



OLJE- OG ENERGIDEPARTEMENTET

The Nordic Power Market and Norwegian Energy Policy

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A Nordic Power Market under stress
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Norwegian Energy Policy

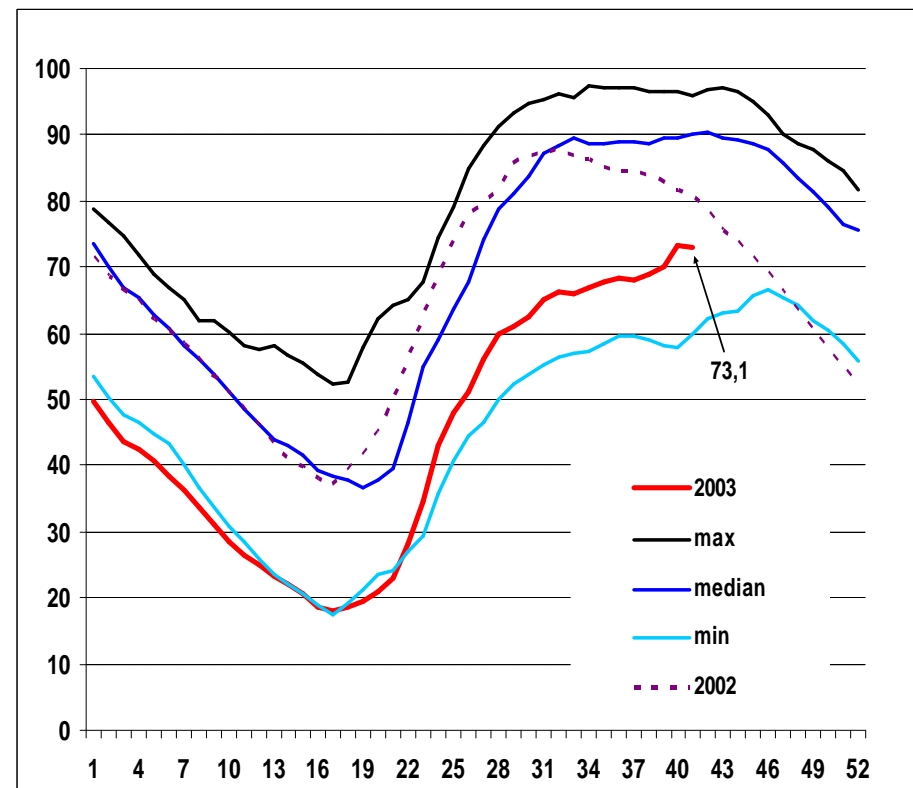
Hydropower – Environmentally Friendly but Vulnerable

- A power supply based on hydropower gives us an environmental advantage
- Hydropower is vulnerable to variations in precipitation
- Shortage of water resources leads to increases in the market prices on electricity

The Outlook Before a New Winter Season

- The inflow during autumn 2002 is the lowest measured since measuring first took place more than 70 years ago
- The initial degree of filling in Nordic reservoirs are below normal
- Normal precipitation, moderate electricity consumption, power imports will contribute to a higher degree of filling this winter than last year

Degree of filling, Norway (100%=84,1 TWh)



Norwegian Energy Policy (1)

Possibilities to increase the energy production:

- **Upgrading and extension of existing hydro power**
- **Small scale hydro power**
- **New energy solutions in the Norwegian energy sector**
 - Both the supply, transport and demand side



Develop a market for alternative energy solutions by offering investment grants

Norwegian Energy Policy (2)

- **Hydrogen may play an important role in the future energy system**
 - The expert group, proposal no later than June 1, 2004
- **Domestic use of natural gas**
- **Research and development**
- **International market for green certificates**
- **Efficient use of the transmission grid**



The Nordic Power Market

Nordic Ministers Meeting –Göteborg



Increased focus on the security of energy supply

A tight situation in the security of energy supply increases the importance of

- common principles within the Nordic Market
- more binding nordic co-operation



Main conclusions –electricity (1)

- Analysis of the vulnerability of the Nordic Electricity Market
- The Nordic Electricity Market is able to handle tight situations
- High electricity prices can not in itself justify interventions in the market
- Integrated grid planning within the Nordic countries
- Strengthened co-operation between the Nordic TSOs



Main Conclusions –electricity (2)

- Bottlenecks to be handled through non-discriminating and market based solutions
- Regulating and reserve capacity shall not influence the price on the spot market

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