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# Electricity market transition and Nordic cooperation

Norwegian Energy Days 2016

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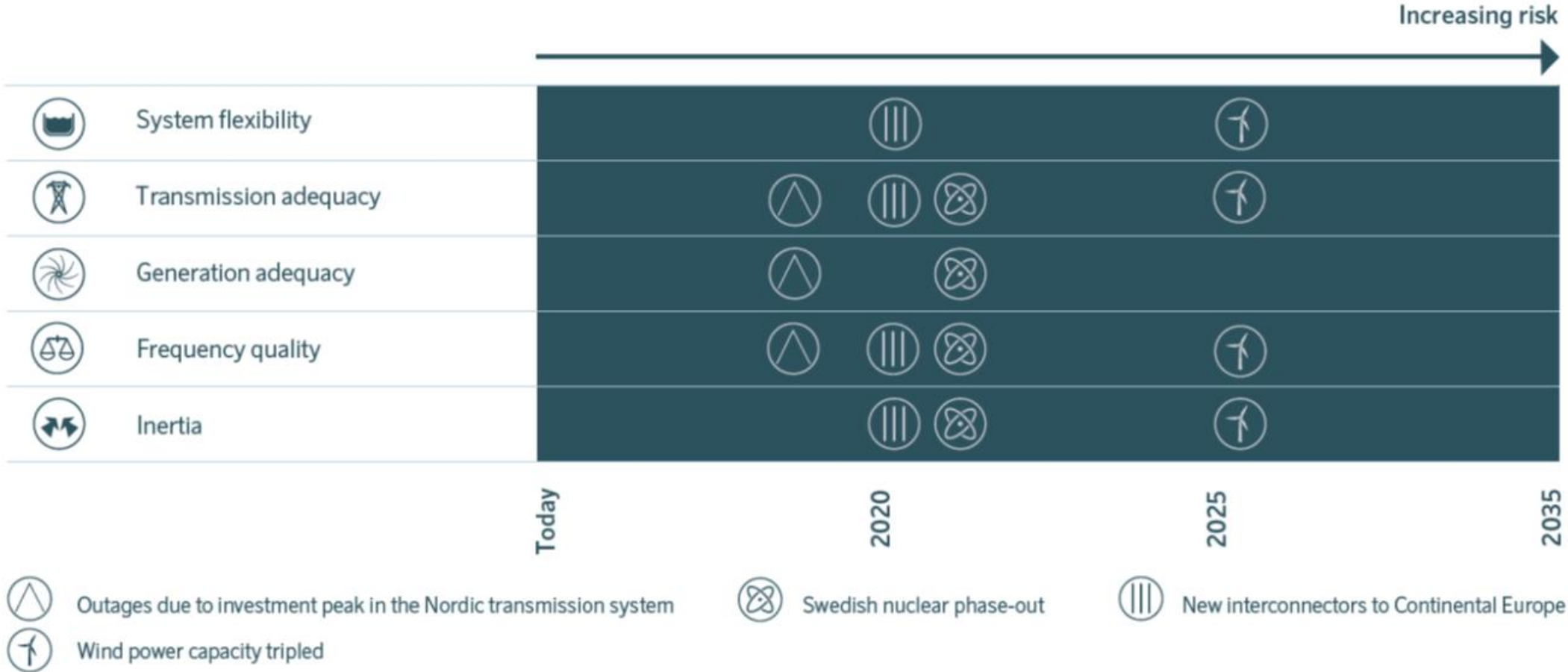
# Developing the electricity market through Nordic cooperation

- Electricity system and market in transition
- What are the effects on the Nordic market?
- How is Finland responding: new energy and climate strategy under preparation
- National-Nordic-regional-EU approach?
- Joining Nordic forces

# Electricity system and market are in transition



# Challenges of the Nordic power system



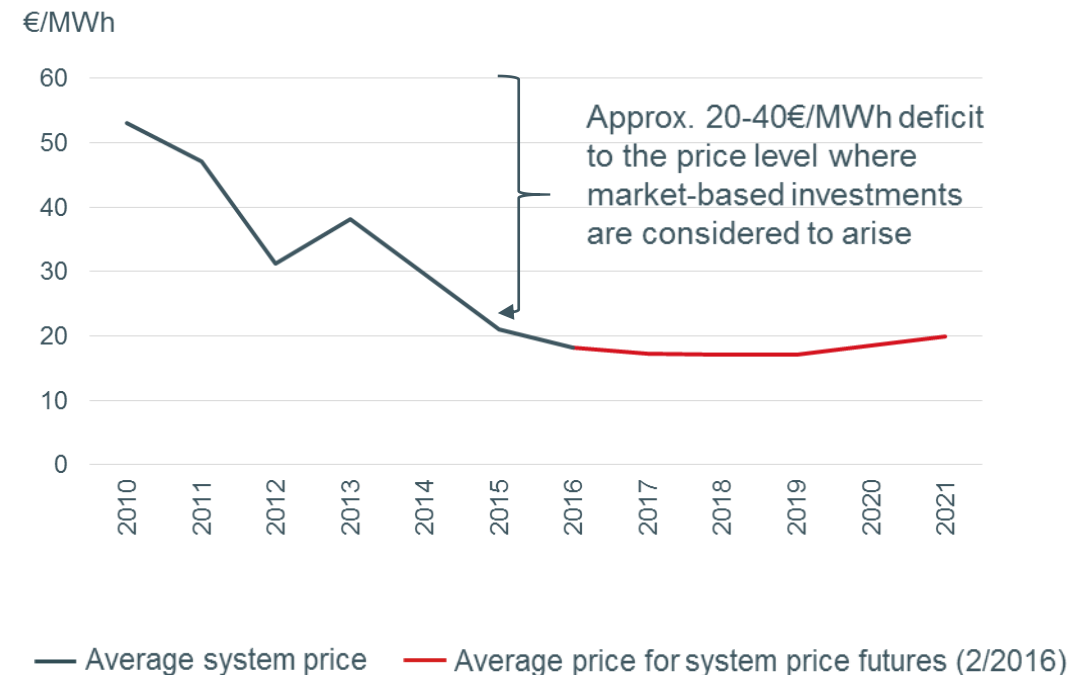
# No business case for market-based investments

## ➤ Fast increase in subsidised renewable electricity has collapsed the market price

- In the internal market the effects of subsidy mechanism are felt across the borders
- The oversupply of electricity in Germany and Sweden can be felt in the whole Baltic Sea area

## ➤ Due to unprofitability generation capacity has been closed down

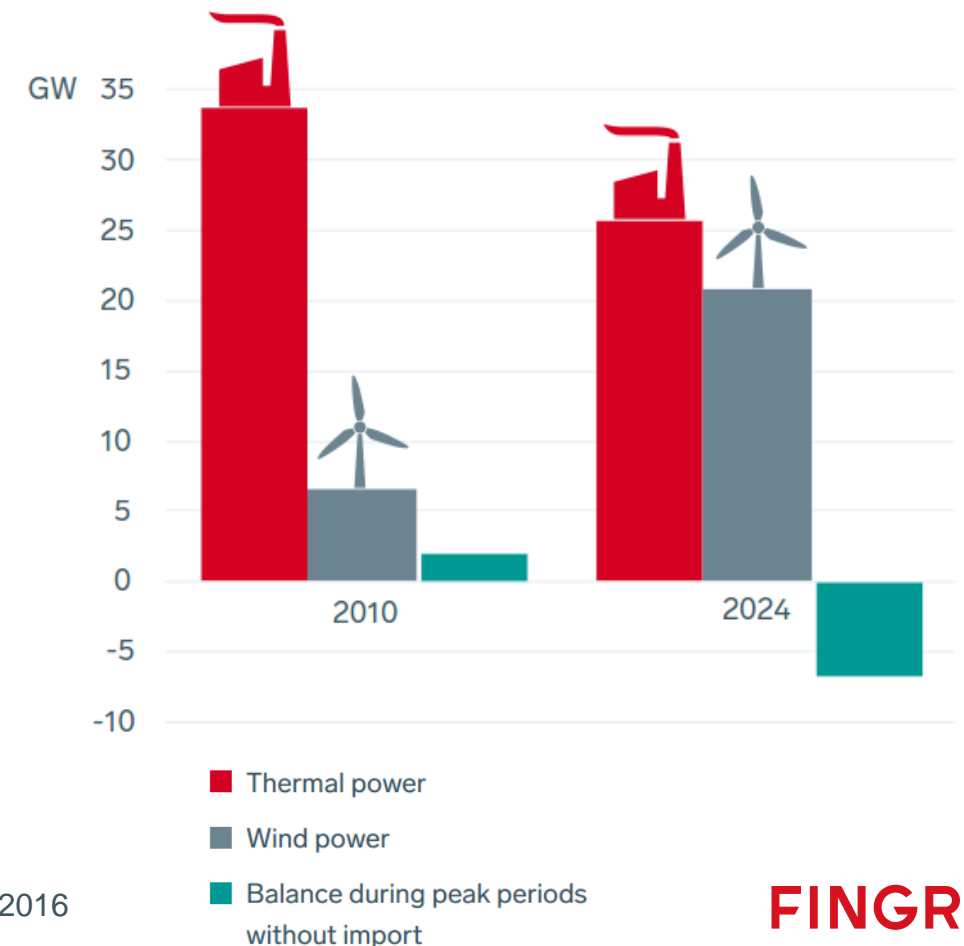
- In Finland condensing power
- In Sweden nuclear power
- Also in Denmark and in the Baltic countries condensing power is facing difficulties



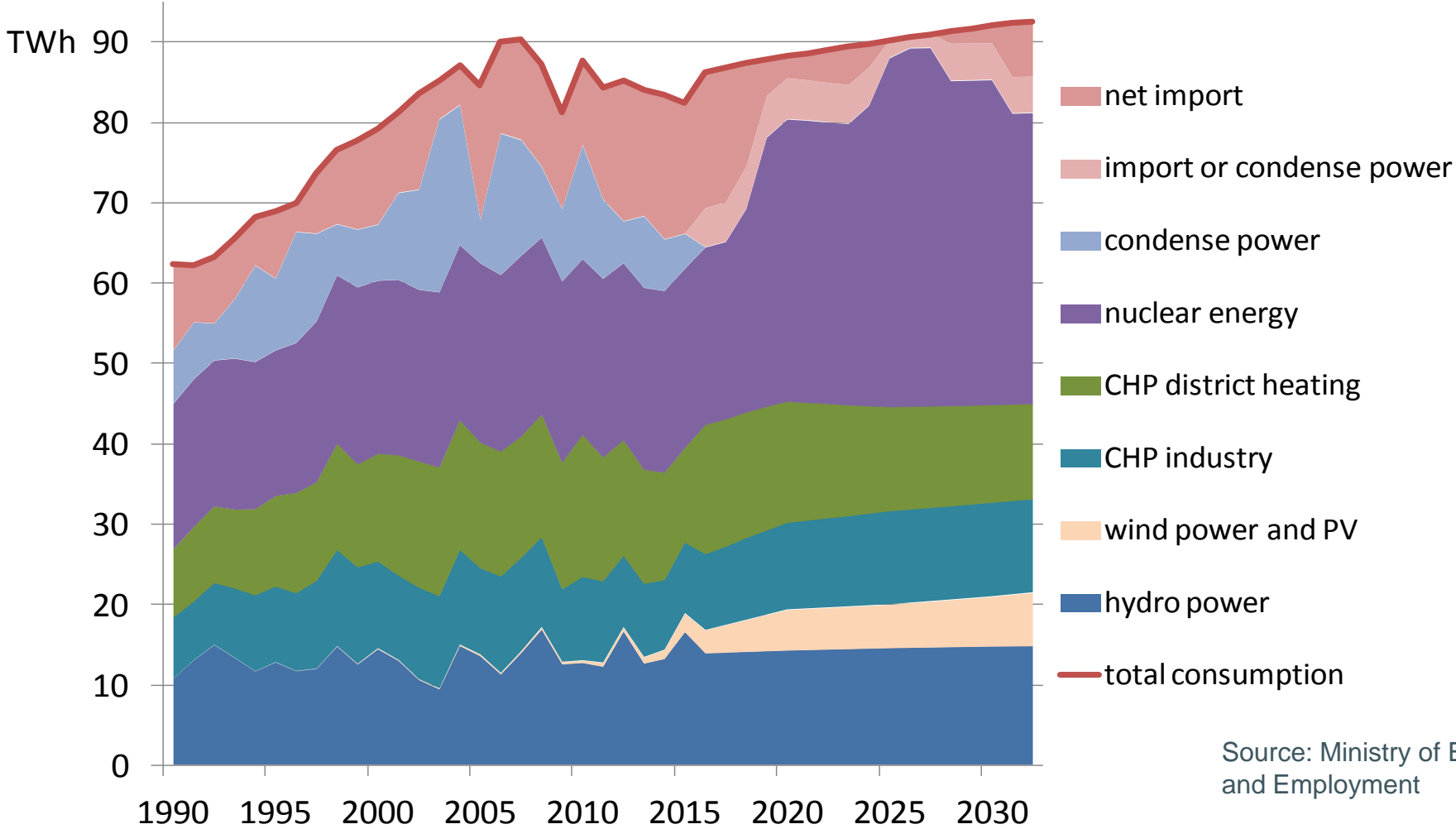
# Demand for flexibility is increasing while supply decreases

- Balancing power has been shut down in Finland because it is unprofitable
- Scarcity has increased on the balancing power market
  - During the past six months, regulation bids have been used up four times.
  - The power system's ability to tolerate disturbances is deteriorating
- Market prices do not reflect the value of balancing capacity and flexibility

Forecasted changes in production structure in the Nordic electricity markets

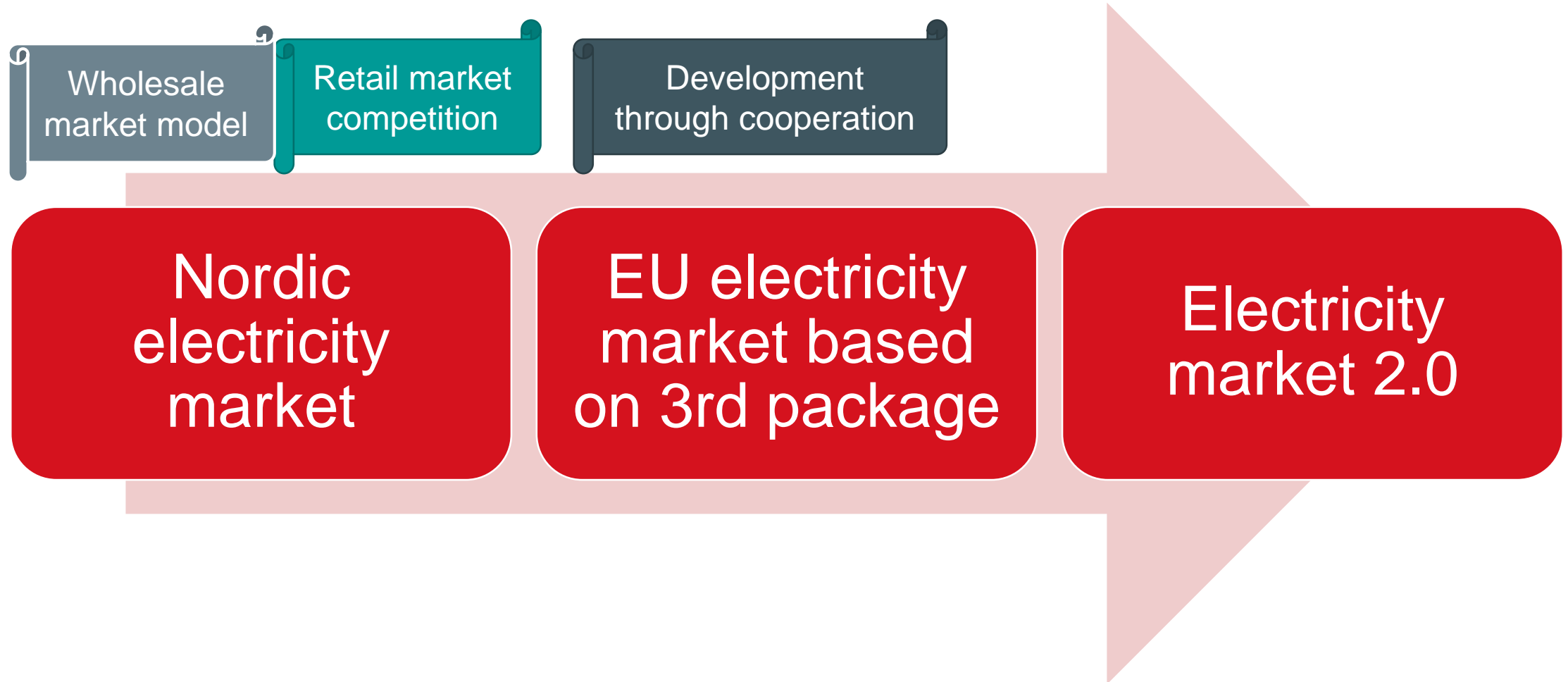


# Finland's energy and climate strategy: Electricity supply, reference scenario



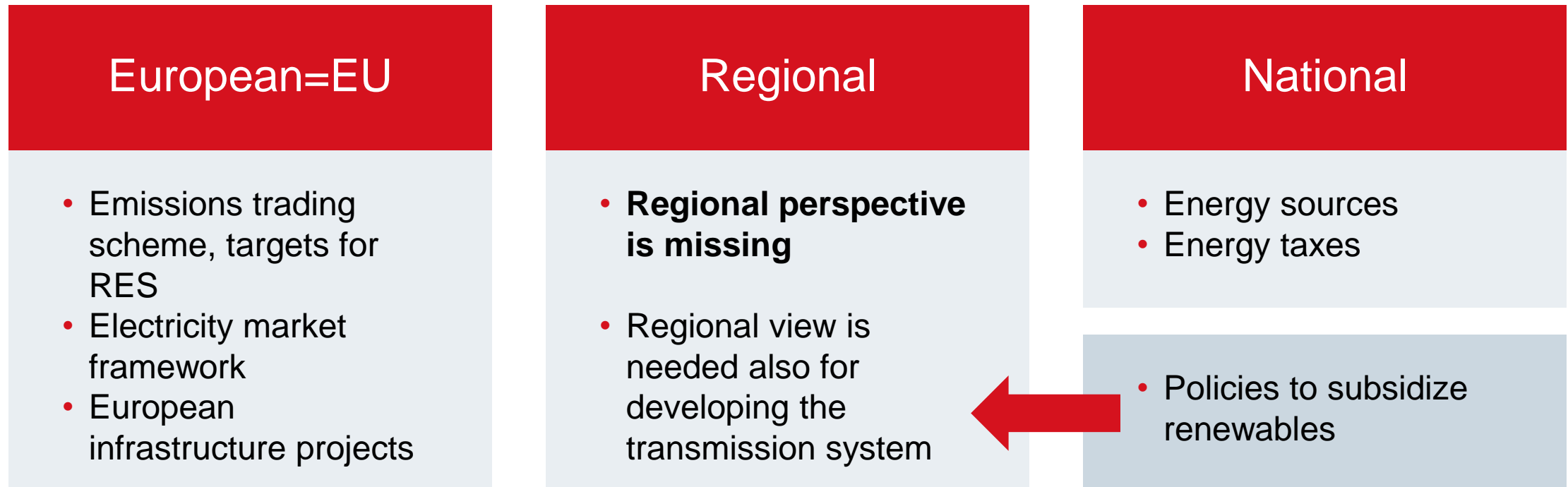
Source: Ministry of Economic Affairs and Employment

# Nordic countries as a regional motor in the energy field

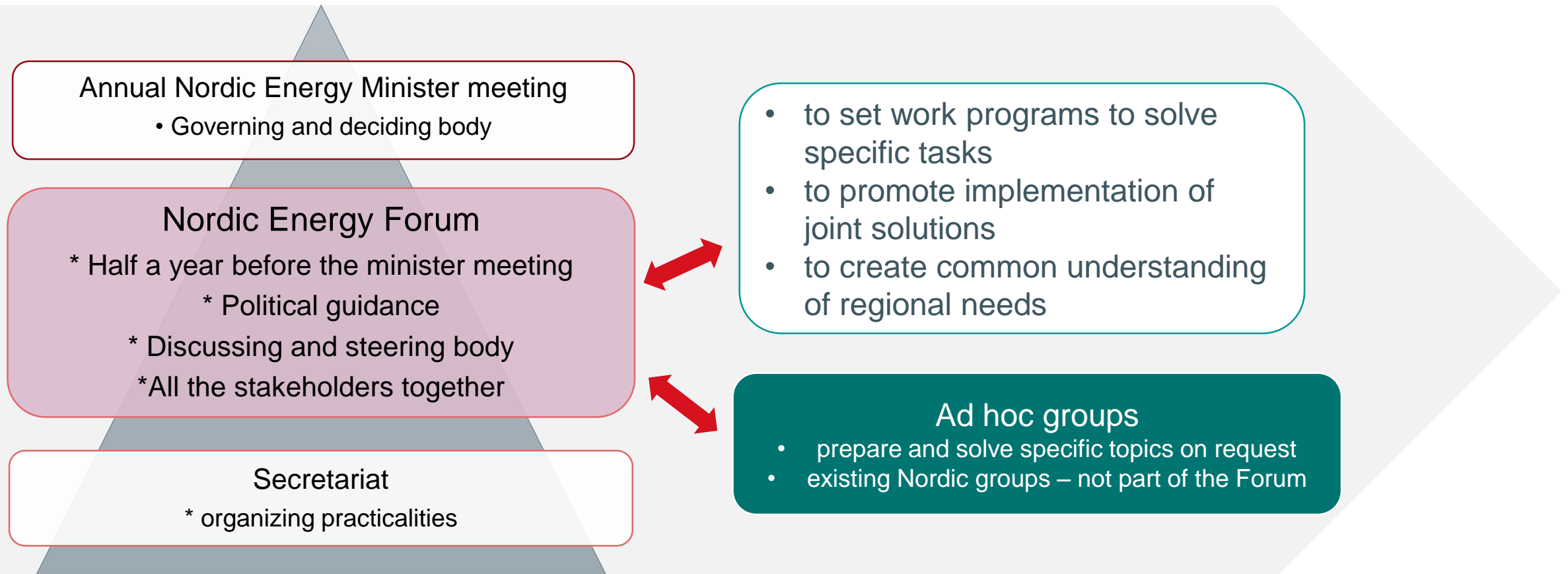




# Energy policy sets the boundaries for the electricity market and TSO operation



# Nordic Energy Forum → solid structure to support regional decision making



# Towards carbon neutral, cost-efficient and secure electricity system



Need a market model 2.0 to handle variable RES



Need coordination and co-operation in all the relevant groups



Need to be ahead and have a strong Nordic voice in Europe

# Thank you!

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