

NordREG c/o Energy Markets Inspectorate

P.O.Box 155
SE-631 03 Eskiltuna
SWEDEN

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NordREG – Implementation Plan for a Common Nordic Electricity Retail market

The Norwegian Competition Authority (“NCA”) refers to e-mail of 5 July 2010 from the Norwegian Water Resources and Energy Directorate (NVE), where interested parties are invited to submit comments to the draft implementation plan prepared by the Nordic Energy Regulators (NordREG) by 6 August 2010.

Background

The primary objective for the implementation of a common Nordic retail market is increased competition, improving the efficiency of business operations in the market, and to make it easier for consumers to operate in the electricity market.

In the process towards achieving the goal of a common Nordic end-user market by 2015, the Electricity Market Group (EMG) has invited NordREG to consider which actual regulatory, technical and economic changes have to be made. For now, the objective has been to prepare a detailed implementation plan including suggestions on concrete actions with descriptions of the target models and implementation timetables. The implementation plan has been developed in cooperation with various stakeholders, including the Nordic TSOs and NordEnergi.

The implementation plan is scheduled to be submitted to EMG by 1 September 2010.

Briefly about the draft implementation plan

The draft implementation plan presents several issues and proposals for further actions with the aim of achieving a common Nordic retail market. It is assumed that the common Nordic end-user market shall be open for all customers. As customer confidence is essential for the development of the market, the customer must have the same protection independent of the origin of the supplier.



Furthermore, NordREG points out that low entry barriers should be ensured by making it easy for suppliers to operate in all Nordic countries. Implementation of common key processes and systems, like supplier switching and moving, is considered vital for the creation of a common market.

Among the specific measures proposed in the draft implementation plan, is a *supplier centric model*. This model implies that most issues from a customer perspective are handled by the supplier. Examples of such issues could be billing, moving in/out, supplier switching and questions about consumption and fuel mix. NordREG states that the purpose of the supplier centric model is to make it easier for the customers to operate in the electricity market, by providing them with the opportunity to be, in most processes, in direct contact with the supplier. This will give the suppliers the main role in the market, while the DSOs have the role of market facilitators.

NordREG stresses that the supplier centric model does not imply that all customer issues should be handled by the suppliers, and that there are strictly network related issues which will remain the responsibility of the DSOs. Such issues are for example interruptions, technical aspects of metering and metering devices, quality of supply, new connections and compensation for interruptions. The responsibility for making sure there is a customer service available for these issues lies primarily with the DSO. However, if a supplier wishes to take care of the customer service also for these network related issues, the supplier should be able to do so, according to the present implementation plan.

NordREG finds that it is preferable for the common Nordic end-user market that the customer interface model is the same in all the Nordic countries. Different customer interface models would bring extra costs for market players and as such create market entry barriers.

NordREG finds that the choice of billing regime is a key issue for the future common Nordic end-user market. NordREG suggests that all suppliers should have the right, but not any obligation, to provide combined billing for customers. This approach will leave room for the market to develop solutions that are preferred by the customers. To make the process of combined billing as smooth and effective as possible the regulation should include obligations on the DSOs to facilitate combined billing for suppliers.

NordREG recognizes that the details and design of this approach raise several questions (e.g. how the changes in costs and risks for different market actors are taken into account and compensated and what kind of arrangements and processes this will require), that should be investigated closer at a later stage.

The NCA's comments

The NCA acknowledges the work done so far by NordREG on facilitating a common Nordic end-user market. NordREG seems to be observant of important requirements for achieving an efficient common Nordic market.

As the draft implementation plan mainly describes the tasks and topics for further study, the NCA will for the time being only provide a few comments.



Konkurransetilsynet
Norwegian Competition Authority

As regards the proposed market model, the NCA acknowledges the suggestion to facilitate increased customer interaction on the part of the suppliers who wish to do so. The NCA welcomes the suggestion that the TSOs shall facilitate the possibility for all suppliers to provide combined billing to customers. This may lead to more similar competitive conditions for independent suppliers and integrated market players.

In the view of the NCA, however, one should not impose any obligation on the suppliers e.g. to provide combined billing for customers, as this could result in higher barriers to entry in the market and as such harm competition.

The NCA is looking forward to take part, and discuss the various matters/submit additional comments, in the further process towards an integrated market.

Best regards,

Birgitte Brevik (e.f.)
Acting Head of Section

Anja Mathiesen
Case handler

Copy:

Norges vassdrags- og energidirektorat Postboks 5091 Majorstua 0301 Oslo