

# Implementation Plan for a Common Nordic Retail Market

Report 7/2010





# **IMPLEMENTATION PLAN FOR A COMMON NORDIC RETAIL MARKET**

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## Table of contents

<b>Table of contents .....</b>	<b>3</b>
<b>Preface.....</b>	<b>4</b>
<b>1 Introduction.....</b>	<b>5</b>
1.1 Task from EMG to NordREG.....	5
1.2 Used methods .....	5
1.3 Consultation with stakeholders .....	6
<b>2 The process towards a common Nordic end user market.....</b>	<b>7</b>
<b>3 Target market model .....</b>	<b>8</b>
3.1 Expectations for the common Nordic end user market .....	8
3.2 General objectives of the common Nordic end user market .....	9
3.3 Next steps .....	10
<b>4 Customer interface.....</b>	<b>11</b>
4.1 General goal.....	11
4.2 Next steps .....	12
<b>5 Data exchange .....</b>	<b>14</b>
5.1 General goal.....	14
5.2 Next steps .....	16
<b>6 Balance settlement.....</b>	<b>17</b>
6.1 General goal.....	17
6.2 Next steps .....	18
<b>7 Organisation of the further work.....</b>	<b>20</b>
7.1 General goal.....	20
7.2 Next steps .....	21
<b>8 Annexes.....</b>	<b>22</b>

# Preface

For several years NordREG has been working to promote and facilitate a common Nordic end user market. Given the political support that was expressed at the meeting of the Nordic energy ministers in the autumn of 2009, the work has become even more concrete.

With this implementation plan, NordREG outlines what should be done, by whom and when in order to create a common Nordic end user market over the coming years. As the plan shows the need for contributed efforts from all stakeholders will be vital in the coming years in order to make a reality of the plans of creating a common Nordic end user market.

The transition from national retail markets to a single Nordic market will take a great deal of work from regulators, DSOs, suppliers and TSOs. The benefits that a single Nordic end user market will bring will however make it worthwhile. In the long run, the integrated Nordic end user market will be a more efficient solution than keeping the four national markets. This is also a step towards the integration of European markets. The process of creating a single Nordic market also brings a unique opportunity to find new efficient solutions on different issues. Hence, the goal is not only to integrate the Nordic end user markets, but rather to develop a more customer oriented market with a high degree of competition between the suppliers.

The implementation plan has been prepared by the NordREG Retail and Distribution Working Group. The members of the group are:

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The implementation plan has been developed in close cooperation with relevant stakeholders in the Nordic electricity market. A large share of the preparatory work for this implementation plan has been done by four task forces (TF) and the task force reports can be found in annex 1-4:

- Target Market Model TF, chaired by NordREG
- Customer Interface TF, chaired by Nordenergi
- Data Exchange TF, chaired by Nordenergi
- Balance Settlement TF, chaired by the Nordic TSOs

NordREG appreciates all the efforts, comments and suggestions the stakeholders have given during the preparation and public consultation of the implementation plan, and NordREG has taken them into consideration for the finalization of the implementation plan.

# 1 Introduction

## 1.1 Task from EMG to NordREG

The Electricity Market Group (EMG) has invited NordREG to present, which actual regulatory, technical and economical changes have to be made in order to achieve a goal of common Nordic end-user market by 2015. The objective of this task is to prepare a detailed implementation plan including suggestions on concrete actions with descriptions of the target models and implementation timetables. The implementation plan shall be submitted to EMG by the 1st of September 2010.

The implementation plan shall include proposals for further actions and the work on implementing a common Nordic retail market will continue in line with these suggestions.

## 1.2 Used methods

NordREG has done this task in close co-operation with the relevant stakeholders. In a meeting between NordREG, Nordenergi and the Nordic TSOs in December 2009 it was decided to establish four task forces for this project with the following tasks:

### **Target market model TF**

Chairmanship/responsible party: NordREG

Task: TF shall prepare a general definition for the target level of market integration by 2015 (target model). This definition should act as guiding principles for further work in this process. TF could also prepare different scenarios for the definitions to be discussed in the workshops with larger number of stakeholders. Work shall be done in co-operation with stakeholders.

### **Balance and settlement TF**

Chairmanship/responsible party: Nordic TSOs

Task: TF shall analyze necessary changes and harmonization in balancing and settlement processes and regulation in the scope of common Nordic end-user market and prepare an implementation plan for this harmonization. During its work TF shall consult market players (eg. suppliers, DSOs, BRPs) and regulators.

### **Data exchange TF**

Chairmanship/responsible party: Nordenergi

Task: TF shall analyze required changes and harmonization in communication and data exchange between the market actors in different back-office processes (eg. supplier switching, sending metering data etc) in the scope of common Nordic end-user market and prepare an implementation plan for this harmonization. During its work TF shall consult market players (eg. suppliers, TSOs, DSOs, BRPs) and regulators.

## **Customer interface model TF**

Chairmanship/responsible party: Nordenergi

Task: TF shall focus on customer interface issues. TF shall define a so-called supplier-centric model and study would it be possible to keep available both supplier-centric and present customer interface models available, what kind of changes this would require in different processes, regulation etc and what kind of practical questions lies with these. In its work TF could take into account the previous work done in the Nordic countries. During its work TF shall consult market players (eg. suppliers, TSOs, DSOs), regulators and customer organizations.

## **1.3 Consultation with stakeholders**

To present the tentative proposals of the TFs, and additionally, to offer to the electricity market stakeholders an opportunity to express their views three workshops were organised during the preparation the implementation plan (on January 27th, 2010, on February 17th, 2010 and on April 14th, 2010). Material and presentations from these workshops are available from the NordREG's website [www.nordicenergyregulators.org](http://www.nordicenergyregulators.org)

NordREG has also arranged a public consultation of the draft implementation plan from the end of June until the beginning of the August, 2010. During the public consultation process NordREG received 25 responses from stakeholders. Responses from individual stakeholders are also available from NordREG's website.

NordREG has also prepared a separate document of the evaluation of the responses which can be found in Annex 5. The evaluation document includes summary of stakeholders' responses and NordREG comments on stakeholders' views. The evaluation of the responses has been taken into account during the finalization of the implementation plan.

## 2 The process towards a common Nordic end user market

The process towards a common Nordic end user market could be divided into three main phases: specification, design and implementation.

During the specification phase the target market model will be specified in detail. In this phase principles of the market model should be validated and confirmed. This includes also an analysis of necessary changes in the processes. In the design phase detailed specifications on common processes and systems will be developed. During this phase also the required changes in the national regulations should be adapted. The final phase is the implementation. During this phase new systems will be coded, tested and deployed. This phase includes also the training of staff of market actors.

The process towards a common Nordic end user market by 2015 requires that the specifications should be done by the end of 2011 or the beginning of 2012. To achieve this, many of the necessary actions should be started already during early autumn 2010. Detailed design of common processes and systems and changes in the national regulations should be done during 2012 – 2013. The actual implementation phase could then be started in 2014, by latest. However, it is important to recognize that the coding, testing and training for new IT-systems will typically take 2-3 years. Therefore, during the specification phase, or by latest during the design phase, it should be decided in which order and the timetable for the required changes that should be implemented.

The figure below provides a general illustration of this plan



In the next chapters the implementation plan has been divided into specific actions. The listed actions are mainly belonging to the specification and design phases.

The implementation phase and part of the design phases are described in this report in a general level. The necessary actions for these phases will be defined during the specification phase.

It should also be noted that many of the tasks in this process need to be executed consecutively. This means that a delay in one task might very easily delay the whole time plan and the implementation of the common Nordic market.

# 3 Target market model

## 3.1 Expectations for the common Nordic end user market

When defining a target market model it is important to consider the stakeholders' expectations for the common Nordic end user market. The target market model should then provide solutions that meet these expectations.

A prerequisite for the common Nordic end user market is that it should bring added value to all stakeholder groups. However, the preferences differ between the stakeholders.

The common Nordic end user market will most likely increase competition among the suppliers. This will improve the efficiency in the market and bring benefits for the customers by increasing the pressure on end-user prices. It is also anticipated that the larger market will provide customers with a wider choice of offerings and products to meet their needs. For example, more specialized products could be offered through the expanded end-user markets.

For suppliers the common Nordic end user market without any significant regulatory or technical obstacles will provide an opportunity to operate on a larger electricity market, leading to improved efficiency and reduction in suppliers' unit costs. The integrated Nordic end user market is also likely to be more attractive for new entrants. A common Nordic end user market will reduce the possibility to develop end user market regulation only from a national perspective. Suppliers are as such expected to benefit from a relatively stable regulatory environment with more predictable rules as future changes have to be implemented the same way in all Nordic countries. In sum this will reduce the so-called regulatory risk for the market actors.

By introducing new players, products and business models into the national markets the common Nordic end user market will strengthen the connection between wholesale and retail markets, especially in Denmark and Finland. It is anticipated that in these markets price signals from the wholesale market will be reflected in the retail prices so that it follows the price development in the wholesale market. The strengthened connection between the wholesale and retail market will also increase the demand side response and have a positive impact on the wholesale market.

DSOs and TSOs will benefit from the common Nordic end user market through improved efficiency and automated processes. Expected improvement in data quality will reduce use of manual work in most processes. Stable end user market regulation including clear definitions of the roles and responsibilities of different market actors will reduce regulatory risk also for the network operators.

The society will also benefit from increased competition and improved efficiency at all levels.

## 3.2 General objectives of the common Nordic end user market

There are some general issues that form the basic requirements for the definition of the target market model. We should keep these general objectives in mind when defining the detailed model for the common Nordic end user market.

The first objective is that the common Nordic end-user market shall be open for all customers. The national end user markets are already open for all customer groups. Restricting the common Nordic end user market only to e.g. hourly/monthly metered customers or commercial and industrial customers would introduce unnecessary confusion and possibly barriers of entry. To sum up, the market model for the common Nordic end user market shall provide solutions to allow all customers to take part in the common market.

Customers' confidence is essential for the development of the end user market. Thus the second objective is that consumers must have the same protection independent of the origin of the supplier. A lack of confidence in this regard will act as a barrier for cross-border supplier switching. Therefore customer protection must be ensured, no matter which supplier the customer chooses.

There are differences between the Nordic countries in how the obligation to supply and the supplier of last resort schemes are implemented. However, NordREG has found that these differences do not prevent establishment of a common Nordic end-user market. Therefore NordREG does not suggest harmonization relating to the obligation to supply or supplier of last resort. However, NordREG is familiar with the fact that these schemes may also have negative impact the market's functioning. These schemes may maintain the old market structures where customers under these schemes remain passive and as such, such markets may not be considered attractive to a non-incumbent or to a foreign-based supplier. Likewise, those suppliers who are encompassed by these schemes may get competitive advantages compared to other suppliers. Therefore, it would be necessary to analyse if the existing schemes include elements that have relevant negative impacts the market's functioning.

Furthermore, low entry barriers should be ensured by making it easy for suppliers to operate in all Nordic countries. Implementation of common processes and systems is vital for creating a common market. Suppliers that are already operating in one country should also easily be able to establish their business in the Nordic countries, having regard to the national requirements to registration and licensing of legal entities (and of course to all other national laws and regulations common to all suppliers in the country). However, national regulations regarding taxation could make it necessary for suppliers to have some sort of formal representation in all countries.<sup>1</sup> In one Nordic country, suppliers are by law also required to have a supply license, but it is however possible to register as a foreign legal entity and then apply for a supply licence.

One important way to achieve an efficient common Nordic end-user market is to implement common procedures for key processes like supplier switching and moving etc. with common messages and data formats. Standardisation and automation will then

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<sup>1</sup> However, it should also be possible for suppliers to operate online only.

contribute to create a more effective communication between market players and improving the IT-systems that they use. The Nordic model shall take the standards of the existing and forthcoming data hubs into consideration.

It is important for a supplier to be able to use a single IT-system inside the same company while operating in all Nordic countries. This objective requires that the business processes are harmonised between the Nordic countries. In order to lower the costs of suppliers and entry barriers for new entrants, common message formats etc. must be developed, with this overall goal in mind.

When designing the common Nordic end-user market it is important to keep in mind and follow the harmonization process of the EU electricity market. Recommended market model and business process solutions should be as future proof as possible.

### 3.3 Next steps

Action point	Comments	Deadline
<i>General objectives</i>		
<b>Obligation to supply and the supplier of last resort schemes</b>	The objective of this task is to analyze if the existing obligation to supply and the supplier of last resort schemes includes elements that negatively impacts the market functioning and also if there is a need for a harmonization.	December 2011
<b>Metering / AMR</b>	The objective of this task is to further elaborate on the introduction of AMR in the Nordic countries and national AMR requirements and their impacts on a common Nordic end user market.	December 2012

# 4 Customer interface

## 4.1 General goal

One essential part of the market design is how the customer interface is organised. The customer interface defines how the market actors and different processes appear from the customer angle. This definition has a significant influence on several processes and on the roles and responsibilities of different market actors.

NordREG finds that the customer interface model for the common Nordic end user market for 2015 should be based on the supplier centric model. In this model most issues from a customer perspective are handled by the supplier. Examples of such issues could be billing, moving in/out, supplier switching and questions about consumption, fuel mix etc.

The supplier centric model doesn't mean that all customer issues should be handled by the suppliers. There are also strictly network related issues which will remain the responsibility of DSOs. Such issues are for example interruptions, technical aspects of metering and metering devices, quality of supply, new connections and compensation for interruptions. The responsibility for making sure there is a customer service available for these issues lies primarily on the DSO. However, if a supplier wishes to answer questions of these networks related issues, the supplier should be able to do so.

The purpose of the supplier centric model is to make it easier for the customers to operate in the electricity market, by, in most processes, providing them with the opportunity to only be in direct contact with the supplier. This will give the suppliers the main role in the market, while the DSOs have the role of market facilitators.

NordREG finds that it is preferable for the common Nordic end-user market that the customer interface model is the same in all the Nordic countries. Different customer interface models would bring extra costs for market players and as such create market entry barriers.

NordREG finds that the choice of billing regime is a key issue for the future common Nordic end user market. NordREG states that the combined billing regime in which suppliers are billing also the network charges to the customers is the long term vision for the billing of end users in the Nordic region. After the impact assessment of the combined billing regime it should be decided whether combined billing should be mandatory or voluntary for suppliers.

However, NordREG finds it essential to ensure that in this context DSOs may not discriminate between suppliers and DSOs shall provide equal level playing field all suppliers acting in their area. Therefore, as a step towards combined billing the Nordic countries could request the DSO to facilitate a combined billing to a supplier, if the supplier wishes so, or at least oblige the DSO to facilitate a real and smooth possibility for combined billing to all suppliers, if it provides it to any supplier.

NordREG finds that possible further actions supporting combined billing in the Nordic countries, including also proposals of additional amendments to the national regulation, could be decided after the impact assessment of the billing regime has been done.

## 4.2 Next steps

Action point	Comments	Deadline
<i>Customer interface – Supplier Centric Model</i>		
<b>Rights and obligations of DSOs and suppliers in the customer interface</b>	<p>The objective of this task is to analyze and define who will be responsible for what i.e.</p> <ul style="list-style-type: none"> <li>• move in/move out processes</li> <li>• complaint and compensation issues on the DSO (e.g. compensation for damages, outage compensation, quality, lack of information etc.)</li> <li>• providing information of various price components (network tariff, electricity price etc.)</li> <li>• providing information of energy efficiency, energy savings and DSM</li> </ul> <p>Part of this it should be explored also if there are any legal obstacles to suppliers to handle the switching and moving processes towards customers instead of the DSOs.</p>	March 2011
<b>Standard agreements between suppliers and DSOs</b>	<p>The objective of this task is to find out what should be defined in common legislation and what are the needs for additional standard agreements between suppliers and DSOs on a Nordic level.</p>	<p>March 2011</p> <p>Preparation of necessary common legislation and standard agreements in 2011-2012</p>
<i>Customer interface – billing regime</i>		
<b>Combined bill invoiced by the supplier</b>	<p>The objective of this task is to describe the combined billing regime in detail and, based on this description, to make an impact assessment of the billing regime.</p> <p>This study should include analysis of the practical consequences and implications of the combined billing regime (e.g. changes in costs and risks of different market actors) and assess the implications of mandatory vs. voluntary combined billing. Outcome from this study should also include suggestion should combined billing be voluntary or mandatory for the suppliers.</p> <p>Experiences from countries where combined billing regime is in use should be taken into account. A DK study related to the issue might be available December 2010 and could be used as a part of this study.</p>	March 2011
	<p>The objective of this task is to analyze if it would be possible to design a security payment system that is not creating a market barrier for the supplier – and if not – then what.</p> <p>A DK study related to the issue might be available December 2010.</p>	December 2011

Action point	Comments	Deadline
	The objective of this task is to analyze the impact of common Nordic rules for prepayment and payment after delivery.	July 2011
<b>Tax and VAT collected by the supplier</b>	The objective of this task is to analyze if/how national tax structure legislation will or will not allow the (foreign) supplier to collect taxes and fees.	December 2011
<b>Harmonization of the structures of network tariffs</b>	The objective of this task is to analyze if harmonization of the structures of network tariffs is a prerequisite for combined billing and if it is feasible.  If a harmonization of the structures of network tariff is needed, the consequences of harmonized tariff structures for the DSOs and also the influence of the harmonized structures of network tariffs the development of smart grids should be analyzed.	December 2011
<i>Customer interface – contracts with customers and customer protection</i>		
<b>Standard agreements with customers</b>	The objective of this task is to analyze how the contracts between customers and suppliers/DSOs should be arranged and what should be defined in common legislation and what are the needs for additional standard agreements with customers on a Nordic level.	March 2011 Preparation of common legislation and standard agreements in 2011-2012
	The objective of this task is to analyze what is needed from the harmonized customer protection regulation.	March 2011
<i>Access to data and data exchange</i>		
<b>Harmonization of data exchange</b>	The objective of this task is to analyze the impact of data hubs in each Nordic country for a common Nordic data exchange.  This will be a part of the design task of future message format and exchange mechanism (see point 5.2).	December 2012

# 5 Data exchange

## 5.1 General goal

One important question for common Nordic end-user market is how the access to information that a market actor needs to handle for example billing, supplier switching and moving processes, should be organized in the common Nordic retail market.

For the common Nordic end-user market it is crucial that market actors have easy and safe access to high quality market data. Good quality of data (which will reduce incorrect billing, switches going wrong etc.) improves the customer confidence in the market, which in turn will benefit the well functioning of the market.

One feasible way of doing data exchange in the Nordic end user market until 2015 might be to have national hubs or databases to ensure standardisation and efficient communication between market actors. The hubs or databases would need to be able to “speak” to each other or translate messages sent between countries. This solution should also lower long term costs and lower the market entry barriers since market actors would only need to communicate with one system for accessing information/data in each country. However, this requires deeper analysis and the final decision on the organisation of the data exchange and the access to information could be done after a cost-benefit analysis has been made.

The data exchange in the common Nordic retail market should be carried out according to the following principles:

1. **The data exchange should be designed to support one harmonized Nordic solution for each business process.** Today this has been standardized on a national level and therefore it is only natural that it would be standardized on a Nordic level when moving to a common Nordic end-customer market. Also the level of detailing should be increased to reduce the possibilities for interpretations.
2. **The data exchange should be designed so that the best solutions are used.** In building a common Nordic end-customer market the idea is that the markets should be harmonized and the markets in all four countries should develop from today. Therefore we should not be looking for the “least common denominator“. On the other hand this principle should not be abused to stall the development of the common Nordic market.
3. **The data exchange should be as future proof as possible with regards to all presently known technical, political and regulatory aspects (e.g. EU).** Changing data exchange standards is very costly for the industry and we should not do it too often. Therefore e.g. the EU development should be followed closely to ensure that we do not need to change standards shortly after the Nordic harmonization.
4. **Data exchange rules should be coordinated on a Nordic level and regulated nationally.** Today the industry is relying too much on recommendations, which does not exclude applying different standards and processes. This is clearly a cost driver for the industry and should be changed into compulsory standards. In

order to guarantee coherent interpretations on message exchange rules in the whole Nordic area a close coordination between the national regulators should be arranged.

5. **Data exchange rules should clearly define who is responsible for the data throughout the data exchange – including data quality accountability and data creation/updating/reading and deletion rights.** Low data quality is a common problem in all countries and measures should be taken to improve data quality and the data exchange should be designed to ensure further improvements over time.
6. **Data exchange rules should clearly define the financial accountability for poor data quality - including actor compensation and conflict resolution method.** Low data quality can have very big financial impact also on other parties in the market than the party responsible for the low data quality. Compensation methods are required for this and to create incentives to strive for further data quality improvements.
7. **Data exchange rules should include instructions on data format and content validation of all messages exchanged.**
8. **Data exchange rules should include instructions on how to treat deviations so that handling of commonly occurring exceptions can be automated in IT systems (e.g. supplier switch cancellations).** There are some commonly re-occurring exceptions that today are handled manually. Creating standardized processes for some of these exceptions would improve cost efficiency.
9. **Data exchange rules should be designed with IT system performance in mind (e.g. allowing for transaction smoothing across all days of the month and not sending more information than needed).** The amount of data needed to be exchange between parties is huge and will be a strain on IT system performance. Therefore the detailed architecture and design should be based on the best practices in IT system performance.
10. **The new data exchange rules should be scheduled to allow for sufficient time for process and system design, specification, coding and testing (typically 2-3 years).** Changing data exchange standards will require extensive system updates and testing for all market participants. The time required for this should not be underestimated. Also the specifications and standards will be required on a very detailed level before this work can commence.

## 5.2 Next steps

Action point	Comments	Deadline
<i>Specification</i>		
<b>Suggestions for future common Nordic business processes</b>	The objective of this task is to make high level suggestions for future common Nordic business processes for key processes. Before that input on the market model and the responsibilities of the different parties (including data ownership) is needed. Also other EU solutions for supplier centric model, business processes, data exchange etc should be benchmarked.	June 2011
<b>Cost-benefit analysis of the suggested changes</b>	The objective of this task is to make a cost-benefit analysis of the suggested changes in business processes.	June 2011
<b>An inventory of national legislation and rules</b>	The objective of this task is to make an inventory of national legislation and rules to indentify best practice and what needs to be harmonized	June 2011
<b>A detailed specification for future common Nordic business processes</b>	The objective of this task is to make a detailed specification for future common Nordic business processes for all business processes	December 2011
<b>Preparation of harmonized regulation</b>	The objective of this task is to prepare future harmonized legislation	December 2011
<i>Design</i>		
<b>The future message format and exchange mechanism</b>	The objective of this task is to design the future message format and exchange mechanism (xml or EDI; data hub or central database or something else; ftp, smtp, MQ)	December 2012
<b>Technical specifications on the data exchange</b>	The objective of this task is to write technical specifications on the data exchange (formats, content, etc.)	December 2013
<b>Coordination between the regulators</b>	The objective of this task is to establish procedures between the Nordic regulators in order to ensure coherent interpretation on message exchange rules	December 2012
<b>Required changes into national legislation</b>	The objective of this task is to adapt the necessary changes into the national legislation (Nordic coordination)	December 2013
<i>Implementation</i>		
<b>Coding, testing and deploying market participants systems</b>	The objective of this task is to code, test and deploy market participants systems to the future Nordic Market model and data exchange standards	In 2014-2015
<b>Roll-out new data exchange processes</b>	The objective of this task is to roll-out new data exchange processes. This could possibly be phased as one process at a time.	In 2015-2016

# 6 Balance settlement

## 6.1 General goal

A common balance settlement is a prerequisite for a well functioning common Nordic end-user market. A common Nordic Balance Settlement (NBS) will lower the entry barriers for retailers and balance responsible market participants with an ambition of operating in all countries. Further, a common balance settlement will potentially lower the administration costs of balance settlement.

A Nordic model for balance settlement should include the following main elements:

- Each TSO has the formal balance responsibility in the country they operate.
- Identical balance agreements for balance responsibility in different countries. However, different legal frameworks etc may still demand differences in the more detailed rules specified in national regulations.
- A common Nordic balance settlement handbook in English describing all common rules for balance and reconciliation settlement which will be/are implemented in the national regulations.
- Equal business processes for reporting, settlement; invoicing, collaterals and corrections.
- Equal fee structure while fee levels differ as they reflect the real cost of balancing in each country (primary and secondary regulation).
- One common standard for electronic communication.
- A common operational unit responsible for balance settlement and invoicing (SR). Nordic TSOs have suggested that it could be organised as a separate company or under Nord Pool Spot AS.
- The DSO or in relevant cases a data hub has the responsibility to calculate the reconciled energy and report relevant data to the SR.

The model ensure the requirements for a common end user market and supports equal treatment of all players independent of nationality and national markets.

## 6.2 Next steps<sup>2</sup>

Action point	Comments	Deadline
<i>Specification and design of the common balance settlement model for the Nordic area</i>		
<b>Roles and responsibilities of market actors involved in the balance settlement</b>	<p>The objective of this task is to define the roles and responsibilities for all parties involved in the balance settlement.</p> <p>This applies to DSOs, balance responsible parties (BRP), suppliers, TSOs, settlement responsible (SR), data hubs and regulators.</p>	June 2011
<b>Scope of the settlement responsibilities</b>	<p>The objective of this task is to define a detailed scope of a Nordic settlement responsible.</p> <p>The scope of responsibilities of the current national settlement responsible varies. For example:</p> <p>a) In Sweden and in Denmark from 2012 SR has the responsibility of profiling and reconciliation whereas in Finland and Norway the SR is not at all involved in these processes</p> <p>b) In Sweden, Finland and Denmark the SR takes more or less responsibility for corrections of metering data. In Norway the SR does not take any such responsibility.</p> <p>c) In Finland and Norway the SR allows for balance settlement on retail level in addition to the BRP level. This is not the case in the other countries.</p>	June 2011
<b>Reporting requirements</b>	<p>The objective of this task is to define common reporting requirements by describing what should be reported, between whom and when.</p> <p>Message formats and EDI could then be described subsequently, but this work should be coordinated and harmonized with other EDI work for a Nordic end-user market.</p>	June 2011
<b>Balance settlement including corrections</b>	<p>The objective of this task is to decide whether corrections of metering data should be allowed and to what extent.</p> <p>Consequently it must be decided what corrections should be done bilaterally and how they should be organized.</p>	June 2011
<b>Balance agreement</b>	<p>The objective of this task is to develop a common balance agreement which allow for different national legislation.</p> <p>The idea is that the BRP shall only have one balance agreement with the SR so that a BRP can be balance responsible in several price areas and countries under</p>	June 2011

<sup>2</sup> The Nordic TSOs have decided on their CEO meeting April 26th 2010 to establish a project that shall prepare a common Nordic balance Settlement by 2014. This includes the goal of a common unit either as a separate company or as a part of Nord Pool Spot. This project has already been organized and started in May 2010. The market directors of the TSOs form the steering group of this project. Industry stakeholders are invited to form a reference group for this project.

Action point	Comments	Deadline
	the same agreement.	
<b>Invoicing and crediting</b>	The objective of this task is to develop one common cycle for invoicing and crediting. Today there are different national invoicing and crediting cycles. Invoice and credit information must be presented and communicated in the same manner independently of country of imbalances.	June 2011
<b>Reconciliation</b>	The objective of this task is to define methods for profiling and reconciliation.	June 2011
<b>Collaterals</b>	The objective of this task is to define a common method for collaterals.	June 2011
<b>Monitoring</b>	The objective of this task is to decide to what extent and how monitoring shall be performed.	June 2011
<b>IT solutions for external communication</b>	The objective of this task is to design a common solution for electronic distribution of data to BRPs and suppliers. This includes web, data warehouse, and machine-to-machine interface for exchange of settlement and invoicing details	December 2012
<b>Datahubs</b>	The objective of this task is to agree in general how national datahubs in e.g. Denmark shall be integrated in the Nordic balance settlement allowing for different national solutions regarding the sharing of tasks between DSOs and datahubs, communication etc. For example the fundamental principle in the Danish datahub is that the players shall only have EDI-communication with the datahub. This also implies that all EDI-communication to and from SR shall go through the datahub for players in Denmark.	June 2011
<i>In addition the following topics must be considered when designing a Nordic Balance Settlement:</i>		
<b>Key Performance Indicators</b>	The objective of this task is to define how and to what extent Key performance Indicators (KPI) could be used to incentivize market participants to submit best possible quality balances and metering data. The TSOs and common SR could also be subject for KPIs, e.g. related to deviations from expected performance.	December 2013
<b>Organization of a common Nordic SR unit</b>	The objective of this task is to define and set up the organization of a common Nordic SR unit. This ranges from legal entity, governance, place of operation and national support.	December 2012
<b>Handbook</b>	The objective of this task is to develop a common balance settlement handbook.	December 2012

# 7 Organisation of the further work

## 7.1 General goal

The work should continue as early as in the fall of 2010, even before the meeting of Nordic ministers for energy on the 25<sup>th</sup> of October 2010.

NordREG finds that it is essential that the future work towards common Nordic end user market is organized professionally and permanently in order to ensure efficient use of participants resources, steering and use of necessary external expert resources. So far, the preparation work for a common Nordic end user market has been based on ad hoc working groups without any full- or half-time employees concentrating on this project. Nordic energy regulators and stakeholders are not able to carry out this project Ad hoc efficiently enough. However, they should actively take part to the future work.

This implementation plan shows that there are several tasks that should be performed parallel and, on the other hand, there are dependencies between these tasks. In the following phases more and more concrete, detailed and complicated questions have to be solved. This process requires active participation of the experts coming from the stakeholders and regulators. However, it should be understood that the regulators and the stakeholders have limited possibilities to allocate their human resources into this process especially regarding drafting documents and coordinating the work of different task forces.

NordREG suggests that in order to ensure a successful implementation of common Nordic end user market a permanent project secretariat with project management skills should be established. The function of the project secretariat is to provide necessary services for different task forces (e.g. preparation of meetings of experts, drafting of required documents). One important duty of the project secretariat is also to coordinate the work of task forces in order to ensure that the whole process towards a common Nordic end user market is moving ahead in a scheduled timetable.

NordREG finds that the project secretariat could be hired or bought as a consultant service. Hiring of a project staff will require a decision in which organisation these people would be situated. Today neither NordREG nor Nordenergi have any staff of their own. NordREG suggests that the question of the organisation of the further work together with financing of the project secretariat should be discussed with the Nordic council of ministers during autumn 2010.

During autumn 2010 it should be defined and decided also the overall organisation of the future work: which bodies are needed and what are their roles in this process. This includes also the governance rules of the whole process.

## 7.2 Next steps

Action point	Comments	Deadline
<i>Organization of the future work</i>		
<b>Overall organization of the future work and the governance rules</b>	The objective of this task is to define the organization of the future work and the governance rules of the whole process: which bodies are needed to establish, what their roles are and how the decision-making and the consultation of stakeholders will be organized.	October 2010
<b>Project secretariat</b>	The objective of this task is to organize resources for the project secretariat including financing these services.	November 2010

# 8 Annexes

Annex 1. Report from Target Market Model TF

Annex 2. Report from Customer Interface TF

Annex 3. Report from Data Exchange TF

Annex 4. Report from Balance Settlement TF

Annex 5: Evaluation of the responses on the public consultation





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