

European Commission
DG Energy - ENER.B.2
'Internal Market II: Wholesale markets; electricity & gas'
Rue De Mot 24-26

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BKK Produksjon response to EC Public Consultation on generation adequacy, capacity mechanism and the internal market in electricity

BKK Produksjon share the concerns that Energy Norway show in their response to the EC Public Consultation on generation adequacy, capacity mechanism and the internal market in electricity.

We are concerned of the negative impacts on our current "energy-only" electricity market that a CRM-system can have. We understand there are challenges with regard to the changes in the power system that is appearing with increased intermittent power and less balancing support. But we strongly believe in improving the existing functioning of the markets to address these challenges.

We strongly believe that the proper pricesignals in the market provides the best basis for proper investment and utilization of available capacity in the market. CRM-system removes price signals away from the market and can eventually lead to higher consumer costs than necessary.

Energy Norway has replied to the 20 consultation questions and BKK Produksjon support these answers.

In short we find the most important aspects to be:

- Not to introduce mechanisms that interfere with the goal of the Target Model.
- Improve the design and functioning of today's electricity markets.
- Strengthen the transmission capacity (both domestic and cross-border).

Should EC decide it is necessary to implement a CRM it is important that it is designed in a way that:

- It has minimal negative impact on the electricity markets, market integration and competition.
- The mechanism does not affect or distort the market price.
- It is built in the way so it is able to be phased out once the market itself delivers the appropriate investment incentives.

Experience shows that complex mechanisms take a long time to implement and in our view it can do more harm than good even in a transition period.

Yours sincerely
BKK AS



Atle Neteland
CEO



Wenche Teigland
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