

Regional_Initiatives_Strategy_Paper@ergeg.org

Copenhagen, January 27, 2010

Nordenergi response to ERGEG “Draft strategy for delivering a more integrated European energy market: The role of the Regional Initiatives”

Nordenergi welcomes the opportunity to comment on ERGEG “Draft Strategy for delivering a more integrated European energy market: The role of the Regional Initiatives”.

Nordenergi shares the view that the “3rd Energy Package” constitutes an important step forward establishing a legal basis for additional harmonization and facilitating the integration of energy wholesale markets. The package comprises both extended possibilities of pan-European harmonization by way of comitology procedures and an explicit role of some regional coordination. However, the interaction between “pan-European” and “regional” is not covered in the legislation.

Nordenergi still finds an important role for regional cooperation, if the goal of pan-European convergence should not be lost out of sight.

The ERGEG Regional Initiatives is one lever for regional cooperation, also converging towards pan-European solutions. TSO-cooperation within the framework of the newly established ENTSOs is another. Member state initiatives as “Pentalateral Forum”, “Nordic Council of Ministers initiatives” and the cooperation of East European member-states established December 7, 2009, constitutes a third set of initiatives – probably with less inter-regional convergence. Various cooperation initiatives between PXs such as the Nord Pool Spot–EPEX–OMEL cooperation of October 5, 2009, constitutes a fourth.

All will have a role to play. However, it is important that no cooperation becomes a purpose in itself. In this “picture” the role of the ERGEG Regional Initiatives should become that of coordination and catalysing – with the other parties formally accepting this role. Instead of starting from scratch, the PCG cooperation established should be the point of departure for this work.

A high level/strategic vision

Nordenergi agrees that a shared vision of the pan-European goal to be achieved both for the electricity and gas wholesale market integration is needed. However, once again it is not advisable to start from

scratch. In the electricity field the work done in PCG cooperation already covers a major share of such a strategic vision, and this should be the point of departure.

Focus until now has mainly been on integrating wholesale markets. However, the Commission – i.e. in their 2009 infringement letters – calls for retail markets integration to some degree. Also, the Nordic Council of Ministers is calling for establishing a common Nordic electricity retail market. Therefore, the role of retail market integration must be taken into account.

The involvement of member states energy authorities, the Commission and stakeholders?

In accordance with the view on the need for coordination expressed above, Nordenergi supports the involvement of member state energy authorities and the Commission in the coordinating work of the ERGEG Regional Initiative. Nordenergi expects that TSOs, PXs and stakeholders of the market are also involved in an appropriate way during all stages of processes. Nordenergi acknowledges that from a governance point of view, involving so many parties will be no easy task. Therefore, exactly this governance aspect must be urgently addressed in order that this will not become a barrier for progress.

Reduction in number of regions – geographically or by topic?

Reducing the number of regional initiatives is not a goal in itself. Nothing prevents two or more regions from cooperating to harmonize framework rules and operation. The decision of such cooperation by 12 TSOs in Nordic and Central West European regions on October 8, 2009, is a good example of this and should serve other actors in these two regions. The decision also disclosed the present hardship of the North Europe Regional Initiative to appropriately integrate Poland in its practical integration at the present stage. The cooperation of East European member-states established December 7, 2009, is an indication of the same discrepancy.

ERGEG should make sure there are no significant overlaps of the regions, especially in cases where regional co-operation could lead to situations where a member state is committed to two different regional solutions which are in contradiction. Relevant region for such a country needs to be decided well in advance.

ERGEG should check, define and decide regions in close co-operation with other stakeholders so that all stakeholders are able to organise themselves in coherent and consistent manner. Regions can be dynamic as long as stakeholder groups are able to adjust quickly enough to these dynamic regions.

These aspects, in the view of Nordenergi, indicate that

- some adjustments should be made to the present configurations of regions
- formal integration into bigger units of ERGEG Regional Initiative work should be avoided for practical reasons
- regions should cooperate on a topic by topic basis reflecting the various levels of “maturity” by regions and topics

Incorporation of non-RI initiatives

In accordance with the view on the need for coordination expressed above, Nordenergi supports the involvement of member state energy authorities and the Commission in the coordinating work of the ERGEG Regional Initiative. This will ease that the non-RI initiatives are recognized and taken into account.

The role of ACER

It is the firm conviction of Nordenergi that the ERGEG Regional Initiative from March 2011 must be transformed into the "ACER Regional Initiative". Making ACER just an additional institution of governance and duplication of work must be avoided. The "3rd Energy Package" explicit addressing of regional cooperation must allow for ACER playing the role of coordinating and catalyst body.

Nordenergi looks forward to a well integrated process towards European energy market integration. Nordenergi is continuously prepared to support such work and to engage actively in any process.

Yours sincerely,



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