

NordREG

Work Program 2023

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Preface

The year 2022 was marked by the energy crisis in Europe. Among other things, the crisis has manifested itself through very high gas and electricity prices in Europe and the Nordic countries, concerns of security of supplies throughout Europe and the Nordics and severe debate on possible challenges to the infrastructure and market model governing the integrated electricity market in the EU. This has also been significant in the Nordics and greatly influenced the work of the Nordic Energy Regulators both nationally and within the cooperation of NordREG.

This will undoubtedly also be the case in 2023. NordREG will continue to play an important role as the platform for the longstanding and strong Nordic cooperation for the Nordic regulators in the upcoming discussions at all levels on measures to mitigate some of the effects of the crisis, revisions to the electricity market model etc. This is also reflected in the revisions to NordREGs' Strategy that were recently adopted by the NordREG Board.

Even before the energy crisis, the energy markets in the EU were changing as a result of the ambitious climate- and CO₂-reduction targets set by the EU in the Clean Energy Package. This involves increased electrification, sector coupling and hydrogen etc. The implementation of these goals will also have an important role to play in dealing with the current energy crisis. These tasks will involve the active participation of the energy regulators and have a significant influence on the work in NordREG in 2023 beyond the already established and ongoing work.

The continued work related to implementation of EU legislation (Network codes & Guidelines etc.) will still be a key priority in NordREG and a main part of the work carried out by the dedicated working groups and task forces in NordREG.

NordREG will continue to exchange information, share experiences, and supervise retail markets. NordREG will also continue its focus on flexibility as an important tool to facilitate the increasing amount of fluctuating renewable power generation stemming from sources such as wind and solar power. NordREG will continue the close dialogue with Svenska Kraftnät, Statnett, Fingrid and Energinet on the development and challenges of the Nordic electricity market. This includes the Nordic market for aFRR reserves, flow-based capacity calculation, and the work leading up to the start of the European balancing markets through the trading platforms of MARI and PICASSO. NordREG will monitor the timely implementation of approved methodologies and the compliance with the 70 percent rule, and continue to focus on information exchange best practices in the Nordic and discuss the future role of DSOs.


The dedicated working groups and task forces are the backbone of the work carried out by NordREG and their individual missions and tasks are presented in the following work program.

Frederiksværk, January 2023



Carsten Smidt

Chair of NordREG 2023



“The work within NordREG focuses on practical, relevant solutions to common challenges”

1. Introduction

NordREG is a cooperative initiative between Nordic energy regulators.

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

- **Denmark:** The Danish Utility Regulator, (Forsyningstilsynet, DUR)
- **Finland:** The Energy Authority, (Energiavirasto, EV)
- **Iceland:** The National Energy Authority, (Orkustofnun, OS)
- **Norway:** The Norwegian Energy Regulatory Authority, (NVE-RME)
- **Sweden:** The Swedish 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 the 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 pervades 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 the 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 develop the common Nordic electricity market.

2. Mission and vision

NordREG's objective is to promote and develop 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 developments of new

EU rules and ongoing implementation of network codes and guidelines in the electricity sector.

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:

Efficient and advanced energy markets, for the benefit of consumers towards a decarbonized society.

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

3. NordREG Strategy

In 2019 NordREG adopted a Strategy with the purpose of providing guidance for the development during the years up to 2030. The Strategy consists of three strategic principles and was revised in 2022:

1. Correct price signals

Although 2022 has been a year with intervention in the Nordic and European electricity markets to ensure affordable electricity prices, NordREG finds that in the long run 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 managing grid congestions as well as ensuring security of supply. Correct and reliable price signals is the efficient way to allocate resources in the energy market incl. incentives for investments in energy infrastructure.

Correct price signals to the end consumer is also essential for demand side flexibility that is key to obtain system security and handle the increasing share of renewable energy production. In volatile markets, efficient and liquid forward markets are important for both generators and end users for hedging their positions. In addition, sufficient and adequate hedging opportunities are also needed by suppliers in order to be able to offer a variety of contracts for consumers.

2. Active consumers

The purpose of linking the wholesale and retail market is to give correct prices and provide consumers with market-based incentives to provide flexibility (demand response) and contribute to support a cost-efficient integration of renewable energy sources. Correct price signals are essential for consumers to engage in the markets 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 suppliers 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 the to use renewable production sources in the system 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 information communication technology systems ensuring neutrality is important. Another important principle is that the data is the property of the consumer and third-party access can only be given with the authorization of the consumer.

3. Dynamic framework enabling advanced energy markets and green transition

The changing energy systems and markets – in the EU (notably in 2022) are also visible in the Nordic countries. Decarbonisation goals, electrification, hydrogen, sector coupling etc. will also influence the Nordic region in the coming years and will have to be integrated in the regulatory framework and in the energy system. The costs of the green transition will be considerable and calls for competitive, efficient markets and systems to achieve the goals.

NordREG will actively promote a dynamic regulatory framework that enables the development of advanced, cost effective energy markets as an essential element in an efficient and cost effective green transition.

The NRAs have an important role in the regulation and to ensure a framework that gives incentives for innovation, new production facilities, and the use of new technology in a cost efficient way. Electrification in areas such as 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 energy communities, data collection and use.

“Active consumers are central in the future electricity market.”



Due to the changing energy markets and - systems as well as the costs related to the green transition, flexibility needs will increase, and to a larger extent needs to be handled with decentralized tools such as storage, demand response, electric vehicle batteries and decentralized production. As a general principle, DSOs should not perform tasks that can be performed by competitive markets. Unbundling of monopoly activities from activities subject to competition is a prerequisite. Hence, regulation of the role of TSOs and DSOs in the operation and optimization of flexibility tools will be important.

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

Each strategic principle is accomplished by several specific target items in the strategy.

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

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



“Nordic cooperation ensures a streamlining of processes and ultimately benefitting Nordic consumers.”

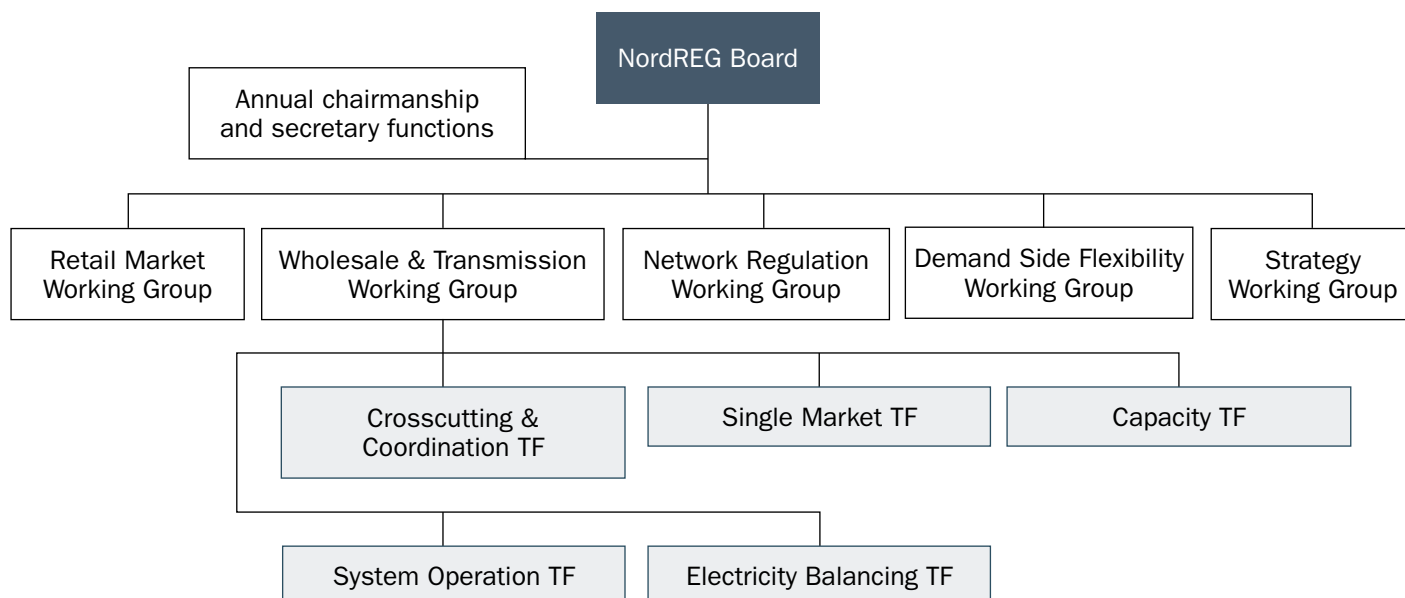
4. Priorities in 2023

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

The implementation of the Clean Energy Package (CEP) into national legislation will introduce new areas of regional cooperation. In addition, tasks related to the implementation of network codes and guidelines are important for the Nordic regional cooperation among regulators in 2023.

Following the vision and the strategy, NordREG Board has approved the following priorities for the NordREG's work in 2023:

1. Implementation of the CEP regulation and ensuring a common, harmonized understanding and application of the rules.
2. Continue effective implementation of European network codes and guidelines.
3. Deepen the coordination of Nordic views and participation in CEER and ACER. Especially in the European discussion on the revisions to the electricity market model.
4. Continue cooperation and coordination of the work regarding the common Nordic end-user market and market conditions for customers in the Nordic retail markets for electricity.
5. Cooperate and coordinate the work regarding flexibility issues with a special focus on the Clean Energy regulation.
6. Maintain a close dialogue with Nordic Transmission System Operators (TSOs) on issues of importance for the internal market.
7. Increase the sharing of information and best practices among Nordic NRAs and promote the common understanding as basis for actual decisions.
8. Continue to enhance the strategic as well as the day-to-day cooperation in NordREG.



5. Organization

5.1 NordREG

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

The chairmanship of NordREG rotates annually and in 2023 DUR 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 there are five task forces that have been organized according to the different network codes and guidelines. The Board approves the establishment and tasks of the WGs and TFs and nominates chairs of each working group.

5.2 Nordic Energy Regulators Regional Forum

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 executed by the 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.



6. Objectives, Tasks and Resources

6.1 Retail Market Working Group

Objectives

The NordREG Retail Market Working Group (RMWG) will follow the development 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 and views, as well as trying to reach common positions on issues related to a harmonized Nordic and European end-user markets.

The WG will focus its work on:

- Follow the customers' situation in the Nordic retail markets for electricity. Share experiences on how the situation can be improved. If beneficial, work together to promote Nordic positions or solutions based on best practice.
- Share experiences and best practice regarding monitoring.
- Influence the EU to promote solutions in line with Nordic experiences and goals. Particular focus will be on establishing a common understanding in NordREG and it should, where deemed beneficial, be used as a base for stronger activity in relevant EU and CEER groups.

The objective of the RMWG is to actively work to improve and promote good solutions for the retail customers in the Nordic countries.

Tasks

Task 1. Retail market workshop

In 2017, 2018, 2020, 2021 and 2022 RMWG arranged workshops on monitoring with the purpose of sharing and benefitting from national experiences. RMWG will arrange a broader workshop in 2023 focusing on exchange of information regarding best practice for monitoring, legislation changes and flexibility.

In 2022, the scope of the workshops was expanded to include a broader range of retail market issues, such as impact on consumers of the recent price shocks. This will be continued in 2023.

When:	Q4 2023
Deliverables:	Internal workshop and external conclusions
Responsible:	RMWG

Task 2. Coordination regarding new problems and challenges due to the changes in the market and issues regarding the retail market

The retail market has been affected by several factors that has led to higher electricity prices, changes in the range of contracts offered and more uncertainty in the market.

RMWG will follow, discuss, and share experiences regarding the new development and issues regarding the retail market, including how active and aware consumers have been affected.

When:	Ongoing
Deliverables:	Discussed in each RMWG meeting In 2023, RMWG will arrange at least three meetings, where we discuss and share experience regarding issues in the market and plan the retail market workshop. Status reports to Board if needed
Responsible:	RMWG

6.2 Wholesale and Transmission Working Group

Objectives

The NordREG Wholesale & Transmission working group (W&T WG) is the link between the Nordic NRAs and the Nordic TSOs at a managerial level on operational and market issues. The focuses of the W&T WG are the continued development and well-functioning of the Nordic electricity market.

The W&T WG coordinates NordREG actions on current wholesale market and transmission topics. Focus is on NordREG or Energy Regulators Regional Forum (ERRF) decisions regarding the implementation of the CEP and network codes and guidelines, from a strategic point of view.

The W&T WG work supports NordREG's vision to achieve efficient and advanced energy markets in terms of promoting efficient price signals, competition and an efficient and advanced energy system.

In 2023, the W&T WG will continue to identify topics at national, Nordic and EU level, which require a coordinated Nordic position or areas that might have a particular Nordic impact. Not least in the context of the current challenges the Nordic as well as the European electricity markets faces with respect to ensure efficient markets with correct price signals in light of the concerns for security of supply. In addition, the green transition, including decarbonisation goals, electrification, hydrogen, sector coupling etc., will also influence the Nordic region in the coming years. The costs of the green transition will be considerable and calls for competitive, efficient markets and systems to achieve the goals.

Tasks

Five taskforces and three ad-hoc groups on Forward Capacity Allocation, Legal issues and Adequacy are organized with direct reference to the W&T WG.

The task force structure has been organized according to the different network codes and guidelines.

When the W&T WG identifies a topic for further exploration and development it allocates this to the most suitable task force.

The W&T WG's role is also to provide additional guidance on issues that require involvement from the NRA's managerial level, before reaching the Director General's level. When a TF is requesting advice from ERRF, the ERRF may delegate a request for advice to the W&T WG.

Task 1. Follow TSOs' work beyond and across the network codes and guidelines GLs

The W&T WG and its TFs is responsible for keeping a close dialogue to the Nordic TSOs and stakeholders on operational and market issues. As part of this dialogue, the W&T TF holds meetings at managerial level on operational and market issues with the Nordic TSOs. These meeting are also used to prepare for the high-level meetings between the National Regulatory Authorities (NRAs) and the Transmission System Operators (TSOs) in the Nordic countries.

When:	2022
Deliverables:	Quarterly managerial level meetings with Nordic TSOs Reporting to the Board
Responsible:	W&T WG

6.2.1 Crosscutting & Coordinating Task Force

Objectives

The Crosscutting & Coordinating TF (C&C TF) acts as secretariat to the W&T WG.

Moreover, and on an ad hoc basis, the C&C TF deals with issues of a more horizontal character that cannot be undertaken by the other Task Forces reporting to the W&T WG.

The C&C TF coordinates closely with the chair of the W&T WG and is the point of contact for the TSOs, EMG, ACER and CEER on wholesale and transmission issues. The C&C TF is also responsible for hosting and chairing the yearly meeting with the market players.

Tasks

The C&C TF functions as a secretariat to W&T WG assisting in (coordinating with input from the other W&T Task Forces) the preparation of the meetings described on page 15, i.e. the W&T WG's meeting with the Nordic TSOs at managerial level as well as the Nordic high level NRA/TSO meetings, preparation of the wholesale and transmission section of the EMG report and the NordREG Work Program every year, as well as meetings with the EMG.

Task 1. Presentation and feedback of tasks from various task forces

When:	Ongoing
Deliverables:	Secretarial and coordinating tasks assisting W&T WG
Responsible:	C&C TF

Task 2. Nordic stakeholder meeting on Wholesale and Transmission Developments

When:	2023
Deliverables:	Organize a stakeholder meeting on Wholesale and Transmission Developments in Q3 2023
Responsible:	C&C TF

6.2.2 Capacity Task Force

Objectives

The primary focus of the Capacity TF (Cap TF) is the 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.

The Cap TF will continue the cooperation on the processes leading up to final approvals and implementation of the relevant methodologies pursuant to the Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (FCA GL), the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CACM GL) and Commission regulation 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (EB GL). The priorities of the Cap TF are mainly related to the NordREG strategic priority to "continue effective implementation of network codes and guidelines".

The Cap 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 deemed beneficial. Further, Capacity TF will monitor and capture important EU developments in order to propose appropriate NordREG initiatives/responses.

Tasks

Task 1. Follow-up of DA/ID CCM implementation

When:	2023
Deliverables:	Follow-up on the approved Capacity Calculation Method (CCM) for the Day Ahead and Intra Day Markets Assess the performance of the flow-based CCM during the first part of the parallel runs in the check point for go-live of the FB
Responsible:	Cap TF

Task 2. Follow-up of the 70 % criterion

When:	2023
Deliverables:	Follow-up on the 70 percent criterion and possible limitations in the volume of transmission capacities in Nordic CCR
Responsible:	Cap TF

Task 3. Amendments to previously approved methodologies

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

Task 4. Processing the TSOs proposal on cross-zonal capacity calculation methodology within the balancing-timeframe

When:	2023
Deliverables:	Legal approval process on the TSOs proposal in line with EB GL art. 37(3)
Responsible:	Cap TF

6.2.3 Single Market Task Force

Objectives

The aim of the Single Market TF (SM 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 SM TF is contributing to NordREG's overall priority of effectively implementing network codes and guidelines.

The scope of the SM TF's work 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 of the SM TF is to coordinate regional decisions pursuant to the CACM GL.

Tasks

The SM 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 deemed beneficial, the TF will coordinate national decisions according to the CACM GL.

Task 1. Coordinate views on EU-wide methodologies

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

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

When:	Ongoing
Deliverables:	Implemented methodologies
Responsible:	SM TF

Task 3. Monitor approved methodologies in order to see that they are implemented

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

6.2.4 System Operation Task Force

Objectives

The main aim of the System Operation Task Force (SO TF) is to support the implementation of the rules set out in the Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on Electricity Transmission System Operation (SO GL).

Furthermore, the SO TF seeks to establish a mutual Nordic understanding on NRAs' decision reached in accordance with the Commission Regulation 2017/2196 of 24 November 2017 on Electricity Emergency and Restoration Network Code (ER NC). Additionally, the SO TF will coordinate and share experiences within the Nordic for implementation of the Grid Connection Codes (2016/631, 2016/1388, 2016/1447).

System Operation Guideline

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.

Several regional methodologies have been developed by the TSOs and approved by the regulators. However, following the steps towards the new balancing concept MACE the commissioning of new interconnectors, and a constantly changing Nordic power system, the developed methodologies need to be updated on a regular basis.

Most of the work in the SO TF in the future will concern assessing updated methodologies from the TSOs and reach a common position on the proposals. Following up on the TSOs' implementation and understanding of these methodologies will also be an important task for the SO TF.

The Electricity Emergency and Restoration Network Code (ER NC) establishes a common set of procedures that the TSOs shall follow when faced with severe incidents in 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 are mainly at the national level, but the TSOs must coordinate their restoration plans and system defence 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 the NRAs' decisions according to ER NC. All the national decisions of ER NC were approved in 2019. The SO TF does not expect any major work on ER NC for 2022.

Grid Connection Network Codes

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 (RfG NC)
- 2016/1388 of 7 September 2016 establishing a network code on demand connection (DCC NC)
- 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 (HVDC NC).

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, however, the decisions could also be coordinated where deemed convenient

The SO TF expect some work with the ongoing amendments of RfG NC and DCC NC in 2023.

Task 1. Amendment to methodologies

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 2023 according to the SO GL:

When:	2023
Deliverables:	<p>Amendments of previously approved methodologies are expected, included following methodologies:</p> <ul style="list-style-type: none"> • Ramping restrictions for active power output in accordance with Article 137(3) and (4) (Q1 or Q2)) • Limits on the amount of exchange of FRR between synchronous areas defined in accordance with SO GL Article 176(1) and limits on the amount of sharing of FRR between synchronous areas defined in accordance with SO GL Article 177(1) (Q1 or Q2) <p>In 2022 the SO TF received three methodologies for approval. The legal deadline for these decisions is the 29th of December 2022. It is a possibility that this work will continue into 2023. These methodologies are:</p> <ul style="list-style-type: none"> • FRR dimensioning rules in accordance with SO GL Article 157(1) • FCR dimensioning rules in accordance with SO GL Article 153 • Additional properties for FCR in accordance with SO GL Article 154(2)
Responsible:	SO TF

Task 2. Follow up the Nordic TSOs on system operation

When:	Ongoing
Deliverables:	Follow up the Nordic TSOs on SO GL and relevant methodologies
Responsible:	SO TF

Task 3. Potentially coordinate views on EU-wide methodologies

When:	Ongoing
Deliverables:	Discuss potential amendments to EU-wide methodologies in the SO TF In case of a revision of the regulations the SO TF should work together if needed
Responsible:	SO TF

Task 4. Revision of RfG NC and DCC NC

When:	2023
Deliverables:	It is a planned revision of RfG NC and DCC NC in 2023. The SO TF will be used for coordinating this work if needed
Responsible:	SO TF

Task 5. Follow up network code on emergency and restoration (ER) and network code on grid connection (RfG, HVDC and DCC)

When:	Ongoing
Deliverables:	Follow up
Responsible:	SO TF

6.2.5 Electricity Balancing Task Force

Objectives

Implementation of the Electricity Balancing Guideline

Over the past years, ACER made several key decisions on terms and conditions pursuant to the Electricity Balancing Guideline (EB GL), both at European level, i.e. on platforms for the exchange of Automatic Frequency Restoration Reserves (aFRR) and Manual Frequency Restoration Reserves (mFRR), as well as at the regional level, in particular on the establishment of a Nordic aFRR capacity market. The Electricity Balancing Task Force (EB TF) will focus its dialogue with the TSOs and stakeholders as well as with ACER on the implementation of these decisions, on assessing proposed amendments from the TSOs concerning terms and conditions approved by the ACER 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 Nordic Balancing Model (NBM) which further facilitates the implementation of the EB GL.

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 task forces under whose responsibility the regulatory oversight of the NBM implementation falls.

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 2023 as in previous years. Further, EB TF will continue to engage with stakeholders by participating as observers in the Nordic TSOs' quarterly NBM Reference Group meetings.

mFRR Capacity Market

In September 2022, the Nordic TSOs have proposed methodologies for a common Nordic mFRR capacity market to the Nordic NRAs. In the first part of 2023; most of the work of the EBTF will thus focus on coordinating the decisions on these methodologies.

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.e. 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.
- Coordination of the regulatory assessment related to the terms and conditions for a Nordic mFRR energy activation market submitted for regulatory approval at national level pursuant to EB GL article 18 and building on the Nordic TSOs' coordination as part of the NBM programme with a view to ensure connection to the aFRR and mFRR platforms.
- Coordination of the regulatory assessment related to a Nordic mFRR capacity market submitted for regulatory approval at regional level pursuant to EB GL article 33, 37 and 38.
- Oversight of the Nordic TSOs' implementation of a 15-minute imbalance settlement period by 22 May 2023 (following regulatory approvals from March 2021 granting an extension of the original deadline on 18 December 2020).

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

Task 1. Coordinate the assessment of proposals on a common Nordic mFRR capacity market

When:	2023
Deliverables:	Coordination in assessing proposed methodologies on common Nordic mFRR market, that the TSOs want to establish by the end of 2023
Responsible:	EB TF

Task 2. Coordinate the assessment of terms and conditions for a Nordic mFRR energy activation market

When:	2023
Deliverables:	Coordination in assessing the terms and conditions for a Nordic mFRR energy activation market submitted for regulatory approval at national level pursuant to article 18 of the EB Regulation and with a view to ensure connection to the aFRR and mFRR platforms
Responsible:	EB TF

Task 3. Coordinate the implementation of 15 minutes Imbalance Settlement Period (ISP) by May 2023

When:	2023
Deliverables:	Status update to the Board on the progress following status reports from the TSOs every 6 months
Responsible:	EB TF

6.3 Network Regulation Working Group

Objectives

The path towards a decarbonized society presents new challenges to the regulation of distribution networks. The NordREG Network Regulation WG (NR WG) will continue to focus on how to develop the regulation of the DSOs in the Nordic countries. In 2023 the NR WG intend to focus on dynamic regulation as well as the implementation of the CEP, where the NRAs are having synergies carrying out national tasks together in NordREG.

The focus for 2023 will be to continue the NR WG's work on incentives for flexibility by identifying how investment mechanisms work in the regulation. This entails assessing whether there are too many investments in the grid and too little focus on flexibility, or if further investments of the grid are necessary. The NR WG will also plan an assessment study that aims to quantify the cost of expanding the grid in i.e. a small house area, compared to using flexibility measures in the same area in order to handle capacity challenges. The NR WG will follow the development of specifications of flexibility services and products referred to in CEP Article 32.2.

In addition, the NR WG will discuss price incentives through tariffs and connection fees in the coming years. This work will be coordinated with CEER DS WG's through their paper on flexible connections. Through discussions, the NR WG will explore the possibility of common Nordic regulatory sandboxes. The NR WG will also continue the work on the classification on how the countries apply revenue cap regulation with country-specific details and data (matrix) by writing a descriptive text for the 2022 updated matrix on regulation.

The NR WG is investigating other potential articles in the CEP, which can give rise to needs for joint NordREG opinions regarding network regulation issues. The discussion of relevant articles in the CEP will be coordinated with the program in

CEER and ACER. NR WG will also observe the current high and fluctuating prices as well as the adjustments these bring in the EU legislation (directives and regulation).

Task 1. Incentives for procurement of flexibility

Article 32.1 of the Electricity Market Directive describes creating incentives for the use of flexibility in distribution networks. This is directly linked 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 (DSOs) 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. In 2023 the WG will identify how investment mechanisms function in the regulation, and whether there are too many investments in the grid and too little focus on flexibility or if further investments of the grid are necessary.

The NR WG will also follow the development of specifications of flexibility services and products referred to in CEP Article 32.2.

When:	Q3–Q4 2023
Deliverables:	Have regular meetings and briefings between the NRAs on this topic. NR WG will focus on evaluating investment mechanisms related to flexibility, including grid expansion costs e.g. in a small house area versus costs of flexibility measures, to handle capacity challenges
Responsible:	NR WG

Task 2. Knowledge sharing with a focus on dynamic regulation coordinated with the 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 WG will continue the work on the matrix by writing a descriptive text for the 2022 updated matrix on regulation.

The NR WG's focus will be on dynamic regulation. On this matter, particular emphasis will be placed upon sharing knowledge concerning ongoing projects in CEER and ACER during 2023 and gather experiences and insights. In addition, coordinated Nordic views on relevant topics will be formulated regarding dynamic regulation, in respect to for example the green transition and regulatory sandboxes, etc. The WG will proactively share these views in relevant ongoing projects in CEER and ACER respectively.

The WG will arrange several online presentations for knowledge sharing on a more regular basis that aims to include colleagues in the discussions and provide a better platform for knowledge sharing exercises.

When:	Ongoing/ Q1–Q2 2023
Deliverables:	Knowledge sharing via online presentations Descriptive text for matrix
Responsible:	NR WG

6.4 Demand Side Flexibility Working Group

Objectives

The changing electricity system is making flexibility increasingly essential to delivering secure, sustainable, affordable 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 Nordic countries, 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 whole-sale 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.

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. A 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 and harmonization where suitable.

Flexibility is crosscutting and concerns both wholesale markets, retail markets, and networks. It is the role of the Flex WG's to identify and coordinate NordREG's approach to different flexibility issues in cooperation with other WGs, the role also includes maintaining an overview of NordREGs work in flexibility.

Local flexibility markets are identified as one possible tool for DSOs to manage present and upcoming capacity and quality challenges in the energy transition. There are several ongoing pilot projects demonstrating local flexibility markets running today, primarily in Sweden and Norway. In Denmark and Finland there are pilots with geographically tagged bids that can be used both for balancing by the TSO and local grid management by the DSO. The flex WG is following the development closely in order to identify regulatory challenges.

On European level new rules for demand side response, including for local flexibility markets, is under development and the Flex WG will in 2023 continue engaging in the development of European legislation on flexibility.

In 2023, work will also continue coordinating the implementation of the framework for independent aggregation. After the legislative changes are in place, a series of coordinative activities will need to take place.

Tasks

Task 1: Coordinating NordREG's approach to flexibility issues in collaboration with the other WGs

The Flex WG will continuously maintain an overview of NordREGs work with flexibility, including the work of the other WGs, and suggest topics for Nordic collaboration and coordination. When necessary, the Flex WG will host workshops or support other WGs in their discussions. To coordinate the flexibility issues the Flex WG will identify a list of relevant flexibility topics to be used as a base for priorities and division of work.

When:	Q1 2023
Deliverables:	List of identified flexibility topics
Responsible:	Flex WG, alongside other relevant WGs

Task 2: 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. NordREG flex will strive to harmonize the Nordic implementation where possible. One of these areas is the compensation mechanism, where the Flex WG will receive input through a consultant study in Q1 2023.

When:	2023
Deliverables:	Consultant study on compensation mechanism
Responsible:	Flex WG

Task 3: Coordinate engagement within ACER on a European legislation regarding flexibility

The Clean Energy Package places new requirement on Member States to promote flexibility. In 2022 ACER was asked by the Commission to start the development of a Framework Guideline on Flexibility. In 2023 Entso-E and/or the DSO entity will be asked to draft new rules based on the Framework Guideline. NordREG will monitor this work and coordinate our positions in the relevant working groups in ACER.

When:	During 2023 and 2024
Deliverables:	-
Responsible:	Flex WG

Task 4: Nordic local flexibility markets

The Clean Energy Package states that DSO's procurement of services for congestion management should primarily be market based. Over the last few years, thanks to calls for increasing the use of explicit flexibility, a number of pilot projects to deliver flexibility to DSOs through market platforms have developed in the region. The Flex WG have in 2022 produced a mapping of the ongoing initiatives and in 2023 the WG will continue following the development and aim to learn more regarding the coordination of these markets and the markets operated by the TSOs.

When:	During 2023–2024
Deliverables:	Depends on identified needs
Responsible:	Flex WG

6.5 Strategy Working Group

Objectives

The NordREG Strategy Working Group (S WG) focus on strengthening the organizational and procedural framework within NordREG in order to secure an efficient cooperation, coordinate cross cutting activities and handle cross cutting issues not covered by the other groups within NordREG as well as supporting the rotating Presidency and secretariat of NordREG.

The S WG 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 2023.

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 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:	S WG 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.

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

When:	Ongoing 2023
Deliverables:	Propose revisions to NordREG steering documents, and propose changes, if needed, in NordREG organisation for Board approval
Responsible:	S WG

Task 3. Implement and support NordREG's Strategy (update the Road Map and implement the revised Strategy)

Annual update of the Road Map which describes concrete actions which NordREG has planned to take in coming years to implement the NordREG Strategy adopted in 2019 and revised in 2022. The Road Map provides strategic input for defining tasks for the NordREG annual Work Programs.

When:	Q2 2023
Deliverables:	Updated Road Map providing input for the preparation of Work Program 2024
Responsible:	S WG

Task 4. Prepare NordREG Work Program 2024

Prepare the NordREG Board priorities in 2024. The input will serve as guidance for preparing the NordREG Work Program 2024.

When:	Q3/Q4 2023
Deliverables:	NordREG Work Program 2024 NordREG Board priorities in 2024
Responsible:	S WG

Task 5. Annual status report to EMG

The report presents the work undertaken by the Nordic energy regulators (NordREG) during 2022 in the areas of wholesale electricity markets, retail markets, network regulation and demand side flexibility.

When:	Q4 2023
Deliverables:	Draft Report for Board approval in December 2023, document will be submitted to the EMG and published in January 2024
Responsible:	NordREG Secretariat

Task 6. Increasing coordination in CEER and ACER activities

Identify alongside other NordREG WGs specific areas in ACER and CEER's 2023 Work Programs where NordREG coordination and joint influencing from the Nordic energy regulators is beneficial and important. Sharing best practices among the WGs.

When:	Q1 2023
Deliverables:	Discussions and workshops with WG chairs, reporting to Board
Responsible:	NordREG WGs in coordination with S WG

Task 7. NordREG Board Strategy Day

Annual NordREG Board Strategy Day in connection to the Board meeting in June 2023. The purpose is to discuss identified strategic topics. Final topics for the 2023 Strategy Day will be decided early 2023.

When:	Q2/3 2023
Deliverables:	Board discussions on selected topics based on material prepared by SG
Responsible:	S WG

Task 8. Ad hoc NordREG tasks not assigned to any specific WG

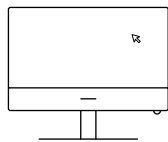
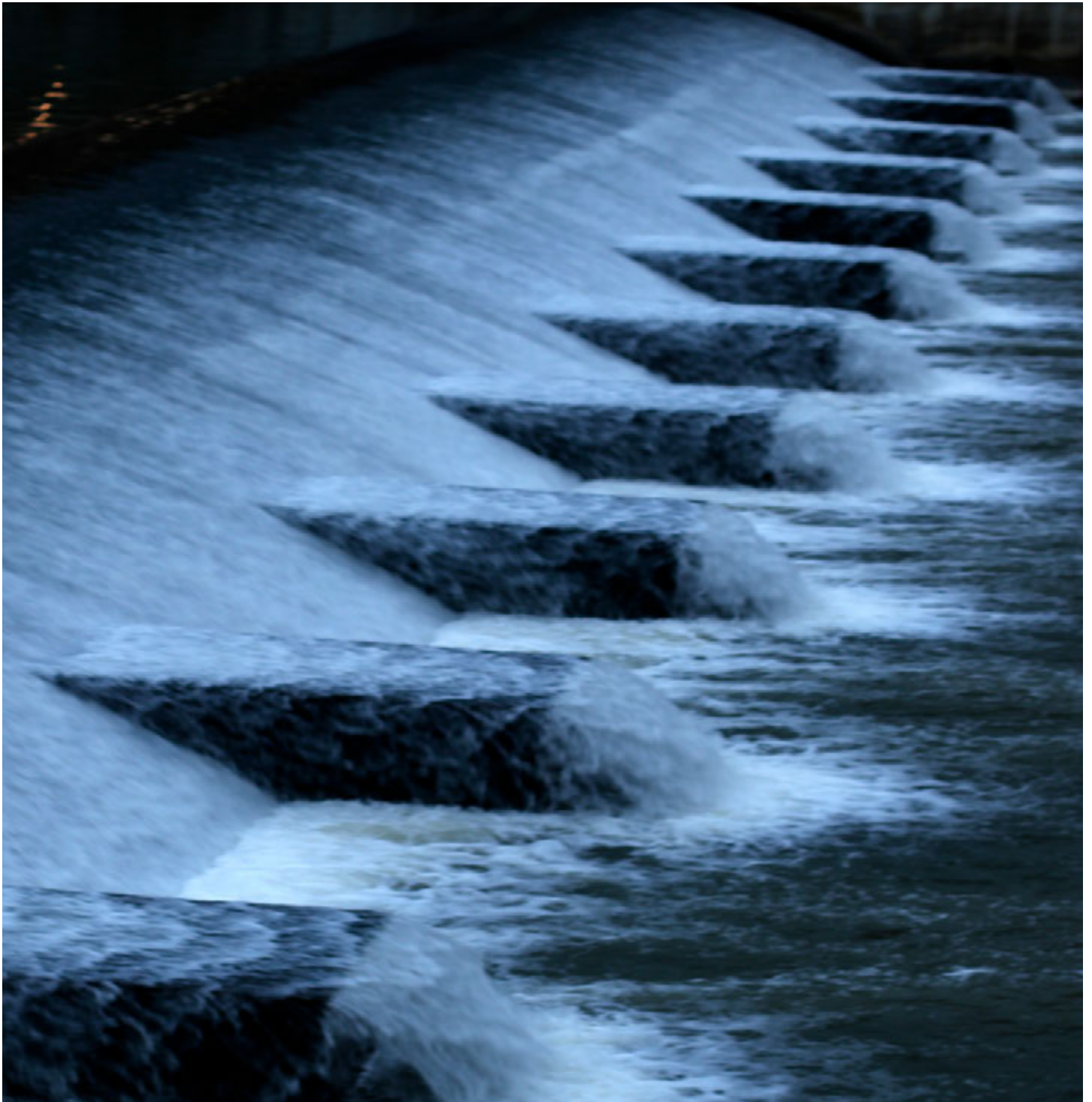
Ad hoc support for the NordREG Presidency and the Board. Solving upcoming tasks for NordREG not assigned to any specific WG.

When:	When needed
Deliverables:	Depending on the task
Responsible:	S WG









NordREG is a voluntary cooperation between the Nordic energy regulators. The presidency and secretariat rotate annually.

The presidency and secretariat of NordREG was during 2022 held by the Swedish Energy Markets Inspectorate (Ei).

Please contact us if you have any questions.

E-mail: nordregsecretariat@forsyningstilsynet.dk

Webpage: nordicenergyregulators.org