

The EU Commission's summer energy package

Communication on a new energy market design

Norway welcomes the main messages in the Commission's communication on a new energy market design. We believe competitive markets lead to the most efficient utilisation and development of the European electricity system. We strongly support the objective of a market providing efficient price signals to all market participants. Cost-reflective prices send the right signals to market participants, whether it concerns short term planning of generation and consumption, or investment decisions in the long-run. A clear link between wholesale prices and retail prices is important as well.

Market-based solutions should be the cornerstone in providing efficient prices and investment signals, and we support the Commission's view on limiting the use of various capacity mechanisms and other direct support schemes. If capacity mechanisms are introduced, they should be designed in a way that limits distortions on the market and allow for cross-border participation.

The first priority in completing the internal electricity market should be full implementation of the third energy package and supplementing regulations. Existing legislation should come into effect and be allowed sufficient time to provide results and experience before new legislative proposals are initiated. Furthermore, costs and benefits of harmonisation should be thoroughly assessed, before accelerating legislative processes or committing to European-wide market integration in new areas.

The European power system is in a period of transition, and the regulatory framework put in place therefore should be flexible and forward-looking. To manage changing conditions, additional regulations should give leeway for future innovation and improvements of market solutions. This includes technical provisions in network codes and guidelines that are still developing under the third energy package.

Norway welcomes the Commission's objective of promoting regional cooperation and coordination in the ongoing process of market integration. In our view, a regional approach should be applied both in the implementation of existing regulations, as well as in the ongoing development of guidelines and network codes supplementing the third energy package. Given the current diversity of the national power systems, integration within smaller regions is a necessary step to allow for a smooth transition towards an internal European market, for instance with regard to balancing. The definition of regions should take into account the physics of the power system, such as synchronous areas, as well as existing cooperation and operational similarities.

The third energy package and supplementing regulations appoints ACER and ENTSO-E with important mandates in relation to the market integration and provides them with the necessary tools to fulfil these. With the adoption of the existing regulatory framework, we do not see the need for further legislative measures to strengthen their roles or increase their decision-making powers at this moment in time.

Norway is of the opinion that a well-functioning energy market should comprise liquid market places for long-term power derivatives where market participants can manage price risk and assess the viability of investments through forward market prices. With a liquid forward market in place, a range of specific products will emerge, based on the relevant situations and needs of the market participants.

Consultation paper on risk preparedness in the area of security of supply

System operation is first and foremost a competence and responsibility of national authorities. We should also allow for a regional dimension to security of supply through voluntary cooperation at the regional level.