



To Nordic Energy Ministries  
Copy sent to Nordic Energy Regulators  
and Nordic TSOs

## **Need for an increased TSO cooperation**

Copenhagen, 25<sup>th</sup> of October 2017

Nordenergi is concerned of the stalled development of the Nordic electricity market and see the need for stronger political commitment on a Nordic level. During the last two years, the Nordic TSOs, as well as Nordenergi, have raised the concern of the slow progress in the Nordic cooperation regarding the development of the Nordic electricity market. Effective coordination of the power system is needed at all levels: EU Member States, national regulators and none the least transmission system operations.

Nordenergi has followed the current discussion among the Nordic TSOs concerning the Nordic balancing concept and is concerned about the possible consequences of the current split between the TSOs for future development. We hope that strong Nordic cooperation, that has served as model for Europe, continues. Nordenergi expects the Nordic TSOs to develop solutions in cooperation, for a beneficial development of the Nordic electricity market, and in this leaving ample time for discussions with stakeholders before sending to regulators for approval. Nordenergi emphasizes the importance of stakeholder participation in all stages, to ensure an open process in developing a regulation fit for purpose.

The European Commission's proposal to create ROCs envisages an enhanced cooperative decision-making with robust governance structure and with a possibility to entrust ROCs with decision making competences on several issues. Nordenergi views the creation of a ROC in the Nordic synchronous area as a natural step in a more integrated Nordic market.

In addition, the use of a common grid model and the implementation of a common capacity calculation method through the RSC are important steps forwards, but these processes have an inherent weakness if the RSC just has an advisory function and its recommendations can easily be overridden by the TSOs.

If common models and capacity calculations methods are used, it would make sense to move the decision making from the national level to a supranational common entity that can make transparent decisions and avoid suboptimal implementation of the rules.

The current development in the Nordics gives proof that voluntary cooperation has its limits and we believe that we have reached the point where stricter “rules” is called for.

We propose that irrespective of how European legislation turns out, the Nordic TSOs are advised to strengthen the current RSC in accordance of Commission’s ROC-proposal.

Nordenergi supports the approach of allocating tasks, responsibilities and decision-making mandates to regional entities that have regional governance, to secure planning and operation of the physical grid that best serves the internal market and cross border trade. Furthermore, Nordenergi also presuppose a strong stakeholder involvement in the future discussions on the Nordic infrastructure governance. In that context, Nordenergi regrets the current delays of the earlier announced Nordic Solutions report and expects that the work on the Solutions report will continue.

Yours Sincerely,

**Lars Aagaard,**  
CEO, The Danish Energy Association

on behalf of Nordenergi