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Ref: request for feedback by EMA, 15th August 2011

Feedback on the regions Energy Work Plan 2011-2014 (EWP)

In April 2011 the European Commission asked the Regional Initiatives to develop a regional work plan, which describes the steps towards the achievement of a Pan European Energy Market in 2014. The leading regulator in the Northern Europe region, DERA, has initiated a request for feedback referring to the Northern Europe ERI work plan for 2011-2014.

Suomen ELFi Oy wishes to thank for the opportunity to provide feedback and states the following.

ELFi supports the EU goal to create European wide, efficiently functioning electricity market. The combination of liquid day-ahead market with sufficient financial products for hedging creates a good platform for efficient market functioning. Although we see that the principle of free competition leads to the best results from electricity buyer's point of view, there are some fields where regulation is needed. One of these fields is network operation due to the monopoly nature of TSO's and DSO's. Especially, the role of TSO's is particularly important as they provide the physical platform for international electricity market.

ELFi agrees with the regulators that the solutions in capacity allocation and congestion management are the key issues in market integration. We see the present development in the Nordic region with splitting the market into smaller price areas very worrying from competition point of view. This development will inevitably increase the dominant position of large market actors in the area such as large power producers, weaken the liquidity and efficient price formation in the financial market. Thus there's a threat that it will lead via higher risk margins to higher costs for end-users.

TSO's are in a key position in contributing to create good conditions for efficiently functioning electricity market with large price areas by taking care of sufficient investments in the transmission system. Increased transparency in grid planning is a

positive step forward. We see the role of regulators highly important in monitoring and, if necessary, oblige the implementation of the planned investments. ELFi proposes that the regulators in the Northern Europe region would include a further action in Deliverable Regional Investment Plan to develop the principles and a procedure for monitoring and, if necessary, imposing obligation for implementation of the planned investments.

Finally, we wish to express that it's important to have also electricity consumer's strong involvement in all stages of electricity market development work, planning and implementation.

Yours Sincerely,

SUOMEN ELFI OY

Päivi Aaltonen
Managing director