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**Our date:** 19.08.2024

**Our ref.:** 202414024-7 State on request

**Your ref.:**

## **NVEs public consultation on new trading arrangements on the NSL interconnector**

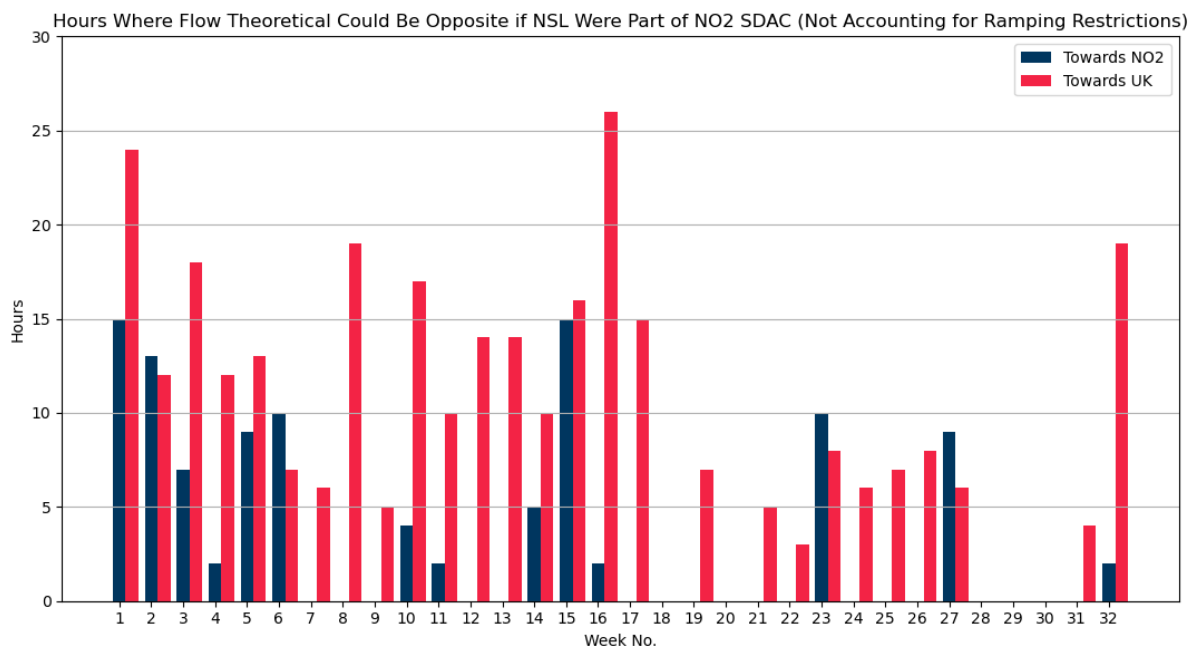
NVE would like to express concerns regarding the separate implicit day-ahead auction for NSL. Although the monthly price difference between NO2 SDAC and price set in the NSL auction are relatively small, as pointed out in the document attached to the public consultation, we would like to address that there are several individual hours where the price difference is significant. Since NSL went into operation October 2021 we have observed numerous hours where there is a significant price difference between the price set in the NSL auction and the price set through the common European auction (Single Day-ahead Coupling – SDAC) for the Norwegian bidding zone NO2. The theoretical flow direction between Norway and the UK would be different if the price set in the SDAC would be used instead of the price set in the NSL auction. In other words, the flow would most likely be in the opposite direction if NSL was part of the SDAC. We have also observed the same price difference for the UK side, but the occurrence is more frequent for NO2.

Attached to this document are data that shows the number of hours where the flow on NSL could be opposite, if the SDAC price had been used in the NSL auction. The data does not take into account ramping restrictions, but from a brief analysis we have done, ramping restrictions is not the only reason for these price differences.

We have not done an in-depth analysis of the price differences or how these price differences affect the power system in either the short or long term. What we have observed is that these price differences mostly happen when the price either is relatively high or when the price is relatively low. This is expected since the margins are low in these hours, and it can be difficult for marked participants to predict the price. From a power system perspective, the hours with either high or low prices are also the ones when it is most unfortunate that the price difference occurs, since these hours have the highest need for either export or import. We are also concerned how the price difference affects cross-border congestion revenues for the TSO, revenues for power producers and the cost of energy for end-users. We have not done in-depth analysis of these effects. We are also concerned that recurring price differences can affect the trust in the power market, both for direct marked participants and the general public. The above concerns can all result in



a less effective power system. We hope that the challenges of price differences are addressed and possible measures to reduce the occurrence are considered. Lastly NVE would like to support the implementation of intraday trading on NSL. This could help reduce the hours where the flow direction is not consistent with the SDAC price for NO2.



Regards

Ane Torvanger Brunvoll  
acting director general

Ann Myhrer Østenby  
head of Section

*Dokumentet sendes uten underskrift. Det er godkjent i henhold til interne rutiner*

Godkjent av Ann Myhrer Østenby  
Seksjonssjef

Ane Torvanger Brunvoll  
Seksjonssjef

Approved according to our internal routines.



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