

Concluding remarks from NordREG Seminar on Wholesale and Transmission Developments held on 19 November 2021

Check against delivery

My name is Caroline Törnqvist, I am deputy Director at the Swedish Energy Markets Inspectorate and will try to make a few **concluding remarks** and also shed some light on what we expect to be **key for us in the area of wholesale and transmission in NordReg next year**.

We have tried to first give you an overview on some of the main regulatory issues that we deal with. As you will have seen, the tasks are very much driven by the EU agenda aiming at ensure the **best possible European market integration drawing on Nordic experiences**.

One of the key milestones here has been, is, and remains the **flow-based Capacity Calculation Methodology**. The regulatory approval was some time coming. Now our focus is to do what we can do as regulators to ensure **implementation as soon as possible**. This happens in close dialogue with TSOs and NEMOs and **mindful of the legitimate views of market participants** to make sure that the flow-based mechanism yields the socioeconomic benefits we all want to see from it.

The **upcoming revision of the CACM Regulation** will be very important in the year to come. In NordREG we have found it pertinent to provide specific input to the upcoming legislative process by pointing at the **need to reorganize the MCO function** and a **phasing out our of monopoly NEMOs** thereby improve the level playing field and contribute to a more efficient cooperation among all parties in the market coupling.

We are expecting shortly **derogation requests from the Nordic TSOs for when to connect to the balancing platforms**. We understand that the Nordic TSOs will not be able to connect to the platforms in time, i.e. July next year. We also understand that the Nordic Balancing Model is an ambitious project by the Nordic TSOs reforming the Nordic balancing market and paving the way for a connection to the platforms and thus to the benefits that this yields.

In the area of system operation, we have pending regulatory approval processes on **minimum activation periods to be ensured by FCR balancing providers** and on **ramping restrictions**. Next year we expect the TSOs to submit amendments to the terms and conditions to the **FRR dimensioning rules, additional FCR properties, and ramping restrictions for active power output**.

In July this year, we approved a proposal for the establishment of a **Regional Coordination Centre for the Nordic System Operation Area**. In January 2022, the TSOs are to report on the actual establishment of the centre which is to become **operational 1 July 2022**.

The Nordic TSOs informed on what they see as the main challenges in the area of wholesale and transmission touching upon the **flow-based implementation, the 70 percent criterion** coming from the Electricity Market regulation with an **overview of the capacity situation in general, the link between the criterion and countertrade** as well as on the TSOs reading of the 70 percent criterion, thereby also feeding into the discussions on the **upcoming revision of the CACM Regulation**. Finally, there was a specific Swedish focus on **capacity reductions in SE 3** with insight on **capacities on the Swedish borders** and on **projects to better the situation in the short medium and long term**.

The latter question has given rise to an enforcement case. Ei gave an update on **Ei's enforcement of the 70 percent criterion vis-à-vis Svenska kraftnät** as well as on the **derogation request from Svenska kraftnät** from 2022 that Ei is assessing taking into account comments from affected regulatory authorities and stakeholders in general.

NordPool EMCO presented their view on **multi-NEMO competition and on the MCO function**, and thus also commented on the NordREG position paper on a revised CACM Regulation. NordPool also talked about **future market design in the EU and the Nordics** and the **publication of bidding curves**.

EPEX Spot explained their views on how the **MCO function** should be governed in a **revised CACM Regulation**, after providing insight on the experiences so far with **EPEX running auctions in the Nordics**. Moreover, EPEX Spot presented their views on **publication of aggregated bidding curves**.

Swedenergy highlighting challenges seen from a market participants' perspective and stressed the **consequences on the efficient use of transmission capacity due to changes of the supply mix**, focusing on the Swedish borders. **Swedenergy** also gave us their reading of the **70 percent criterion** and the **current and coming Nordic capacity calculation method**.

The **questions and comments** mainly related to the MCO function, to the capacities on the borders, and to Svenska kraftnät's derogation request.

Ei will take over the **NordREG chairmanship** from NVE-RME after New Year.

NordREG is about to find out what will be the **focus areas for the year to come**. Many of the issues at the seminar are likely to be on the agenda also in 2022. Moreover, The European Commission is expected to table a **decarbonisation and hydrogen package mid-December**, and it might indeed contain elements that will of importance to a well-functioning wholesale and transmission market in the Nordic. We therefore have to follow these processes closely.

Thank you for making this an interesting seminar.