

# *History of Nordic cooperation in electricity, From Louisiana declaration to Ollila report*

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Chairman of the Nordic electricity market group



# *History of Nordic cooperation in electricity, From Louisiana declaration to Ollila report - what's next?*

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# 1995 Louisiana Declaration

- Nordic Council of ministers Declaration
- ‘free and open market with efficient trade across borders’

## Kommuniké efter de nordiske energiministres møde den 27. juni 1995

De nordiske energiministre drøftede på mødet på Louisiana den 27. juni det fremtidige nordiske elsamarbejde på baggrund af det arbejdspapir<sup>1</sup> fra embedsmandskomitéen, som jf. beslutningen i Reykjavik er blevet udarbejdet.

På baggrund af arbejdspapiret noterer ministrene følgende:

- Det nordiske elsamarbejde, som det hidtil har fungeret dels bilateralt mellem elselskaber dels via Nordel har resulteret i store økonomiske, samt energi- og miljømæssige fordele. Fordelene har blandt andet været et resultat af, at investeringsbehovet har kunnet mindskes, og at samspillet mellem forskellige produktionsteknologier og udnyttelsen af naturlige ressourcer har kunnet optimeres.
- Der er væsentlige forskelle mellem de nordiske lande blandt andet når det gælder landenes energilove, tilgangen til markedet og netadgangen, rammerne for udlandshandlen, ejerforholdene i kraftmarkedet, organiseringen af systemansvaret samt organiseringen af udlandsforbindelserne.
- Norge, Sverige og Finland har gennemført eller har besluttet at gennemføre en omregulering, som blandt andet betyder, at der ved lovgivningsmæssig regulering skabes direkte adgang for producenter og forbrugere i det enkelte land til at benytte hele ledningsnettet, og at der sker en regulering af ansvars- og rollefordelingen, som væsentligt ændrer de hidtige relationer mellem aktørerne. I Finland udredes mulighederne for at give et stamnetsselskab systemansvaret, samt at overflytte udlandsforbindelserne eller betydelige dele heraf til det fælles stamnetsselskab.
- Der er ikke i Danmark en regulering af netadgangen, og der planlægges ikke gennemført en tilsvarende regulering. Adgang til ledningsnet i Danmark må derfor forhandles med de berørte ejere af nettene.
- Statnett Marked organiserer allerede i dag den fysiske markedsplads i Norge, hvor også udenlandske aktører har mulighed for at handle kraft via Statnett Utland på døgn- og ugemarkedet op til 6 måneder.
- Statnett og Svenska kraftnät vurderer i en udredning, at der kan etableres en fælles norsk-svensk handelsplads for el allerede fra 1. januar 1996, derom visse forudsætninger er opfyldte. Nordel vurderer i en udredning, at det nordiske stamnet kan danne grundlag

<sup>1</sup> Da det islandske elsystem er isoleret, ser arbejdspapiret bort fra den islandske elsektor



# Why a joint market?

- Utilize different production resources and consumption patterns
- Build on long term electricity market cooperation., reduced risk.
- Better market functioning
  - Higher liquidity, better price formation
  - Bigger market, more attractive to investors
  - Better competition
- Increased cost-efficiency
  - Access to larger production base
  - Increased long term predictability for investors through politically stable system



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# Milestones in the harmonization process

- 1993 Introduction of a common spot market between Norway and Sweden. removal of border tariffs
- 1995 Louisiana declaration by NCM – on a free and open market
- 1996 Nordpool is established as the first international power exchange (Norway – Sweden)
- 1998 Finland joins the Nordic spot market (Nordpool)
- 1999 West-Denmark joins the Nordic spot market (Nordpool)
- 1999 the first agreement on "Systemdriftavtalet" was signed between the (at that time) five TSOs within Nordel.
- 1999 Extended intra day market, Jylland
- 2000 East Denmark joins the Nordic spot market (Nordpool)
- 2000 Extended intra day market, Sjælland
- 2000 CfD trading launched in Nord Pool
- 2002 Common Nordic regulation power market
- 2004 Nordel agreement on the first package of five prioritised Nordic grid enforcements
- 2004 Akureyri declaration by NCM - deepened integration of the TSOs
- 2005 NordREG announces vision of one common retail market within 2010
- 2006 Bodø declaration by NCM - strengthening vision of the Nordic electricity market as one efficient liberalised market
- 2007 Nordel agreement on further common principles for Balance management.
- 2007 Helsinki declaration – focus on TSO services.
- 2008 Market Coupling DK/DE
- 2008 Nordel agreement on the second package of prioritised Nordic grid enforcements
- 2008 Nordic Action Plan for a borderless electricity market passed in Umeå
- 2009 The Nordic Action Plan for a borderless electricity market continues including the goal of a future common Nordic end user market.
- 2010 The Umeå action plan (2008) and the Stockholm declaration (2009) continue. The NordREG project “a common Nordic end user market within 2015” was established.
- 2011 Common issues and measures that can further improve cooperation shall be identified. Special attention towards secure electricity supply and a well functioning electricity market.





# Nordic Council of Ministers for energy

- Established in 1971 between Denmark, Finland, Norway, Sweden and Iceland
- Longstanding Nordic cooperation
  - One of the more fruitful and politically important areas of Nordic cooperation.

## Nordic Council of Ministers for Energy

- Nordic energy ministers
- Committee of Senior Officials for Energy Policy
- Nordic Working Groups on Energy Policy
  - The Nordic Electricity Market Group
  - Working Group for Renewable Energy
  - Working Group for Energy Efficiency

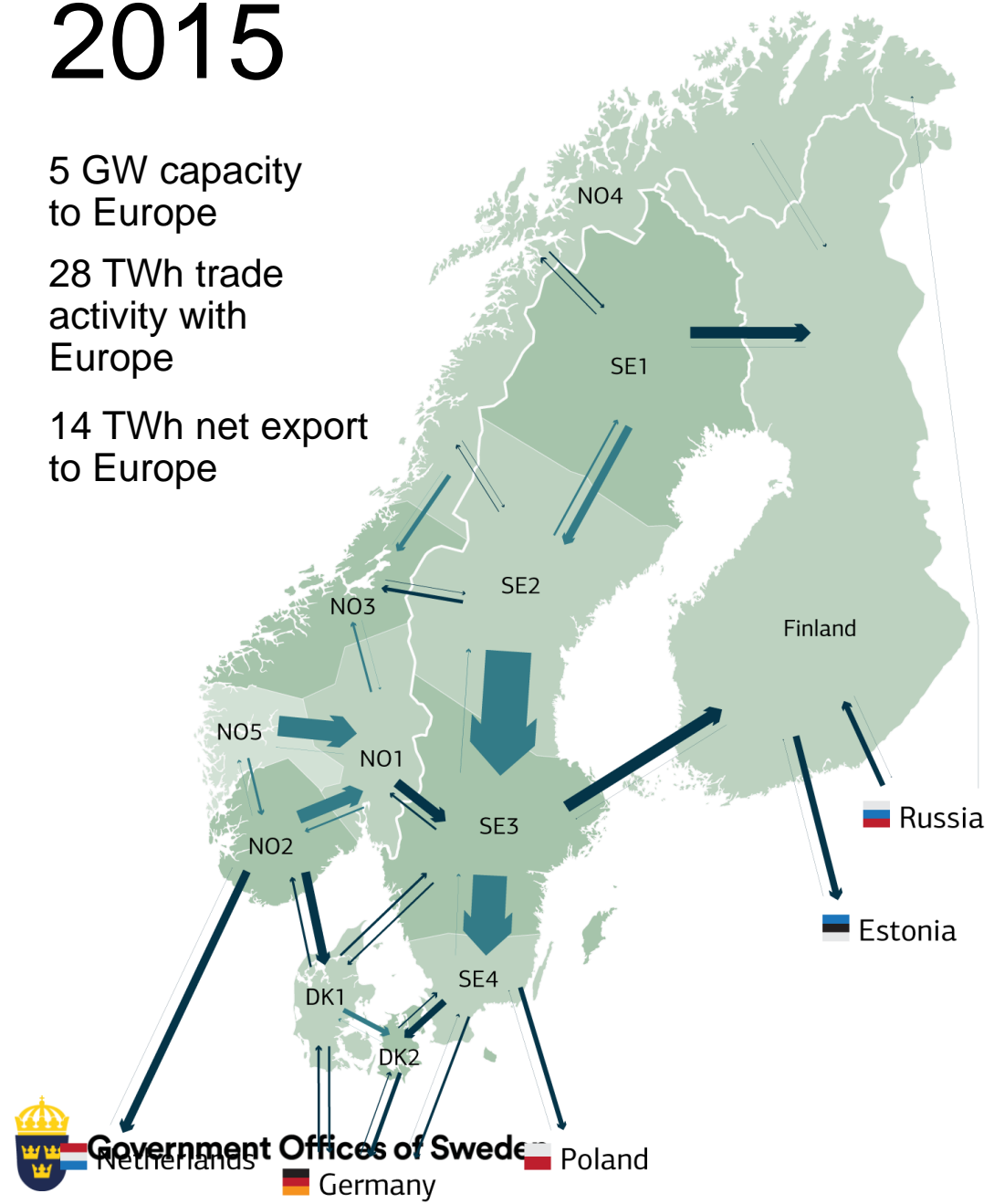


# 2015

5 GW capacity  
to Europe

28 TWh trade  
activity with  
Europe

14 TWh net export  
to Europe

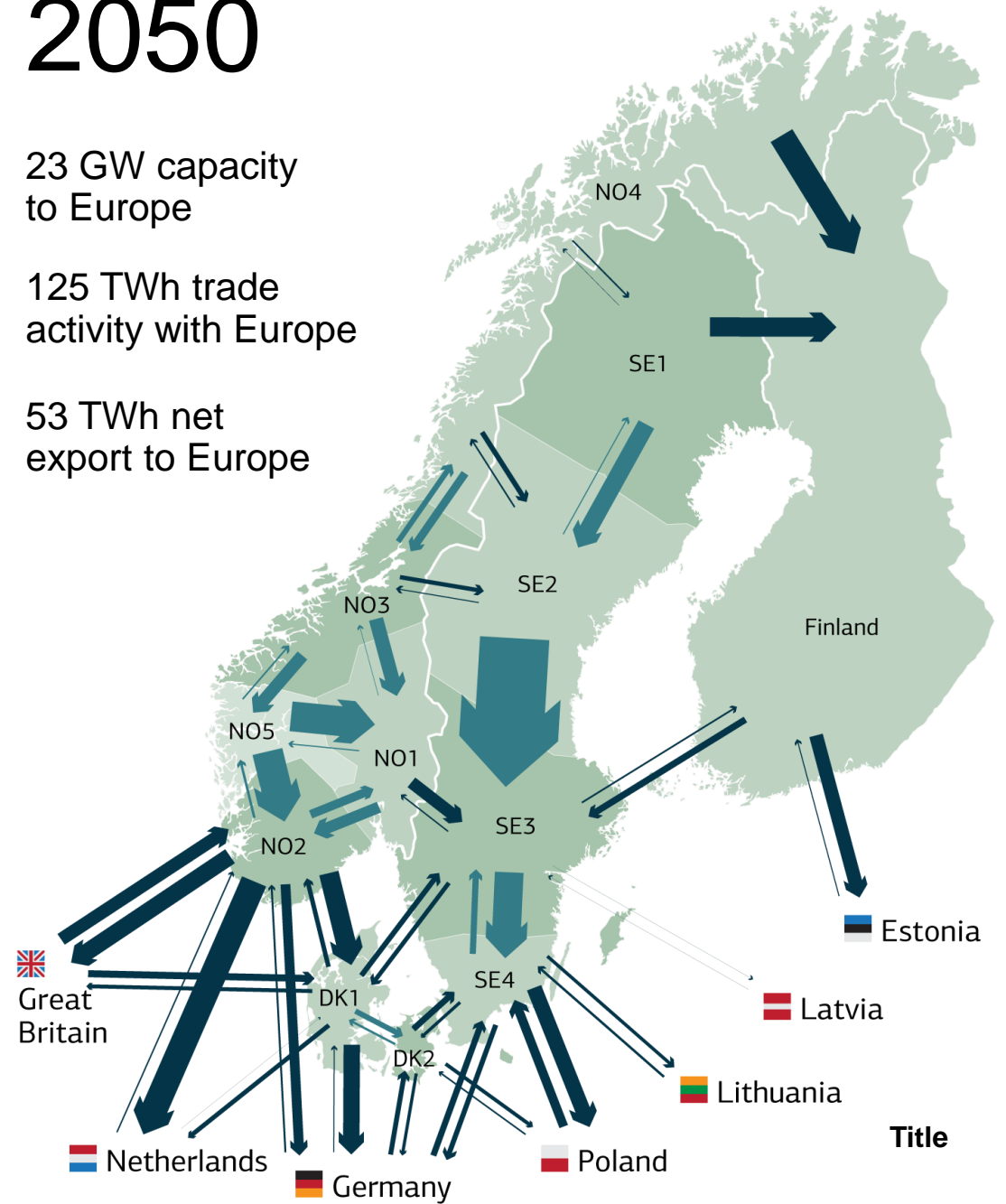


# 2050

23 GW capacity  
to Europe

125 TWh trade  
activity with Europe

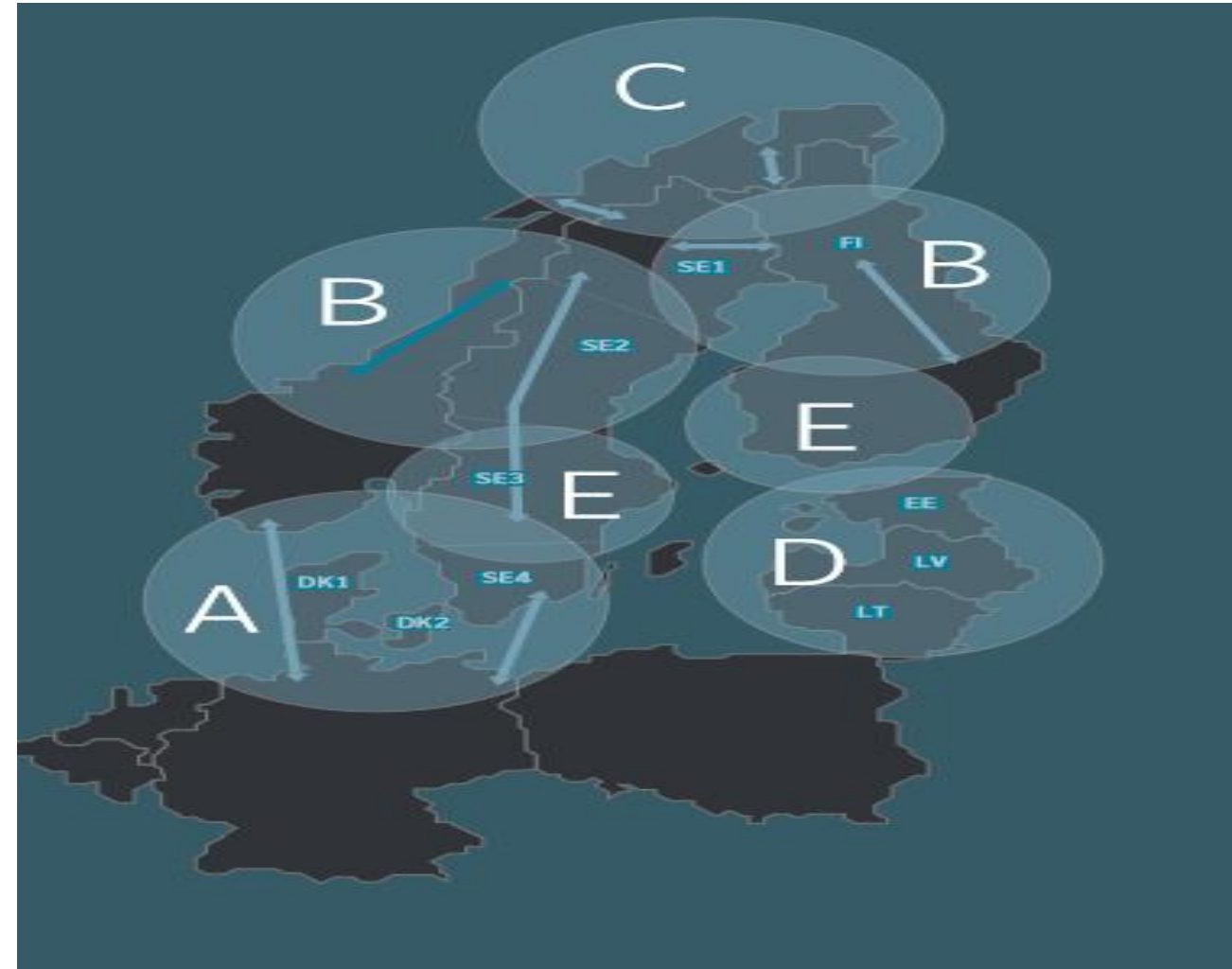
53 TWh net export  
to Europe



Title

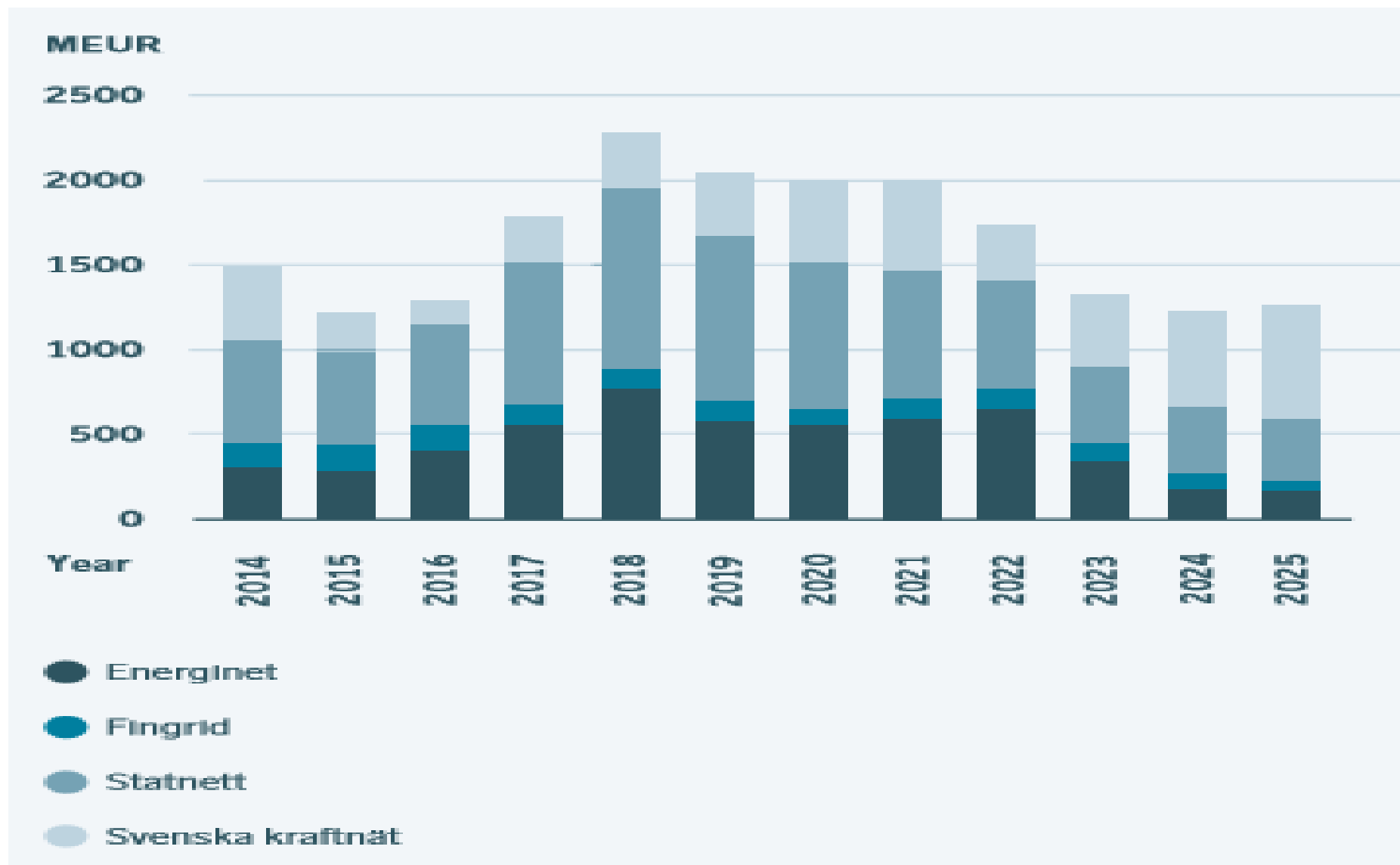
# Regional drivers for grid development

- A. Further integration between the Nordic countries and the Continent/UK
- B. Integration of renewables and North south flows
- C. New consumption
- D. Baltic integration
- E. Future for the thermal and nuclear power





# Total investments by the TSOs



# How is the patient doing?



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## Nordic Energy Co-operation: Strong today – stronger tomorrow

BY JORMA OLLILA

 Nordic Council  
of Ministers

# Strategic review of Nordic cooperation on energy

14 recommendations

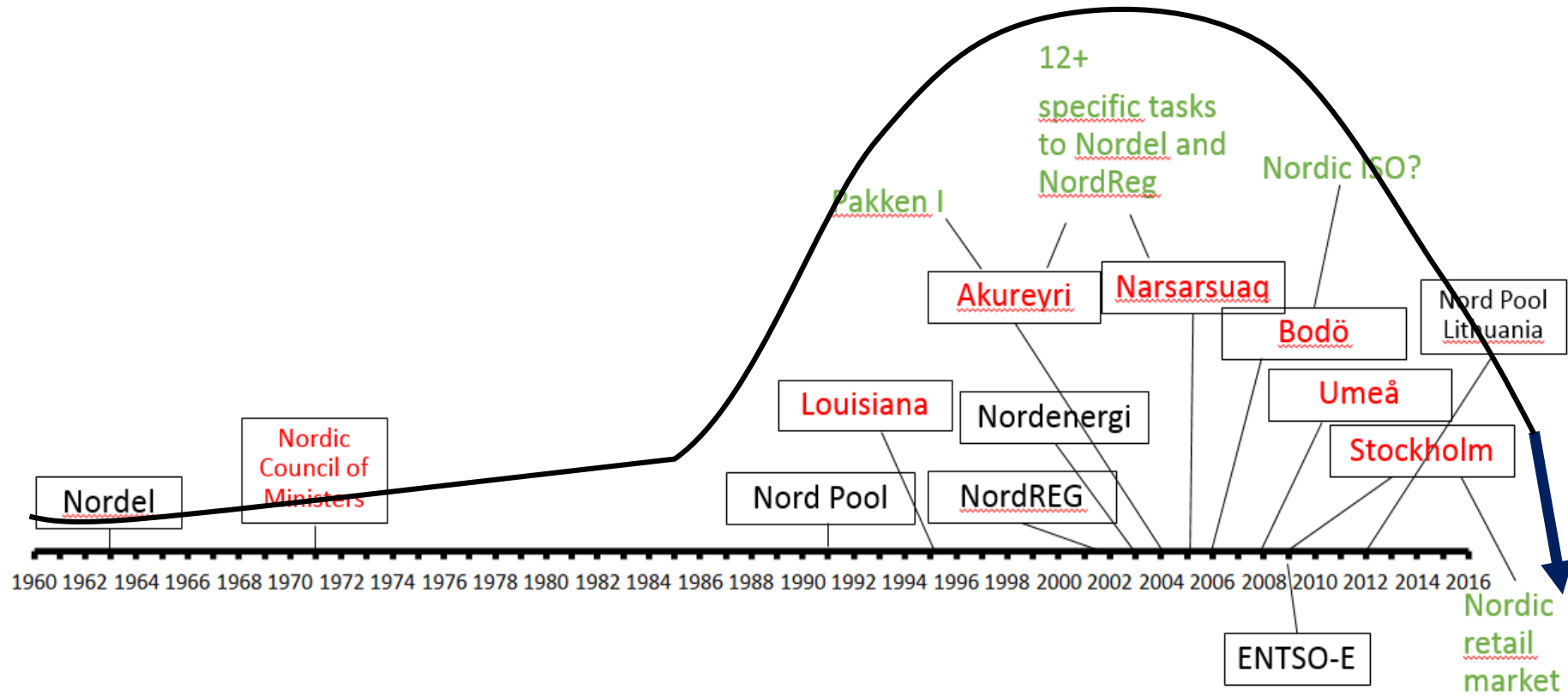
3 directly concerning electricity

- Peer review
- A new vision
- A nordic Forum



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# Nordenergis view of the Nordic cooperation



# A Nordic Forum? The way forward?

- Organization
  - Chair
  - Administration
- Financing
  - Neutrality between participants
- Focus Areas
  - Important to pinpoint areas of possible success
- Timing
  - Well before ministry meeting
- Consumers
  - Difficult to engage but crucial





# Focus areas

- Continued strengthening transmission capacity
- Common focus on EU
- Action plan for generation adequacy “solutions report”





Its not always  
about cooperation!



# Thank you for your attention!

Joakim Cejie  
Ministry of the Environment and Energy



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