

Interconnecting Europe: Market, Grids and Technology

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Reykjavik, Iceland, 11 November 2015

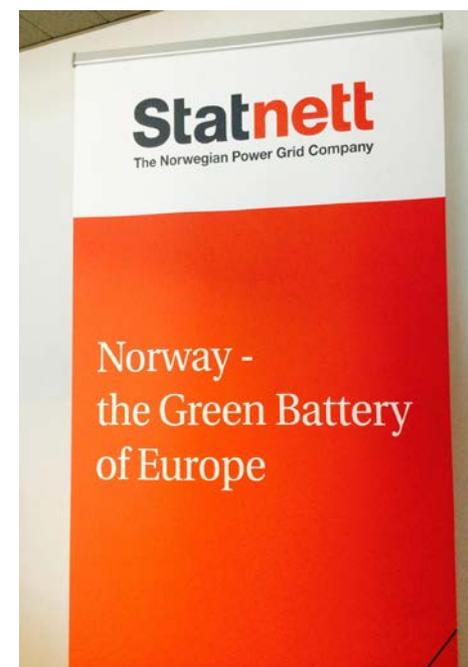
Statnett

Statnett in Brussels

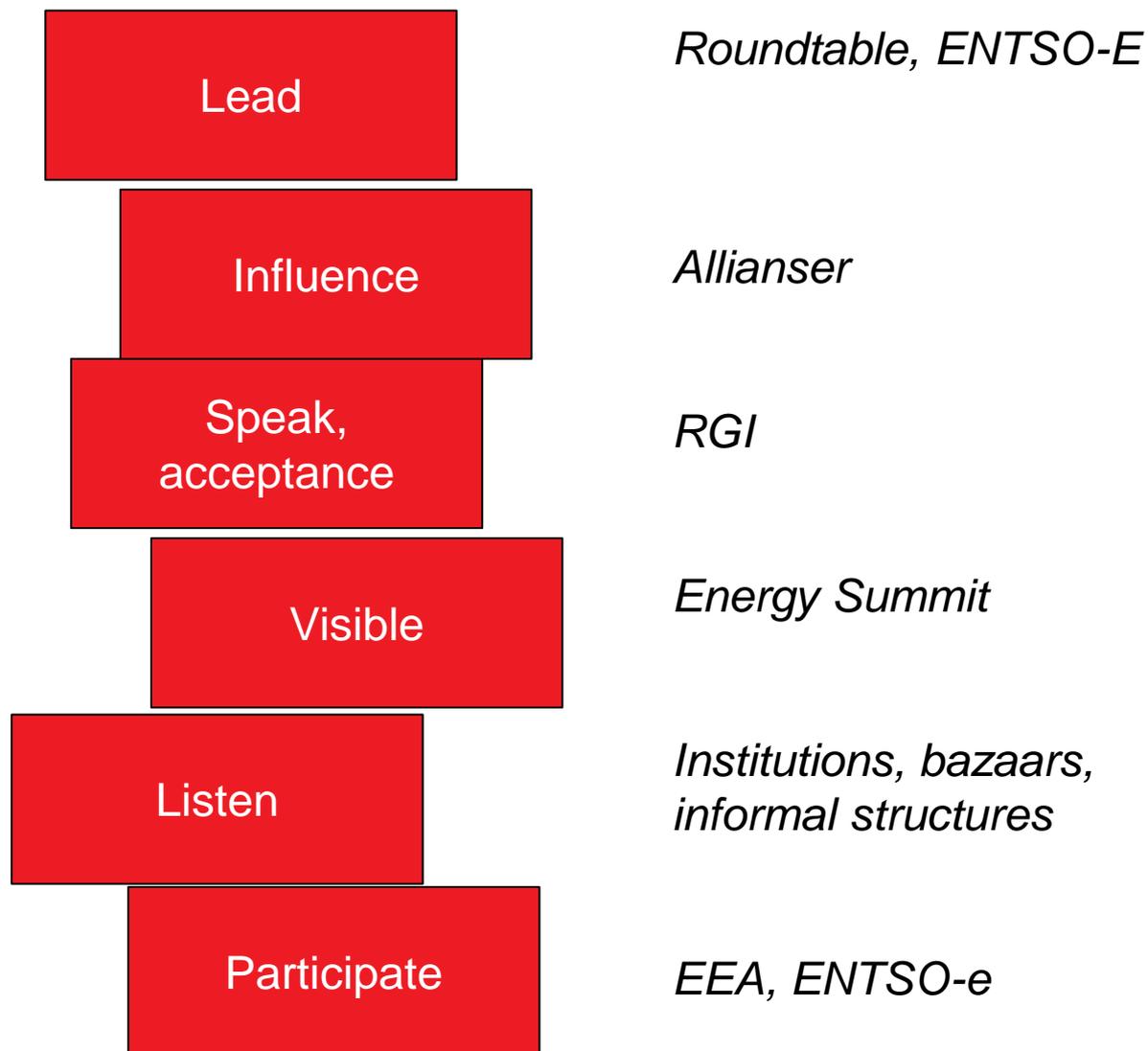
- Opened September 2010: 95% of Statnett rules and regulations made in Brussels
- Main mission
 - From Green Battery of Europe (2010) to Future is Electric (2014)
 - Interconnectors
 - Competition and Capacity
 - EEA
 - Future: Nordic lighthouse, cyber security, Infrastructure.

"The Office"

- From listeningpost to leadingpost
- Competence
- Arenas
- Alliances



How to influence Brussels



Brussels..



The European Parliament

EFTA Surveillance Office (ESA)



The European Council

The EFTA Secretariat

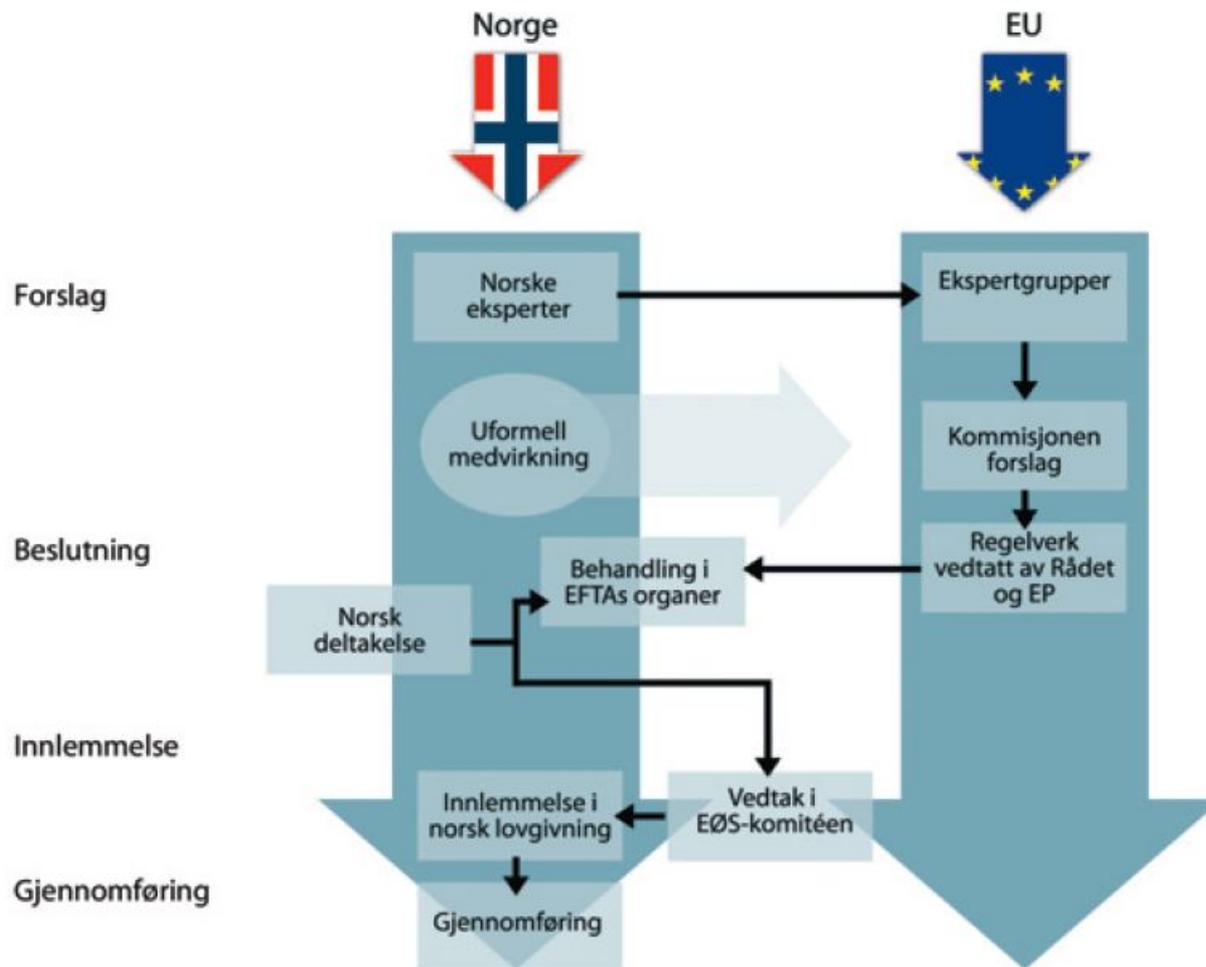


The European Commission

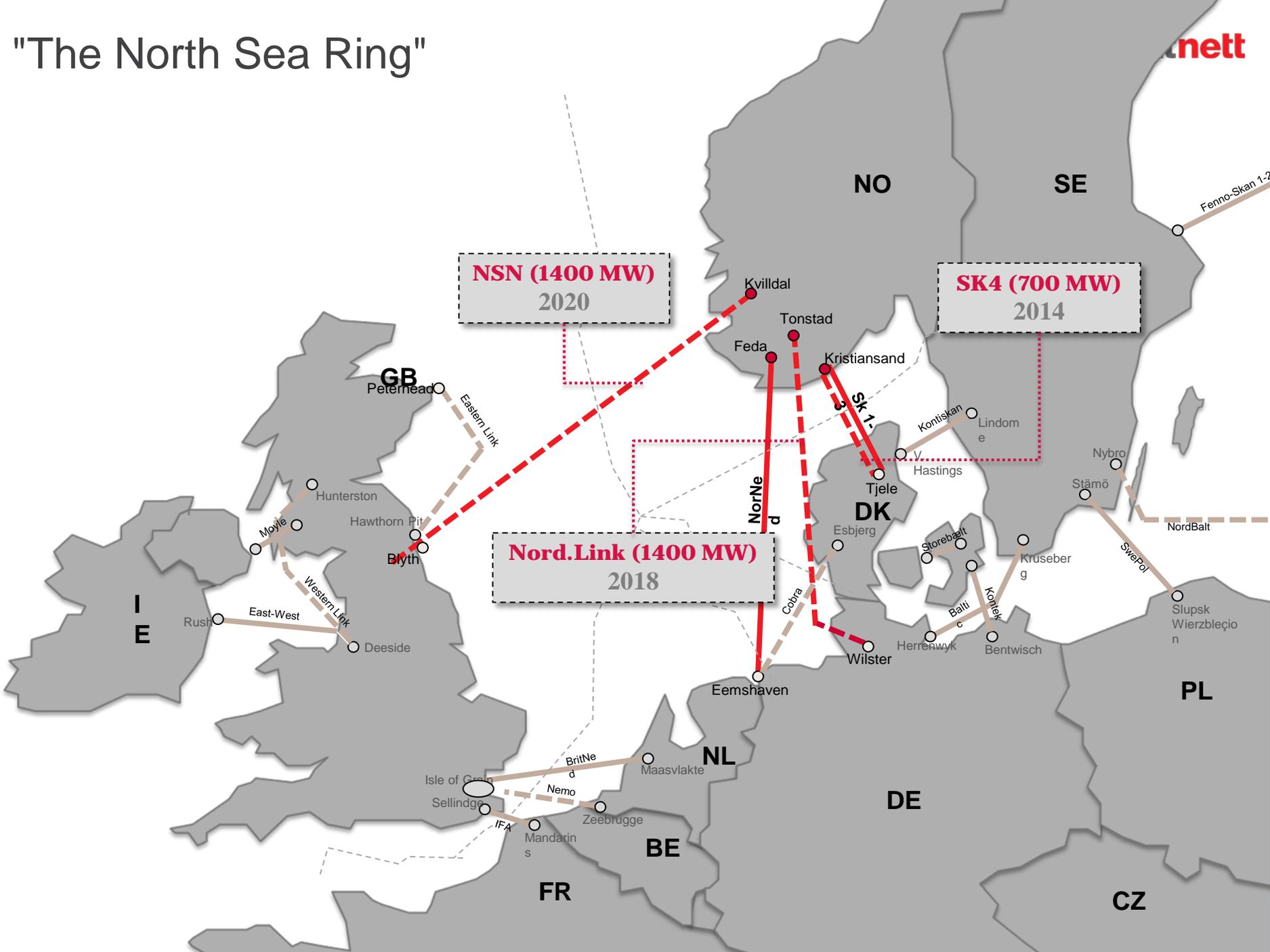
**EEA and Norway Financial
Mechanism Office**



The two pillar system



"The North Sea Ring"



1. Why interconnect ?



Security of Supply

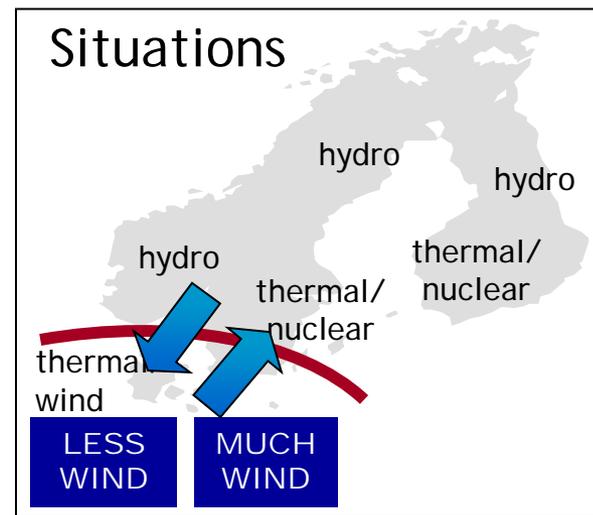
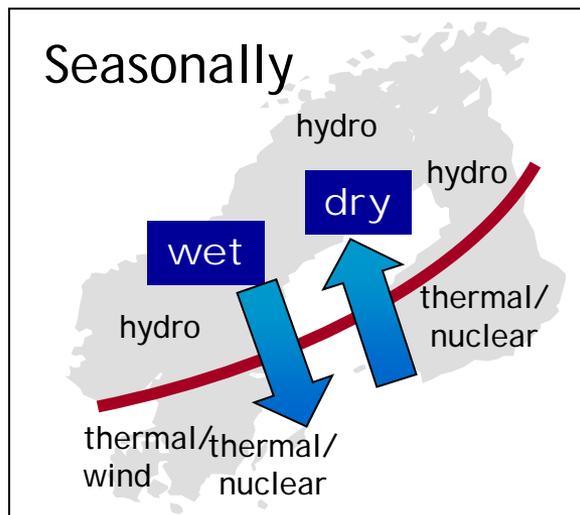
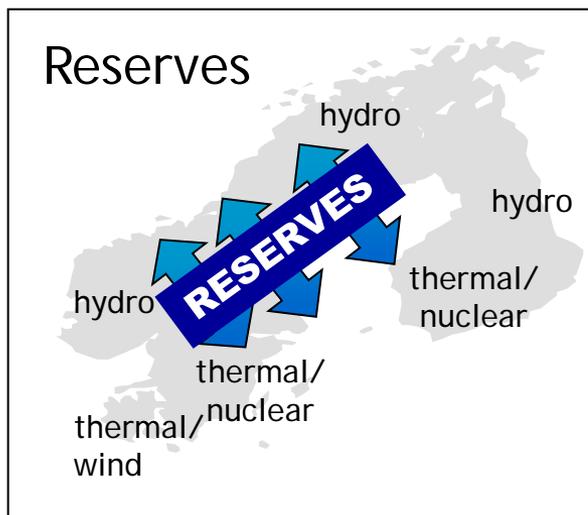


Value creation



Climate

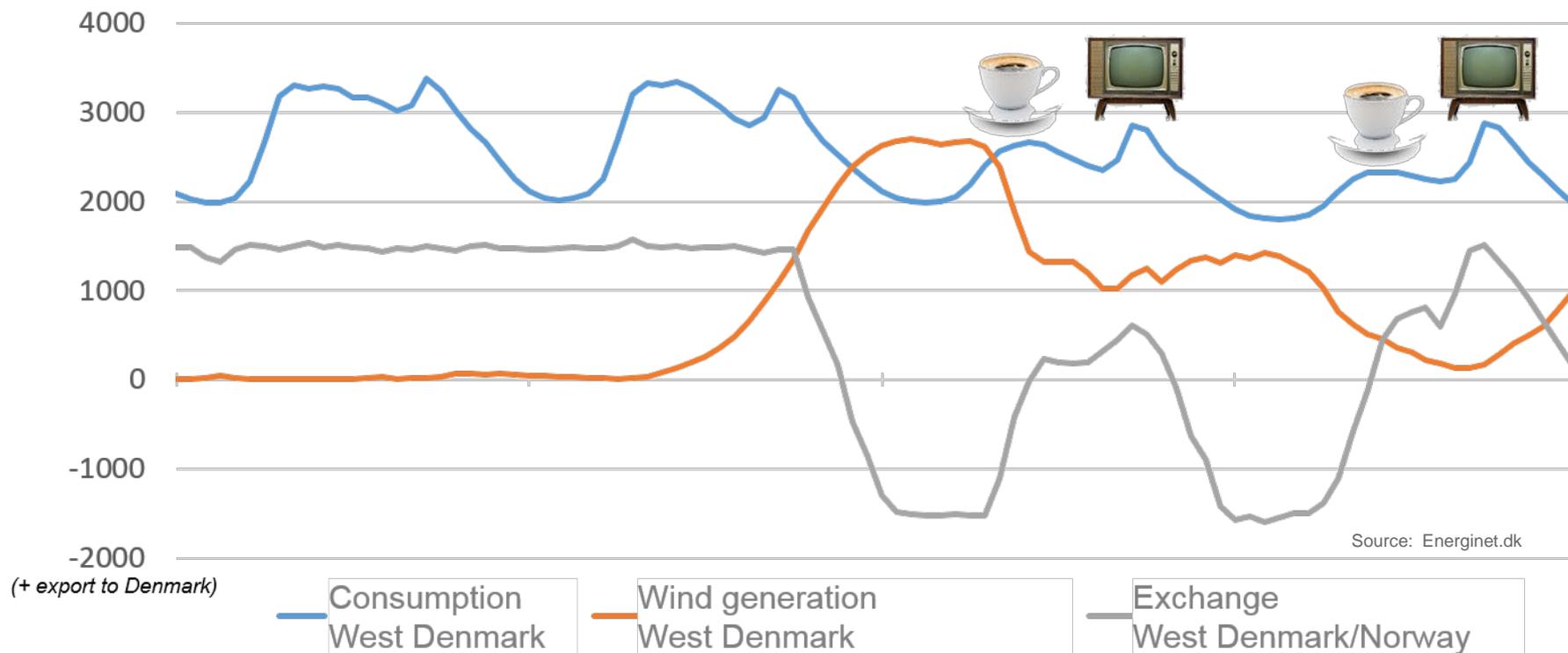
Why interconnect



- ✓ Security of supply
- ✓ Value creation
- ✓ Promoting renewables

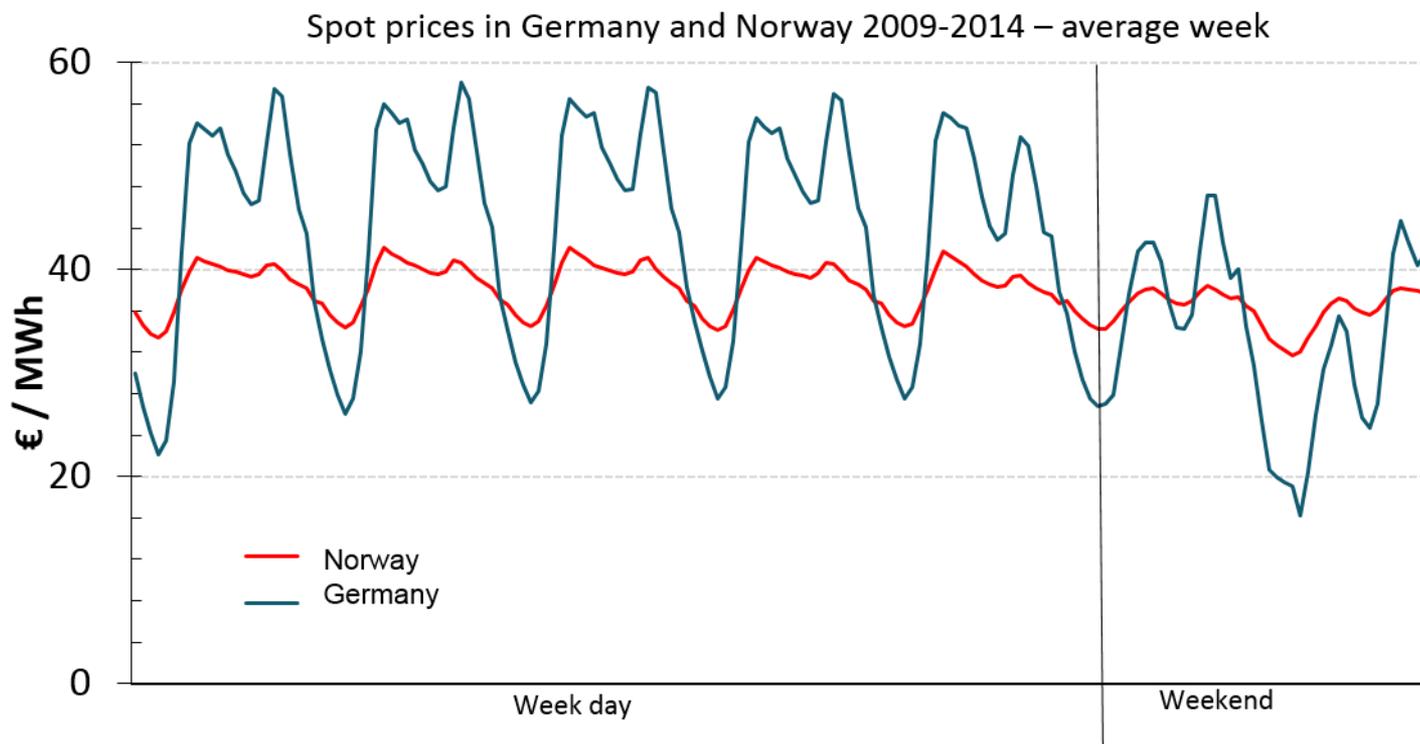
Security of supply

Consumption, wind generation and exchange (January 22 – 25)



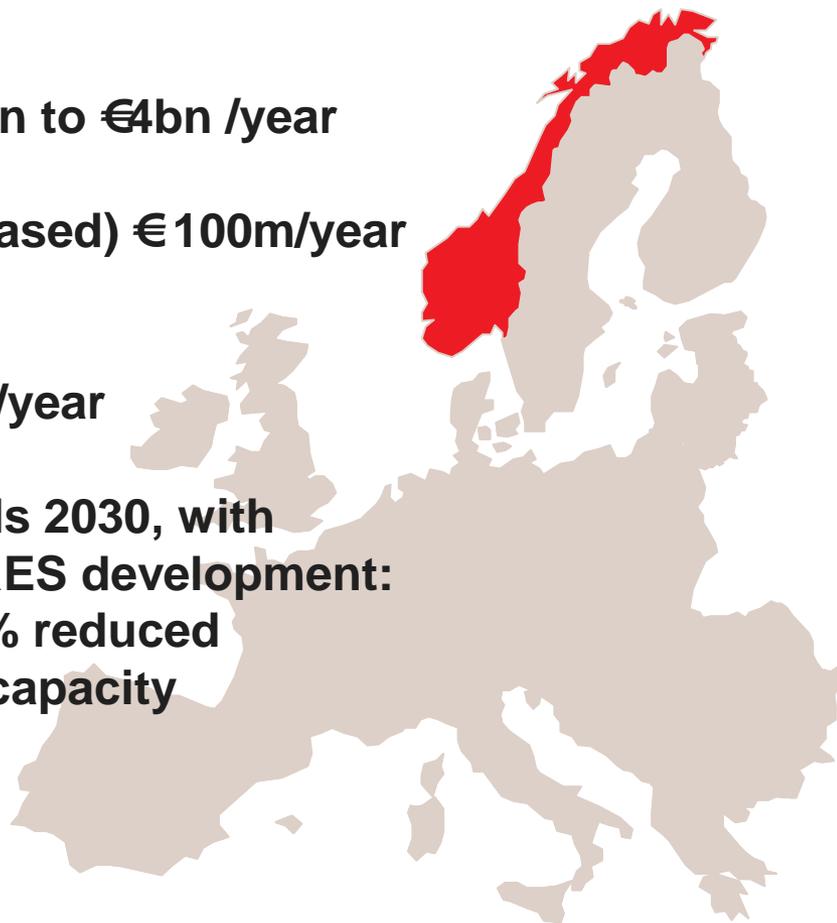
Value creation

Price difference between Germany and Norway



Value creation (2)

- ✓ **Day-ahead markets: €2.5bn to €4bn /year**
- ✓ **Improved method (Flow-based) €100m/year for the CWE region**
- ✓ **Intraday markets ~ €40 m/year**
- ✓ **Balancing markets towards 2030, with proportionate scaling of RES development: €3 bn/year, and up to 40 % reduced requirements for reserve capacity**



Promoting Renewables

- Linking variable renewables optimizes efficiency of our energy systems
 - Enables renewables to play increasingly important role and supports the green shift
 - A natural balancing market
 - Advances a European Energy Market
- Norway **imports** German solar and wind power when surplus and **exports** hydropower when the sun is gone and the wind is missing in Germany
- Stabilizes power prices and grids



The Norwegian government interconnector licence

- ❑ Granted 13th October 2014
- ❑ 3 weeks time period for lodging an appeal
- ❑ Capacity markets: "Statnett must ensure that the interconnector is included in a potential capacity market in Germany, provided that doing so increases socio-economic profitability. The participation scheme shall be presented to the Ministry of Petroleum and Energy for approval well before the changes become effective."
- ❑ If the introduction of capacity markets is deemed necessary, they must be designed so that all market players, also interconnectors, are allowed to participate
- ❑ Political support for both interconnectors, from 2012 and onwards

NSNLink answering to European energy challenges

- Key concerns
 - Affordability
 - Security of supply
 - **Energy security**
 - Sustainability
 - Integrating markets
 - Upgrading and extending infrastructure

Commission communication 14 October 2014 on Internal Energy Market

NSNLink answers to all these concerns and is on EU list of ***Projects of Common Interest (PCI)***

Importance of the project to EU and UK energy market

Conclusion:

- Interconnectors for a renewable future
- Improves security of supply on both sides
- Socioeconomic viable projects
- Contributes to a resilient energy system which better absorb shocks
- Grid strengthening is needed on both sides
- If capacity markets are deemed necessary, they should be designed so that all market players, also interconnectors, are allowed to participate

