

# **Work Program 2020**

Nordic Energy Regulators  
(NordREG)

## Report 1/2020

NordREG  
[www.nordicenergyregulators.org](http://www.nordicenergyregulators.org)

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## 1 Preface

NordREG has provided already almost two decades a platform for a continuing strong cooperation between the energy regulators in the Nordic region.

In 2019, NordREG prepared and adopted a long-term strategy. Correct price signals, active consumers and dynamic framework are strategic principles which will guide NordREG cooperation in the coming years. In 2020, our ambition is to further streamline NordREG's work and the cooperation within the Nordic region.

In June 2019, the Nordic energy ministers adopted a new 2030 vision for the Nordic Electricity Market with a correlating roadmap. NordREG is engaged in seeing the new Vision come to fruition through active and close collaboration.

In 2019, the European Parliament and the Council adopted the new and revised European electricity market acts as part of the EU's Clean Energy Package. Implementation of these acts into national legislation shall be done by the beginning of 2021. NordREG has an important role to provide recommendations to the Nordic Ministries on harmonised approaches in topics where harmonisation will bring benefits to Nordic customers. The new and revised acts also entail additional tasks and responsibilities for the national regulatory authorities and a need for enhanced regional cooperation and coordination.

In addition to the implementation of the Clean Energy Package, in 2020 focus in NordREG work continues to stay on the implementation of the European network codes and guidelines in the Nordic region. NordREG will also have an important part to play in the coordination of the regulatory oversight of the new Nordic Balancing Model to ensure a timely and efficient implementation in compliance with the legislation.

The various dedicated NordREG working groups and task forces will carry out important tasks to reach the strategic goals explained in this preface. The following work program presents their specific tasks and missions. Many tasks require also close cooperation with stakeholders.

In 2020, the Finnish Energy Authority (EV) is the chair of NordREG and responsible for the NordREG secretariat. EV is looking forward to a new interesting and productive year in NordREG.

Helsinki, February 2020

Simo Nurmi  
Chair of NordREG 2020

## 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 Regulatory Authority (Reguleringsmyndigheten for energi, NVE)
- Sweden: The Energy Markets Inspectorate, (Energimarknadsinspektionen, Ei)

The NordREG Board approves the 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 (Network codes and Guidelines and the new regulation from the Clean Energy Package) 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 appoints observers to the different Forum work streams.

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 coordinated regional decisions in the Nordic Capacity Calculation Region required by the European Network codes and Guidelines.

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

In 2020, one of NordREG's main focal points will be the implementation of the Clean Energy Package to ensure harmonized understanding and application of the rules and regulation. Other major tasks involve harmonization of the Nordic retail market and the continued work with network codes and guidelines, network regulation, tariff design and flexibility issues, which also has a prominent role in the Clean Energy package regulation.

### 3 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 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 strategy consists of three strategic principles:

1. Correct price signals
2. Active consumers
3. Dynamic framework

Each strategic principle is accomplished by a number of specific target items in the strategy. The strategy is accomplished by a Road map that outlines the activities needed in the short-, medium- and long run to approach the target items outlined in the long-term strategy.

The Road map works as a basis for the NordREG WG's and TF's when planning their activities for the year to come.



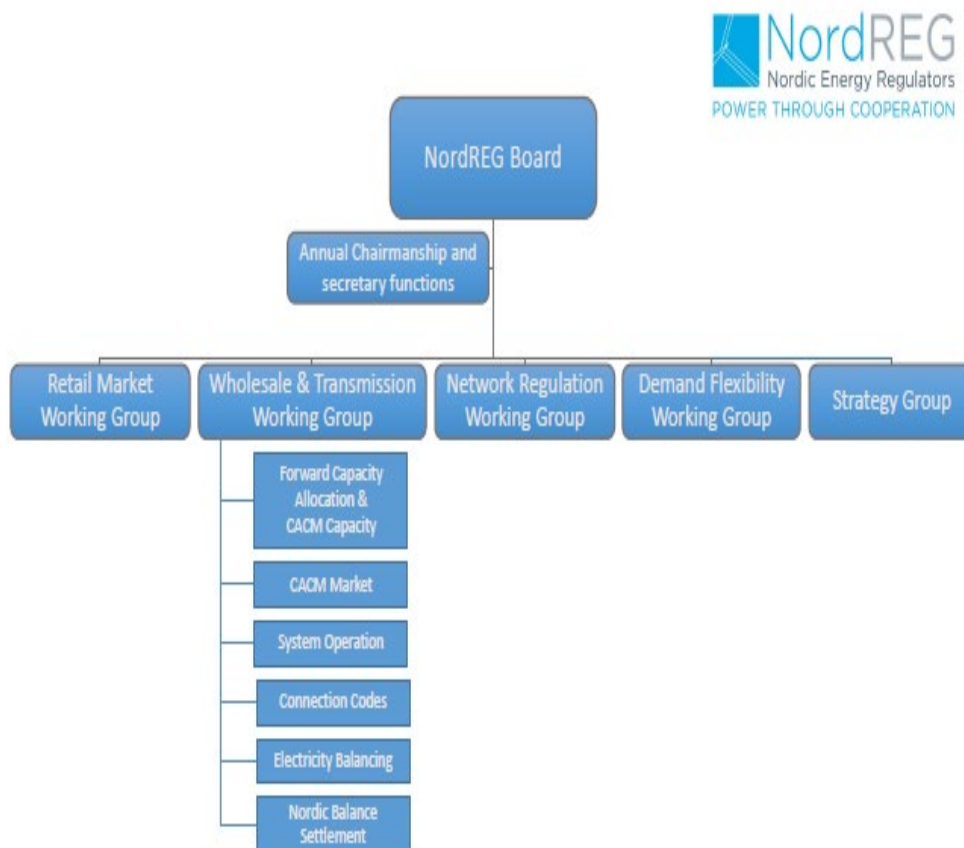
## 5 Priorities 2020

The implementation of the Clean Energy Package will introduce new areas of regional cooperation, and NordREG sees benefits according to our vision in streamlining the way the new legal acts are implemented in the Nordic countries. Also, when performing national tasks, NRAs increasingly encounters matters of regional concern and cross-border implications. Following the vision and the long-term strategy, the priorities for 2020 are as follows:

1. Implementation of the Clean Energy Package regulation and ensuring a common, harmonized understanding and application of the rules.
2. Continue effective implementation of European network codes and guidelines on Forward Capacity Allocation Guideline, Capacity Allocation and Congestions Management Guideline, System Operations Guideline, Electricity Balancing Guideline, Requirements for Grid Connection of Generators Network Code, Demand Connection Network Code and High Voltage Direct Current Network Code.
3. 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.
4. Cooperate and coordinate the work regarding flexibility issues with a special focus on the implementation of the Clean Energy regulation.
5. Maintain a close dialogue with Nordic Transmission System Operators (TSOs) on issues of importance for the internal market.
6. Deepen the Nordic cooperation in CEER and ACER.
7. Continue to enhance the strategic as well as the day-to-day cooperation in NordREG.

## 6 Organization

The working groups carry out the work in NordREG. In the area of wholesale markets, the various task forces (TFs) fulfill specific work strands under coordination and supervision of the Wholesale and Transmission Market working group. The Board approves the establishment and tasks of the WGs and TFs. NordREG's Modus Operandi describes the rules and responsibilities in terms of the overall cooperation in NordREG.



### 6.1 Nordic Energy Regulators Forum (ERRF)

Nordic Energy Regulators Forum (ERRF) is a cooperation between the NRAs in the Nordic countries. The scope of the ERRF is limited to providing for clear and transparent consultation, cooperation, and agreement between all regulatory authorities in the region where agreement/approval under the European Network Codes requires a unanimous decision by all regulatory authorities of the concerned region.

Nordic Energy Regulators Forum (ERRF) have agreed to follow a set of objectives which sets the guideline for cooperation. The objectives regard CACM, proposals connected to ENCs and how to work with ACER.

## **7 Group's Objectives, Tasks and Resources**

### **7.1 Retail Market Working Group (RMWG)**

#### **Introduction**

RMWG will promote NordREGs vision by working for better market conditions for customers in the Nordic retail energy markets.

#### **Objectives**

RMWG will closely follow and share experiences regarding the ongoing national work with the common Nordic end-user market. The WG is the forum where the Nordic NRAs exchange information and views and jointly try to reach a collective 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.

The work will focus on:

- Influencing the EU in order of promoting legislation and solutions in line with Nordic experiences and goals. In particular, focus should be on reaching a common understanding among NordREG's members, in order to enhance the Nordic influence in EU forums, as well as ACER and CEER groups and task forces.
- Continued information exchange regarding the ongoing implementation of earlier NordREG recommendations.
- Exchange of information and best practices from monitoring retail markets.
- Alignment of the set-up of the present and future Nordic data-hubs to ensure co-functioning and integration.
- Monitor market conditions for customers in the Nordic retail markets for electricity.

#### **Tasks**

The work program for RMWG for 2020 consists of both strategic priorities and projects divided into tasks.

##### **Task 1. Information exchange regarding implementation of data hubs**

A successful implementation of the datahubs and the ability to centralize the handling of market processes is a key factor for the Nordic retail market to work effectively. In recent years, NordREG's Retail Market Working Group (RMWG) has followed the work to implement national data hubs and reported the findings to NordREG Board on an annual basis. This work will continue 2020 and a new report will be presented Board in June.

RMWG also recognize interoperability between Nordic data-hubs as an issue that is important to investigate further in 2020. RMWG will make a cost-benefit analysis regarding if interoperability is needed between the Nordic data-hubs, and if so, suggest

how interoperability should be implemented to create the most value to society/consumers.

**Relation to NordREG's Long-term strategy:** Supports NordREG's *Long-term Strategy principle 2 (Active consumers Target 2a: Competitive retail markets with low entry barriers)*.

When: Status-report – Ongoing, Cost-benefit analysis Q1-Q4

Responsible: RMWG

Deliverables: \* An annual report to the NordREG Board meeting in June, until all NordREG members have completed the implementation of data-hubs,  
\* Cost-benefit analysis of interoperability Q4 2020 or Q1 2021

## **Task 2. 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.

The work will focus on:

- Influencing the EU in order to promote legislation and solutions in line with Nordic experiences and goals. In particular, focus should be on reaching common standpoints to enhance the Nordic influence in EU forums, as well as ACER and CEER-groups and task forces.
- Closely follow, discuss and share experience regarding the ongoing implementation of the Clean Energy Package. During 2020 RMWG will follow the 21 recommendations approved by NordREG Board 15 November and document the outcome step-by-step in a document aimed for publication early 2021.

**Relation to NordREG's Long-term strategy:** A harmonized implementation of CEP supports NordREG's *Long-term Strategy principle 2, Active consumers, Target 2a (Competitive retail markets with low entry barriers)*.

A harmonized implementation of Article 14 (Comparison tools) in the CEP would also support NordREG's *Long-term Strategy principle 2, Active consumers, Target 2b (Active consumers – Access to transparent relevant and accessible information to make well-informed decisions)*.

When: Influencing the EU – Ongoing, Implementation of CEP - Q1-Q4

Responsible: RMWG

Deliverables: Regular status reports to NordREG Board

## **Task 3. Monitoring workshop**

In 2017 and 2018, RMWG arranged workshops on monitoring with the purpose of sharing and benefitting from national experiences. RMWG will arrange a similar

workshop in 2020 in order to continue to exchange information regarding best practice for monitoring.

**Relation to NordREG's Long-term strategy:** This task support the NordREG's *Long-term Strategy principle 2: Active consumers, Target 2c (Trustable markets – monitoring compliance with the regulation will increase trust in the retail markets and increase activity for suppliers and consumers)*.

When: Workshop in spring 2020

Responsible: RMWG

Deliverables: Workshop, internal memos and conclusions, external conclusions, follow-ups of previous conclusions

#### **Task 4. Status report on remaining asymmetries and gaps in terms/conditions in Nordic retail markets**

One of the Nordic Electricity Forum's medium term targets are to assess and narrow gaps and asymmetries in terms and conditions in Nordic retail market design (where feasible).

As a first step, RMWG will deliver a status report that maps gaps and asymmetries. Based on the result, and a suggestion on how to proceed, NordREG Board can decide what further actions are necessary. The status report will look at sources like for example:

- Remaining asymmetries and gaps identified in RMWG's CEP work 2019
- Findings from RMWG's Consultancy study on interoperability (Task 1 above)
- Nordic summary of CEER Metrics for 2018 and 2019
- Nordic Customer Survey 2018
- European Commission's Consumer Market Scoreboard 2018
- European Commission's Barriers to entry report (estimated publication April 2020), and the similar report made by VaasaETT for NordREG 2014.

**Relation to NordREG's Long-term strategy:** This task would support NordREG's *Long-term Strategy principle 2 (Active consumers Target 2a: Competitive retail markets with low entry barriers)*.

When: Q1 – Q4

Responsible: RMWG

Deliverables: Q4 2020

| <b>Task</b>  | <b>Product</b>  | <b>Deadline</b>  | <b>Board/ERRF action<br/>(orientation/discussion/approval)</b> |
|--|---|--|--|
| Task 1.<br>Information exchange regarding the ongoing work to implement national data hubs           | Annual report until all NordREG members have completed implementation.<br><br>Cost-benefit analysis of interoperability | NordREG Board meeting in May<br><br>Q4 2020 or Q1 2021 | Approval of report   |
| Task 2.<br>Coordination of European activities   | When needed, common standpoints on upcoming European activities.  | Ongoing  |  |
| Task 3.<br>Monitoring workshop   | Work shop followed by conclusions published at NordREG webpage.   | Workshop April, Conclusions May                        | Approval of conclusions  |
| Task 4. Status report on remaining asymmetries and gaps in terms/conditions in Nordic retail markets | Report  | NordREG Board meeting in November/December             | Approval of report   |

## 7.2 Wholesale & Transmission Working Group

### Introduction

#### Introduction

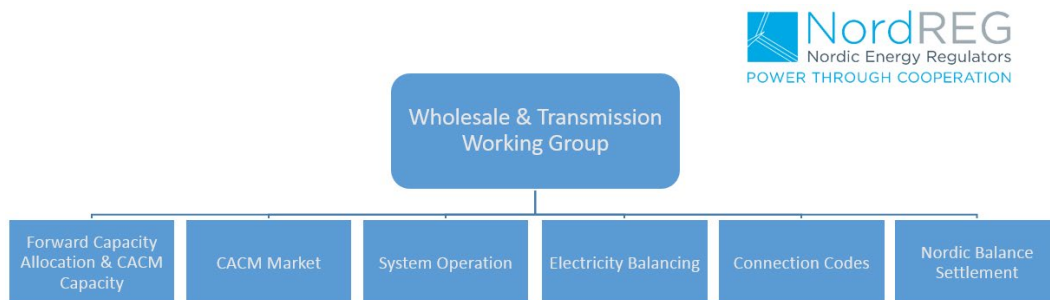
The NordREG Wholesale & Transmission working group (W&T WG) focuses on the continued development and well function of the Nordic wholesale market. A major part of the work relates to the European network codes and guidelines. W&T WG also forms the link between the Nordic NRAs and the Nordic TSOs regarding the Nordic Wholesale market. The work in 2020 will support NordREGs vision to achieve efficient and advanced energy markets in terms of promoting efficient price signals, competition and an efficient and advanced energy system.

#### Objective

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 makes proposals to influence the implementation of the network codes and guidelines. The W&T WG also acts as the coordinating body for activities in the specialized taskforces, each dealing with questions on the prioritized areas of NordREG's work in the wholesale and transmission field.

#### Tasks

W&T WG coordinates six taskforces. The task Force-structure has been organized according to the different network codes and guidelines. W&T WG's tasks also include issues that are outside the guidelines.



According to the network codes and guidelines, regulatory authorities in the Nordic region have to make a number of coordinated decisions on terms and conditions and methodologies. The Nordic Energy Regulator Regional Forum (ERRF), established in 2017, formally approves agreements between regulatory authorities in 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 2020, 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.

| <b>Task</b>   | <b>Product</b>                              | <b>Deadline</b> | <b>Board/ERRF action<br/><br/>(orientation/discussion/approval)</b> | <b>ERRF approval of position papers</b> |
|---|---|-----------------|---|---|
| Coordination of the various task forces.  | WG Status reports                           | N/A             | Orientation   | N/A                                     |
| Follow TSOs work beyond and across GLs.   | Meetings – 2 per year                       | N/A             | Orientation   | N/A                                     |
| Follow-up of “Monitoring of capacities” project.  | Follow up, and organise stakeholder meeting | N/A             | Orientation   | N/A                                     |
| <u>CEP</u><br><br><ul style="list-style-type: none"> <li>• Legal process on the establishment of the RCC</li> <li>• Regulatory oversight of RCC</li> <li>• Regional approach monitoring of 70%»</li> <li>• Bidding Zone Review</li> </ul> | Notes                                       | N/A             | Orientation   | N/A                                     |



## 7.2.1 Forward Capacity Allocation and Capacity Allocation and Congestion Management Capacity Task Force

### Introduction

By the end of 2018, the Task Forces for Forward Capacity Allocation (FCA) and Capacity Allocation and Congestion Management (CACM) Capacity merged into one. The primary focus of the TF is promotion of NordREG's vision through emphasis on the need for efficient markets. This involves enhancing transparency and establishing a level playing field for all market participants, which in turn gives a benefit for the consumers.

Since the TF will continue cooperation on managing the processes leading up to final approvals of methodologies related to capacity calculation and pursuant to the FCA GL and CACM GL, the priorities of the group relate mainly to strategic priority #2: "continue effective implementation of network codes and guidelines."

### Objectives

Coordination of the implementation of the Guideline on Forward Capacity Allocation (FCA GL) in the Nordic area.

The task force has previously focused on 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. It has also worked with the decisions on the Capacity Calculation Methodology for the long-term time frame (FCA CCM). During 2020, the task force will work with:

- Monitoring and capturing important EU developments in order to propose appropriate NordREG initiatives /responses.
- The decisions on the amended Capacity Calculation Methodology for the DA/ID timeframe, the CACM CCM.
- Methodology for sharing costs incurred to ensure firmness and remuneration of LTTRs (FCA art. 61) – ensure that the methodology for sharing of costs are fair and proportionate
- Prepare for the assessment to be done early 2021 in relation to the FCA article 30 4-yearly assessment of need for hedging opportunities

Coordination on implementation of CACM articles regarding Capacity Calculation, Re-dispatching and Countertrading, and Bidding zone configuration within the Nordic Capacity Calculation Region (CCR) when needed or beneficial.

## Tasks

| Task  | Product                                | Deadline             | Board/ERRF action (orientation/discussion/approval) | ERRF approval of position papers |
|---|--|----------------------|---|----------------------------------|
| Methodology for sharing costs incurred to ensure firmness and remuneration of LTTRs (FCA at 61) – ensure that the methodology for sharing of costs are fair and proportionate |  |                      |   |                                  |
| Prepare for the assessment to be done early 2021 in relation to the FCA article 30 4-yearly assessment of need for hedging opportunities                                      |  |                      |   |                                  |
| Follow up on approved CCM in order to see that they are implemented towards go-live   | Prepare and follow up on parallel runs | Ongoing, no deadline | Status report                                       | N/A                              |

|                                      |  |  |  |  |
|--------------------------------------|--|--|--|--|
| Legal amendment process on DA/ID CCM |  |  |  |  |
|--------------------------------------|--|--|--|--|

## 7.2.2 NordREG Single Market Task Force

### Introduction

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

### Objectives

The scope of the NordREG Single Market TF is to support and facilitate a coordinated implementation of the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (CACM GL) in the Nordic area, excluding topics handled by FCA and CACM Capacity TF. Thus, the NordREG 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. Furthermore, the TF shall coordinate regional decisions pursuant to the CACM GL.

## Tasks

The NordREG Single Market TF will focus on the following task in 2020:

| Task   | Product  | Deadline             | Board/ERRF action<br>(orientation/discussion/approval) | ERRF approval of position papers   |
|--|--|----------------------|--|--|
| Update Nordic guidance on cost and cost recovery based on CACM.          | Updated Nordic guidance on cost and cost recovery as a basis for national decisions. | No formal deadline.  | To be informed by the TF.                              | To the ERRF for information, if agreed at TF level according to the Nordic RoP.<br><br>Cost recovery is a national decision but it is coordinated at Nordic level. |
| Potentially coordinate views on EU-wide methodologies                    | EU-wide methodologies  | Ongoing, no deadline |  |  |
| Monitor approved methodologies in order to see that they are implemented | Implemented methodologies  | Ongoing, no deadline |  |  |
| Follow up on go-live of more NEMOs                                       | Follow up  | March 2020 onwards   |  |  |

### 7.2.3 System Operation Task Force

#### Introduction

The aim of the System Operation Task Force (SO TF) is 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). 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.

The SO TF will cooperate with NordREG's various bodies to implement the NordREG priorities for 2019. In particular, the SO TF will cooperate 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.

Furthermore, the SO TF seeks to establish a mutual Nordic understanding on NRAs' decision reached in accordance with the Commission Regulation (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration (ER NC).

The SO GL specifies the tasks of TSOs in relation to managing their grid. The progressive integration of renewable energy into the European generation mix, as well as an increase in interconnections and cross-border competition, are all issues considered by the SO GL.

The Commission Regulation 2017/2196 of 24 November 2017 on Electricity Emergency and Restoration Network Code (ER NC) establishes the processes that the TSOs must follow when faced with an incident on their grid. Thus, the purpose of the NC is to obtain the highest standards and practices in dealing with emergencies across Europe. During 2019, the SO TF will continue the effective implementation of the SO GL and ER NC at regional level.

## **Objectives**

The main objective of the SO TF is to coordinate regional decisions in accordance with SO GL. Additionally, to facilitate coordination across the Nordic area to ensure a mutual understanding of NRAs' decisions according to ER NC.

## 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 2019 according the SO GL, namely:

- On the Nordic regional operational security coordination (RSC), Article 76
- Nordic coordination related to mutual understanding on NRAs' decisions related ER NC.

| Task  | Product                       | Deadline     | ERRF action     |
|---|-------------------------------|--------------|-----------------|
| Common provisions on the Nordic RSC, Article 76;              | TSO Proposal                  | 21 Dec.      | For information |
|   | NRA approval on RSC SOGL (76) | 21 June 2021 | For information |
| Amendments of previously approved methodologies are expected. |                               |              | For information |

## 7.2.4 Connection Codes Task Force

### Introduction

The scope of the Connection Code Task Force (CC TF) is coordination of the implementation at Nordic level:

- The rules in the Commission Regulation (EU) 2016/631 of 17 May 2016 establishing a network code on requirements for grid connection of generators, Commission Regulation (EU) 2016/1388 of 7 September 2016 establishing a network code on demand connection;
- Commission Regulation (EU) 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.

A fully functioning and interconnected internal energy market is crucial for maintaining security of energy supply, increasing competition and ensuring energy at affordable prices for all consumers. The connection codes ensure equal treatment of similar customers connected to the electricity network while protecting the function of the electricity networks.

The TF will participate in the work of CEER's System Operation & Grid Connection Task Force (SOGC TF) in order of receiving information from EU level as well as sharing Nordic experiences with the SOGC TF. NRAs will hold national consultations with TSOs on matters related to implementation of the network codes' Requirements for Grid Connection of Generators (RfG), Demand Connection (DCC) and High Voltage Direct Current (HVDC). NRAs will discuss issues at within the CC TF to identify a common Nordic position.

## Objectives

CC TF's main objective is coordination of regional decisions in accordance with RfG Network Codes (NC). Additionally, the Task Force is responsible for coordinating regulatory decisions to obtain a common Nordic position pursuant to RfG NC, DCC NC and HVDC NC.

## Tasks

Nordic coordination to achieve mutual understanding on NRAs' decisions related to RfG NC, DCC NC and HVDC NC.

| Task  | Product                           | Deadline                        | Board/ERRF action<br>(orientation/discussion/approval) | ERRF approval of position papers |
|---|-----------------------------------|---------------------------------|--|----------------------------------|
| Discussion on national decisions related to DCC NC  | Meetings and information exchange | Throughout the year when needed |  | N/A                              |
| Discussion on national decisions related to HVDC NC | Meetings and information exchange | Throughout the year when needed |  | N/A                              |
| Ad hoc discussion                                   | Meeting                           | Throughout the year when needed |  | N/A                              |

## 7.2.5 Electricity Balancing Task Force

### Introduction

An enhanced balancing market integration and harmonization, both at Nordic and EU level, is the prerequisite for a more advanced, efficient and liquid way of exchanging balancing energy. It is further an important step towards de-carbonization as it allows for a wider use of renewables and flexible resources without jeopardizing the security of supply.

The EB TF foresees the following overall work strands for 2020:

- Using the task force as a forum for exchanging information and facilitate discussions on Nordic positions on matters in relation to electricity balancing markets.
- Through close dialogue and regulatory oversight with the Nordic TSOs cooperate on the implementation of the Nordic TSO's Nordic Balancing Model (NBM). Further, the EB TF will collaborate on the application of a 15-minute Imbalance Settlement Period implementation in the Nordic synchronous area.
- In order of deepening the Nordic cooperation in European forums, the EB TF will hold meetings prior to meetings in ACER's Electricity Balancing Task Force. The aim is to discuss and where possible coordinate Nordic positions.
- Use the EB TF as a coordination forum for the implementation of the Electricity Balancing Guideline (EB GL) in the Nordic area.
- EB TF will focus its work on the different regional deliverables and coordination of national deliverables coming from the EB GL. Furthermore, EB TF will seek common Nordic positions on the EU-wide methodologies and principles.

## Objectives

The objectives of the EB TF are to

- Cooperate with the Nordic TSOs and contribute to regulatory oversight from/within NordREG in the implementation of NBM and in the application of a 15-minute Imbalance Settlement Period implementation in the Nordic synchronous area.
- Act as a forum for exchange of information and discussion of positions in other matters in relation to electricity balancing markets.
- Coordinate the implementation of the Electricity Balancing Guideline (EB GL) in the Nordic area.

## Tasks

### *Implementation of the Electricity Balancing Guideline*

In 2020, EB TF will focus on the implementation of the Electricity Balancing Guideline (EBGL). TSO's will submit a number of terms and conditions to NRAs for approval during 2019. EB TF will focus on the terms and conditions outlined below. EB TF will exchange views on those terms and conditions and, where possible, coordinate positions on those terms and conditions with a view to feed into the all-NRA decision-making process.

- European platform for the exchange of mFRR to be submitted by all TSOs by 18 December 2018, pursuant to EB GL article 20 (1);
- European platform for the exchange of aFRR, to be submitted by all TSOs by 18 December 2018, pursuant to EB GL article 21 (1);
- Pricing for balancing energy and cross-zonal capacity used for the exchange of balancing energy for operating the imbalance netting process to be submitted by all TSOs by 18 December 2018, pursuant to EB GL article 30 (1);



- Settlement rules for intended TSO-TSO energy exchange to be submitted by all TSOs by 18 December 2018, pursuant to EB GL article 50 (1);
- Imbalance settlement to be submitted by all TSOs by 18 December 2018, pursuant to EB GL article 52 (2);
- Methodology for co-optimized allocation process of cross-zonal capacity for the exchange of balancing capacity or sharing of reserves to be submitted by all TSOs by 18 December 2019, pursuant to EB GL article 40 (1);
- List of standard products for balancing capacity for frequency restorations reserves and replacement reserves to be submitted by all TSOs by 18 December 2019, pursuant to EB GL article 25 (2);

#### *Implementation of a Nordic Balancing Market*

The Nordic TSOs are about to implement a NBM. Part of this implementation will happen through implementation of EB GL, which foresees a number of terms and conditions subject to approval by the NRAs in the concerned region, pursuant to EB GL article 5(3).

Thus, EB TF will focus on regulatory oversight and preparing ERF 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.

In this context, EB TF will take into consideration the ongoing mapping exercise of the proper legal basis for the terms and conditions submitted for regulatory approval by the Nordic TSOs.

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

- Assessment of the result of the Nordic TSOs' mapping exercise with a view to report to the NordREG Board.
- Assessment of terms and conditions submitted by the Nordic TSOs with a view to implement the NBM to the extent that a set of terms and conditions does not fall under the responsibilities of another NordREG working group or task force.
- Already now, EB TF expects to assess and possibly coordinate its position on (elements in) terms and conditions for Nordic aFRR capacity market established by the Nordic TSOs in Q1 2020.

| <b>Task</b>  | <b>Product</b>  | <b>Deadline</b>  | <b>Board/ERRF action<br/><br/>(orientation/discussion/approval)</b> | <b>ERRF approval of position papers</b> |
|--|---|--|---|---|
| Regulatory oversight in the implementation of the Nordic Balancing Model (NBM) | Finalised mapping of terms and conditions etc. subject to regulatory approval as part of NBM implementation | 6 March (depending on prior input from TSOs)                             | Board orientation   | NA                                      |
| Coordinated implementation of 15 minutes ISP                                   | Status update on the national progress  | Each Board meeting   | Orientation   | NA                                      |
| Nordic aFRR capacity market as part of NBM implementation                      | Regulatory approval   | 17 February 2020   |   |   |
| TSO-TSO settlement rules for intended and unintended energy exchanges          | RfA amended proposal  | RfA 18 February<br><br>TSO proposal 18 April<br><br>NRA approval 18 June | Board discussion on 25-26 September and/or 3 December               |   |

## 7.2.6 Nordic Balance Settlement Task Force

### Introduction

Nordic Balance Settlement was introduced in May 2017. NBS is a cooperation between Finland, Norway, Sweden and Denmark and the NBS is one of Europe's first cross-border balance settlement systems.

The establishment of one common balance settlement operator, eSett Oy, simplifies the daily operations for the balance settlement participants. Having one single contact point and applying one common IT-system for the cross-border business, lowers the entry barriers and boosts the competition among the suppliers for the benefit of the consumers. Further harmonization holds the promise of more benefits. For this reason, it is important to ensure that future common Nordic market implementations do not hinder further harmonization.

The NBS TFs main objective for 2020 is to maintain the recent achievement by introducing NBS.

### Objectives

The TF is aware of other WGs and TFs handling the on-going issues, which are yet to materialize as actual work strands to NBS, with eSett Oy as the service provider. However, the issues are currently under discussions by eSett Oy and the stakeholders, and will most likely require an increased workload for the NBS TF in the near future. Furthermore, the TF is responsible for bringing potential issues for approval to the NordREG Board.

The NBS TF has since the introduction of NBS in May 2017 been less active, but this will probably change during 2020/2021 as indicated above.

### Tasks

In May, the NBS task force will discuss the TFs mandate and tasks chart. Currently, the task force has not yet established a task chart to follow up the measures that will affect the common Nordic balance settlement, but has identified a need to discuss eSetts short term challenges which are e.g.:

- eSetts system amendments to facilitate 15 HTR (which is an on-going issue at Electricity Balancing Task Force)
- eSetts system amendments to facilitate one balance settlement model (which is an on-going issue at Electricity Balancing Task Force)
- eSetts system amendments to facilitate independent aggregator (which is an on-going issue a Retail market Working Group)

## 7.3 Network regulation Working Group

### Introduction

The path towards a decarbonized society presents new challenges to the regulation of distribution networks. During 2020 the WG intend to focus on network tariff regulation and regulatory tasks where the NRAs are having synergies carrying out national tasks together in NordREG.

In addition, the WG is observant on 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.

### Objectives

The aim of next year's work program is to focus on the implementation of the Clean Energy Package (CEP), tariff design, network development plans and comparison of the Nordic countries' economic regulation.

### Tasks

- Report on price incentives and tariffs. The Board has given NR WG the task to look further into price incentives and tariffs, cf. CEP, and will therefore write a report on this matter.
- 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.
- Even though the NRAs take different parts in the process of implementing the CEP, the NR WG will continue to share information and discuss issues in relevant articles.
- Expand/improve the matrix on the current tariff structures in each country;
- Expand/improve the matrix of the regulatory framework in each NRA, including an expansion of the internal matrix of key indicators to use for monitoring.

| Task  | Product   | Deadline       | Board/ERRF action<br>(orientation/discussion/approval) | ERRF approval of<br>position papers |
|---|---|----------------|--|-------------------------------------|
| General guidelines on best administration of network development plans in Nordic NRAs | Paper on how the NRA best administrates network development plans | September 2020 | Orientation  | N/A                                 |
| Report on price incentives and tariffs  | Paper send to board before last board meeting in 2020             | November 2020  | For approval   | N/A                                 |

## 7.4 Demand side flexibility Working Group

### Introduction

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 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).

In 2020, the Flex WG will continue its work in implementing the Clean Energy Package provisions that center on flexibility. Work on coordinating our implementation of provisions related to aggregation will continue, along with reviewing the possibility of coordinating our approach to implementing provisions on energy storage with the NR WG.

The Flex WG will coordinate NordREG's efforts in regard to flexibility through involvement in the flexibility relevant elements of NordREG work. The group will promote a consistent approach to flexibility across workstreams.

The WG will also review progress on removing barriers identified in 2017.

### Objectives

The objective of the flexibility group is to coordinate our 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.

### **Tasks**

**Priority: Joint approach to implementation of the Clean Energy Package to avoid regional barriers.**

During the Q1 of 2020, the WG shall complete its work on finding a common interpretation of independent aggregators (under the Clean Energy Package). The WG aims to publish a position paper on this issue.

When: Q1  
Responsible: Flex WG  
Deliverables: Position paper

Following this, the WG will start working on other areas of CEP implementation, namely around aggregation and potentially on energy storage if this is deemed useful. The aim of this work to span Q2 and Q3 will be to identify a common regulatory approach to flexibility market actors and ensure a level playing field across the region.

The WG will also aim to contribute to the work of other WGs and TFs where projects have a relevance to the development of our common approach to flexibility.

When: Q2 and Q3  
Responsible: Flex WG, alongside other relevant WGs  
Deliverables: Position paper or coordination of work under other WGs

### **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.

When: Q3 and Q4  
Responsible: Flex WG  
Deliverables: Review paper

| Task   | Product  | Deadline                               | Board/ERRF action (orientation/discussion/approval)          | ERRF approval of position papers |
|--|--|--|--|----------------------------------|
| <b>Independent Aggregator</b> CEP provision                | Position paper on interpretation of independent aggregators in the CEP | Draft to Board early January           | Draft approval prior to consultation<br><b>January</b> Board | <b>February</b> Board            |
| <b>Aggregators and flex market</b> requirements            | Position paper or coordination of work under other WGs                 | Board update on progress before Summer | tbd  | tbd                              |
| Coordinating <b>storage</b> requirements in CEP            | Tbd (joint project team to identify needs)                             | Project team to meet January           | Proposal for work if needed, <b>February</b> Board           |                                  |
| Review progress in removing <b>barriers to flexibility</b> | Report   |  | Orientation by end of <b>Q3</b>                              | <b>November</b> Board            |
| <b>Coordination</b> of flexibility work in NordREG         | Involvement in flexibility relevant elements of NordREG projects       | Ongoing, dependent on other projects   | ongoing  |                                  |



## **7.5 Strategy group**

### **Introduction**

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

### **Objectives**

The Strategy group 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 2020.

### **Tasks**

- Follow the development and practice of the recast ACER regulation art. 5.3 (Part of the Clean Energy Package (CEP)).
- Coordinate and support the work of NordREG working Groups on implementation of the CEP.
- Implement and support a Long-term Strategy and Roadmap for NordREG.
- Initiate and follow-up on organizational and procedural structures and set-ups decided by The Board.
- Supporting the Secretariat in coordinating NordREG's work in connection to the Nordic Electricity Forum.
- Solving ad hoc upcoming tasks for NordREG not specified to a specific WG
- NordREG responses to i.e. common input to European or Nordic initiatives etc.

| <b>Task</b>   | <b>Product</b>  | <b>Deadline</b> | <b>Board/ERRF action<br/>(orientation/discussion/approval)</b> |
|---|---|-----------------|--|
| Follow implementation and practice of the recast ACER regulation (art. 5.3)                                   | Presentation and recommendations to the Board when appropriate. | Ongoing 2020    | Orientation/discussion   |
| Coordinate and support NordREG WGs on implementation of the CEP   | Ad hoc support and papers etc. to the Board                     | Ongoing 2020    | Orientation/discussion.  |
| Implement and support NordREG Long-term Strategy  | Presentation/recommendations                                    | Ongoing 2020    | Orientation/discussion   |
| Efficient organizational and procedural structures and framework  | Present possible revisions to NordREG steering documents        | 2. quarter 2020 | Orientation/discussion and approval                            |
|   | Presentations and recommendations to the Board                  | Ongoing 2020    | Orientation/discussion and approval                            |
| Support to the Presidency, i.e. in coordinating NordREG's work in connection to the Nordic Electricity Forum. | Ad hoc support, presentations to the Board                      | Ongoing 2020    | Orientation/discussion and approval                            |
| Adhoc for NordREG not specified to a specific WG  | Ad hoc Support  | Ongoing 2020    | Orientation/discussion and approval                            |