

# The energy union – challenges for the Norwegian renewables industry

The Nordic electricity market in the EU's Energy Union

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15 May 2018



An overview of the regulatory framework

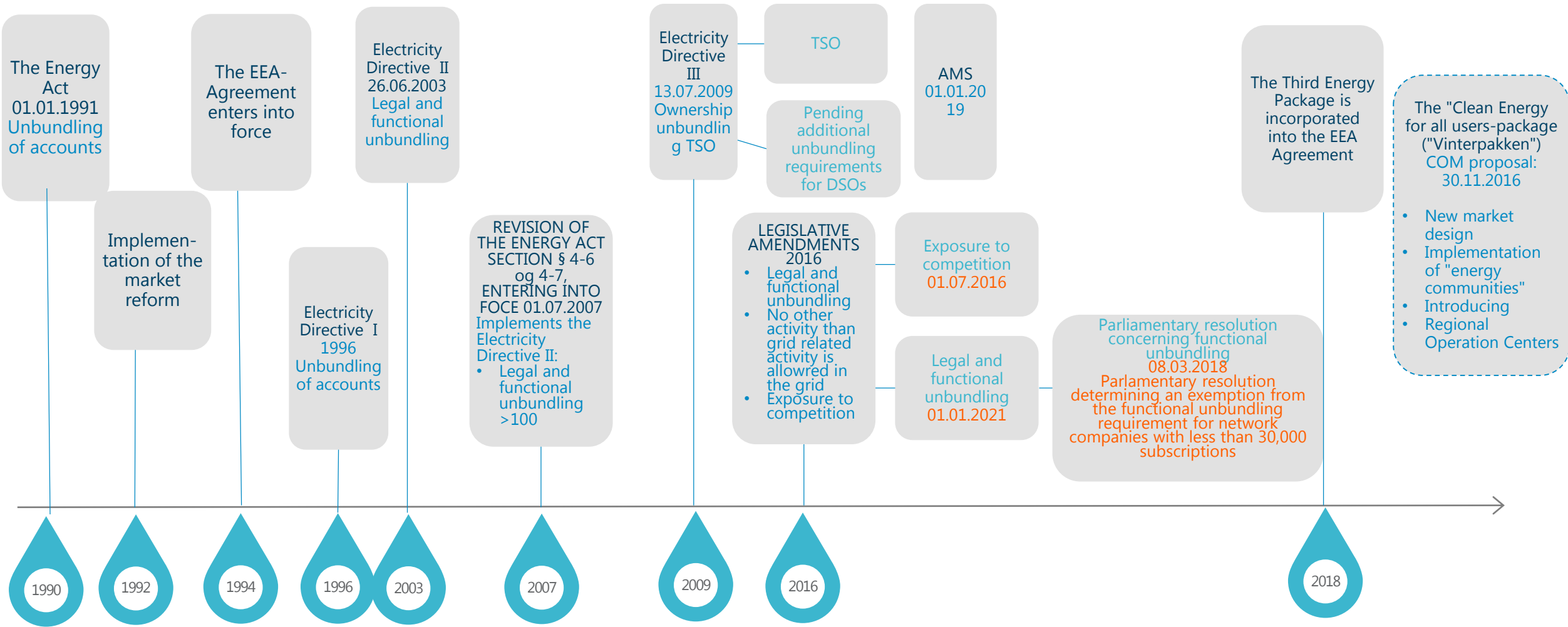
Regulatory challenges

Institutional challenges

The NorthConnect case

Conclusions

# The development of the energy regulatory framework



# The EEA Agreement

- The EEA Agreement
  - Norway, Iceland and Liechtenstein as members of the internal energy market
- EEA (two pillar structure): EEA Joint Committee, EFTA Surveillance Authority, EFTA Court, etc.
- EU acts have to be incorporated into one of EEA's Annexes or Protocols by means of a Joint Committee Decision (JCD)
- The EFTA experts in the EEA EFTA States analyse whether new acts are EEA relevant and, if so, whether any adaptations are required in the JCD for incorporation into the EEA Agreement
- Energy is not explicitly regulated in the main part of the EEA Agreement
  - Security of energy supply is considered to fall outside the scope of the EEA agreement
- An energy act is considered EEA relevant when its content concerns an area covered by the EEA Agreement, i.e. the internal energy market

# Regulatory challenges

- EU energy law - a large volume of legislation within a complex regulatory structure
- Increased complexity and unpredictability due to delayed implementation
  - E.g. the Third Energy Package was implemented into the EEA agreement in May 2018
- Not all energy acts are implemented due to lack of EEA relevance
  - E.g. the TEN-E Regulation (347/2013)
- Some acts are implemented with adjustments
- A broader energy policy makes the EEA relevance assessment even more complex:
  - Reflected in TFEU Article 194 and the five dimensions of the energy union, which mix the different aims together

**Clean Energy package**

Electricity Dir 2009/72/EC  
Electricity Reg (EC) 714/2009  
ACER Reg (EC) 713/2009  
SoS Dir 2005/89/EC

+ Regulations on Energy Union governance and risk-preparedness

Water Dir 2000/60/EC

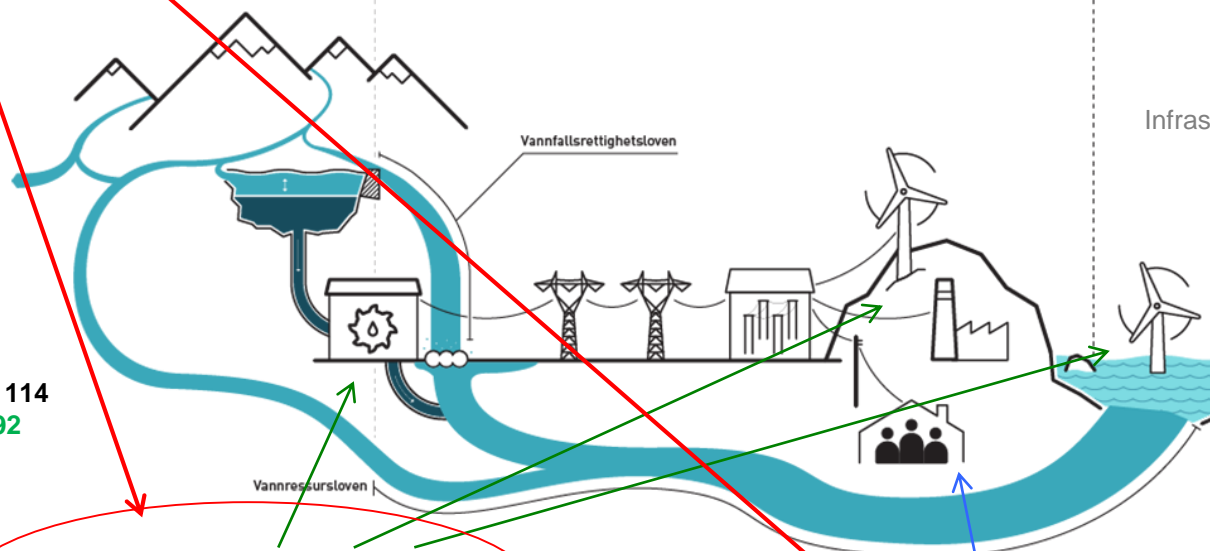
REMIT (EU) 1227/2011

**Network codes**

Vassdragsreguleringsloven

Energiloven

Havenergiloven



**Internal market, TFEU 114**  
**Environment, TFEU 192**  
**Energy, TFEU 194**  
TEN, TFEU 172

Renewables Dir 2009/28/EC

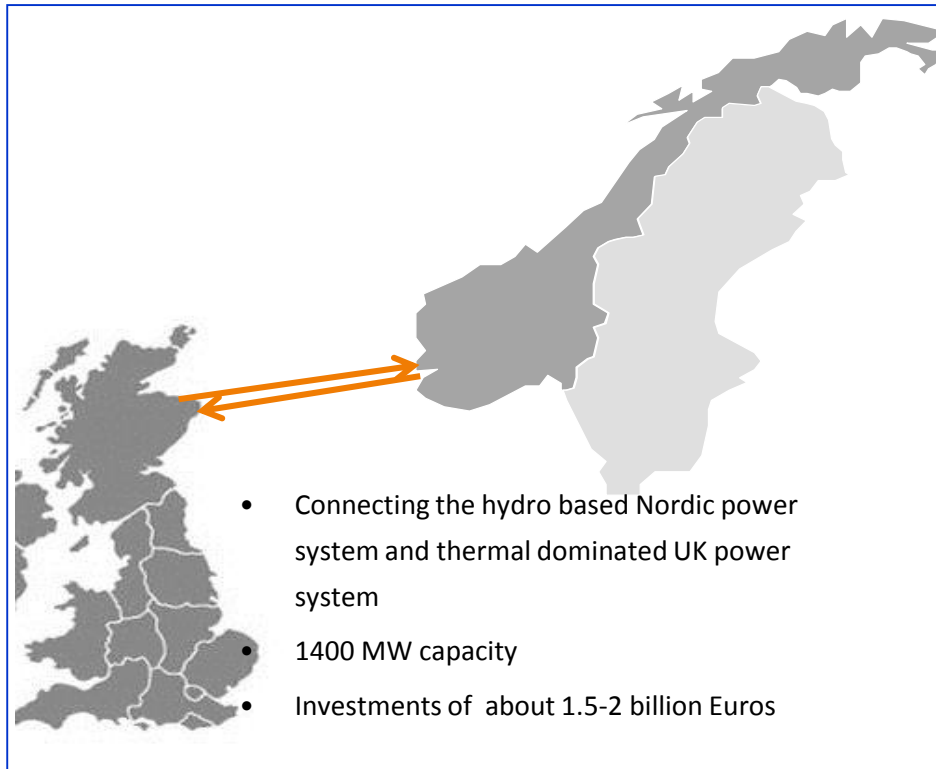
EU ETS Directive

Buildings Dir 2010/31/EU  
Energy labelling Dir 2010/30/EU  
Energy efficiency Dir 2012/27/EU

Source: [www.energifaktanorge.no](http://www.energifaktanorge.no) (OED) and Henrik Bjørnebye

# NorthConnect - a practical example of the challenges

- NorthConnect will develop a HVDC interconnector between Norway and the UK
- NorthConnect will enable a more efficient power system in the UK and the Nordic region, with reduced emissions and improved security of supply













# NorthConnect and the TEN-E Regulation

- A project of common interest (PCI) pursuant to the TEN-E Regulation (Regulation 347/2013)
  - One of the EU interconnector projects with the highest score according to the PCI assessment both from a socio economic welfare as well as climate perspective
- Art 3 and 4 of the TEN-E Guidelines establish a procedure for identifying infrastructure projects which are particularly important for achieving the EU's energy policy goals (PCIs)
- The main objective of the TEN-E Regulation is to accelerate the development of cross-border energy infrastructure in Europe
- The main advantages of the PCI status are:
  - PCI become an integral part of national and regional investment plans as well as the Ten-year Network development plans of ENTSO-E and ENTSO-G with the highest possible priority;
  - European coordinators can be assigned if a PCI encounters significant implementation difficulties;
  - Only one national authority is to be responsible for facilitating the permit granting process („one-stop-shop”);
  - The permit granting process shall be concluded in no more than 3.5 years





-  High-Voltage Lines
-  Action co-financed under CEF High-Voltage Lines
-  Electricity Storages
-  Action co-financed under CEF Electricity Storages
-  Substations
-  Action co-financed under CEF Baltic Integration and Synchronization
-  Smart Grids
-  Action co-financed under CEF Smart Grids
-  Phase-shift transformers
-  Offshore hubs

Project of  
Common Interest  
(PCI)  
Electricity

# NorthConnect - a practical example of challenges

- The EEA Committee has decided not to implement the TEN-E Regulation into the EEA agreement
- However, projects that i.a. "*crosses the border of at least one Member State and a European Economic Area country*" may be considered as a PCI-projects (Article 4 letter c iii).
  - May indicate that a project developer from an EEA member state can participate in the PCI-regime despite of the fact that the Regulation is not implemented into the EEA agreement
- Brexit: Questions the application of the TEN-E Regulation from the UK side as well
- Indicates that the TEN-E Regulations aim of accelerating the development of cross-border energy infrastructure will not be met in the NorthConnect case:
  - Planning and permitting procedures must be passed in at least two different Member States. This is often much more complicated than domestic network development
    - Different national processes may simply not fit and make cross-border interconnector development complex
- Interconnector exemption procedures and various stakeholders...
- Amendments to the Norwegian Energy Act 1990 – 2013 – 2017.

# The Norwegian renewables roadmap

- Half of the reservoir capacity in Europe is located in Norway
- Huge investments going forward in the Norwegian power grid, both transmission and distribution
- How to maximize the value of the Norwegian hydropower AND the grid investments and at the same time benefit European consumers and reduce emissions?
- Who will be frontrunners in developing markets for flexibility trading and ancillary services, both domestically and in Europe?
- Norway as a regulatory sandbox for renewables?
- What will be the roles and responsibilities of the Norwegian DSOs/RSOs/TSO?
- Clear signals to investors are needed

# Conclusions

- The greatest challenges for the Norwegian renewables industry are posed by Norwegian time lag and ambiguity as regards regulatory goals, ambitions and solutions
- The EEA approach with decisions to be adopted by EFTA Surveillance authority based on ACER draft decisions and cooperation ESA/ACER probably not problematic
- Norwegian goals for DSOs/RSOs/TSOs?
- Energy policy is at the heart of Norwegian political debate with a resulting lack of coherence in Norwegian regulatory approach over time;
  - Regulatory frontrunners or laggards?
  - A Norwegian "green battery" of Europe...?
- Interconnector projects – genuine legal framework or political goodwill?
- The need for a clear roadmap



# Thank you!



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