

Response to the European Commission's Green Paper on a Strategy for Sustainable, Competitive and Secure Energy

1. The Norwegian Consumer Council (NCC) is pleased to have the opportunity to comment on the Green Paper on Energy published March 8, 2006.
2. The NCC welcomes the Green Paper and the European Commission's efforts to promote further economic integration among European countries to ensure competitive, secure and sustainable energy markets. The energy challenges facing Europe need to be tackled across national borders to ensure future benefits for European citizens and business. This Position Paper will comment on the Green Paper within the framework of the following three areas: sustainability, competitiveness and security of energy supply.

Sustainability

3. The NCC believes that energy should have a price reflecting its real costs. This "right price" should include the common responsibility any generation has in ensuring a sustainable development path. This means that environmental and social costs must also be incorporated in the price for the end user. Although energy should be as cheap as possible within this framework there should exist an overruling principle in Europe that energy must reflect its real costs and we invite the European Commission to adopt this principle.
4. The opening up for financial incentives and other support measures to promote the development of more renewable energy is highly welcomed as this allows for the establishment of a wide portfolio of possible energy sources.
5. The NCC also supports the idea of an Action Plan for Energy Efficiency based on the principle that the most sustainable energy is the one that you do not use. Smart metering is an attractive measure as it opens up for a range of tools for optimising electricity management. In particular, by achieving more accurate billing, consumers get a better overview of their energy use and may adopt a more holistic approach to their energy consumption.

Competitiveness

6. The establishment of the Nordic Power Exchange, Nord Pool, in 1993 has given consumers from Sweden, Denmark, Norway and Finland the opportunity to gain experiences from an open energy wholesale market. These experiences have been positive as the opening up of the energy markets has had beneficial effects on allocation of resources and transparent price setting. The NCC welcomes the efforts by the Commission to open up energy markets and enhance competition in other parts of Europe as well, in particular its efforts to complete the internal market for electricity and gas.
7. Although a well functioning all-European energy market must be the long term goal, there is a need for an active policy making at present time to build the ground on which such a market can evolve. Concrete measures are needed before the separate

European energy markets are mature enough to be thoroughly integrated. The NCC supports the European Regulators Group for Electricity and Gas' (EREG) initiative for a step by step approach to reach this goal by the establishment of regional energy markets throughout Europe. This approach however, must be closely monitored and controlled by the European Commission to ensure a common development path.

- 8. In this regard the NCC invites the European Commission to further consider the lessons learned from the establishment and well functioning of Nord Pool. This experience shows that integration of energy markets at regional level provides a good stepping stone for further market integration. The NCC is concerned about any measures that may put restrictions on the performance of Nord Pool.**

Security of Supply

9. It is of great importance to ensure an energy market where there is sufficient supply of energy available at all times. This can be achieved only by adequate energy production in combination with sufficient infrastructure. The NCC shares the concerns of the European Commission for the need of large infrastructure investments and the improvement of interconnectivity among European countries. Blackouts prove to be particularly expensive for energy demanding businesses and measures such as rationing must be used with great caution. The NCC supports initiatives of improving cooperation among European countries to stabilize the markets and the establishment of the European Energy Observatory. In particular is this important when dealing with bottlenecks and further cooperation among transmission system operators is highly welcomed.
10. Cooperation should aim at increasing the well functioning of the markets through ensuring the quality of supply of electricity. Since the responsibility of the quality of supply lies with the grid companies, common European standards should be developed to ensure that these European wide problems are solved through the establishment of common responsibilities.
11. In order to diversify Europe's energy mix it is important that decision makers take good care in designing a regulatory framework that do not put unnecessary restrictions on local producers' financial incentives to produce energy, particularly energy produced from renewable energy sources.

The Norwegian Consumer Council is an independent organization representing the interests of consumers. We receive approximately 120 000 enquiries from consumers on a yearly basis and are also represented in the dispute settlement system for electricity complaints. Our objectives are to work to increase consumer influence in society, to contribute to consumer-friendly developments, and to promote measures that strengthen the position of consumers. The Norwegian Consumer Council is free to develop an independent consumer policy, and is independent of commercial interests and other organizations.

As a member of the EEA, legislation resulting from the Green Paper will be implemented into Norwegian law.