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Your date 16.10.2012

### *Review of the ITC annual cross-border infrastructure compensation sum*

The Confederation of Norwegian Enterprise (NHO) is the largest industry and business association in Norway with 21,500 members and more than half a million employees. NHO has 21 national sector federations, 15 regional offices and an office in Brussels. As an association and through BUSINESSEUROPE we play an active role in the European policy setting, in particular related to energy policy.

NHO welcomes the opportunity to respond to ACER's consultation on the ITC mechanism. Although, we share the quest for better incentives for efficient operation and investment in the European transmission network, we believe that suggested measures will decrease cross boarder exchange rather than a necessary increase. We support the more detailed letter sent to You by our national sector federation Energy Norway and, hence, would use this opportunity to stress some more overall points of departure from a common European low carbon vision.

Through the Energy and Low carbon Roadmaps towards 2050, electricity is emphasised as the important emission free energy carrier. In order to meet this agreed vision for the future, measures should be taken to ensure a dynamic development of infrastructure necessary for an evolving internal electricity market. To impose extra costs burden on a market in its outset is counterproductive to the objective.

Norway has an energy system based on renewable hydropower that in many ways reflect the infrastructure Europe wants for the future. Depending on variable precipitation we are the very first to acknowledge the importance of being connected to other countries in order to have security of supply, being more efficient and to avoid over investments in both production and grid. With the current ITC review we might be forced to reconsider our trade with neighbours and, hence, be counterproductive to our common climate, energy efficiency and renewable targets.

NHO suggest ACER recommends a wider-ranging review of the ITC mechanism in the context of a broader scope for the European power market. Any barriers or cost distortions to a necessary well-functioning internal market will slow down progress towards an energy efficient and competitive low carbon Europe.

Kind regards,

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Asst. director Energy and Environment, NHO