SUOMEN SÄHKÖNKÄYTTÄJÄT

MEMORANDUM

DG Energy
Unit B1 Internal Market I: Networks and Regional Initiatives
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Consultation on the list of proposed Projects of Common Interest

Deadline 19 June 2017

Ref: The Regulation (EU) no 347/2013 on guidelines for trans-European energy infrastructure (TEN-E Regulation)

Executive summary

The Association of Energy Users in Finland (ELFI) appreciates the opportunity to give its views regarding the draft regional list of proposed Projects of Common Interest. It is important to further develop the European energy infrastructure to integrate energy market and meet the target to guarantee affordable energy prices and to activate consumer participation in the market.

ELFI wishes to show strong support on the Finland-Sweden North 3rd interconnection project with the project code 111, a project promoted by the Finnish and Swedish TSOs, Fingrid and Svenska kraftnät. The planned 800 MW AC cross-border line will provide direct benefits to the electricity markets by increasing transmission capacity and improving reliability of the electricity supply. The project improves the flexibility of the Nordic and Baltic power system and supports the transition to the future's power system that is largely based on renewable sources of energy.

Proposed project significantly contributes to market integration, sustainability, security of supply and competition

ELFI supports the findings of the cost benefit analysis of the capacity study by Fingrid and Svenska kraftnät on the Finland-Sweden North 3rd interconnection project. It is clear that the project is needed from an EU energy policy perspective and it will positively affect the common Nordic - Baltic electricity market area.

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EU transparency reg.
069250127054-82

Security of supply

The 3rd interconnector project will have a positive effect on security of supply on regional level. The increased cross-border capacity will facilitate power balance management during winter peak load hours and improve system reliability in case of operational failure in power production or unavailability of transmission infrastructure. The project also supports inertia in the Nordic electricity system.

Sustainability

The emission reduction targets means that the Nordic system will be largely based on renewables and the currently on-going increase in the amount of intermittent production is putting pressure on the electricity system. Increased interconnector capacity is necessary and the Finland-Sweden North 3rd interconnection is a means to an end, a means to help the power system to meet the challenge of the intermittent power production.

Market integration and increased competition

From the electricity users' perspective, new investments that increase the size of well-functioning market area improve competitive conditions and the number of market actors. Strengthening competition due to better integrated markets will offer electricity users choice on their power suppliers in the Nordic - Baltic electricity market area and enhanced competition is also likely to reduce electricity prices.

ELFI believes that the proposed project improves market functioning and reduces electricity price differences within the BEMIP region. The bidding zone price differences are likely to reduce especially between Finland and Sweden, and between Sweden and the Baltics as the electricity market prices are in average higher in the Baltics and therefore a significant amount of the electricity will flow from Sweden through Finland to the Baltics.

The price difference between the bidding zones along with the amount of bottleneck incomes collected from the bidding zone borders between Finland and Sweden also shows the need for the investment. The bottlenecks income between Finland and Sweden were 160 MEUR in year 2015 and 75 MEUR in 2016.

Potential for the anticipated interconnector to materialise

ELFI trusts that the Finland-Sweden North 3rd interconnection positively affect other investment projects proposed on PCI list and especially the Baltic projects in their efforts to change from the Russian synchronise area to the European synchronise area.

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The proposed 3rd interconnection between Finland-Sweden North was first presented in the Nordel Grid Plan in 2008. The cost-benefit analyses shows that the investment is greatly needed. The last capacity study performed on the 3rd interconnector project by Fingrid and Svenska kraftnät in fall 2016 quantified the project benefits. The calculations shows in a reliable manner the necessity of the project for the regional market and electricity system.

The Finland-Sweden North 3rd interconnection is a project between two bidding zones with a highest level of transparency in Europe. Therefore the benefits of the interconnector are easily quantifiable. That should benefit the project and support the interconnector to become a project of common interest with adequate CEF funding.

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