

**AGREEMENT BETWEEN
THE KINGDOM OF NORWAY
AND
THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
ON CROSS-BORDER TRADE IN ELECTRICITY AND COOPERATION ON
ELECTRICITY INTERCONNECTION**

Preamble

The Kingdom of Norway and the United Kingdom of Great Britain and Northern Ireland ("the United Kingdom") (hereinafter jointly referred to as the "Parties" and in the singular as a "Party"),

DESIRING to further promote friendship, deepen cooperation and foster clarity and certainty in the relationship between Norway and the United Kingdom in the field of electricity interconnection and cross-border electricity trade,

RECOGNISING the importance of the bilateral relationship between Norway and the United Kingdom, and the common interests of the Parties in the operation of the North Sea Link interconnector, which is due to be completed in October 2021, and in efficient cross-border electricity trade;

BUILDING upon the Agreement on Trade in Goods between the United Kingdom of Great Britain and Northern Ireland, Iceland and the Kingdom of Norway signed in London on 8 December 2020 and the Free Trade Agreement between Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the United Kingdom of Great Britain and Northern Ireland signed in London on 8 July 2021 providing for tariff-free trade in electricity;

RECOGNISING the importance of the efficient use of North Sea Link and non-discriminatory access to wholesale electricity markets in reducing barriers to cross-border electricity trade;

RECOGNISING the role of interconnection and efficient cross-border trade in integrating electricity from renewable sources, delivering low carbon energy and supporting system security at the lowest cost for consumers;

NOTING the importance both Parties assign to supporting the development, and deployment, of electricity interconnection between them, including the potential for multipurpose interconnection;

NOTING the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part signed on 30 December 2020 at Brussels and London;

NOTING the Agreement on the European Economic Area of 2 May 1992; and

CONSIDERING the importance of taking urgent action to combat climate change in line with the Parties' commitments under the Paris Agreement adopted at Paris on 12 December 2015 by the Conference of the Parties to the United Nations Framework Convention on Climate Change at its 21st session and the benefits of a coordinated approach to maximise the potential of the North Sea to accelerate the delivery of offshore wind generation and interconnection,

HAVE AGREED AS FOLLOWS:

Article 1

Purpose

The purpose of this Agreement is to facilitate efficient cross-border electricity trade between the Parties, the operation and development of electricity interconnection between them and their cooperation in this area.

Article 2

Definitions

For the purposes of this Agreement, the following definitions apply:

- (a) "North Sea Link" means the transmission line between Blythe in the United Kingdom and Kvildal in Norway;
- (b) "transmission" means the transport of electricity on the extra high-voltage and high-voltage system with a view to its delivery to customers or to distributors, but does not include supply;
- (c) "transmission system operator" means a natural or legal person who carries out the function of transmission or is responsible for operating, ensuring the maintenance of, and, if necessary, developing the transmission system in a given area and, where applicable, its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the transport of electricity, as the case may be.

Article 3

Relationship with the Free Trade Agreement between Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the United Kingdom of Great Britain and Northern Ireland

1. Subject to paragraphs 2 and 3, in the event of any inconsistency between this Agreement and Chapter 3 (Services and Investment) of the Free Trade Agreement between Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the United Kingdom of Great Britain and Northern Ireland signed in London on 8 July 2021 and the Annexes thereto ("the Trade Agreement"), the latter shall prevail.
2. In the event of any inconsistency between this Agreement and Reservation No. 15 (Other services not included elsewhere) in the Schedule of the United

Kingdom in Annex XVII (Future measures) or Reservation No. 17 (Production, transmission and distribution of electricity, distribution and supply of natural gas and supply of district heating and cooling) in the Schedule of Norway in Annex XVII (Future measures) to Chapter 3 (Services and Investment) of the Trade Agreement, this Agreement shall prevail.

3. In the event that Annex XVII (Future measures) to Chapter 3 (Services and Investment) of the Trade Agreement is amended to include in the Schedule of the Kingdom of Norway a reservation similar in effect to that of Reservation No. 15 (Other services not included elsewhere) in the Schedule of the United Kingdom and there is any inconsistency between this Agreement and that reservation, this Agreement shall prevail.

Article 4

Efficient Use of Electricity Interconnectors

1. With the aim of ensuring the efficient use of North Sea Link and reducing barriers to cross-border trade between the Parties, each Party shall ensure that:
 - (a) capacity allocation and congestion management on North Sea Link is market based, transparent and non-discriminatory;
 - (b) the maximum level of capacity of North Sea Link is made available, respecting the:
 - i. need to ensure secure system operation; and
 - ii. most efficient use of systems;
 - (c) any capacity of North Sea Link that has been allocated may only be curtailed in emergency situations and any such curtailment takes place in a non-discriminatory manner;
 - (d) subject to paragraph 2, there are no network charges on individual transactions on, and no reserve prices for the use of, North Sea Link;
 - (e) capacity allocation and congestion management across North Sea Link is coordinated between the relevant Norwegian transmission system operators and United Kingdom transmission system operators; and
 - (f) capacity allocation and congestion management arrangements contribute to supportive conditions for the development of, and investment in, economically efficient electricity interconnection.
2. Until such time as a multi-party agreement is concluded relating to the compensation for the costs of hosting cross-border flows of electricity that includes the relevant transmission system operators of both Parties, a transmission system use fee may be levied on scheduled imports and exports between the Parties.
3. In addition, each Party shall ensure that the relevant transmission system operators:

- (a) take into account the effect of planned system actions on the other Party and coordinate such measures with the relevant transmission system operators of the other Party; and
 - (b) notify the relevant transmission system operators of the other Party of any transmission system changes which could have a significant impact on electricity trade between the Parties.
4. Paragraphs 1 to 3 shall apply to any additional electricity transmission line between the Parties which may be built.

Article 5

Planned Areas of Cooperation

The Parties shall cooperate and, subject to, and in accordance with, the legislation, rules and national policies governing the subject matter in their respective countries, endeavour to encourage and promote strategic and technical cooperation between their respective transmission system operators and relevant industry bodies in the electricity sector, to achieve the following mutually beneficial aims:

- (a) Promoting efficient electricity trade and minimising barriers to electricity trade;
- (b) Facilitating the use of arrangements for trading and the allocation of capacity across North Sea Link (and any other electricity transmission line between the Parties which may be built) that maximise the benefits of electricity trade between the Parties;
- (c) Facilitating the timely development and interoperability of electricity infrastructure connecting their territories, including cost-effective development of further interconnection capacity and deployment and use of offshore wind generation and electricity infrastructure in the North Sea. This will include considering how to facilitate multi-purpose interconnector projects, which combine cross-border transmission with offshore wind generation; and
- (d) Other mutually beneficial goals as the Electricity Trade Cooperation Group may decide.

Article 6

Forms of Cooperation

The cooperation described in Article 5 of this Agreement may include, but is not limited to, the following:

- (a) Collaboration and knowledge sharing at the UK-Norway Annual Senior Officials Energy Dialogue;
- (b) Exchange of publicly available technical information;
- (c) Exchange of policy experts from government and industry;

- (d) Encouragement of transmission system operators and industry bodies to cooperate closely, including through provision of technical assistance for system operation and network development;
- (e) Facilitation of dialogue through organisation of workshops and other meetings on agreed topics, including the development of renewable energy and transmission in the North Sea.

Article 7

Electricity Trade Cooperation Group

1. An Electricity Trade Cooperation Group is hereby established. It shall comprise representatives of the Parties and meet at least once a year, the timing of which the Parties shall jointly decide.
2. The Electricity Trade Cooperation Group shall supervise and facilitate the implementation and application of this Agreement. Each Party may refer to the Electricity Trade Cooperation Group any issue relating to the implementation, application or interpretation of this Agreement.
3. The Electricity Trade Cooperation Group shall have the power to:
 - (a) adopt decisions in respect of new areas of cooperation as provided for in Article 5(d);
 - (b) make recommendations to the Parties regarding the implementation and application of this Agreement;
 - (c) adopt, by decision, amendments to this Agreement; and
 - (d) establish, by decision, Working Groups.
4. The Parties shall agree the rules of procedure for the Electricity Trade Cooperation Group at its first meeting.
5. The agenda of the meetings of the Electricity Trade Cooperation Group shall be jointly decided upon by the Parties.
6. Each Party shall bear its own costs in connection with the implementation of this Agreement.

Article 8

Dispute Resolution

1. The Parties shall endeavour to resolve any dispute about the implementation, interpretation or application of this Agreement through consultations in good faith in the Electricity Trade Cooperation Group, with the aim of reaching a mutually agreed solution.

2. The complaining Party may seek consultations through the Electricity Trade Cooperation Group, at any time, by means of a written request delivered to the other Party. The complaining Party shall specify in its written request the reasons for the request, including the identification of the measures at issue. The respondent Party shall reply to the request promptly, and in any case no later than 10 calendar days after the date of its delivery.
3. Consultations shall be held within 30 calendar days of the date of delivery of the request in person or by any other means of communication agreed by the Parties. The consultations shall be deemed concluded within 30 calendar days of the date of delivery of the request, unless the Parties agree to continue consultations.
4. Consultations, and in particular all information designated as confidential and positions taken by the Parties during consultations, shall be confidential, and shall be without prejudice to the rights of either Party in any further proceedings.

Article 9

Final Provisions

This Agreement shall enter into force on signature and shall continue in force until terminated by either Party giving twelve months' written notice to the other or by mutual written consent on a date determined by the Parties.

IN WITNESS WHEREOF the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

DONE in duplicate at Oslo on September 16 2021, in the Norwegian and English languages, both texts being equally authentic.

FOR THE KINGDOM OF NORWAY

FOR THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND