

**Statnett**  
Nydalens allé 33,  
0484 Oslo

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## **New trading arrangements for NSL – inputs from Renewables Norway**

We refer to the invitation by Statnett and National Grid Ventures (NGV) to participate in the public consultation on new trading arrangements for the North Sea Link (NSL) interconnector between Norway and Great Britain.

Renewables Norway appreciate that Statnett and NGV are seeking consultation from the industry to create the most suitable solution for trading on NSL.

The headlines of our inputs on the suggested solution are:

- Efficient power exchange across borders is of great importance for the Norwegian security of power supply and value creation.
- Facilitation of efficient power exchange in an integrated European power system is essential to enable the European green transition.
- Today's implicit day-ahead auction on NSL has been an efficient market solution and should be continued.
- The facilitation of a new solution for intraday trading on NSL is a good supplement that will enable more accurate bids by opening for adjustments closer to the operating hour, and hence more value creation both on the Norwegian and British side.
- The new solution for intraday trading should reflect the existing solution within the Internal Electricity Market (IEM). This would be of great benefit for the participants, as they will be able to reuse their existing routines and processes when planning and placing their bids in the NSL auctions.
  - This should be an important principle when it comes to the number of auctions, their timing, what periods of the day the auctions are covering, and the market time unit (MTU) for the bidding process.

### **About Renewables Norway**

Renewables Norway is representing the entire value-chain for the renewable power industry in Norway. Our mission is for Norway to become a zero-emission society as fast as possible, with green growth based on renewable energy, electrification, and other emission-free use of energy. We have members from renewable energy production, both on- and offshore, electricity suppliers, grid companies, financial institutions, contractors, suppliers and advisors.

### **The importance of effective power trading and well-functioning trading solutions**

The interconnectors are important for Norwegian security of supply. About 90 per cent of the Norwegian power production comes from hydropower. Our hydropower production depends on the annual inflow, meaning the amount of rain and melted snow flowing into our rivers and water reservoirs available for hydropower production. The annual inflow will depend on the weather conditions from year to year. Our interconnectors enable us to import more power during years with low levels of inflow.

Effective power exchange enables effective use of scarce resources. To reduce emissions from the energy sector, Europe is transforming from a power system based mainly on fossil power, to a system based on more renewable power such as wind- and solar power. By exchanging power across borders, we can utilize advantages of the power system in different countries. Wind- and solar power are non-dispatchable power production, and the amount of power produced will depend on the weather conditions at any given time.

The Norwegian renewable energy industry is contributing to enable the green transition in Europe, by offering a supply of dispatchable reservoir-based hydropower to northern Europe in periods with low production of wind- and solar power. The wind profiles in Germany and the Netherlands often seem to be similar to the wind profiles in the southern part of the Nordic countries. On the other hand, the wind profiles in UK often look a bit different. By having an effective integration with UK and the rest of Europe and the Nordic countries, we enable a more efficient use of both the different wind profiles in the different countries, and the Norwegian dispatchable hydropower. This will contribute to more efficient utilization of renewable power resources across borders.

Renewables Norway considers it to be of great importance that an efficient market solution for NSL is facilitated, to enable the advantages mentioned above. We will therefore support adjustments to today's market solution that will make it even more efficient.

### **The current solution**

The current solution is based on an implicit day-ahead auction on NSL, separate from the auction in the European power market. With the trading on NSL closing at 10.50, the sellers and buyers still have time to submit their bids in the common European auction before it closes at 12.00, if their bids are not accepted in the auction on the NSL. All the participants still need to plan for balance in the delivery hour.

Two auctions result in two spot prices in NO2, one from the NSL auction as well as the NO2 price generated through the common European auction (Single Day-ahead Coupling – SDAC). The spread between these two prices is an indication on how efficient the market solution is. In their description of the intended new market design, Statnett and National Grid Venture (NGV) compare the monthly average power prices in NO2 in the European auction and on NSL, since NSL went into operation. The price comparison shows that the two NO2 prices have consistently been traded at very similar levels, indicating an efficient market solution.

Statnett and NGV therefore suggest continuing with an implicit day-ahead auction on NSL, with some adjustments that will be commented below. Renewables Norway supports this suggestion.

### **Multiple service providers**

In today's solution Nord Pool EMCO has the Service Agreement for the day-ahead auction on the NSL and thus, is the only PX that can access the NSL capacity. Nord Pool EMCO was chosen through a competitive tender process. As the contract with Nord Pool EMCO cannot be prolonged after the

autumn of 2026, there will be a new competitive tender process to choose service provider for the NSL auction. Renewables Norway would encourage a competitive tender for the Service Agreement for handling the auction and require the sharing of order books allowing other PXs access to the capacity.

### **Intraday trading**

Statnett and NGV are suggesting to facilitate intraday trading for market participants in the new trading arrangement for NSL, through implicit intraday auctions. Intraday auctions will ensure an efficient use of the capacity and will enable reuse of the auction platform that are being used for the day-ahead auction. An increased interconnector flexibility by opening for intraday trade will increase the overall value creation on NSL in several ways and will be beneficial for both consumers and producers in Norway and in the UK.

According to the proposal, this intraday solution will only be based on auctions, and will not have a parallel continuous intraday trading in between the auctions like the one existing within the European Internal Electricity Market (IEM). The number and the timing of auctions are not part of the suggestion, and Statnett and NGV are asking for input from the industry on this area. They are considering a stepwise approach where there is one or two auctions to begin with, before increasing the number of auctions if there is an interest for it in the market.

Statnett and NGV would like to consult with the industry on the following questions:

1. Do you agree that it is a good idea to establish intraday auctions on NSL for market participants?

We support the facilitation of a solution for intraday trading on NSL.

2. Assuming that intraday auctions will be established, how many auctions would you suggest? Would you support a stepwise approach? Please explain your views

We believe it will be beneficial for the industry if the intraday auctions on the NSL build on the intraday auctions in the IEM, by having three intraday auctions. It will be beneficial if market participants can reuse processes and systems that are already implemented.

We support a stepwise approach to the numbers of auctions and their timing. With a stepwise approach, the TSOs can evaluate the efficiency of the intraday solution and if needed adjust the number of auctions and/or their timing. More auctions should be considered if the cost of implementation is lower than the added value creation.

3. Would you have a preference of
  - a. each ID auction covering a specific part of the day or
  - b. each auction covers all remaining hours of the day

We prefer the intraday auction on NSL to cover the same parts of the day as the intraday auctions within the IEM. Today's solution in Europe is similar to alternative b in question number 3, "each auction covers all remaining hours of the day". For the intraday auction at 15.00 and 22.00 in the day before the operating day, the auction is covering all the hours of the operating day. For the auction at 10.00 within the operating day, the auction is covering the remaining hours of that operating day. We believe this principle should be followed for the intraday auctions on NSL as well. Following the same principles in both auctions enables the industry to reuse their routines and will make the solution more adaptable to existing systems and processes.

4. Taking into account the timing of other auctions within the IEM and in GB, at what time do you think we should run the intraday auction(s)?
  - a. Morning
  - b. Afternoon
  - c. Evening

Renewables Norway believes the timing of the auctions should reflect on the timing of the auctions in IEM, but not be at the exact same time. A one-hour difference between the auctions on the NSL and the IEM enables the bidders to participate in both auctions, as in today's solution for the day-ahead auction where the auction on NSL closes at 10.50 and the auction on IEM closes at 12.00. Considering the timing of the intraday auctions within the IEM, at 15.00 and 22.00 in the day before the operating day and at 10.00 within the operating day, we suggest having the intraday auctions on NSL at 14.00 and 21.00 in the day before the operating day, and at 09.00 within the operating day. This enables the bidders to attend the next common European intraday auction, if their bids are not accepted in the NSL auction. In addition to this, we also suggest that the TSOs considers whether there will be a need for more intraday auctions within the day of operation to mitigate the downside of not having continuous intraday trade on the NSL.

Renewables Norway believes it is crucial that Statnett and NGV continue the dialogue with the market participants with regards to the details in the intraday market design, for instance through consultations and/or meetings. With such interaction, it can be ensured that the NSL intraday market is designed in a way that promotes efficient competition and that is suitable for the market participants.

#### **Market Time Unit (MTU)**

When it comes to the market time unit (MTU), we understand that Statnett and NGV are suggesting different solutions in the day-ahead market and the intraday market on the NSL.

Today's day-ahead auction on the NSL operates with a 60-minute MTU, as this is the standard in the day-ahead market on both the British and the Norwegian side. In 2025 the MTU in Norway will change to 15-minutes, and this opens possibilities for changing the MTU on NSL as well. GB, on the other hand, is expected to have a 60-minute MTU in their day-ahead market in the foreseeable future. The European standard for MTU on bidding zone borders is to operate with the highest MTU of the two connected bidding zones. For the day-ahead auction it is therefore suggested that we continue with a 60-minute MTU. This setup enables the market participants on both ends to use their standard MTU they are used to in their other intraday markets.

The intraday market in GB today has a 30-minute MTU, while the Norwegian intraday market will have a 15-minute MTU after the change in 2025. There is the possibility to couple 15-minute bids in Norway with 30-minute bids in GB. That is what Statnett and NGV suggest having in the new intraday auctions on NSL, meaning that bids in Norway are made in 15-minute resolution, but are matched with bids in 30-minute resolution in GB.

Statnett and NGV would like to consult with the industry on the following question:

5. Do you support the setup of intraday trading in 30-minute MTU in GB and 15-minute MTU in Norway?

Renewables Norway support the setup of intraday trading with 30-minute MTU in GB and 15-minute MTU in Norway. We agree that this setup gives the market participants on both ends the benefit of using the same MTU as they are used to in their other intraday markets.

That said, we think this could be beneficial in the day-ahead market as well. We therefore suggest a setup of day-ahead trading with 60-minute MTU in GB and 15-minute MTU in Norway. We understand that the reasoning behind Statnett and NGV's suggestion, to have 60-minute MTU in both GB and Norway in the day-ahead auction, is the European standard for MTU on bidding zone borders to operate with the highest MTU of the two connected bidding zones. We believe there should be the same reasoning behind the choice of MTU in both the day-ahead auction and the intraday auction. It will be beneficial for the participants to have the same MTU on both the NSL auction and the other auction where they operate, and we believe that this outweighs the benefit of using the European standard for MTU on bidding zone borders.

Kind regards,



Jan Magne Bae  
Director of energy markets,

Renewables Norway



