agrees with the comment and the issue is already mentioned in the WP for 2010. NordREG will during 2010 increase coordination between the Nordic and the regional as well as European work.
7	Task 5	Nordenergi	A comment was that the Nordic electricity financial market is very important and that there is a need for a better understanding of the function of the financial products as well as possible improvements. NordREGs ongoing study on this issue was welcomed.	NordREG agrees with the comment and the issue is already mentioned in the WP for 2010.
8	Task 6	Nordenergi	One stakeholder express support for the harmonization of the balancing market.	The issue is already mentioned in the WP for 2010.
9	GC	Fortum	One stakeholder supports all parts of NordREGs vision, but also finds that the vision is not sufficient in a longer perspective. Climate change mitigation and other sustainability concerns should also be	NordREG finds that a vision should live for a long time and not be changed too often. While mentioned in the third package as an important part of the

			mentioned.	drivers for an internal European market, the responsibility for sustainability issues does not rest primarily on the regulators in all Nordic countries, but on other authorities. Therefore NordREG finds that the vision should not be changed at this time.
10	Task 1	Fortum	A Nordic end-user market is a necessary intermediate step towards European markets. The Nordic solution should be aligned with the forthcoming European choices.	NordREG agrees with the comment and the issue is already mentioned in the WP for 2010.
11	Task 1	Fortum	Simplicity and robustness in customer interfaces and market processes are key prerequisites for efficiency and customer confidence in the market.	NordREG agrees with the comment. The specificities of the future common retail market will be developed together with stakeholders within the task "Implementation plan for Nordic retail market"
12	Task 4	Fortum	Network regulation should be more harmonized. NordREGs exchange of information on network regulation is an important step, but further work is needed in the coming years. Harmonized regulation in the Nordic region is possible, logical and preferable. Such a development is also an opportunity to be a forerunner in the area.	This may be a possible development in the future; however NordREG finds that it is too early for detailed work on harmonization of network regulation. Certain aspects of regulation at TSO level may need to be addressed in order to stimulate cross border investments.
13	-	Fortum	Work items regarding the development of	NordREG agrees that that this

			<p>the transmission system is lacking in the WP. It is important to work continuously with investments in interconnections between and within the Nordic and European countries in order to increase the geographical size of spot bidding areas again in the future. With the work of a ten year network development plan in the coming years it would be beneficial if NordREG would address these issues already during 2010.</p>	<p>is an important issue. However, given the fact that there are limited resources available it will not be possible to work in detail with this issue during 2010. NordREG will keep this issue in mind when drafting the WP for 2011. NordREG will follow and if necessary comment on the grid development planning as far as it regards the Nordic countries. Interconnections out of the Nordic countries should mainly be discussed in the wider scope of ERGEG's regional initiative.</p>
14	Task 1	Statnett	<p>NordREG should base its work on data exchange standards for the future Nordic retail market on existing standards facilitated by Statnett, SvK and Energinet.dk. The TSOs should be given a significant role in this work.</p>	<p>In the work of creating an implementation plan for the Nordic retail market four task forces has been established. The task force responsible for data exchange is chaired by Nordenergi, but the TSOs are encouraged to provide input to that work.</p>
15	Task 6	Statnett	<p>To develop the balancing market to meet future challenges in an efficient way, it would be useful to be more precise in what part of the balancing market that is considered. One part is related to the wholesale market and balance settlement system, while the TSOs purchasing of reserves and balancing resources is</p>	<p>NordREG agrees that that this is an important issue. However, given the fact that there are limited resources available it will not be possible to work in detail with this issue during 2010. However, NordREG will follow the work of TSOs in this area</p>

			another important part of balancing.	and if necessary comment on proposals by TSOs. NordREG will also keep this issue in mind when drafting the WP for 2011.
16	Task 1	Vattenfall Consumer ombudsman	When developing a Nordic retail market it is important to analyze the situation for the customers; consumer rights, dispute settlement, language and currency issues, what laws are applicable etc.	Ensuring customer protection is one of the main principles that NordREG has identified in the work of creating a common retail market. This has already been stated in the NordREG report on Market Design (report 3/2009) and it continues to be a main principle for NordREGs further work.
17	Page 9	NordBER	Cooperation with NordBER - Nordic cooperation on emergency planning and crisis management for the power sector – should be considered. Such cooperation could be of importance before, during and after possible crisis on the Nordic power market	Contact persons for emergency issues have been designated within NordREG. These contact persons have the opportunity to initiate discussions and propose meetings when needed.
18	GC	Energinet.dk	It is important to coordinate NordREGs WP with the harmonization initiatives in ERGEG.	The issue has already been addressed on page 9 in the WP.
19	Task 1	Energinet.dk	The timetable seems too ambitious, with a status report in march and a final report in may.	Since the public consultation of the WP, the time plan for this project has been extended.
20	Task 7	Energinet.dk	A common Nordic power exchange requires a common Nordic regulation of this exchange, i.e. in principle a regulation by NordREG. In this light it is problematic if the national regulators do not cooperate in	NordREG has a memorandum of understanding stating that changes in the functioning of NPS shall be discussed in NordREG. The market coupling

			finding the best solutions. Furthermore, the market coupling projects with the CWE energy markets make it important to cooperate closely with the regulators in the CWE countries.	projects are certainly important for the Nordic countries; however, these projects are primarily addressed in the regional initiatives, where the Nordic countries belong to the region Northern Europe. In that context, cooperation with CWE has started.
21	Task 1	Fingrid	Task 1 should cover also the harmonization of the functional requirements for infrastructure necessary for demand response of customers. The two-way communication would facilitate a wider variety of products offered by competing suppliers which would promote the security of supply. To this end, the messages necessary for two-way communication between the smart meter and the suppliers should be harmonised.	The WP describes the task of creating an implementation plan at a more general level, however the issue should of course be discussed within the stakeholder task forces created at the end of 2009.
22	Task 3	Fingrid	Best practices of DSOs as an aggregator for demand response should be identified. Unbundling from the interests of the local supplier is crucial.	NordREG agrees that that this is an important issue. However, given the fact that there are limited resources available it will not be possible to work in detail with this issue during 2010. NordREG will keep this issue in mind when drafting the WP for 2011.
23	Task 5	Fingrid	The Nordic financial electricity market is not isolated from the other financial markets of Europe, but there is some correlation and	NordREG agrees that that this may be an important issue to investigate further. However,

			interference of Nordic financial market with e.g. the German financial electricity market. Since the underlying electricity market information is inadequate in Germany, the German financial electricity market may adversely affect on the Nord Pool financial electricity market. Should the regulators assess, if improved market information in Germany would improve the efficiency of the Nordic financial electricity market?	given the fact that there are limited resources available it will not be possible to investigate this issue further during 2010.
24	Task 7	Fingrid	Due regard should be given to the consequences of market integration in the North West Europe for the regulation of Nord Pool Spot.	This issue needs to be discussed at the meetings planned within task no 7.
25	Task 8	Fingrid	The peak load arrangements have been launched on a national basis. It would be beneficial if the principles as to procurement of the resources (process, resources to be procured etc.) in separate countries would be harmonized. Especially, the use of demand resources should be addressed. While In the common Nordic market it is also important that the rules for use of the resources are harmonized. Currently, this is the case between Finland and Sweden, although some minor differences exist. The peak load arrangements should be a temporary solution only.	There is a task regarding peak load arrangements which is to be reported in March 2010. NordREG will not have resources to further address this issue during 2010.
26	Task 10	Fingrid	The NERI report should be implemented in the whole NERI area including Poland and Germany as it was agreed initially. A common interpretation of the market	This is primarily an issue for the regional initiative.

			information requirements and which information is relevant is crucial.	
27	Task 10	Fingrid	The Baltic region will join the Nordic electricity market area in 2010, but the transparency requirements are not in the same level as in the rest of Nordic market area. Should the regulators cooperate with the Baltic regulators for harmonization of the transparency requirements?	The transparency issues will be dealt with on a European wide level where regulators will give COM advice on future binding rules regarding transparency. Nordic regulators will coordinate their efforts.