

## Questions

1) Would prices which reflect actual scarcity (in terms of time and location) be an important ingredient to the future market design? Would this also include the need for prices to reflect scarcity of available transmission capacity?

Yes, we think that it will be possible if both energy prices and network tariffs are based on real time measurement at least every hour. But it's important that the cost for scarcity in transmission are part of the grid cost, not to be mixed with electricity price.

2) Which challenges and opportunities could arise from prices which reflect actual scarcity? How can the challenges be addressed? Could these prices make capacity mechanisms redundant?

It must be an efficient market coupling with an efficient possibility to price hedging on every market place. We think that if those conditions are fulfilled it will make the capacity mechanism redundant.

3) Progress in aligning the fragmented balancing markets remains slow; should the EU try to accelerate the process, if need be through legal measures?

Yes, a binding legislation would speed up the process. It's good to focus on region by region. The Nordic market has in our opinion a good function.

4) What can be done to provide for the smooth implementation of the agreed EU wide intraday platform?

It must be an efficient surveillance in order to prevent that some countries limit the capacity in order to protect their internal market.

5) Are long-term contracts between generators and consumers required to provide investment certainty for new generation capacity? What barriers, if any, prevent such long-term hedging products from emerging? Is there any role for the public sector in enabling markets for long term contracts?

Our opinion is that bilateral contracts will withdraw increasing volumes from the physical market places and decrease the liquidity on the financial markets and thus have a negative impact on the competition. It's important to have as large volumes as possible on the spotmarket to get the pricing mechanism to work well. That creates an important base for a financial market with large volumes in long term hedging contracts, which is essential for new actors to invest in electricity generation.

6) To what extent do you think that the divergence of taxes and charges<sup>10</sup> levied on electricity in different Member States creates distortions in terms of directing investments efficiently or hamper the free flow of energy?

We are convinced of that the best way to enforce an efficient completion over the borders is to harmonize the taxes and subsidies in EU. In the first step the harmonization can be done regional, for example the Nordic market.

7) What needs to be done to allow investment in renewables to be increasingly driven by market signals?

Use harmonized taxes and subsidies.

8) Which obstacles, if any, would you see to fully integrating renewable energy generators into the market, including into the balancing and intraday markets, as well as regarding dispatch based on the merit order?

OE would emphasize that there are clear advantages to having a separate balance responsible for intermittent electricity generation. The current draft of NBS counter creative solutions on the market and slow the development of smart grids .

In today's Swedish regulations may a supplier have different and how many balance providers ( BA) at any time . It is not uncommon to have different suppliers BA for consumption and production. It also occurs that suppliers have several BA for consumption or production. This is as a result of business conditions , e.g. To a certain production business related to the production of a particular BA while their electricity otherwise choose another BA or business arrangements for the production of certain goods produced by a particular BA and thereby for business reasons is linked to a particular BA.

It's also important that the renewable energy with feed in tariffs still are part of the spotmarket and priced the same as all other generation.

9) Should there be a more coordinated approach across Member States for renewables support schemes? What are the main barriers to regional support schemes and how could these barriers be removed (e.g. through legislation)?

There is a great need for harmonization.

We mean that it is necessary to have a regulatory framework that works for a market where customers are both consumers and producers and that is essential to encourage greater use of sustainable energy sources.

We think that it would be an advantage to have a system where countries also use the cooperation mechanisms for achieving national targets. If you set the target for renewables as an share of the consumption you could than use financial guarantees of origin to meet the requirements of green energy in the national energy.

10) Where do you see the main obstacles that should be tackled to kick-start demand-response (e.g. insufficient flexible prices, (regulatory) barriers for aggregators / customers, lack of access to smart home technologies, no obligation to offer the possibility for end customers to participate in the balancing market through a demand response scheme, etc.)?

There is also an urgent need to introduce hourly metering and billing for all customers. Price differences between the hours will be bigger with more wind and solar power in the system and then do these price signals are transmitted to all electricity customers if we are to have an impact of the smart home with more automatic control of consumption.

To contribute to the efficient use of the networks and to promote smart grids and smart homes we mean that hourly metering and billing should also be the basis for the formulation of the network tariffs. Hourly based network tariffs will also increase the price differences and therefore give more incentives to changing electricity consumption.

Since the increased number of intermittent electricity production increases result is an increased need for regulating power. It would be good if several players are active in this market. We mean therefore that there is a need of investigation of the issue of developing rules force the market to create incentives for more major consumers to be active and thus increase the elasticity of demand. A step to attract more players to this market can be to publish the prices of regulating power market also for those who are not players there.

From our point of view referring to the Nordic market, we cannot see any need for aggregators in the electricity market.

11) While electricity markets are coupled within the EU and linked to its neighbours, system operation is still carried out by national Transmission System Operators (TSOs). Regional Security Coordination Initiatives ("RSCIs") such as CORESO or TSC have a purely advisory role today. Should the RSCIs be gradually strengthened also including decision making responsibilities when necessary? Is the current national responsibility for system security an obstacle to cross-border cooperation? Would a regional responsibility for system security be better suited to the realities of the integrated market?

There is a need for a stronger cooperation between the TSOs and we think that it would be an advantage if we in the future could at least develop regional TSOs.

12) Fragmented national regulatory oversight seems to be inefficient for harmonised parts of the electricity system (e.g. market coupling). Would you see benefits in strengthening ACER's role?

Yes, we think that it would be necessary with efficient supervision on EU-level.

13) Would you see benefits in strengthening the role of the ENTSOs? How could this best be achieved? What regulatory oversight is needed?

Yes. See the answer to question number 11.

14) What should be the future role and governance rules for distribution system operators? How should access to metering data be adapted (data handling and ensuring data privacy etc.) in light of market and technological developments? Are additional provisions on management of and access by the relevant parties (end-customers, distribution system operators, transmission system operators, suppliers, third party service providers and regulators) to the metering data required?

We propose the urgent transition to a supplier centric model ( SCM ) in the EU to make it easier for customers and allow for a streamlining of the network companies

We propose that one chooses a solution where network companies are seen as sub-contractors to the electricity companies. That means the electricity network company sends a bill with an invoice per plant to the respective electricity supplier to enable the electricity supplier to invoice the customer.

For this to be possible with effective competition between electricity suppliers in different countries in the EU it is necessary to carry out efficient market surveillance at EU level. It is also essential that the EU define procedures for supplier switching and handling of metering data. Even in this area we think that it is wise to start with a regional approach to develop the European market.

15) Shall there be a European approach to distribution tariffs? If yes, what aspects should be covered; for example tariff structure and/or, tariff components (fixed, capacity vs. energy, timely or locational differentiation) and treatment of self-generation?

We mean that it is an advantage to have network tariffs with hourly rates when customers have hourly metering and billing. An hourly network tariffs are rather more cost real than tariffs based on effect. And it is much easier to get an understanding from households for instead of effect tariffs.

It facilitates smart home applications on hourly rates are also used for grid cost , instead of the networks becoming power tariffs designed in many different ways.

An hourly network charge facilitates the transition to a supplier centric model where the customer gets a bill and the electricity company responsible for customer service and issues although network charges.

Hourly network fees which are published in advance gives network companies complete freedom of choice to design them individually for their network tariffs.

16) As power exchanges are an integral part of market coupling – should governance rules for power exchanges be considered?

Yes, there must be rules for the power exchanges and an efficient surveillance. This is relevant for the spot market as well for the financial electricity market.

In fact there are already rules for the marketplaces as e.g. competition legislation and EMIR

17) Is there a need for a harmonised methodology to assess power system adequacy?

Yes.

18) What would be the appropriate geographic scope of a harmonised adequacy methodology and assessment (e.g. EU-wide, regional or national as well as neighbouring countries)?

With efficient market coupling the power flow will go in the right direction according to price and with efficient financial markets on both sides of the borders, we do not foresee any need what so ever for hedging between the markets.

19) Would an alignment of the currently different system adequacy standards across the EU be useful to build an efficient single market?

The differences between different markets are probably still very large, so we think that you have regulate what is necessary to create an market with efficient competition even for the end consumers.

20) Would there be a benefit in a common European framework for cross-border participation in capacity mechanisms? If yes, what should be the elements of such a framework? Would there be benefit in providing reference models for capacity mechanisms? If so, what should they look like?

We doubt that there is a need for capacity mechanisms. We prefer an efficient market coupling. The capacity shall be fully used in the day-ahead auctions. Market coupling function must be fully utilized. Hedging should be done with financial contracts in the area where the hedge is needed. Cross border hedging is no issue.

With products (or combination of products) that gives you the opportunity to hedge the spot price in the area where you have your consumption or production.

PTR and PTR will mainly be used by vertically integrated energy groups operating in the Nordic countries and continental Europe. The use of PTR and FTR will increased the proportion of bilateral electricity contracts and increased the market concentration.

That will result in reduced competition and will ultimately have a bad impact on the end users.

21) Should the decision to introduce capacity mechanisms be based on a harmonised methodology to assess power system adequacy?

We think that it is better to avoid introducing capacity mechanisms.