

## **Electricity market design – Norwegian comments**

We refer to the EU Commissions proposal of March 14 concerning amendments to regulations EU 2019/943, 2019/942 as well as Directives 2018/2001 and (EU) 2019/944 to improve the EUs electricity market design. We also refer to our previous comments to the consultation from 13th of February. We have also considered feedback that we received from stakeholders in the Norwegian consultation of the EU Commissions proposals.

As stated in the letter from 13th of February, we share the deep concerns about the impacts of the high energy prices for households and industry in Europe. We support the current evaluation of the electricity market design.

Norway is a part of a common Nordic electricity market that has served us well for many years. We believe it is important that any changes to the current electricity market legislation are based on thorough assessments of the possible consequences. It is also important that potential amendments of the electricity market design have added value and continue to promote an effective power system and increased security of supply. The current electricity market framework in the EU/EEA has been developed over many years. This calls for a certain cautiousness when changes are considered. One focus area should be to increase the liquidity in the organized long-term and short-term markets. It is important to facilitate for use of PPAs in a way that does not reduce the liquidity in the wholesale market and less effective price setting in the day ahead market.

In our view Contracts for Difference can be a well-suited tool to incentivize new investments in certain energy technologies and power production. These contract types are, however, not suited for hydro power from reservoirs. Therefore, we believe that it is positive and strongly necessary that the regulation reflects this. Flexible power production need price signals to function well and is important for the security of supply. In addition, there should not be a requirement that the revenues collected from the direct support schemes must be distributed to final electricity customers based on their consumption. It should be up to the EU/EEA countries to decide how to manage such revenues.

We support the goal to increase the liquidity of the forward markets. The proposal regarding establishment of regional virtual hubs aim to enable pooling of liquidity and provide better hedging opportunities to market participants. It is our understanding that the proposal at this point may be inspired by the Nordic system. There are, however, significant differences between the proposal and the Nordic system. The wording of article 9 regarding forward markets should be amended to secure that several options, such as the Nordic system, are covered by the article.

We support the goal to facilitate for energy sharing. However, the description in the proposal is unclear. We underline that it is important for customers using the grid to also pay for their use of the grid. The wording in the proposal is unclear on this point.

Lastly, Norway wishes, as a part of the common Nordic electricity market and the EEA agreement, to take an active role in the ongoing work.