

NORWEGIAN VIEWS ON EUROPEAN ENERGY ISSUES

Norway has noted that energy will be a main issue at the European Council 22nd May 2013. In this context it is relevant to forward viewpoints from Norway on issues that can be subject to debate and conclusions.

Norway is a close and reliable long-term partner of the EU and part of the internal market through the EEA agreement. Norway is the second largest supplier of natural gas to the EU. Norway and the EU have developed a fruitful dialogue on energy policy. Norway has key interests related to the deliberations in the European Council on energy for two main reasons:

Firstly, Norway is an important supplier of natural gas and oil and a close trading partner in electricity.

Secondly, Norway is part of the internal energy market under the EEA agreement.

On the internal energy market

Norway is strongly in favor of an effective functioning energy market. Norway is working on implementation of the third energy market package and continues to take an active part in the EU-cooperation bodies established in the third energy market package as the Agency for the Cooperation of Energy Regulators (ACER) and the European Network for Transmission System Operators (ENTSO). EEA-participation in the future work of ACER and ENTSO is a key to further progress. Norway takes an active part in the design of network codes and guidelines to be applied in the internal market. For the optimal functioning of the codes, it is vital that Norway participates throughout the whole design and legislation process of these legal acts. However, when considering the new legally binding codes it should not lead to overregulation of the internal energy market.

The objective of the completion of the energy market in 2014 has our full support. We look forward to seeing the Commission energy market report in the course of 2014.

Norway is well integrated in the EEA energy markets. Norway was, together with our Nordic neighbours, the driving force behind the regional approach to an open and effective Nordic electricity market. The model is now being exported to the Baltic countries through the BEMIP – process.

Norway has set the end date for the roll-out of smart meters (AMS) for all consumers to 1st of January 2019. One should ensure that the roll out of smart meters is undertaken in a realistic and cost effective way.

In Norway we are working together with our neighboring countries to integrate our end-user markets, to the benefit of consumers. Within the Nordic cooperation, we are working on how to organize a functioning cross border retail market in 2015 and beyond. Procedures for switching suppliers should be easy, transparent and affordable.¹

Well functioning power markets and integration of variable renewable energy require well developed infrastructure. The Nordic countries have a long history of close integration and also have interconnectors with other neighboring countries. This infrastructure enables an efficient use of power systems with different characteristics, for instance Norwegian hydro power and Danish wind power. There are plans for a new interconnector between Norway and Germany and one between Norway and the UK.

The increasing share of intermittent production from renewable energy will require significant capacity of flexible generation. An efficient internal electricity market should provide correct incentives for investments in generation and transmission capacity. However, capacity mechanisms are being discussed as national measures to meet security of supply concerns.

If capacity mechanisms are deemed necessary to address such concerns, even when taking into account cross-border interconnection and capacities they must be based on internal market principles on non-discrimination and free movement. It is important that the development towards a European target model continues.

Information exchange between governments on energy policy issues of common interest is vital. This ensures a certain degree of predictability both in policies and in markets. Norway consequently welcomes the recent opportunity to be an observer in the Electricity Coordination Group (ECG) which has been established by the Commission. Norway has in addition a good dialogue and information exchange with the EU Commission (DG Energy) as well as individual EU members.

As the largest natural gas supplier in the “indigenous” EEA area, Norway contributes significantly to the major EU energy policy target of security of supply.

Natural gas has low carbon intensity and offers a high degree of flexibility, making it a reliable partner for intermittent renewable energy sources in a future low carbon Europe. Therefore, it is worrying that at present gas loses out in European power generation and is partly replaced by coal.

¹ In Norway the switching rate in 2012 increased by 14 percent from 2011.

Norway wishes to contribute to the achievement of a sustainable energy future by being a secure and reliable supplier of natural gas for many years to come. However, producing companies need predictability and “security of demand”. Gas production requires large upfront investments. Therefore clear signals from the market and relevant policy makers on the role of natural gas in the future energy mix, as well as a clear and coherent regulatory framework, will be important to ensure necessary long term investments on the Norwegian Continental Shelf.

On facilitating investments

A wide range of issues relates to investments in the energy sector.

Norway welcomes the early participation in the regional groups under the newly EU-adopted energy infrastructure regulation. The regional and EU list of projects of common interest could spur new investments. However, the public EU funding should not lead to unintended market distortions. New energy infrastructure will require significant commercial decisions.

Norway agrees that the energy sector and the energy policies should exploit the synergies with the Information and Communication Technology (ICT) sector. Norway has as an excellent example through the application of a modern and internet based solution in the implementation of the EPBD I directive; in the generation of energy labels of buildings. It should be endorsed that web based cost effective solutions to implement provisions are tested out, as in the Norwegian case, within the framework of directives.

On diversification of supplies

Norway cooperates closely with the EU on energy efficiency and technological issues and implementation of technology priorities. We look forward to seeing early reviews of the eco design and energy labeling directives. It will always be a challenge for these labeling/standard directives and regulations to keep track with rapid technology change.

On the integration of renewable energy in the internal market Norway would like to draw the attention to the common certificate market with Sweden which has been operational since 1st January 2012. The system is also considered to be an effective use of one of the international cooperation mechanisms under the renewable directive II.

Norway will continue to cooperate closely with the EU on technological issues and projects in the field of Carbon Capture and Storage (CCS), energy efficient technologies and renewable technologies within the framework of Horizon 2020, Intelligent Energy Europe and the SET plan.

Conclusions

Norway looks forward to working with EU institutions and member states in the follow up to the European Council of 22nd May. Norway will continue to be a long term and stable partner to the EU in energy and participate where the above mentioned issues are to be debated both inside and outside the frame of the EEA-agreement.

Norway will consequently follow the future EU deliberations in a wide range of issues as addressed at the European Council. This includes internal market issues related to electricity and natural gas, but will also cover issues related to energy infrastructure investments, renewable energy, energy efficiency and energy technology.

Oslo, Norway

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