

Work Program 2021

Nordic Energy Regulators
(NordREG)

29 January 2021

Report 1/2021

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1 Preface

The Nordic Energy Regulators (NordREG) have a unique, enduring and strong cooperation in developing the electricity regulation for the benefit of Nordic consumers. Our vision is guided by the strategic principles of giving correct price signals, activating consumers and establishing a dynamic regulatory framework that enables advanced energy markets.

With an increasing share of intermittent renewable production, well-functioning markets and infrastructure will become of even greater importance in the Nordic electricity system. In this context, NordREG will continue the discussions and cooperation regarding the EU's Clean Energy Package. We will also cooperate on the European network codes and guidelines that plays a significant role in the development of efficient energy markets and resilient energy systems. In 2021, we will continue to focus on efficient implementation in the Nordic area as well as influencing the decisions made on a European level.

The Nordic cooperation and coordination of the regulatory oversight of the new Nordic Balancing Model (NBM) will continue to be a high priority. The NBM provides an extensive modernization of the existing Nordic balancing system and aims to enhance the robustness of the Nordic power systems and provide the TSOs with correct tools to manage a highly dynamic power system characterized by more frequent and rapid changes in production, consumption and power flows.

NordREG will continue the work to improve and harmonize the Nordic retail market for electricity, where deemed beneficial. The demand side flexibility has also been identified as a new promising tool to manage local constraints and imbalances in the Nordic electricity system. By allowing flexibility providers to offer their services, we will also achieve our goal of activating consumers and give them the possibility to lower their energy bills when providing flexibility to the system. NordREG will continue to facilitate this new trend through national pilot projects, adjusting the existing regulatory framework and investigating the potential of new technical solutions. In the area of network regulation, we will continue to focus on information exchange best practices in the Nordic countries.

All in all, 2021 will be an important year for NordREG. With the organizational structure of dedicated working groups for the retail market, the wholesale and transmission system, network regulation as well as demand flexibility, we are confident that NordREG will continue to contribute to the development of a well-functioning Nordic electricity market. The missions and tasks for our working groups are presented in the following work program.

Oslo, 29 January 2021,



Ove Flataker

Chair of NordREG 2021

2 Introduction

NordREG is a voluntary cooperation between the Nordic energy regulators.

The Board, which governs NordREG, consists of the Directors of each Nordic NRA. NordREG has a rotating presidency and secretariat, and changes annually. NordREG makes decisions based on consensus.

The following authorities are members of NordREG:

- Denmark: The Danish Utility Regulatory, (Forsyningstilsynet, DUR)
- Finland: The Energy Authority, (Energiavirasto, EV)
- Iceland: The National Energy Authority, (Orkustofnun, OS)
- Norway: The Norwegian Energy Authority, (NVE-RME)
- Sweden: The Energy Markets Inspectorate, (Energimarknadsinspektionen, Ei)

The NordREG Board approves the annual Work Program and directs the priorities and activities for the year. The chairs and members of working groups (WGs) and task forces (TFs) carry out the work, as described in this document.

NordREG's work is linked to the integration of the Nordic electricity market and the efficient handling and implementation of EU-regulation in the Nordic Region. NordREG also undertakes other common initiatives to improve the functioning of the Nordic electricity market.

Furthermore, the work in NordREG is linked to assignments from the Electricity Market Group (EMG), which is subordinate to a Committee of Senior Officials for Energy of the Nordic Council of Ministers. EMG is responsible for following up and coordinating concrete measures agreed by the Nordic Energy Ministers. NordREG participates in the annual Nordic Electricity Market Forum and the different Forum work streams (as observers) with other stakeholders.

NordREG aims at reinforcing the level of common representation in the cooperation within the Council of European Energy Regulators (CEER) and Agency for the Cooperation of the Energy Regulators (ACER). Coordination with CEER and ACER is a crosscutting concern that goes through all NordREG projects.

NordREG's work takes the form of exchanging information and best practices, and issuing common reports, as well as facilitating common dialogue with TSOs and market participants. Additionally, NordREG in the form of European Regional Regulatory Forum (ERRF) plays an important role when making joint regional decisions in the Nordic Capacity Calculation Region.

The NordREG cooperation is based on consensus and a strong commitment to developing the common Nordic electricity market.

3 Mission and vision

NordREG's objective is promotion and development of efficient electricity markets in the Nordic area, consistent with and in the forefront of the development in the EU. The work within NordREG focuses on practical, relevant solutions to common challenges, e.g. in relation to the European network codes and guidelines.

NordREG's mission:

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

NordREG's vision:

To reflect the Nordic direction better, NordREG revised its vision during 2018. The new vision is as follows:

**Actively promoting efficient and advanced energy markets,
for the benefit of consumers towards a decarbonised society**

The vision supplements the slogan in the logo, "Power through cooperation".

4 Long-term strategy

NordREG has in 2019 adapted a Long-term Strategy, with the purpose of providing guidance for the development during the years up to 2030. The Long-term Strategy consists of three strategic principles:

1. Correct price signals

Price signals should be the driver for all investments in infrastructure, generation capacity and demand flexibility. Correct prices reflect scarcity from the underlying physics and fundamentals in the energy system. Thus, they are important both in terms of ensuring efficient market balance and in terms of managing grid congestions and is the best way to allocate resources in the energy market incl. investments in infrastructure.

Correct price signals to the end consumer is also essential for demand side flexibility that is key to deal with the increasing share of renewable (variable) energy production.

2. Active consumers

The purpose of linking the wholesale and retail market is to give correct and market-based incentives for consumers to provide flexibility (demand response) and contribute to support a cost-efficient integration of renewable energy sources. Correct price signals are essential for efficient demand side response. NordREG will facilitate a market design where consumers are encouraged to be active and where new market players can enter and be active on behalf of consumers.

Efficient competition in the retail market is crucial for active consumers. For the consumers to be active in choosing supplier and providing demand response, transparent, relevant and accessible information is essential. With correct information, consumers can decide, or automate the decision to use less electricity at times of high prices, which in turn facilitates for the system to use renewable production sources to a larger extent. Smart metering in combination with billing systems to provide consumers with easy access to information allows them to respond to fluctuations in electricity prices, they are also essential in integrating increasing amounts of small-scale renewable production into the system.

The bills should be easily understandable for consumers. The design of ICT systems ensuring neutrality is important. One important principle is that the data is the property of the consumer and the third-party access can only be given with the authorization of the consumer.

3. Dynamic framework enabling advanced energy markets

NordREG will actively promote a dynamic regulatory framework that enables the development of advanced energy markets that are cost efficient for society.

Active consumers are central in the future electricity market. The NRAs have an important role in the regulation and to ensure a framework that gives incentives for

innovation and the use of new technology. Electrification of in areas such as for example transportation, heating and cooling and data centres will, in addition to new technology, provide new opportunities and challenges. In this context, NordREG will strive to facilitate efficient framework for prosumers, batteries, peer-to-peer trade, local communities, data collection and use.

Electrical transportation will affect consumption and at the same time be a resource in terms of battery capacity in the system. As flexibility requirements increase, and to a larger extent are handled with decentralized tools such as storage, demand response, electric vehicle batteries and decentralized production, the regulation of the role of TSO and DSO in the operation and optimization of flexibility tools will be important. As a general principle DSOs should not perform tasks that can be performed by the competitive market. Unbundling of monopoly activities from activities subject to competition is a prerequisite.

Tariff design that reflects the underlying network costs is important to yield efficient demand response. Grid tariffs should be designed to give signals on efficient utilisation and development of the network, hence be cost-reflective.

Each strategic principle is accomplished by a number of specific target items in the strategy.

The Long-term strategy is accomplished by a Road map that outlines the concrete activities needed in coming years to approach the target items outlined in the long-term strategy. The Road map is reviewed annually

The Road map works as a basis for planning activities for the year to come.

5 Priorities for 2021

While performing national tasks, NRAs increasingly encounters matters of regional concern and cross-border implications. Nordic cooperation ensures a streamlining of processes and ultimately benefitting Nordic consumers.

The implementation of the Clean Energy Package into national legislation will introduce new areas of regional cooperation. In addition, tasks related to implementation of network codes and guidelines are important for Nordic regional cooperation among regulators in 2021.

Following the vision and the long-term strategy, NordREG Board has approved following priorities for NordREG work in 2021:

1. Ensure a common harmonized understanding of the rules while implementing the Clean Energy Package.
2. Continue effective implementation of European network codes and guidelines
3. Continue cooperation and coordination of the work regarding the end-user market for electricity and market conditions for customers in the Nordic region.
4. Continue cooperation and coordination the work regarding flexibility issues.
5. Maintain a close dialogue with Nordic Transmission System Operators (TSOs) on issues of importance for the internal market.
6. Deepen the coordination of Nordic views and participation in CEER and ACER.
7. Increase information and best practices sharing among Nordic NRAs and promote the common understanding as basis for the actual decisions
8. Continue to enhance the strategic as well as the day-to-day cooperation in NordREG.

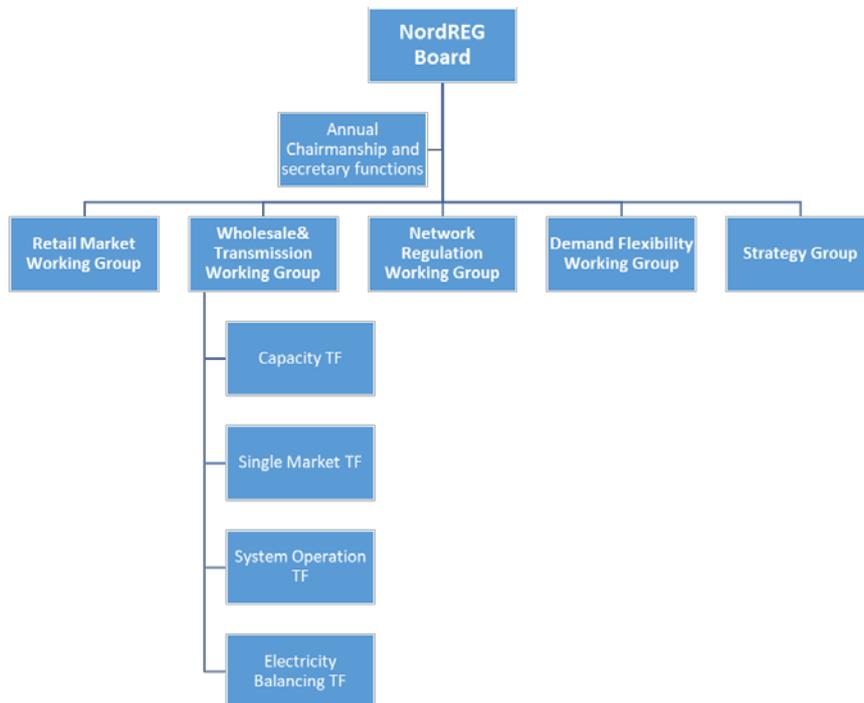
6 Organization

6.1 NordREG

NordREG Board consists of director generals of each Nordic energy regulators and is the decision-making body of NordREG.

Chairmanship of NordREG rotates annually and in 2021 NVE-RME is chairing NordREG. The NordREG secretary function is provided by the NRA chairing NordREG.

NordREG has established five working groups to carry out the preparatory work in their field. In addition, in the area of wholesale markets the various task forces (TFs) has been set up to fulfill specific work strands. The Board approves the establishment and tasks of the WGs and TFs and nominates chairs of each working group.



6.2 Nordic Energy Regulators Regional Forum (ERRF)

Nordic Energy Regulators Regional Forum (ERRF) has been set up as a body for the cooperation between the NRAs in the Nordic region in the implementation of electricity network codes and guidelines.

The scope of the ERRF is limited to provide a clear and transparent consultation, cooperation and agreement process between all regulatory authorities in the Nordic region where an agreement of all regulatory authorities of the concerned region on the proposed methodology is required by the European network codes and guidelines.

The ERRF preparatory work is done by task forces under NordREG Wholesale and Transmission Working Group. ERRF's Rules of Procedure defines actual processes for preparing the agreement of all regulatory authorities in the Nordic region on the proposed methodology.

7 Objectives, Tasks and Resources

7.1 Retail Market Working Group (RMWG)

Objectives

The NordREG Retail Market Working Group (RMWG) will follow the situation and share experiences regarding the Nordic end-user markets in order to promote harmonization of rules and regulations. The WG is the forum where the Nordic NRAs exchange information, views and tries to reach common positions on issues related to a possible future Nordic and European end-user markets.

The WG will focus its work on:

- Follow the customers' situation at the Nordic retail markets for electricity. Share experience on how the situation can be improved, for example regarding unfair business practices. If beneficial, work together to promote Nordic standpoints or solutions based on best practice.
- Information exchange about the ongoing implementation of earlier NordREG recommendations regarding for example data-hubs and the Clean Energy Package.
- Share experiences and best practice regarding monitoring.
- Influence the EU to promote solutions in line with Nordic experiences and goals. There should be particular focus on establishing common understanding between the NordREG members and where attained, it should be used as a base for stronger activity in relevant EU foras and CEER groups.

The objective of the RMWG is to work actively to promote a better situation for the customers at the retail markets in the Nordic countries.

Tasks

Task 1. Map remaining gaps and asymmetries between Nordic retail markets

Requested by Nordic Electricity Market Forum 2019. Promise by NordREG to do this. Purpose is to sum up work already done, for example differences found when Clean energy package was discussed. The conclusions from the 2020 interoperability study will also be used in this report.

When:	Q2 2021
Deliverables:	External NordREG report
Responsible:	RMWG

Task 2. Unfair business practices in the Nordic markets

All Nordic countries experience problems with suppliers that use unfair business practices. In a short report, RMWG will describe the problems and discuss possible remedial actions. If beneficial, RMWG will suggest Nordic standpoints or solutions based on best practice.

When:	Q4 2021
Deliverables:	External report
Responsible:	RMWG

Task 3. Follow and share experience regarding the implementation of the Clean Energy Package

RMWG will follow the implementation of article 10, 12, 14 and 18 in the Clean energy package and the NordREG recommendations for these articles. When Denmark, Finland and Sweden have implemented the articles, the result will be compared in a short report. Norway is expected to complete implementation later.

When:	Q3 2021 (or later if CEP implementation is delayed in DK, FI or SE)
Deliverables:	External NordREG report
Responsible:	RMWG

Task 4. Annual report on implementation and development of Nordic data-hubs

Follow up on NordREG-recommendation to implement national data-hubs. The status report is based on an annual questionnaire that RMWG sends to TSO- and NRA-hub-experts.

When:	Q4 2021
Deliverables:	External NordREG report for stakeholder/politicians working with/ interested in data-hubs.
Responsible:	RMWG

Task 5. Monitoring workshop

In 2017, 2018 and 2020 RMWG arranged workshops on monitoring with the purpose of sharing and benefitting from national experiences. RMWG will arrange a similar workshop in 2021 in order to continue to exchange information regarding best practice for monitoring.

When:	Q4
Deliverables:	Internal workshop and external conclusions
Responsible:	RMWG

Task 6. Coordination of European activities

RMWG is the forum where the Nordic NRAs exchange information and views and jointly try to reach a common position on issues related to the implementation of a future Nordic and European end-user market. A joint Nordic position increases the possibility of influencing the European agenda.

When:	Ongoing
Deliverables:	Discussed in each RMWG meeting Status reports to Board if needed
Responsible:	RMWG

7.2 Wholesale & Transmission Working Group (W&T WG)

Objectives

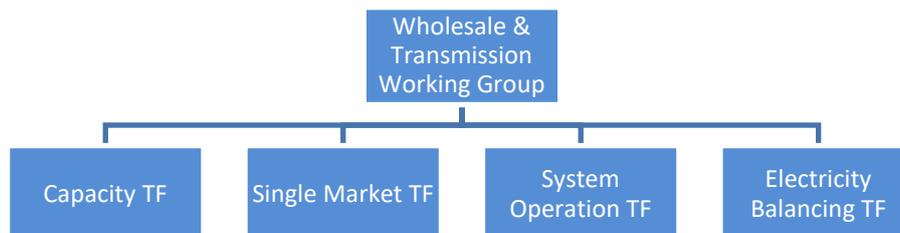
The NordREG Wholesale & Transmission working group (W&T WG) focuses on the continued development and well function of the Nordic wholesale market. A major part of the work relates to the European network codes and guidelines. W&T WG also forms the link between the Nordic NRAs and the Nordic TSOs regarding the Nordic Wholesale market.

A large part of the W&T WG work supports NordREGs vision to achieve efficient and advanced energy markets in terms of promoting efficient price signals, competition and an efficient and advanced energy system.

W&T WG analyses European and regional regulatory initiatives and approvals to allow coherent regulatory framework for the benefit of the Nordic region. Furthermore, it takes initiatives to facilitate the implementation of the network codes and guidelines. The W&T WG also acts as the coordination body regarding the activities in the specialized taskforces, each dealing with questions on the prioritized areas of NordREG's work in the wholesale and transmission field.

Tasks

The W&T WG coordinates four taskforces, one ad-hoc group on Forward Capacity Calculation (FCA) and includes a network of expert group regarding Nordic Balance Settlement (NBS), to be activated when the processes that affects the activities in the NBS (for example 15-min balance settlement) has entered a new phase. The task Force-structure has been organized according to the different network codes and guidelines. W&T WG's tasks also include issues, which strictly speaking do not fall under the network codes and guidelines.



In accordance with the network codes and guidelines, the Nordic region has to make a number of regional decisions. The Nordic Energy Regulator Regional Forum (ERRF), established in 2017, formally approves decisions regarding the Nordic region, e.g. capacity calculation region Nordic. Listed below are descriptions of the various task forces and their expected regional decisions.

The W&T WG is responsible for keeping a close dialogue to stakeholders within the wholesale and transmission related field, including the Nordic TSOs. The W&T WG will arrange meetings with the TSOs to facilitate exchange of information and views.

During 2021, the W&T WG will continue to identify topics from the European Commission, which require a coordinated Nordic position. In addition, the W&T WG will identify possible further areas for development and integration of the Nordic electricity market in the years to come with the aim of achieving further socioeconomic benefits to the Nordic market area.

Task 1. Coordination of the various task forces

The W&T WG coordinates four taskforces, one ad-hoc group on Forward Capacity Calculation (FCA) and includes a network of expert group regarding Nordic Balance Settlement (NBS), to be activated when the processes that affects the activities in the NBS (for example 15-min balance settlement) has entered a new phase.

When:	Ongoing
Deliverables:	W&T WG Status reports to each Board meeting for discussion
Responsible:	W&T WG

Task 2. Follow TSOs' work beyond and across GLs

The W&T WG is responsible for keeping a close dialogue to stakeholders within the wholesale and transmission related field, including the Nordic TSOs. The W&T WG will arrange meetings with the TSOs to facilitate exchange of information and views.

When:	2021
Deliverables:	Meetings with Nordic TSOs twice per year. Reporting to the Board
Responsible:	W&T WG

Task 3. Follow-up of "Monitoring of capacities" project

When:	2021
Deliverables:	Follow up. Organizing a stakeholder meeting in autumn 2021
Responsible:	W&T WG

Task 4. CEP implementation - RCC

When:	June 2021
Deliverables:	Legal process on the establishment of the RCC Regulatory oversight of RCC

	ERRF approval by June 2021
Responsible:	W&T WG

7.2.1 Capacity Task Force (Cap TF)

Objectives

The primary focus of the Capacity TF is promotion of NordREG’s vision through emphasis on the need for efficient markets. This entails a benefit for consumers, as well as enhancing transparency and establishing a level playing field for all market participants.

Since the TF will continue cooperation on managing the processes leading up to final approvals of methodologies pursuant to the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (FCA GL) and the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CACM GL), the priorities of the group relate mainly to strategic priority: “continue effective implementation of network codes and guidelines.”

Capacity TF is responsible for the coordination on implementation of CACM GL and FCA GL articles regarding Capacity Calculation, Re-dispatching and Countertrading, and Bidding zone configuration within the Nordic Capacity Calculation Region (CCR) when needed or beneficial. Further, Capacity TF will monitor and capture important EU developments in order to propose appropriate NordREG initiatives / responses.

An ad hoc FCA group is responsible for the coordination of the implementation of the FCA GL in the Nordic area when it comes developing a coordinated Nordic approach related to the competent regulatory authorities’ decisions on cross-zonal risk hedging opportunities, in accordance with article 30 of FCA GL. In 2021, the group will coordinate bilateral decisions related art 30 of FCA 2021 to be made early 2021.

Tasks

Task 1. Coordination of hedging opportunities assessments in relation to the art 30 of FCA GL

When:	Early 2021
Deliverables:	An assessment of hedging opportunities in relation to the article 30 of FCA GL shall be done next time early 2021 (assessment shall be done at least every 4 year). Assessments and coordinated decisions shall be made by NRAs on both side of each adjacent bidding zone border. Coordination of assessments and decisions in Nordic region
Responsible:	ad hoc FCA group

Task 2. Follow-up of DA/ID CCM implementation

When:	2021
Deliverables:	Follow up on approved DA/ID CCM in order to see that CCM is implemented towards go-live. Prepare and follow up on parallel runs Status report to the Board
Responsible:	Cap TF

Task 3. Amendments of previously approved methodologies when needed

When:	When needed
Deliverables:	Legal approval process on amendments of previously approved CACM GL methodologies when needed
Responsible:	Cap TF

7.2.2 Single Market Task Force (SM TF)

Objectives

The aim of the Single Market TF is to contribute to an efficient energy market. This includes taking into account the perspective of different market players. The core objective of the Single Market TF is contributing to NordREG's overall priority of effectively implementing network codes and guidelines.

The scope of the Single Market TF is to support and facilitate a coordinated implementation of CACM GL in the Nordic area, excluding topics handled by Capacity TF. Thus, the main task for the SM TF is coordination of regional decisions pursuant to the CACM GL.

Tasks

The Single Market TF shall serve as a forum to exchange views and reaching common Nordic positions on other issues than regional decisions related to the implementation of the CACM GL. Especially where the Nordic NRAs have common interests regarding the EU-wide methodologies and principles approved according to the CACM GL. Where beneficial, the TF will coordinate national decisions according to the CACM GL.

Task 1. Potentially coordinate views on EU-wide methodologies

When:	Ongoing
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Deliverables:	EU-wide methodologies
Responsible:	SM TF

Task 2. Monitor approved methodologies in order to see that they are implemented

When:	Ongoing
Deliverables:	Implemented methodologies
Responsible:	SM TF

Task 3. Follow up the operating NEMOs in the Nordic region

When:	Ongoing
Deliverables:	Follow-up
Responsible:	SM TF

Task 4. Coordinate the national decisions on costs.

When:	No formal deadline
Deliverables:	Coordination between the Nordic NRAs. Cost recovery is a national decision, but it is coordinated at Nordic level
Responsible:	SM TF

7.2.3 System Operation Task Force (SO TF)

Objectives

The main aim of the SO TF is to support the implementation of the rules set out in the System Operation Guideline.

Furthermore, the SO TF seeks to establish a mutual Nordic understanding on NRAs' decision reached in accordance with the Commission Emergency and restoration code. Additionally, the SO TF will coordinate and share experiences within the Nordic for implementation of the Connection Codes.

The SO TF will cooperate with NordREG's various bodies for relevant topics. In particular, it could be relevant for the SO TF to exchange information with the EB TF on the Nordic

TSO implementation of the Nordic Balancing Model (NBM) and in the application of a 15-minute imbalance settlement period in the Nordic synchronous area.

System Operation Guideline

The Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on Electricity Transmission System Operation (SO GL). The SO GL lay out rules concerning safeguarding operational security, frequency quality and the efficient use of the interconnected system and resources. These rules will facilitate the integration of renewable energy sources, for the benefit of consumers towards a decarbonized society.

A number of regional terms and conditions has been developed by the TSOs and approved by the regulators. However, following the steps towards the new balancing concept MACE and the commissioning of new interconnectors, the developed methodologies needs to be updated on a regular basis.

Most of the work in the SO TF further will concern evaluating updated methodologies from the TSOs and reach a common position on the proposals.

Electricity Emergency and Restoration Network Code

The Commission Regulation 2017/2196 of 24 November 2017 on Electricity Emergency and Restoration Network Code (ER NC) establishes a common set of processes that the TSOs shall follow when faced with severe incidents on their grid. Thus the purpose of the regulation is to safeguard operational security, preventing the propagation or deterioration of an incident to avoid a widespread disturbance and the blackout state as well to allow for the efficient and rapid restoration of the electricity system from the emergency or blackout states.

The methodologies in the ER NC is mainly national, but the TSOs have to coordinate their restoration plans and system defense plans. The task of the SO TF in terms of ER NC is to facilitate coordination across the Nordic area to ensure a mutual understanding of NRAs' decisions according to ER NC. All the national decisions of ER NC where approved in 2019. In December 2020 ENTSO-E submitted a report assessing the level of harmonization of the rules for suspension and restoration of the market activities, according to ER NC article 36 (7). This might be a topic for further discussion in 2021.

Grid Connection Network Codes (RfG NC, DCC NC and HVDC NC).

The rules in the following Commission Regulations (EU) shall ensure equal treatment of similar customers connected to the electricity network while protecting the function of the electricity networks:

- 2016/631 of 17 May 2016 establishing a network code on requirements for grid connection of generators
- 2016/1388 of 7 September 2016 establishing a network code on demand connection; and

- 2016/1447 of 28 September 2016 establishing a network code on requirements for grid connection of high-voltage direct current system and direct current-connected power park modules,

The SO TF will work as a group for information exchange, and to achieve mutual understanding on NRAs' decisions related to RfG NC, DCC NC and HVDC NC. The decisions in the Connection Codes are solely national, but where convenient the decisions could also be coordinated.

All national decisions for the connection codes have been submitted, and the SO TF do not expect any major topics to be discussed in 2021.

Tasks

Nordic coordination related to the evaluation of terms and conditions and methodologies proposed by TSOs at Nordic level and NRAs' decisions on these proposals during 2021 according the SO GL, namely:

When:	2021
Deliverables:	Amendments of previously approved methodologies are expected, included following methodologies: <ul style="list-style-type: none"> • All CE and Nordic TSOs' results of CBA in accordance with Art.156(11) (Q1) • Ramping restrictions for active power output in accordance with Article 137(3) and (4) (Q2 or Q3) • FRR dimensioning rules in accordance with Article 157(1) (Q2)
Responsible:	SO TF

7.2.4 Electricity Balancing Task Force (EB TF)

Objectives

Implementation of the Electricity Balancing Guideline

In 2020 ACER has made a number of key decisions in 2020 on terms and conditions pursuant to EBGL, both at European level, i.a. on platforms for the exchange of aFRR and mFRR, as well as on regional level, in particular on the establishment of a Nordic aFRR capacity market. EB TF will focus its dialogue with the TSOs and stakeholders as well as with ACER on the implementation of these decisions coordinating regulatory oversight and providing guidance to TSOs.

Implementation of a Nordic Balancing Market

The Nordic TSOs are in the process of implementing the NBM. Part of this implementation will happen through implementation of EB GL, which foresees a number of terms and conditions subject to approval of the NRAs in the concerned region, pursuant to EB GL

article 5(3). Other terms and conditions, developed in cooperation by the Nordic TSOs, are expected for approval at national level pursuant to EB EL article 5(4).

Thus, EB TF will focus on regulatory oversight and preparing ERRF approval of terms and conditions submitted as part of the implementation of NBM. EB TF will collaborate closely with other NordREG working groups and task forces under whose responsibility the regulatory oversight of the NBM implementation falls. In particular, this concerns the Wholesale and Transmission Working Group and the System Operation Task Force.

EB TF provides informal guidance to the Nordic TSOs by chairing the so-called NRA/TSO NBM Coordination Group that is expected to have quarterly meetings in 2021. Further, EB TF will continue to engage with stakeholders by participating as observers in the Nordic TSOs' quarterly NBM Reference Group meetings.

Hence, the tasks of the EB TF in respect of the NBM implementation will be the following:

- Regulatory oversight of and guidance to the Nordic TSOs on the implementation of terms and conditions that were granted regulatory approval, i.a. on the establishment of aFRR and mFRR platforms and the Nordic TSOs' connections to those platforms as well as on the implementation of a Nordic aFRR capacity market.
- Oversight of the Nordic TSOs' plan to implement a 15 minutes imbalance settlement period by 22 May 2023 (subject to regulatory approval of the national derogations seeking an extension of the current deadline on 18 December 2020).
- Coordination of the regulatory assessment related to the terms and conditions for an additional imbalance settlement mechanism submitted for regulatory approval at national level pursuant to EB GL article 44(3) and building on the Nordic TSOs coordination of a single position/ single price model for imbalances in the Nordic region.
- Informal guidance to TSOs and stakeholder engagement through, respectively, NRA/TSO NBM Coordination Group meetings and NBM Reference Group meetings.

The table below shows the expected orientation etc. of NordREG Board or ERRF based on the above. Apart from that, ad hoc issues might arise that merit a specific orientation or approval by the Board or ERRF.

Task 1. Coordinated implementation of 15 minutes ISP

When:	2021
Deliverables:	Status update on the national progress in each Board meeting for orientation discussion.
Responsible:	EB TF

Task 2. Nordic aFRR balancing capacity market implementation

When:	2021
Deliverables:	Status update on TSO implementation in each Board meeting for orientation discussion.
Responsible:	EB TF

7.3 Network regulation Working Group (NR WG)

Objectives

The path towards a decarbonized society presents new challenges to the regulation of distribution networks. During 2021 the NordREG Network Regulation WG (NR WG) intend to focus on the implementation of Clean Energy Package (CEP) where the NRAs are having synergies carrying out national tasks together in NordREG. The focus will be to work on network development plans and incentives for procurement of flexibility, both in article 32 in the Electricity Market Directive.

In addition, the NR WG is observant on other potential articles in the Clean Energy Package (CEP), which can give rise to needs for joint NordREG opinions regarding network regulation issues. The discussion of relevant articles in CEP will be coordinated with the program in CEER and ACER.

Tasks

Task 1. Network development plans

Detailed information sharing on how the NRA best administrates the requirement of network development plans for all DSOs, cf. CEP, and if possible, form a joint Nordic opinion on how to interpret article 32, paragraph 3.

When:	Q2 2021
Deliverables:	Internal workshop followed by note to Board with suggestions on further work. If possible, also a joint Nordic opinion on best practices for implementing network development plans.
Responsible:	NR WG

Task 2. Workshop on the incentives for procurement of flexibility

Article 32.1 of the Electricity Market Directive is about creating incentives for the use of flexibility in distribution networks. This is linked directly to the economic regulation of the electricity networks. Paragraph 1 states that there must be a legal framework to allow and provide incentives for distribution system operators to use flexibility services. This is to improve the efficiency and development of the distribution system.

The existing regulations already contain incentives for efficient network use. The new requirements therefore need to be developed to work with them or replace them. NR WG will arrange an internal workshop in early 2021 for the Nordic countries to discuss problems and solutions for these incentives.

When:	Q1 2021
Deliverables:	Internal workshop
Responsible:	NR WG

Task 3. Continue work with tariff design and develop a common Nordic opinion on tariff design if possible

NR WG will continue the work with tariff design in 2021. In 2020, NR WG wrote a report on tariff design. The report gives an updated view on Nordic tariff design, includes main arguments for cost-reflective tariffs, and presents the customer-focused challenges with a change in the tariff regimes. The report is primarily descriptive and does not present a common Nordic view on tariff structures. In 2021, focus will be on a deeper analysis of tariff design and on opinions to tariff design in the Nordic countries. If possible, the NR WG will try to form a common Nordic opinion on tariff design.

When:	During 2021
Deliverables:	Suggestions and drafts to board
Responsible	NR WG

Task 4. Sharing best practice and coordination of work in CEER and ACER

NR WG will continue to be a hub for the Nordic regulators to share best practices, information exchange on network regulation models and ideas. NR WG will also focus on coordinating Nordic views and participation in CEER and ACER. Joint analyses on other relevant CEP articles may also be necessary. The matrix with information on the economic regulation will also be updated.

When:	Ongoing
Deliverables:	Notes to board ad hoc
Responsible:	NR WG

7.4 Demand side flexibility Working Group (Flex WG)

Objectives

The changing electricity system is making flexibility increasingly essential to delivering secure, sustainable and efficient energy for consumers. The increasing share of intermittent and decentralized electricity generation creates a need for flexibility, including demand side flexibility from customers and new storage solutions. New entrants such as aggregators and specialist energy service providers enable customers to benefit from new technologies and increase market access for smaller participants.

However, without clear rules for market participants, customers could face additional costs from partial optimization. Furthermore, if rules vary significantly between countries within Norden, market participants will find it more costly and problematic to deploy flexibility solutions across borders. This reduces the number of actors willing to offer flexibility services and hamper innovation. On the other hand, too detailed rules may hinder new services from becoming available to customers and further stifle innovation. Finding the right balance will be critical in enabling a regional market for flexibility providers to operate across borders while promoting the development of new technologies and business models.

Flexibility is crosscutting and it concerns the wholesale and retail markets and networks. Therefore, it is important to acknowledge that demand flexibility is not separate from all other development processes. Customers benefit the most from flexibility, where flexibility satisfies multiple needs. Thus, flexibility in electricity markets and in networks requires improved coordination.

In recent years, the focus of the NordREG Demand side flexibility WG (Flex WG) has been on information sharing regarding current activities in each country (e.g. smart grid issues, market places for distributed flexibility, national flexibility studies).

The objective of the Flex WG is to coordinate NordREG's approach to flexibility issues to align with NordREG's strategic vision and priorities. For flexibility, that is:

Actively promoting advanced markets that enable efficient use of flexibility services for the benefit of consumers – towards a decarbonized society

In terms of NordREG's strategic principles, this means promoting:

1. **Correct price signals** to allow market-based flexibility to effectively deliver value
2. **Active consumers** that can contribute to flexibility (including through aggregation)
3. **Dynamic regulatory framework** that enables the efficient use of flexibility in the management of networks and, where possible, market-based flexibility. This includes promoting the use of digitalization to enable flexibility.

In 2021, work will continue coordinating the implementation of the framework for independent aggregation. The Flex WG published a position paper in 2020, with recommendations on how to implement a framework for independent aggregation in the

Nordic countries. This paper lays the foundation for the work that will continue in 2021. This task will depend on the state of the work in the different countries, legal boundaries etc.

As mentioned above, the Flex WG's objective is to coordinate NordREG's approach to flexibility. Also, flexibility is crosscutting and concerns both wholesale market retail market and networks. Thus, the Flex WG will invite the NordREG WG Chairs to talks starting from the WP2021, about what synergies we can find in the Flex area in 2021 and plan the activities needed to coordinate and/or contribute on flex issues.

In 2021, the Nordic Electricity Market Forum (NEMF), hosted by EMG, will be devoted to Flex issues. The Chair of NordREG Flex WG is participating as an observer in a working group on Flex, under the NEMF. The purpose of this WG is to prepare for the NEMF 2021 which will take place in February.

By the end of 2021, the Flex WG will review progress on removing barriers to flex, identified in 2017.

Tasks

Task 1: Coordinating implementation of framework for independent aggregation.

This task will depend on the state of the work in the different countries. After the legislative changes are in place, a series of coordinative activities will need to take place, possibly also involving other Nordic actors such as TSOs and eSett. NordREG flex will strive to harmonize the Nordic implementation where possible.

When:	During 2021
Deliverables:	To be decided
Resources:	Flex WG

Task 2: Coordinating Flex issues with other WGs

In 2020, Flex WG produced a paper on issues to coordinate with other NordREG WGs. Continuing from that, in 2021 Flex WG will also aim to contribute to the work of other WG where projects have a relevance to the development of our common approach to flexibility. We will start by inviting each NordREG WG Chair to a talk on their plans for 2021 and see what we can do to coordinate.

When:	2021
Deliverables:	Depends on other WGs
Resources:	Flex WG, alongside other relevant WGs

Task 3: Represent NordREG in NEMF WG Flex

Flex WG's chair represents NordREG in EMG's NEMF WG Flex, a group that prepares for the Nordic electricity market forum 2021. The Forum will take place in Q1 2021.

When:	Q1 2021
Deliverables:	Meetings/planning before the NEMF
Resources:	Flex WG Chair

Task 3: Review of barriers to flexibility that works across the region

In the second half of the year, the WG will start a review of progress on removing barriers to flexibility, following up on our report on the issue in 2017. If there are remaining areas that require further work for promoting flexibility, we will make recommendations to the Board. Possibly this task could be postponed even further, since many of the identified barriers are depending on new regulation being implemented, such as EB and CEP. The implementation is still ongoing, and we can consider postponing this task until 2022.

When:	Q4 2021
Deliverables:	NordREG review paper
Resources:	Flex WG

7.5 Strategy Group (SG)

Objectives

The NordREG Strategy Group (SG) focus on strengthening the organizational and procedural framework within NordREG in order to secure an efficient cooperation, coordinate cross cutting issues and tackle cross cutting issues not covered by the other groups within NordREG and support the rotating Presidency and secretariat of NordREG.

SG will continue to focus on strengthening the framework for an efficient cooperation in NordREG, support the Presidency and secretariat and handle cross cutting issues not covered by the work of other NordREG groups in 2021.

Tasks

Task 1. Participation in the Nordic Electricity Market Forum (NEMF)

NordREG participates as an observer in the NEMF Coordination Group (NEMF CG) which has been set up by EMG to enhance discussions among different Nordic stakeholders between NEMF Forums and to provide a mechanism to efficiently continue the development in between the Forums. The NEMF CG concentrates on following implementation of Road Map (handlingsplan) at national and regional level and development in the Nordic electricity market cooperation on a high level and prepares the annual NEMF forum issues.

In addition, EMG might set up ad-hoc Working Groups under NEMF CG to prepare specific topics for the next annual NEMF Forum.

When:	Ongoing
Deliverables:	Participation in NEMF CG and NEMF WGs Reporting to the Board.
Responsible:	SG chair represents NordREG in NEMF CG. In addition, NordREG representatives will participate in the ad-hoc NEMF Working Groups set by EMG

Task 2. Efficient organizational and procedural structures and framework (supporting NordREG chair and follow up on internal rules of procedures and other agreed documents)

Prepare identified necessary revisions to NordREG steering documents (Modus Operandi / ERRF Rules of Procedure) to better fit for purpose and to align them with the recast of ACER regulation. This task continues from 2020.

Analyze NordREG organization structure and prepare proposals for changes in organization to support more efficient work of NordREG.

When:	Q1 2021 (continuing from 2020)
Deliverables:	Possible revisions to NordREG steering documents (Modus Operandi and ERRF RoP) and propose changes, if needed, in NordREG organisation for Board approval.
Responsible:	SG

Task 3. Implement and support NordREG Long-term Strategy (updated the Road Map)

Annual update of the Road Map which describes concrete actions which NordREG has planned to take in coming years to implement the NordREG Long-term Strategy adopted in 2019. The Road Map provides strategic input for defining tasks for the NordREG annual Work Programs.

When:	Q2 2021
Deliverables:	Updated Road Map providing input for the preparation of Work Program 2022.
Responsible:	SG

Task 4. Annual report to EMG

Annual status report to EMG. The report presents the work undertaken by the Nordic energy regulators (NordREG) during 2021 in the areas of wholesale electricity markets, retail markets, network regulation and demand side flexibility.

When:	Q4 2021
Deliverables:	Draft Report for Board approval in December 2021, document will be submitted to the EMG and published in January 2022.
Responsible:	NordREG Secretariat

Task 5. Increasing coordination in CEER and ACER activities

Identify together with other NordREG WGs specific areas in ACER and CEER 2021 Work Programs where NordREG coordination and joint influencing from Nordic energy regulators is beneficial and important. Sharing best practices for influencing among WGs.

When:	Q1 2021
Deliverables:	Discussions and workshops with WG chairs, reporting to Board.
Responsible	NordREG WGs with coordination from SG

Task 6. NordREG Board Strategy Day

Annual NordREG Board Strategy Day in the margin of Board meeting in June 2021. Purpose is to discuss identified strategic topics. Final topics for the 2021 Strategy Day will be decided early 2021.

When:	Q2 2021
Deliverables:	Board discussions on selected topics based on material prepared by SG.
Responsible	SG

Task 7. Adhoc NordREG tasks not assigned to any specific WG

Ad hoc support for NordREG Presidency and the Board. Solving upcoming tasks for NordREG not assigned to any specific WG.

When:	ad hoc
Deliverables:	Depending on the task.
Responsible	SG