

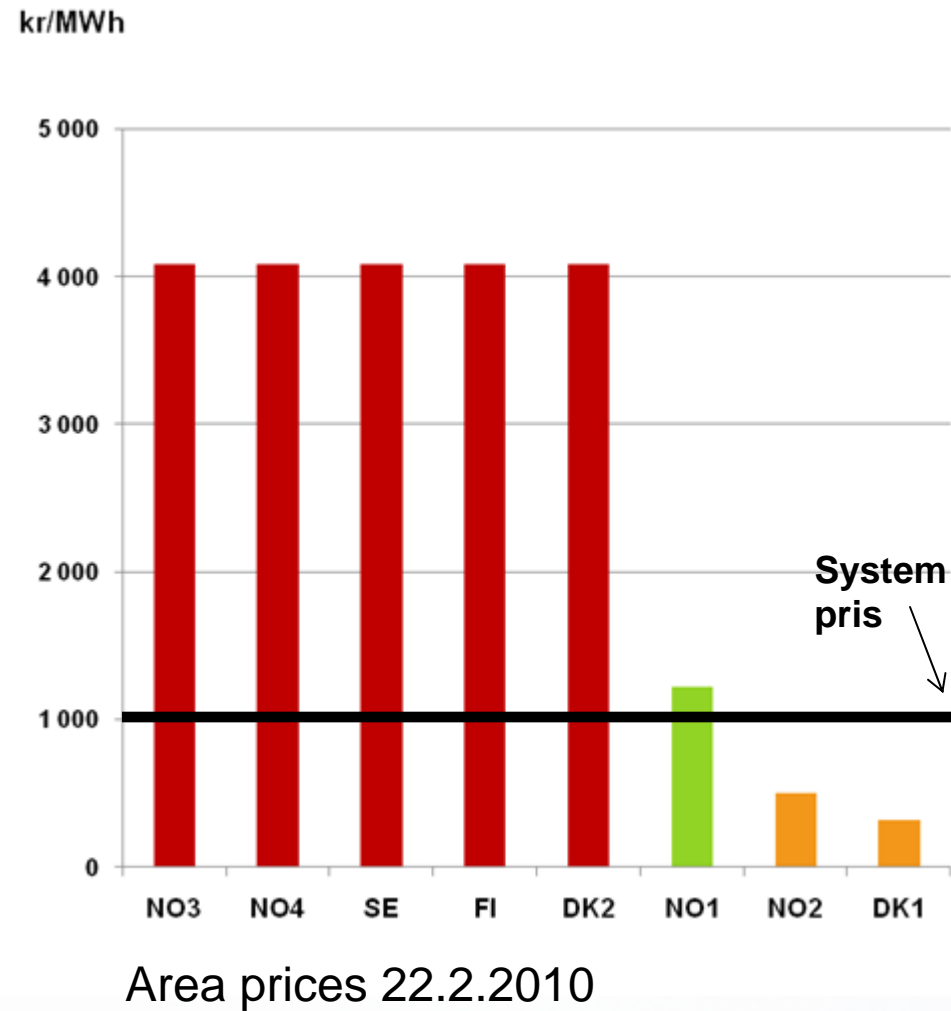
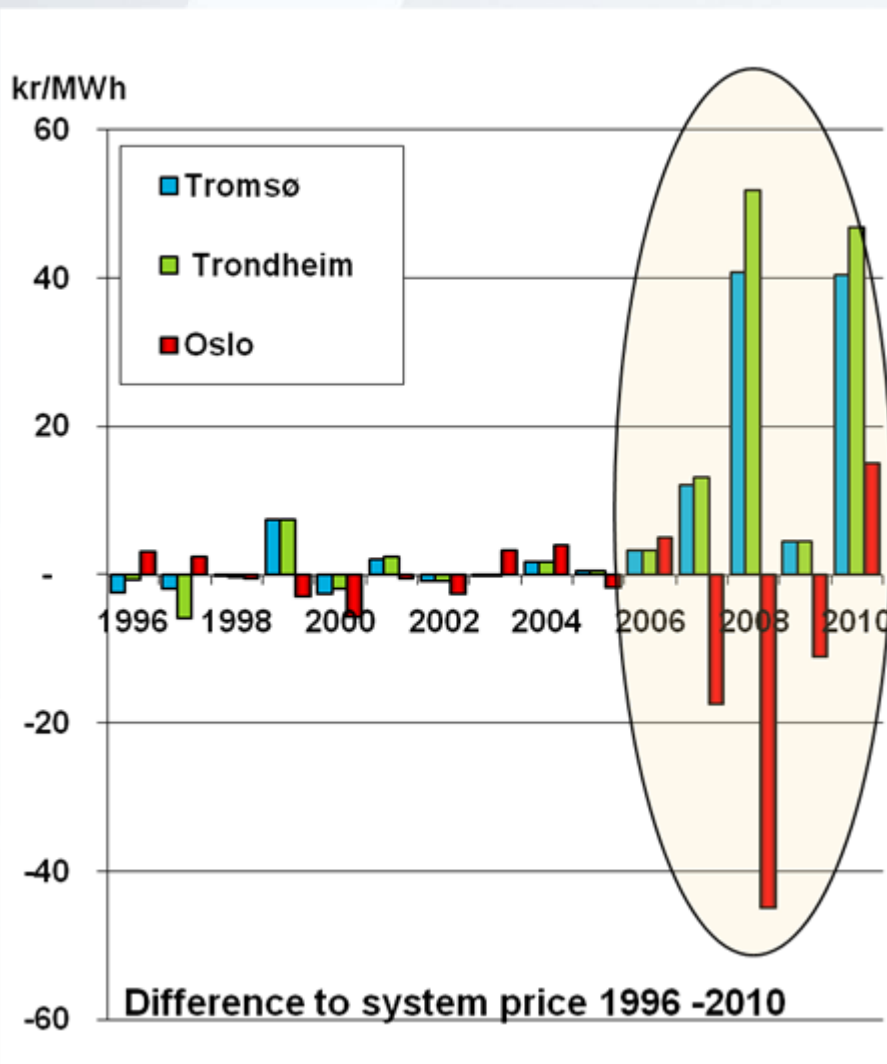


Energidagene 14. oktober

Sesjon effektiv flaskehalshåndtering

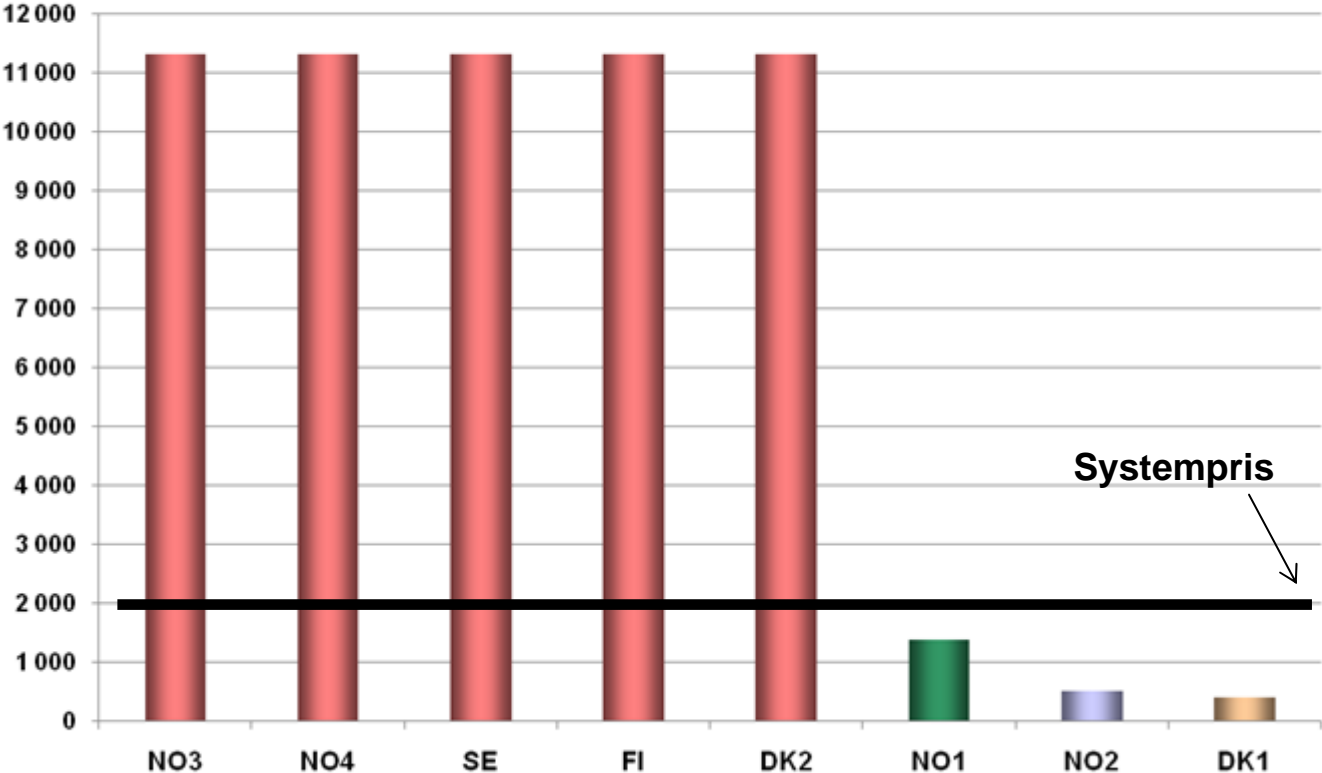
Einar Westre, Direktør Nett og Marked

Increasing Price Area Differences



Area prices Monday 22.2.2010 between 9 o'clock and 11 o'clock

kr/MWh



Increased Price Area Differences

– Effect on the Electricity Markets

- Risk for reduced liquidity on the wholesale market and loose of trust in markets
 - Risk for considerable price differences between system price and area price and risk for price peaks leads to increased need for hedging and to demand for increased security/guarantees from actors. All these factors increase the risk and cost of trading.
 - **Dynamic price areas** lead to difficulties for both producers and retailers/big consumers to hedge their positions
- Risk for a new regionalisation of the retail market. No longer a national consumer market but instead complex regional solutions
- A Nordic integrated retail market – an illusion?

Area Price Differences – “Winners and Losers”

- “Winners”

- Power production in high price areas (NO3,NO4, SV, FI and DK2)
- Consumers in low price areas (NO1, NO2 and DK1)
- Statnett and the other TSO’s who earn bottleneck income

- “Losers”

- Consumers in high price areas (NO3,NO4, SV, FI and DK2)
- Producers in low price areas (NO1, NO2 and DK1)
- Electricity retailers
 - Lack of hedging possibilities for area price differences

How Much Did They “Win and Lose”?

	Consumption	Production
Tromsø/Trondheim	-1 667	1 644
Oslo	-58	-129
Bergen/Kristiansand	682	-830

The table above shows “profit and loss” in million NOK for the period between December 2009 – March 2010

All production and consumption are weighted with the difference between the area price and the system price

Price Areas – Risk for the Reputation of the Whole Electricity Sector

- Considerable differences between area prices are considered **unacceptable** by customers and politicians
- Original targets such as reduction of regional price differences and creation of a functioning national market and the integration of European markets become unattainable with the creation of many small dynamic price areas
- **Reduced trust** in the market, suspicion of market abuse in small price areas

Krever opprydding i strømpris-kaos

Myndighetene må rydde opp i skjevhetene som nå råder i et kaotisk strøm-marked.

Det mener Herold Myrland og Frank Sundermeier, henholdsvis daglig leder og markedssjef i Kraftinor. Derfor slår de nå alarm.

De sier at priskaoset medfører en uholdbar situasjon for strømkundene i Nord-Norge.

– For den jevne forbruker er de voldsomme prisforskjellene mellom nord og sør vanskelig å forstå og akseptere. Vi har i en normalsituasjon overskudd på kraft i Nord-Norge. Likevel får Nord-Norge de høyeste prisene når strømmen flyter ut av landsdelen. Det er urettferdig overfor våre kunder. Rammevilkårene må endres, mener Sundermeier.



«Bare i løpet av den ene dagen, 8. januar, ble Kraftinor påført en ekstrakostnad på tre-fire millioner kroner»

Price Areas – Limited Success so Far

- Prices give currently only signals to producers and consumers.
- They should also give signals to the system operator. The system operator should have incentives to use the maximum of existing capacity and to invest long term in more transmission capacity.
- Small price areas may lead to abuse of market power

Therefore, handling of price areas should be improved:

- Price areas should be predictable and caused by structural bottlenecks in the power system
- Acute situations should rather be handled by special regulation instead of introducing new price areas

Ways to Reduce Area Price Differences

- Build new capacity
- Increase availability of existing transmission capacity
- Avoid too many small dynamic price areas
- Better coordination of price area boundaries in the Nordic market between Svenska Kraftnät og Statnett

– Felles kjøreregler for prisområder må til

Statnetts brukerråd mener opprettelsen av prisområder kan svekke konkurransen i markedet og ønsker felles nordiske prinsipper for prisområder og håndtering av flaskehalsar.

Thank you for your attention!