



ERGEG
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Nordenergi response to “European Energy Regulators 2010 Work Programme” public consultation

Nordenergi, the joint collaboration between the Nordic associations for electricity producers, suppliers and distributors, welcomes the opportunity to comment on the “European Energy Regulators 2010 Work Programme”. It is of crucial importance to develop an EU wide appropriate regulatory framework in order to

- ensure an efficient level playing field energy market
- making this energy market a cost-efficient lever for realizing the ambitious goals of energy and environmental policy

The work will have to strike a delicate balance between the wish for quick implementation, appropriate long term solutions and available resources for doing the work. Therefore the CEER/ERGEG decision to give high priority to a more limited number of areas is welcomed. It is the experience of Nordenergi that the limited resources of manpower among regulators and probably even more among TSOs is a direct barrier for quick progress for integrating the EU wholesale-markets in both electricity and gas. The Project Coordination Group (PCG) draft integration road-map setting up 2015 as the goal is positive, however far away seen from a stakeholder point of view. Therefore it is still crucial to progress as quickly as possible within that timeframe. In the view of Nordenergi, therefore, the prioritization of CEER/ERGEG could be even more focussed than proposed, labelling integration of whole sale energy markets as “very important”. This includes aspects of the areas of “Implementation of the 3rd Package”, “Financial services” and “Regional market integration”.

This does not mean that Nordenergi regards the other areas – as “Security of supply” and “Climate Change and Energy Issues” - as less important. However, a well functioning wholesale market is the necessary instrument to realize the goals in these areas in a cost efficient way. TSOs might strengthen the transmission network infrastructure in order to accommodate increasing shares of RES and increasing security of supply, but if the utilization of these networks is not efficient the potential benefits will not be reaped.

The same goes for “Affordability and consumer issues”, which as a most important element includes development of retail markets without regulated energy prices. Such markets will constitute the most efficient consumer protection. However, their precondition is an integrated well functioning wholesale market.

The abovementioned illustrates the close interaction between the various areas, which the regulators in close cooperation with the stakeholders of the market are to address. This interaction should be more explicitly addressed in the CEER/ERGEG deliverables – leaving in each report one chapter for outlining this issue.

Nordenergi fully endorses the importance of CEER/ERGEG addressing in 2010 the early and efficient implementation of the 3rd Package (including elements of the 2nd Package still not fully implemented). These tasks to a high degree refer to integrating EU energy wholesale markets. We also acknowledge the need to reserve resources to prepare for establishing the ACER, the functioning of this will become crucial to the wholesale market. ACER should become the major lever to make an end to the barriers of cross border trade constituted by the regulatory gaps.

Finally Nordenergi would like to briefly address a couple of specific issues:

- The ongoing Project Coordination Group work is of major importance in order to formulate the long awaited vision/goal for the integrated EU whole sale market and for the road-map leading to this goal. However, the process of integrating this framework with the ongoing work of the ERGEG Regional Initiatives and that of the ENTSO-E Regional groups will be of major importance. Presently there are some indications of competition instead of synergy.
- The work recently initiated on analysing the interaction between different physical and financial markets is of major importance. Among other things a thorough common understanding of all aspects of financial hedging is needed.
- The development of “smart grids” surely will become of major importance in integrating major shares of RES (especially wind) in the electricity system. However, a common understanding of the concept is needed. In addition addressing the issue cannot be separated from for instance the issue of smart metering and the ENTSO-E 10 year network development plans.

Nordenergi – directly and via EURELECTRIC - looks forward to become closely involved in the 2010 work of CEER/ERGEG. We stay fully committed to share our knowledge and experiences with

regulators, TSOs and consumer representatives in this process. We look forward to become closely involved in especially setting up the framework for an integrated energy wholesale market. Preferably such cooperation should start at an early stage of each process.

Yours sincerely,



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