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PUBLIC CONSULTATION ON THE METHODOLOGY FOR PROCUREMENT OF COUNTERTRADE ENERGY

Energinet have proposed an intraday-based methodology to replace the current countertrade practice. Statkraft is a major power generator and trader in the Nordic power market and welcomes the opportunity to participate in this public consultation. Both the current countertrade practice based on Danish special regulation and the proposed intraday-based methodology does not only impact the Danish market both also the wider Nordic market. This is the basis for our response.

Statkraft have been actively involved both in previous workshops regarding this topic and a consultation last summer leading up to the proposed methodology. Our overall impression is that Energinet has done a thorough assessment and presented a well-worked proposal.

Statkraft believes that well-functioning, open and competitive markets will deliver the most cost-effective solutions to the challenges that the Nordic and European power system is facing. We share Energinet's view that the current special regulations for countertrading does not provide efficient competition. Further, the current methodology has had substantial negative economic and environmental effects due to significantly reduced wind power production in DK1. We believe that a significant part of wind power reduction could have been replaced with cheaper and more environmentally friendly alternatives in Norway and Sweden. This is also documented for 2017-2020 in Energinet's report "Metode for indkøb af modhandelsenergi".

Statkraft has estimated for 2021 how much hydropower generation from reservoirs in Norway could have been substituted by curtailed wind power in Jutland. We have only included quantities which could have been transferred on free cable capacity. This amounts to roughly 1,8 TWh. Reservoir water used for this production could have been saved for later use. Not only is this a substantial economic waste in a situation with high power prices in the Nordic region and the rest of Europe, but this loss of flexible power resources will probably have to be replaced by gas or coal power, with their high cost both due to fuel and emission.

We therefore support the need for an alternative model for countertrade, and we agree that the intraday model as proposed by Energinet is the most suitable model. This allows the TSOs to procure resources outside of either of the bidding zones (BZ) involved. If transmission capacity is available in the relevant direction towards other BZs, countertrading volumes could be procured from those bidding zones. Effectively, this

opens the market and would significantly increase the supply-side and allow for a cost-effective utilization of the cheapest resources available across more BZs.

Statkraft appreciates that the trading strategy has now been improved and that the other main design features of the methodology remain unchanged from the public consultation Energinet held in 2021.

Yours sincerely,
for Statkraft Energi AS


Aslak Mæland
VP Asset Ownership Nordics