



NordREG
Nordic Energy Regulators

Work Programme 2009



Work Programme 2009

Nordic Energy Regulators
(NordREG)

Report 1/2009

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Preface

The NordREG work programme for 2009 builds on two cornerstones; the extensive contribution to joint work by governments, transmission system operators and regulators to develop the Nordic electricity market, and the work initiated by the Nordic energy regulators to improve the functioning and integration of the electricity market.

This year's work programme, as earlier years' programmes, deals with both retail and wholesale market issues. The annual Nordic market report will provide an overview of the development of wholesale and retail electricity markets in the Nordic countries. The work on integrating the Nordic end-user electricity markets will include the finalisation of a market design report. The Nordic energy regulators will cooperate on implementing consumer related measures included in the 3rd package. Additionally, the regulators will increase their understanding on the methods of network regulation applied in the Nordic countries by organising internal workshops to share their experiences and discuss the methods.

With regard to the Nordic wholesale market, the work undertaken by NordREG will address balance management, regulation power market, Nordic power exchange, peak load arrangements, grid investments and congestion management.

An important step towards harmonising Nordic balance management will be taken early 2009 as the Nordic TSOs implement common Nordic standards for balance settlement. NordREG will follow the implementation of balance agreements and act as a coordinating body for monitoring the effects of the new agreements. Further, NordREG will continue the work towards a more harmonised Nordic regulation power market in cooperation with the Nordic TSOs. The aim is finding common Nordic standards for price setting, bidding and quality control as well as increased transparency and a common gate closure in the regulation power market.

An integral part of the NordREG cooperation has been linked to issues of the Nordic power exchange on Nord Pool Spot. Also in 2009, NordREG and NVE will facilitate a forum for Nordic energy regulators to discuss issues related to the Market Place Licence, which is up for renewal in 2009. Further issues include, among others, the organisation of a meeting between energy and financial regulators as well as competition authorities.

A pending task for NordREG has been the assessment of draft guidelines for transitional peak load arrangements as prepared by Nordel (2007). As the domestic assignment of the Swedish regulator on the same issue has now been completed, the Nordic work will continue and will be finalised.

Efficient regulation of the TSOs contains two tasks for 2009; grid investments and congestion management. NordREG will work on the Nordic grid planning and investments through comparing the national processes for network investments with the objective of finding a more Nordic perspective to developing the Nordic electricity system. Congestion management will be addressed to enhance the harmonised implementation of the Congestion Management Guidelines. NordREG will also contribute to the process on developing congestion management in the Nordic market through following and analysing the implementation of a new proposal, which implies splitting the Nordic market into additional price/bidding areas.

All projects will be closely coordinated with work among the European energy regulators on related issues in the context of the CEER and ERGEG, including the ERGEG Electricity Regional Initiative.

NordREG has a one year rotating chairmanship. The publication of this work programme marks the end of the Finnish chairmanship, and for the year 2009 the Norwegian regulator, Marit Lundteigen Fossdal from NVE, the Norwegian Water Resources and Energy Directorate (Norges vassdrags- og energidirektorat) will have the chairmanship.

Oslo, January 2009

A handwritten signature in black ink, reading "Marit Lundteigen Fossdal". The signature is written in a cursive style with a large initial 'M'.

Marit Lundteigen Fossdal
Chair of NordREG (2009)

Introduction

NordREG is a co-operation between the Nordic energy market regulators. The co-operation was established through a Memorandum of Understanding (MoU), signed in 2002. The MoU lays down objectives and modes of the co-operation. Prior to a formal agreement on co-operation, the tradition of bi-annual meetings and rotating chairmanship started in 1999.

The following authorities are members of NordREG:

Denmark: The Danish Energy Regulatory Authority, (Energitilsynet, DERA)

Finland: The Energy Market Authority, (Energiamarkkinavirasto, EMV)

Iceland: The National Energy Authority, (Orkustofnun)

Norway: The Norwegian Water Resources and Energy Directorate,
(Norges vassdrags- og energidirektorat, NVE)

Sweden: The Energy Markets Inspectorate (Energimarknadsinspektionen, EI)

NordREG's work can be divided into two main streams. The first stream is tightly linked to the assignments from Electricity Market Group (EMG), which is subordinate to a Committee of Senior Officials for Energy, and has the responsibility to follow and coordinate concrete measures agreed by the Nordic Energy Ministers. The second stream of work has its origin in interest and initiatives by the Nordic energy regulators to improve the functioning and integration of the Nordic electricity market.

At their 2008 annual meeting in September in Umeå, the Nordic Energy Ministers decided that progress towards a joint Nordic electricity market needs to be speeded up, and they also agreed to implement measures to ease bottleneck problems in the electricity market.

The document "Status of harmonisation in the Nordic electricity market 2008" by EMG includes a number of assignments to be given to the Nordic TSOs, and NordREG. At the meeting with EMG on 11 December 2008, details of the work to be undertaken by NordREG were agreed upon, and these are duly reflected in this Work Programme 2009.

Whereas previously, NordREG has worked with Nordel (the Nordic TSO organisation) on several issues, Nordel will transfer its' activities into ENTSO-E (the new European TSO organisation). The Nordic TSOs will, however keep in contact on a Nordic level, and NordREG look forward to continuing the cooperation with the Nordic TSOs.

Parallel to the Nordic initiative, extensive work is being undertaken on European and regional level. In September 2007 the EU Commission launched a draft legislative package, *the 3rd Liberalisation Package*. This marks an important step towards an increasingly integrated European energy market. The European Council achieved a political agreement on the 3rd package in December 2008, and the second reading in the European Parliament will start in January 2009. It is expected that a formal decision on the 3rd package will be reached in 2009.

The ERGEG Regional Initiative constitutes an important driver for the integration process. This initiative is – and will increasingly become – an important framework for the development of the Nordic market and its' interaction with continental markets. The Nordic regulators are actively engaged in this work through the Northern European regional electricity market, where, in addition to the Nordic regulators, also German and Polish regulators participate.

Mission and vision

The Nordic regulatory cooperation through NordREG is based on mutual efforts and contributions in identifying areas of work where exchanging information and views, mapping and analysing energy market issues, and producing reports and statements can create added value. This will *inter alia* involve identifying areas where NordREG can take common action to influence Nordic or European development on energy market issues.

The mission for NordREG is as follows:

In cooperation, we actively promote legal and institutional framework and conditions necessary for developing the Nordic and European electricity markets

NordREG has also formulated its vision for developments of markets:

All Nordic electricity customers will enjoy free choice of supplier, efficient and competitive prices and reliable supply through the internal Nordic and European electricity market

Strategic priorities

The strategic priorities and the objectives derived from them for NordREG are listed in the table below:

Strategic priorities	Objectives
A truly common Nordic retail market with free choice of supplier	<ul style="list-style-type: none"> • To develop a common balance management and settlement system • To ensure easy and harmonised switching procedures in the whole Nordic market • To create harmonised criteria for unbundling to ensure neutrality
A well-functioning Nordic wholesale market with competitive prices	<ul style="list-style-type: none"> • To promote competitive market structures • To ensure smooth interaction with other European regions • To ensure a well functioning power exchange • To ensure adequate level of transparency in the market
Reliable supply	<ul style="list-style-type: none"> • To promote market-based or legal environment for security of supply • To ensure harmonised procedures for handling extreme situations
Efficient regulation of TSO	<ul style="list-style-type: none"> • To regulate and monitor the TSOs with focus on efficiency and Nordic harmonisation • To promote adequate transmission capacity and efficient market-based congestion management methods

A truly common Nordic retail market with free choice of supplier

- **To develop a common balance management and settlement system**
- **To ensure easy and harmonised switching procedures in the whole Nordic market**
- **To create harmonised criteria for unbundling to ensure neutrality**

A common Nordic retail market

Background and objectives

At their meeting in Umeå September 2008, the Nordic Energy Ministers gave their support to the EMG's recommended action regarding the Nordic retail market: "NordREG is invited to see their proposed political roadmap in connection with the results from the cost-benefit analysis and propose a detailed implementation plan to the EMG by 1 March 2009."

During 2008 the work on retail market issues has concentrated on harmonising supplier switching models, analysing potential benefits and costs of further integration of the Nordic end-user electricity market, and drafting a design for a common end-user market model. The NordREG report "Harmonised supplier switching model" suggested a detailed model for supplier switching process in the Nordic countries, together with an implementation plan.

In 2008, NordREG started preparing a comprehensive report on common end-user market model. As a part of this process NordREG has used external consultants to analyze costs and benefits of a common Nordic end-user market. VTT Energy Systems made a cost-benefit analysis of Nordic retail market integration. In this study the Nordic retail market integration was studied by comparing, on the one hand, the current retail prices between the different Nordic countries, and on the other hand corresponding retail margins. The other part of the study was dealing with the costs related to renewal of IT systems as well as harmonisation needed for operation in the Nordic area. The Nordic Council of Ministers, through EMG, decided to finance a similar study, and ECON Pöyry was commissioned with the work, which will be finished by February 2009.

NordREG has continued the analysis of a common Nordic end-user market model in its comprehensive report, and in order to qualify the work, NordREG has organised two workshops and will organize a public consultation. In this process, the milestones towards the shared Nordic vision of a common Nordic end-user market will be revised.

During spring 2009 the work will concentrate on completing the comprehensive report on common end-user market model which was also requested by the Nordic Council of Ministers in September 2008. In autumn the work will consist of preparing a NordREG approach on the implementation of the retail market and consumer protection issues from the 3rd package.

It should be noted that the "Market Indicators" also comprises developing methods of quantitatively evaluation of development of the retail market. As part of their on-going work, the Retail and Distribution Working Group will assist WG Market Report in their task of developing and implementing a new set of market indicators. This task is addressed in more detail under the WG Market Report.

Outline of tasks

Task 1 Market design report

This task is continuing from 2008. Market design is the key issue for the integration of markets and there are differences among the Nordic countries in this respect. The solutions on market design affect the roles and responsibilities of various electricity market operators and thus it has significance to market functioning and processes like supplier switching. The objective of this task is to draft a report on harmonised market design. The report shall cover the relevant issues related to end-user market design.

During the preparation process all relevant stakeholders will be consulted and the results from cost benefit analysis project made by ECON Pöyry AB in 2008 will be taken into account. The final report will be the NordREG's proposition for a model of common Nordic end-user market with an implementation plan. After the meeting of Nordic energy ministers the EMG has asked from NordREG to prepare this proposition. In agreement with EMG, the deadline for this task has been set to 1 May, with an interim report by 1 March.

Deliverables

- An interim report with draft suggestions by 1 March 2009
- The final report by 1 May 2009

Task 2 Coordination between NordREG and ERGEG

When working towards a harmonised Nordic end-user market it is important to follow the work that is being done on a European level. This implies that there should be some kind of interface between the work done within WG Retail and Distribution and the work done within CEER/ERGEG. Since the Nordic regulators also take an active part in the work done at a European level, CEER/ERGEG, there are good prerequisites to gain benefits from the work done in CEER/ERGEG as well as giving valuable input to the work done within CEER/ERGEG. This is particularly important when looking at some of the deliverables that are common for NordREG and CEER/ERGEG, for example market indicators and market design issues.

The CEER/ERGEG task force of Retail Market Functioning, are preparing a new indicator set for the retail market. NordREG members will follow this work closely.

Deliverables

- A working note on how the coordination has been carried out by 31 December 2009

Task 3 NordREG approach to 3rd package issues

The Nordic countries are all affected by the upcoming 3rd package. The decision process regarding the legislative package is planned to be finalised in spring 2009. All Nordic countries are in some way affected by the 3rd package and will most likely have to make changes in national legislation when implementing the legislation stemming from the 3rd package.

WG Retail and Distribution finds that the upcoming new regulation in many ways will affect the end-user market. The retail market and consumer protection issues in Annex A to the proposed Directive (3rd package) “Measures on consumer protection”, affect the market design of the energy market in many ways, this is true also for the Nordic end-user market. It is therefore important to have a NordREG approach to the implementation parts of the 3rd package, in particular Annex A. This approach would be an efficient way to be a step ahead of upcoming legislation rather than one step behind. It seems ineffective to first make separate changes national legislation and then look at ways to harmonise these changes. WG Retail and Distribution proposes that this work should be done from September to the end of year 2009.

Deliverables

- A report with a suggested Nordic implementation of the retail market and consumer protection issues in Annex A by 31 December 2009

Task 4 Exchange of information on economic regulation

Economic regulation of the electricity network companies is one of the core tasks of the regulators. Nordic regulators have recently implemented new regulation models for distribution system operators, or are preparing changes on the present economic regulation models in their own countries.

The objective of this task is to organise one or two workshops where the members of NordREG can discuss experiences with different regulation models.

A well-functioning Nordic wholesale market with competitive prices

- **To promote competitive market structures**
- **To ensure smooth interaction with other European regions**
- **To ensure a well functioning power exchange**
- **To ensure adequate level of transparency in the market**

Regulation power market and balance management

Background and objectives

Nordic TSOs will implement a common Nordic balance management in 2009. Prior to the implementation, NordREG analysed the proposals by the TSOs, and subsequently published the results in reports (2007 and 2008). Accordingly, each of the Nordic regulators has amended or is in a process of amending their national regulation of the balance agreements, in preparation for implementation by the TSOs.

Further, within the context of balance management, NordREG has studied the Nordic regulation power market with a view to further harmonisation and potential monitoring.

EMG has requested NordREG to continue its work on balance management and settlement, especially in the view of introducing a common Nordic retail market. Furthermore, EMG has invited NordREG to continue the work towards a more harmonised regulation power market in cooperation with the Nordic TSOs. The aim should be to find common Nordic standards for price setting, bidding and quality control, increased transparency and a common gate closure in the regulation power market.

Therefore, in this context, the task of balance management and settlement, includes that the national authorities follow-up their respective balance agreements and that NordREG acts as a coordinating body for monitoring the effects of the new agreements and considers appropriate actions.

For the topic on the regulation power market three issues have been identified:

- **More harmonised regulation power market**
- **To propose a model for monitoring the regulation power market**
- **To find ways to increase transparency in the regulation power market**

In approaching these topics, NordREG will work with the Nordic TSOs, where appropriate.

Outline of tasks

Task 5 Common Nordic balance management

In continuation of the 2007 NordREG report “A common Nordic platform for balancing services” a final report on “Common principles for cost allocation and settlement – first phase towards a common Nordic platform for balancing settlement” has been elaborated.

NordREG is committed to continue the processes towards a harmonised balance settlement in order to reach a common Nordic retail market. This process will be synchronised with the work within the NordREG Retail Market and Distribution working group that is dealing with harmonisation of retail issues.

One conclusion of the work so far is that in order to reach a sufficiently harmonised solution there is a continuous need for coordination between the Nordic regulators. There is also a need for changes in legal and regulatory frameworks. In some countries this is the case already for the first step. For all countries this will be the case in order to take the further steps. This calls for an ongoing work in NordREG in order to follow and coordinate the regulatory actions on the national level, and to identify issues where there are fundamental diverging positions that need to be addressed on a higher level.

Deliverables

- Follow-up and monitoring of effects of the balance agreements made by the Nordic TSOs – Information to the Board by 1 December 2009
- Balance management chapter in retail market report – see Task 1 Market design report
 - Interim report by the 1 March 2009
 - Final report by 1 May, 2009

Task 6 More harmonised regulation power market

In its initial work regarding Nordic balancing, NordREG noted that the common Nordic list for bids in regulation power (NOIS) works fairly well. However, there seems to be scope for increased efficiency in the regulation power market. This might be attained by identifying important differences in the framework between countries as well as proposing a genuine Nordic harmonisation.

It is important initially to discuss to what degree harmonisation is necessary in order to improve the efficient functioning of the market. Subsequently, concrete cost efficient harmonisation measures will be proposed.

In approaching these topics, NordREG will work with the Nordic TSOs, where appropriate, and make use of Nordel’s publications (2008) on this topic.

Deliverable

- Report on status of harmonisation of the Nordic regulation power market by 30 June 2009

Monitoring and regulation of Nord Pool Spot

Background and objectives

Nord Pool Spot (NPS) is the spot market for trading physical electricity in the Nordic countries. Through a day-ahead auction the spot market produces a spot price, which plays a crucial role as the main reference price in the physical wholesale market, the financial futures and forwards markets, as well as in the retail markets.

Due to the close link between the physical spot market and the financial markets for electricity, the regulation of NPS requires information exchange between energy market authorities, competition authorities and financial markets authorities within the Nordic countries.

NPS operates a Nordic market, with headquarters in Oslo. Thus NPS is regulated by the Norwegian authority (NVE), through a Market Place Licence. The supervision of NPS is supported by the regulatory framework, which shall promote an efficient electricity market. The basis for the regulation is legislation, guidelines, presumptions and conditions laid down in the Energy Act of December 1990 and additional concessions with accompanying conditions, including relevant EC Regulations such as 54/2003 and 1228/2003.

From 1 February 2002 there are Guidelines for a Nordic co-operation in regulation of NPS, and it has been organised as a task within NordREG. This task serves the purpose of information exchange and consultations in connection with NVE's exercise of authority over NPS. The general principle is that NVE consults the other Nordic regulators through the members of this task force.

During the past period specific issues have occurred as regards possible approval according to the Market Place Licence. One example is the questions of change in the NPS rulebook, which might impact the pricing procedure. Taken into account the common Nordic interest in such questions, the task follows established practice as laid down in the Nordic Guidelines.

The Market Place Licence of NPS expires 31 December 2009. This licence is subject to requirements in the Norwegian Energy Act, in which efficiency of the market is an overall aim. Renewal of this licence is an important task for NVE in 2009, and the NordREG task force will be consulted.

Outline of tasks

Task 7 Regulation of Nord Pool Spot

An important function of this task force is the exchange of information on market issues, with relevance to Nord Pool Spot, and information and consultation on cases related to regulatory decisions with regard to Nord Pool Spot. During 2009 this task force will deliver as follows:

Deliverables

- Draft elements to be considered in the process of renewal of the Market Place Licence of NPS by 31 March 2009
- Meeting between Nordic Regulators, Competition Authorities and Financial Market Inspectorates September 2009
- Possible update of the guidelines for Nordic cooperation in regulation of Nord Pool Spot by November 2009

Security of supply and extreme situations

- To promote market-based or legal environment for security of supply
- To ensure harmonised procedures for handling extreme situations

Background and objectives

The EU directive 2003/54 states that each Member State shall ensure the possibility of providing for peak load reserve in the interest of security of supply. This peak load arrangement can be implemented by the use of tendering procedures or any other procedure equivalent in terms of transparency and non-discrimination. However, these procedures can only be launched if existing generation capacity and demand side management measures are not sufficient to ensure security of supply.

In 2006 Nordel was invited by the Electricity Market Group (Nordic Council of Ministers) to study whether a joint Nordic long term solution is needed to secure sufficient peak load investments and how this could be implemented. In response, Nordel in 2007 delivered *Guidelines for implementation of transitional peak load arrangement*. The document describes Nordel's method for assessing power balances in the Nordic System and proposes a guideline for a harmonised procedure for peak load arrangements.

NordREG was asked to comment on Nordel's proposed guidelines for transitional peak load arrangements. To do this, NordREG commissioned a study by EC Group to investigate Nordel's proposal focusing on the extent to which Nordic common arrangements are needed, and how these Nordic principles should be designed.

In May 2008, NordREG organised a workshop about peak load capacity with the relevant stakeholders and the consultant from EC Group.

NordREG has been delayed in making a view on this issue, given that the Swedish regulator (Energy Markets Inspectorate) has been assigned a national task to evaluate the Swedish peak load arrangements as the legal basis of this arrangement expires by the end of 2011.

In its 2008 report the EMG has made the following request to Nordel and NordREG:

Nordel is invited to continue their work on common guidelines for peak load arrangements. The EMG invites a joint process by NordREG and Nordel to work on this issue in parallel with EIs national study, and report back to EMG in early 2009. Based on this work, the EMG will give their recommendations before the next meeting of the Nordic Council of Ministers for energy.

In June 2006 NordREG published a report on handling extreme situations in the Nordic countries (NordREG report 5/2006). It is important to be aware of the main common Nordic challenges related to security of supply and extreme situations. Exchange of information between the Nordic regulators is of special importance in this context.

Outline of tasks

Task 8 Peak load arrangements

NordREG will arrange a meeting with the Nordic TSOs in early 2009 to discuss the different aspects of the peak load issue. The possible need for, and content of, common Nordic guidelines on arrangements for peak load investments will be the main issue to be discussed.

Deliverable

- Prepare a note summing up the status of peak load arrangements and practice in the Nordic countries, presenting the regulators view on the need for common Nordic guidelines by 1 March 2009

Task 9 Extreme situations

During the year this task will deliver as follows:

Deliverable

- Exchange of information on extreme situations between Nordic regulators as a contact group – ongoing

Efficient regulation of TSO

- **To regulate and monitor the TSOs with focus on efficiency and Nordic harmonisation**
- **To promote adequate transmission capacity and efficient market-based congestion management methods**

Background and objectives

Congestion management and adequate grid investments both have great impact on efficient functioning of the electricity markets. A common coordinated congestion management and Nordic grid planning and investments are important in order to achieve a further integration of the Nordic electricity market, as well as the interaction with other European markets.

Congestion Management Guidelines under Regulation (EC) 1228/2003 were amended at the beginning of December 2006. NordREG has worked on common implementation issues of the Congestion Management Guidelines during 2007 and 2008. Furthermore, NordREG has identified some topics in implementation which need further work to ensure common approach within the Nordic market.

EMG has in the 2008 report stated that *EMG shall evaluate the current situation as regards grid investment and investment criteria and propose solutions on how to enhance the Nordic perspective in these processes. NordREG and the Nordic TSO's should be consulted after the EMGs initial work. EMG shall give their recommendations before the next meeting of the Nordic Council of Ministers for energy.*

Subsequently, the Nordic energy ministers in their communication from the Umeå meeting on 30 September have specified the task and stated that the national processes for network investments should be compared and eventual needs for amendments in legislation, regulations, assessment criteria and mandates of authorities should be identified. The objective is to give to the Nordic governments, regulators and the TSOs a more Nordic perspective and mandate and in this way make more efficient and intensify the process to develop the Nordic electricity system. Furthermore, possibilities should be sought to create a more reasonable division of costs for measures which are undertaken in one country but which benefit another country.

EMG has set tasks for TSOs and regulators for harmonised principles for Nordic congestion management. EMG has requested that *in order to manage the existing problems with congestion management and to facilitate an efficient Nordic wholesale market, the Nordic Council of Ministers will ask the national TSOs to start the process of splitting the Nordic market into additional price/bidding areas. The present situation indicates that 11 areas could be feasible. The TSOs must address to the relevant national authorities the necessary changes needed in national legislation, regulations and concessions in order to carry out the proposed changes.*

Furthermore, *the TSOs shall keep their national authorities continually informed about their progress. It will be the TSOs task to solve the specific administrative, practical and technical issues regarding this change in market design. The TSOs must find an appropriate way of organising the cooperation on this work. The national authorities are responsible for carry out the necessary legislative, regulatory and concessionary amendments.*

According to EMG, NordREG shall have an active role in this process. NordREG and the Nordic TSO's shall inform the Nordic Council of Ministers and the EMG on their progress before the next meeting of the Nordic Council of Ministers for energy. If some of the countries want to choose bidding areas instead of price areas, the TSO in the respective country should carry out analyses of the effects on the market and report back to the relevant authorities.

Outline of tasks

Task 10 Network investments and use of existing infrastructure

Network investments and the use of existing network infrastructure will consist of two parts. The first part deals with Nordic grid investments. NordREG will work on the Nordic grid planning and investment in order to be able to respond to the EMG request on Nordic grid investments.

The second part deals with congestion management and the implementation of the Congestion Management Guidelines will be addressed. Furthermore, to meet the requests from EMG on congestion management, NordREG will work on the new proposal (the split of the Nordic market into additional price/bidding areas) for congestion management in order to give the views when TSOs inform about the progress. NordREG will have an active role in the change of market design and will inform EMG on the progress before the next meeting of the Nordic Council of Ministers for energy (spring 2009).

Deliverables:

- Mapping on how (to what extent) the national legal and regulatory frameworks allow investment planning and decisions to be done in a Nordic perspective. The focus should be on interconnections. 15 April 2009
- Analysis of differences and the possibilities for Nordic financing in investments, report by 1 December 2009
- Analysis for CM Guidelines implementation about how well developed Nordic markets are by applying already available material from previous studies, report by 15 September 2009
- Workshop by September 2009 to address and review
 - Nord Pool rules and their adequacy to comply with obligations and liabilities set to TSOs and market participants required in Article 2.13
 - System Operation Agreement for adequacy to comply with information exchange set in Article 3.5, Article 4.4 and Article 5.10
- Study on the possibility to create regulatory guidelines regarding the use of congestion income, report by 1 December 2009

Nordic Market Report

Background and Objectives

The Nordic electricity market is a regional market covering four countries and is still in many aspects a unique market in an international perspective. There is an evident need for good documentation of the status and development of Nordic market as well as evaluation of market functioning.

The Nordic Market Report will provide information and evaluations especially of the Nordic electricity wholesale market for the national benchmarking reports required according to the Electricity Directive. The report will take a specific regulatory view point and in this way it will be supplementary to other annual reports on the Nordic energy market. The report from on market development may also be of interest to all concerned parties and to the general public.

Market monitoring of the electricity retail market is undertaken to varying degrees in the Nordic countries. It covers issues like following the supplier switching activity, monitoring of retail prices and contract forms and estimations of margins in the retail supply for instance. To enable a better comparison of the retail markets in the Nordic countries, comparable indicators for market monitoring should be developed.

Alongside with gathering data and analysing the Nordic electricity market, the working group will also develop a new set of market indicators.

Outline of tasks

Task 11 Nordic Market Report 2009

The report should provide a presentation on the development of the Nordic market based on statistical information. The report provides information on among other things:

- market monitoring indicators
- generation (production mix, capacity, cross-border power flow)
- transmission system (congestions)
- wholesale market (market structure, main players)
- retail market (players, retail prices, supplier switching)
- balancing markets and system operation

The report should also provide an evaluation of the functioning of the Nordic wholesale and retail markets to the extent that comparable statistics allow this.

WG Retail and Distribution will assist WG Market Report in developing a new set of market indicators.

Deliverables:

- Nordic market report by 30 June 2009

Working structure

The majority of tasks of the annual work programme and tasks coming up during the year will be dealt with by two working groups:

- WG Retail and Distribution
- WG Wholesale and Transmission

WG Nordic Market Report is a third working group dealing with the task of drafting the annual Nordic Market Report.

The “configuration” (composition of members) of each working group will depend on the specific tasks to be addressed. The two working groups refer to the Board.

The allocation of tasks to working groups is illustrated on the next page.

Allocation of tasks to the working structure

WG Retail and Distribution

A common Nordic retail market

Task 1 Market design report

Task 2 Coordination between NordREG and ERGEG

Task 3 NordREG approach to 3rd package issues

Task 4 Exchange of information on economic regulation

WG Wholesale and Transmission

Regulation power market and balance management

Task 5 Common Nordic balance management

Task 6 More harmonised regulation power market

Monitoring and regulation of Nord Pool Spot and other markets

Task 7 Regulation of Nord Pool Spot

Security of supply and extreme situations

Task 8 Peak load arrangements

Task 9 Extreme situations

Efficient regulation of TSOs

Task 10 Network investments and use of existing infrastructure

WG Nordic Market Report

Nordic Market Report

Task 11 Nordic Market Report 2009

Table overview 2009	January	February	March	April	May	June	July	August	September	October	November	December
Meetings Board		X			X				X		X	
Deadlines												
A common Nordic retail market												
Task 1 Market design report			X		X							
Task 2 Coordination between NordREG and ERGEG												X
Task 3 NordREG approach to 3rd package issues												X
Task 4 Exchange of information on economic regulation												
Regulation power market and balance settlement												
Task 5 Common Nordic balance management			X		X							X
Task 6 More harmonised regulation power market						X						

2009	January	February	March	April	May	June	July	August	September	October	November	December
Monitoring and regulation of Nord Pool Spot and other markets												
Task 7 Regulation of Nord Pool Spot			X						X		(X)	
Reliable supply												
Task 8 Peak load arrangements			X									
Task 9 Extreme situations												
Efficient regulation of TSO												
Task 10 Network investments and use of existing infrastructure				X					X			X
Nordic market report												
Task 11 Nordic Market Report 2009						X						



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