

Electricity policy: investigating participation in low salience policy processes.

A case study of participation in the policy-making process concerning Statnett's application for licenses to trade in electricity with Germany and Great Britain.

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Department of Political Science
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Summary

Electricity is the cornerstone of modern society, but electricity policy is rarely debated in the public. Some energy projects, such as new transmission grid or wind-farms, may reach the top of the media agenda and be publicly debated. But for the most part, changes in the electricity sector is implemented without greater debate in public. This thesis is a case study of participation in the policy-making process in one energy project, Statnett's application to construct interconnectors to Germany and Great Britain. The aim of the thesis is to explain the level of participation in and media coverage of the policy process. Two analytical approaches has been utilized. Firstly, the “quiet politics” framework developed by Culpepper which focuses on the qualities of the issue itself and issue salience as explanatory factors for participation and media coverage. Secondly, the “punctuated equilibrium” framework developed by Baumgartner and Jones which emphasizes the organization of the policy field and the definition of outsider-groups as explanatory factors. The thesis is based on the following empirical material: official documents, reports and legislation, as well as an argumentation analysis of the public consultation and quantitative analysis of the media coverage of three different energy issues.

The main findings are that there has been few participants in the public consultation and very little media coverage of the interconnectors. Participation in the public consultation has been limited to actors and organizations already involved in electricity policy. Both of the analytical frameworks provides valuable insights to explain why there has been few participants. The issue is technical and complex which makes it difficult to understand and represents a barrier to both participation and media coverage. On the other side, the policy field is dominated by powerful actors who sets the agenda, defines the alternatives and provides the information. This makes it difficult for outsider groups to participate. In addition, these two explanatory factors may work together, in that the technical and complex nature of the issue supports and strengthens the position of the dominant actors and facilitates a policy process that is difficult to access for outside actors.

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List of abbreviations

| | |
|----------|--|
| ENTSO-E | European Network for Transmission System Operators for electricity |
| EU | European Union |
| KS | Kommunesektorens organisasjon |
| LO | The Norwegian confederation of trade unions |
| MCE | Ministry of Climate and Environment |
| MPE | Ministry of Petroleum and Energy |
| NHO | Confederation of Norwegian Enterprise |
| NordLink | Interconnector between Norway and Germany |
| NSN | Interconnector between Norway and Great Britain |
| NVE | Norwegian Water Resource and Energy Directorate |

1 Introduction

Electricity has during the past century become one of the most critical part of modern society. The secure and stable provision of electricity is important for industries, households, and the general functioning of society. Norway as a country is privileged with its abundance of natural and renewables energy resources. Considering how important electricity is in society, one could expect ample public debate about how to ensure and develop the electricity sector. However, there is in general little public debate on the direction of Norwegian electricity system policy. From time to time some energy issues emerges on top of the political agenda, but these are mainly protests over single energy projects such as gas power, wind-farms, hydroelectric power plants, and electricity grids. However, the debate over these energy issues only rarely challenge or debate the general direction of electricity policy.

One project that is currently evaluated by the Ministry of Petroleum and Energy (MPE) is Statnett's application for new interconnectors to Germany and Great Britain. Interconnectors denotes a specific type of electricity grids, namely the transmission grid that crosses national borders. The purpose of interconnectors is to facilitate trade in electricity across borders. With the interconnectors, the Norwegian electricity system will be more closely connected to the German and British electricity markets. The price difference between Norway, Germany and Great Britain will determine how much electricity is exported or imported. There is a consensus that the electricity price will increase as a result of the interconnectors, the disagreement concerns itself with how much (see i.e. Statnett 2013a; Taule et al. 2012).

Investments in electricity grid influences the ability to provide electricity and at what prices the electricity is provided and as such it is of a general concern that the electricity grid is expanded in a rational manner. Furthermore, the life-span of electricity grids is upwards to 60 years which warrants that decisions are taken on the best possible grounds (NOU 2012:108). Concerning the interconnectors planned by Statnett, they have to a very little extent been debated in the national media and I wonder how this influence participation in the decision-making process. My research question is as follows:

What may explain the level of participation in and media coverage of the policy process up to the political decision of granting or denying Statnett a license to trade in electricity with Germany and Great Britain?

I will answer this research question by analyzing the case based on two different theories. Culpepper (2011) argues that the importance voters place on an issue, or issue salience,

influences who participates in policy making as well as the outcome. With low salience issues there are few incentives for both journalists and politicians to engage in the issues because media coverage would not increase newspaper sales and it does not pay off electorally. When issues are characterized by low salience, the policy development is left to the policy subsystem and influence is gained through what Culpepper calls quiet politics. Quiet politics refers to a policy dynamic where expert knowledge and lobbying efforts is central to achieving political goals. Culpepper theorizes that one reason issues are not salient is that they are technical or complex, thereby creating an information asymmetry between insider and outsider groups resulting in a policy field dominated by experts. In sum, issue salience influences who participates in the decision-making process. This is further exacerbated if the low salience issue also is a technical and complex issue.

The other theory is that of punctuated equilibrium, developed by Baumgartner and Jones (1993). According to this theory, policy development is dominated by stable and strong policy monopolies. As long as the policy image and membership in the policy monopoly is stable, policy making will be characterized by incrementalism, or small changes over time. When an issue is placed on the agenda or an external shock places the issue on the agenda, new actors and new institutional venues are involved, changes to policies may occur. According to Baumgartner and Jones, the existence of strong and stable policy monopolies will effectively dampen agenda-setting activities, limit participation in policy making and media coverage of the pertaining issues.

Based on these two theories, I have two sub-research questions:

1. To what degree is the technical nature and the complexity of the issue an explanatory factor in determining participation and media coverage, through low salience?
2. To what degree is the policy process dominated by a powerful policy monopoly, thereby limiting participation of outsider-groups and limiting media coverage?

1.1 A brief description of the case

In Norway there are several ways in which the public, interested parties and organized interests can influence public policy making. The main channel of influence is through the elections, whereby the population elects its representatives to the Parliament (Østerrud 2002:139). Between the periodic elections the media channel is one of the most important channel for influencing policy making. This is achieved, most notably, by the agenda-setting abilities of the media. Research has shown that the media's agenda becomes the readers' agenda, an effect known as the agenda-setting effect (Jenssen & Aalberg 2007:256; McCombs & Shaw 1972). This agenda-setting effect is also valid in a negative sense, in that the media

does decide on which issues are covered, and by extension, which issues are excluded (Aardal et al. 2004:397). According to Christensen et al. (2010:136) a bias in media coverage is that media attention is easily drawn towards negative sides of the public management as well as policy areas with conflict, be it single cases or general sides of a policy area.

The last channel of influencing public policy making is through what is commonly referred to as the corporate channel. In the corporate channel, organized interests and collective actors are invited into the policy making process by the bureaucracy, through for instance participation in committees and public working groups. Representation and involvement is usually based on either one of two criteria: the organization represent members who are particularly affected by the policy area, or the organization or individual may represent particular expertise within an area which makes their input valuable to the bureaucracy (Christensen et al. 2010:128). Corporatism in the Norwegian context is commonly used to denote organized interests' influence and participation in official policy development and implementation through routine contact with the bureaucracy. This routine contact with the bureaucracy is supplemented with lobbying efforts towards the political leadership in Ministries, the Parliament and parliamentary committees. Lobbying is usually defined as informal contact between elected representatives and interest organizations, businesses, and individuals (Christensen et al. 2010; Rommetvedt 2011).

1.1.1 Overview: electricity policy

Electricity policy is a conjuncture of many different policies. One policy is the 'Green certificates' which was implemented in 2012. The purpose of the 'Green certificates' was to subsidize and provide incentives to construct new renewables electricity generation. The aim of the policy is to construct 26.4 TWh in Norway and Sweden by 2020 (NOU 2012:39). With the increased capacity, a new challenge is created which is that this electricity has to be consumed as electricity cannot be stored. If this new capacity is introduced to the electricity market without expanding the demand for electricity, there will be a reduction in the electricity prices. A reduction in price will lead to increased consumption (Helm 2012:102). Increased electricity consumption connects the green certificates with another policy, namely the energy efficiency policies adopted to reduce the energy intensity of the economy as well as policies adopted to increase the energy efficiency in all sectors (see i.e. Meld. St. 21 2012).

If the green certificates policy is implemented properly and the goal is achieved, there is an expected surplus of electricity. There are, simplified, two ways of off-setting this surplus. One way is to export the electricity for which the proposed interconnectors to Germany and Great Britain is instrumental. The proponents of the interconnectors argue that increased export is

necessary to ensure value creation in the electricity sector. Furthermore, they argue that a possible climate effect is achieved if renewables substitutes coal- and gas-fired thermal plants in Germany and Great Britain. This will lead to reduced emissions of climate gasses (Agder Energi 2013; BKK, 2013; EnergiNorge 2013; Statkraft AS, 2013). The other solution to off-setting the surplus of electricity is to increase consumption of electricity. The opponents of the interconnectors argue that low electricity prices is a comparative advantage for the energy intensive industries and the petroleum sector (IndustriEL AS, 2013; Industri Energi, 2013).

The government's position towards interconnectors is unclear. In the government green-paper on the construction of electricity grid the issue of interconnectors is debated. It is noted that the interconnectors are important to ensure the security of supply and that they shall be constructed to the degree that they are socioeconomic profitable (Meld. St. 14 2011-2012:52). However, they do not state whether there is a political aim to construct more interconnectors, or how the issue of increased supply of electricity from the green certificates should be tackled. On the grounds of this ambivalent governmental position Statnett has decided that they shall facilitate for increased electricity export to the continent, and currently Statnett has applied for concessions to construct two interconnectors, one to Germany (NordLink) and one to Great Britain (NSN) (MPE 2013b).

As mentioned above, Statnett has applied for licenses to construct two interconnectors, and the application was sent on a public consultation from May 23rd to August 23rd. By the deadline, a total of 14 interested parties had responded to the public consultation. Out of these 14, there was comments from one grid utility, two electricity producers, two trade unions, five business organizations, three civil society organizations, and one individual (MPE 2013b). On October 13th 2014 Statnett was granted the necessary licenses to construct the interconnectors (MPE, 2014).

1.2 Delimitations

To be able to get a reasonably sized project for this master thesis I have delimited this thesis to Statnett's application for an international trading license for the interconnectors to Germany and Great Britain. In addition to the application for international trading licenses, Statnett needs construction licenses for the two projects. The public consultation for the construction license was conducted by the Norwegian Water Resource and Energy Directorate (NVE), and as this only concerns itself with the practical solutions chosen, I have chosen to not include this in the thesis.

The other delimitation I have made concerns itself with the responses to the public

consultation. There were 14 responses out of which one response was from a single individual. I have defined this individual out of the thesis, as the individual does not represent any interests or a larger entity. For the rest of this thesis I will not concern myself with this response to the public consultation, and refer to the remaining 13 responses.

1.3 Outline of the Thesis

In addition to this introductory chapter, where I have presented the research question as well as outlined the case, the thesis consists of seven other chapters. In the second chapter I will present the analytical framework. Here I will present the theories in detail as well as derive expectations to the case. In the third chapter I will present the methodological considerations made. Here I will present the methodological consideration in the use of both argumentation analysis as well as the media analysis. In addition I will elaborate on the validity and reliability of the thesis. The fourth chapter will provide the reader with background knowledge pertaining to this study, amongst other an introduction to the Norwegian electricity system.

The fifth chapter concerns itself with the empirical evidence on the electricity sector. This includes a historical presentation of interconnectors, Statnett's application as well as empirical evidence on the structure of the electricity sector. In the sixth chapter I will present the public consultation, as well as the result of the argumentation analysis on the responses. This chapter also includes the results of the media analysis. In the chapter that follows I will analyze and discuss the empirical findings based on the analytical framework. Here I will firstly analyze and discuss the two sub-research questions separately, before I analyze and discuss the main research questions, and hence the two theories up against each other. In the last chapter I will provide some concluding remarks.

2 Analytical framework

Agenda setting is considered the first stage in the public policy-making cycle, and the analysis concerns itself with how, if at all, problems emerge on the government's agenda (Howlett et al. 2009:92). Issues that are on top of the government's agenda are usually under scrutiny by the media. Media attention creates awareness amongst groups and policy makers not directly involved in the policy field. One goal for interest groups and other parties will be to put their issue on the government's agenda, or avoid such a move by others. Issues may emerge on the agenda by different measures, for instance some issues appear regularly or by routine such as periodic elections, budgetary cycles, and scheduled policy evaluations. Other issues are put on the agenda by means of an external shock, i.e. safety in the petroleum industry after the oil spill in the Gulf of Mexico in 2010 (Birkland 2011:180; Howlett et al. 2009:104).

In the case of granting or denying Statnett licenses for interconnectors, the Government has the power to decide. This entails that the interconnectors are put on the Government's agenda, however, as I will show in chapter 5 this emergence has been followed by limited media coverage and limited public debate. This chapter presents the analytical framework, starting with Culpepper's theory of 'quiet politics' which mainly focuses on issue salience as an explanatory factor in determining media coverage and participation. After that I will present Baumgartner and Jones' theory of punctuated equilibrium which attribute little media coverage and few participants in the policy-making process to the existence of policy monopolies.

2.1 The importance of salience

The amount of attention devoted to any given issue by media and politicians is not a constant. Some issues receives abundant attention, and others are barely covered at all. Culpepper argues that the difference in attention depends on whether or not it is a politically salient issue. Issue salience refers to how important the average voter considers the issue, relative to other issues (Culpepper 2011:4). Issue salience is, according to Culpepper, detrimental in determining the policy dynamics of a given issue and how much power a given policy subsystem has over the outcome. Policy subsystems can be understood as the actors, interest organizations, industries, bureaucracy and politicians involved in the same policy field (Howlett et al. 2009:81).

Political parties will profile themselves on issues of high political salience, and the media will cover them extensively. This entails that both the politicians and journalists develop

knowledge of the issues, and has access to independent expertise, thus enabling them to challenge the expertise of a policy subsystem (Culpepper 2011:5). Issues of low political salience, on the other hand, are not important to the voters thus giving few incentives to both journalists and politicians to develop their own expertise. Hence, neither the journalists nor politicians have the necessary expertise to challenge the experts of the policy subsystem (Culpepper 2011:9).

2.1.1 Rule-based decision-making and quiet politics

The mode of decision-making may influence the actors involved and the interests represented. In low salient issues, decision-making is often delegated to the bureaucracy and the decision-making is characterized by being rule-based. Rule-based policy areas may be policy areas that historically have been dominated by government action, or policy areas where strict regulation is needed to make sure there is proper competition in the market (Culpepper 2011). Electricity policy is a rule-based policy area, where much of the decision-making is delegated to the bureaucracy, and this may be attributed both to historical developments and a policy area where strict regulation is needed. The electricity sector has been developed in tandem with the industrialization of Norway, with a strong degree of public ownership (Skjold & Thue 2007). The electricity sector is also one of the sectors where strict regulation is needed to ensure proper competition. This is mainly because electricity grids is a natural monopoly, where competition does not improve service delivery (Reiten, 2014:23). As such there is a need to ensure that the dominant market position is not misused by the grid utilities. This entails, for instance, strict regulation of the grid utilities including amongst other a requirement that all projects to upgrade or invest in new electricity grids has to be approved by NVE or the government (Energilovforskriften 2012). However, Statnett and other grid utilities still have a lot of autonomy within the bounds set by government.

Whereas high salience issues are characterized by partisan competition, low salience issues are to a lesser extent decided by partisanship and to a greater degree decided by and delegated to the bureaucracy. Bureaucratic decision-making is characterized by an appreciation of expertise. The bureaucracy often involve both interest- and business-organizations in their work, and the inclusion is often based on what these organizations offer in added value, which is often expert knowledge (Culpepper 2011:183). Inclusion in policy-making entails participation in expert groups, forums, and working groups by interest organizations, businesses, researchers and other experts. The purpose is to supplement the knowledge of the bureaucracy with that of experts or confer with those directly affected by the policy area (Christensen et al. 2010:128). The inclusion of interest- and business-organizations in public

policy-making often results in policy networks being established around the bureaucracy (Culpepper 2011:182).

'Quiet politics' is the term used by Culpepper to describe this policy dynamic, when policy making takes place away from the spotlight of the media. The term coins the expertise utilized by the bureaucracy as well as the lobbying efforts directed at the political leadership in the Ministries, Government and Parliament (Culpepper 2011:4). One of the most important factors in the successfulness of 'quiet politics' is the deference that media and politicians place on expert knowledge. Because issues of low salience gives few incentives for media and politicians to get involved, they do not have knowledge or access to independent expertise to challenge the expertise in the policy subsystem (Culpepper 2011:9).

This thesis investigates participation in the public consultation and media coverage of the interconnectors. Public consultations are as its name states, public, and open to any who feels inclined to send a response. In the public consultation there are no formal rules that limit participation, however, it does not entail that everybody participates. Low salient issues are characterized by limited participation, and policy development is left to the policy subsystem.

2.1.2 Salience, politicization and participation

According to Culpepper, and as elaborated on above, issue salience determines who are involved in policy making through its effect on media attention and electoral payoffs. However, what determines issue salience? Culpepper theorizes around why some issues are more salient than others. One factor identified is that low salient issues also are technical and complex. Technical and complex issues heightens the barrier to participate and challenge the experts. Furthermore, when issues are technical and complex, it will be difficult for the politicians and the media to convince the voters of the importance of the topic (Culpepper 2011:8).

An operationalization of what constitutes technical or complex issues is not provided by Culpepper, which leads me to employ other measures to describe the issue. The dictionary defines technical as: “(1) relating to a particular subject, art, or craft, or its techniques. ▪ requiring special knowledge to be understood [...] (2) involving or concerned with applied and industrial sciences” (*Concise Oxford English Dictionary* 2011:1479). This definition of technical encompasses some aspects worth a note. Firstly that technical refers to a particular subject or field that often is related to the applied or industrial sciences, and secondly that common knowledge is not sufficient to gain an understanding of 'technical' issues. In the following I will understand 'technical' as a description of abilities or knowledge within the

applied or industrial sciences that has to be learnt or studied. Complex is defined as: “Consisting of parts or elements not simply co-ordinated, but some of them involved in various degrees of subordination; complicated involved, intricate; not easily analyzed or disentangled” (*The Oxford English Dictionary* 1989:613). This definition also encompasses several elements that is worth commenting on. Firstly, that a complex issue consists of several parts or elements that relate to each other to constitute a whole, and secondly that it is not necessarily easy to disentangle how these parts are interrelated. This definition entails that one has to understand both the parts and how they are interrelated to understand and make up an educated opinion of the issue.

I will argue that the issue of interconnectors is a technical and complex issue. It requires a technical understanding of the electricity infrastructure and a basic understanding of the electricity system. In addition it is also necessary with an understanding of how different electricity systems interact, how trade is organized and social economics, to understand what considerations has been made. With the above-mentioned knowledge, it is possible to make a qualified judgement as to whether the interconnectors are both necessary and worth the costs.

For politicians and journalists it is costly to develop expertise in complex and technical issues, and low public concern reduces the incentive to do so. This may lead to public inattention towards the issue which creates an asymmetry in the information the 'experts' has compared to politicians and journalists. The inattention entails that issues may be framed in the media and experts exercising a disproportionate influence on public policy. Disproportionate influence is mainly gained through the deference enjoyed by experts, lack of independent experts, and politicians afraid of challenging the experts (Culpepper 2011:178).

Low salience issues are thus characterized by mainly being left over to the bureaucracy, where experts in the policy subsystem have a lot of influence. However, by means of politicization some issues may emerge on the agenda either temporary or permanent. Culpepper argues that issues moving from low to high salience is a rare occurrence, however some issues may be politicized and for a short period of time be on top of the media and politicians agenda. Politicization can be defined as “an increase in polarization of opinions, interests or values and the extent to which they are publicly advanced towards the process of policy formulation [...]” (De Wilde 2011:556–67). When an issue is politicized, it is put on top of the media's and Government's agenda. This move involves previously uninvolved actors, most notably the politicians and the media but also the public as well as previously uninvolved industry actors and interest organizations. Politicization of issues might occur as swiftly as they are depoliticized again, and when an issue only gains temporary high salience, the debates may be

dominated by the experts (Culpepper 2011).

2.1.3 Summary

To sum up, issues varies in the political salience the average voter places on them, and the salience has effects on both the media coverage, how attentive the politicians are and who participates. The casual relationships is illustrated in the diagram below, where the arrows indicate causal directionality and the mathematical symbols indicate whether the effect is positive or negative. In the model I have chosen to merge the variables media coverage and salience, mainly because I will not be able to independently measure salience. Furthermore, I have left out the voters of the model as they are not conceptualized as an independent variable in Culpepper's model, rather their preferences are conceptualized in the notion of salience.

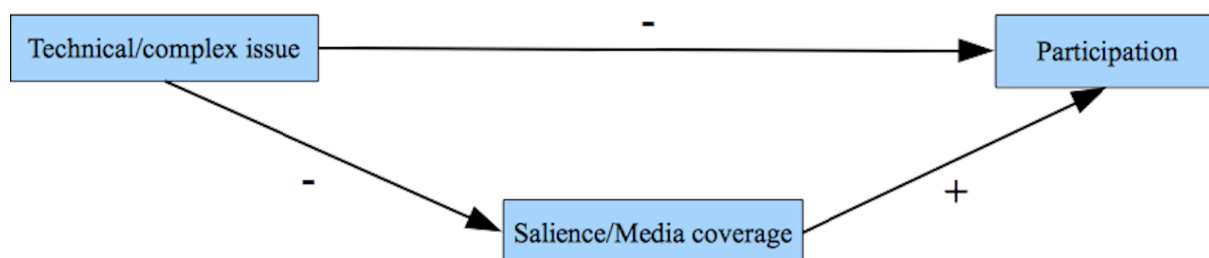


Illustration 2.1: Causal model illustrating Culpepper's theory (my model).

The model shows that if issues are of a technical and complex nature, this will be an independent barrier to participation. The technical and complex nature of an issue does also have a negative influence salience and media coverage, however, media coverage and salience is in itself a positive influence on participation. It is important to note that this is a simplification and illustration of the theory and should not be interpreted as a strict casual model.

In the introduction I posed the following sub-research question: *“To what degree is the technical nature and the complexity of the issue an explanatory factor in determining participation and media coverage, through low salience?”* According to Culpepper's theory, if the issue of interconnectors is technical and complex, it will also be a low salience issue. Low salience issues are characterized by low participation, and participation is then limited to those actors who are already involved in electricity policy or in other words, the policy subsystem. This will also be reflected in the media coverage, in that there will be little coverage, and the media coverage is dominated by the experts already involved in the policy field.

2.2 Policy monopolies and punctuated equilibrium

Baumgartner and Jones (1993) has developed the theory of punctuated equilibrium based on a critique of theories that view policy development and policy change as a linear process. The theory has been developed to conceptualize a holistic model where the periods of stability and abrupt change is explained. In the periods characterized by stability, policy development is dominated by policy monopolies, with clearly defined in- and out-groups. From time to time this stability is disrupted and the issue is put on the political agenda. When an issue is put on the agenda, the policy process opens up, thereby increasing participation and alternative understandings of the policies. It is during these periods of instability that there is a window of opportunity for radical change in the policies as new participants and other interests are represented in the decision-making process (Baumgartner & Jones 1993:4)

There are clear differences in how Baumgartner and Jones conceptualize participation and policy change compared to Culpepper (2011). Culpepper argues that issues are qualitatively different from each other, some easily understood, other complex and technical in nature. Some issues have a direct effect on the inhabitants, such as taxes or welfare spending, than others. These factors influence how much attention the voters devote to the issue as well as its importance to the voters, and through that the media and politicians involvement with the issue. According to Baumgartner and Jones (1993), there are no qualitative differences in issues, however there are policy subsystems with differing abilities to establish a monopoly, thereby limiting participation and agenda-setting efforts by outsider-groups.

The notion of policy change is also conceptualized differently. Baumgartner and Jones theorizes that policy monopolies manage to control the policy development and limit participation, leading to incremental changes in policies when an issue is not placed on the political agenda. Radical changes in policy may occur when issues are set on the political agenda, and the changes occur because new actors are involved in the policy process, representing different interests and thereby evaluating the policy differently. Hence change occurs when the policy monopolies loose their grasp of the policy (Baumgartner & Jones 1993). This can be contrasted to Culpepper (2011) who argues that change may occur all the time, however the issue salience influences participation in the decision-making process. With low salience issues the decision-making power is delegated to the bureaucracy and there is little partisan competition and little media coverage thereby limiting the public awareness of the issue.

2.2.1 Policy monopolies, images and incremental change

Baumgartner and Jones advocate a theory where the notion of policy monopolies is a central concept in understanding participation and policy change. According to Baumgartner and Jones (1993:7) policy monopolies has two characteristics, namely “a definable institutional structure [...] responsible for policymaking” which limits access to the policy-making process and a powerful policy image supporting the institutional structure. Policy image is understood as a way in which a policy is understood and discussed (Baumgartner & Jones 1993:25). Baumgartner and Jones (1993:7) continues to argue that once this 'institutional structure' has been accepted as achieving some sort of public policy goal, the initiatives will be supported and fostered by the Government. This leads me to understand the notion of policy monopoly as a more or less closed version of policy subsystems, where both participation is limited as well as certain notions of how policy alternatives are viewed and which policies are deemed appropriate.

Baumgartner and Jones (1993) provides a rather fuzzy definition of policy monopolies, and less information on how this definition may be operationalized. Hence I will rely on the framework developed by Boasson (2011) to operationalize the concept of policy monopolies. Boasson argues that the ability of an actor to shape policy outcomes is dependent on their structural position in society, which includes both the organization of government and private actors and the relations between these (Boasson 2011:20). Boasson focuses on the distribution of authority and information in her operationalization of policy subsystems.

The distribution of authority is important as it is a determining factor as to who participates and who dominates when decisions are made (Boasson 2011:20). Usually the Government has a superior position when it comes to authority, as it often encompasses the roles of making rules, being a referee, and enforcing the legislation (Scott 2008:53). The distribution of both information and authority is not even, and controlling information may be crucial in the process of influencing policies. No organization will be able to fully control all relevant information, however, the organizations with issue-specific information will “have a favorable position in the policy development process” (Schattschneider 1960:136). According to Boasson (2011:22) the distribution of authority and information should be weighted equally, and the distribution of both will determine which actors are influential in the policy-making process.

In electricity system policy, there is an established authority in MPE and NVE. Together, these determines the rules and regulations that apply to Statnett. However, this distribution of authority is only one part of the operationalization of policy monopolies. As will be shown in

the empirical evidence, Statnett is a centrally placed actor with access to information about the electricity system. As owners of the transmission grid Statnett has information about the flow of electricity in Norway, as well as the flow of electricity between Norway and neighboring countries. This information is crucial when developing plans for reinforcements and investments in the transmission grid.

One of the main components of policy monopolies is the establishment of insider- and outsider-groups, as well as a structure that reinforces that understanding (Baumgartner & Jones 1993:6). This notion of policy monopolies can be compared to the analytic terms used to describe corporatist networks in the Norwegian context such as *the segmented state*, *iron triangles*, and *the fragmented state* (Christensen et al. 2010; Østerrud 2002; Rommetvedt 2011). These terms has been used to describe policy fields where certain participants are considered legitimate, as well as which values, perceptions of reality, and expertise is considered legitimate. Participants in a segment may be from different organizations, the bureaucracy and management, and parliamentary committees (Christensen et al. 2010:140).

2.2.2 Policy image and policy change

Baumgartner and Jones' policy monopoly differ from the aforementioned concepts in the emphasis on policy image (Baumgartner & Jones 1993:7). Policy images can be understood as the way in which a policy is communicated, and it consists of empirical information and emotive appeals. Baumgartner and Jones refers to the emotive appeals component as the policy images' tone. In stable and strong policy monopolies, there is a positive tone to the dominant policy image, which underpins the policy monopoly. The tone is crucial in studying policy change as rapid changes in the tone of a policy image is often a precursor to changes in policy (Baumgartner & Jones 1993:26). Furthermore, these policy images often achieve a hegemonic status in policy monopolies. This leads to 'agenda denial' through refusing alternate interpretations, policies and ideas to be debated and evaluated (Howlett et al. 2009:106).

The successful establishment of a policy monopoly, entails that there is limited participation and a hegemonic policy image. This entails that there is limited room for policy innovation and alternative interpretations of the status quo, hence the policy development will be incremental changes in policies over longer periods of time (True et al. 2007:162). Baumgartner and Jones (1993:43) claim that strong policy monopolies will be able to suppress agenda-setting initiatives by others. However, when issues are placed on the agenda it entails that the hegemonic policy image is challenged and that the policy monopoly loses control over the decision-making process. An issue may be placed on the Government's

agenda by external shock or formal rules that govern the policy making process (Jones & Baumgartner 2005:19). In this case, the interconnectors are placed on the Government's agenda by formal rules.

Often agenda-setting entails change of formal decision-making arena, which involves new participants who may evaluate policies and policy-objectives differently as they represent interests that diverge from the interests of the policy monopoly. The new participants in the policy-making process and their interests may lead to a change in policy (Baumgartner & Jones 1993:32–33). However, agenda setting and agenda access to new participants does not immediately result in change, as change in policies is often blunted in the decision-making process. But accessing the agenda is a precondition for change in policy content (True et al. 2007:159).

The legal framework ensures a change of formal decision-making arenas, in that Statnett has to apply for an international trading license. Up until the application, all decisions has been taken by Statnett, but with the application the institutional venue changes as MPE grants trading licenses. MPE may view the electricity sector differently or have different priorities. This change of decision-making arena also entails that the policy process is opened up to actors outside the policy monopoly, that may have diverging opinions on the interconnectors. As the public consultation is open to everybody, Statnett cannot limit participation, and hence has to convince MPE that the interconnectors are needed both to ensure security of supply as well as being economically profitable for society.

2.2.3 Summary

To sum, policy monopolies are structures that limits both participation and media coverage. This structure is supported by a positive and hegemonic policy image, and as long as policy development is located within the policy subsystem it leads to incremental change in policies. The causal relationships is illustrated in the diagram below. It is also here important to note that this is a simplification and an illustration of the theory, and it should not be interpreted as a strict causal model.

The model shows that a policy monopoly would have a negative effect on both media coverage and participation. The model is similar to Culpepper's model in the notion that media coverage in itself would have a positive effect on participation. In the introduction I posed the following sub-research question: *“To what degree is the policy process dominated by powerful policy monopolies, thereby limiting participation of outsider-groups and limiting media coverage?”* According to Baumgartner and Jones' theory, if there is a policy monopoly

advocating the interconnectors, the policy monopoly will support their policy by advocating a positive and hegemonic policy image. The eventual existence of a policy monopoly and its accompanying policy image will limit participation from outside actors and alternative policies.

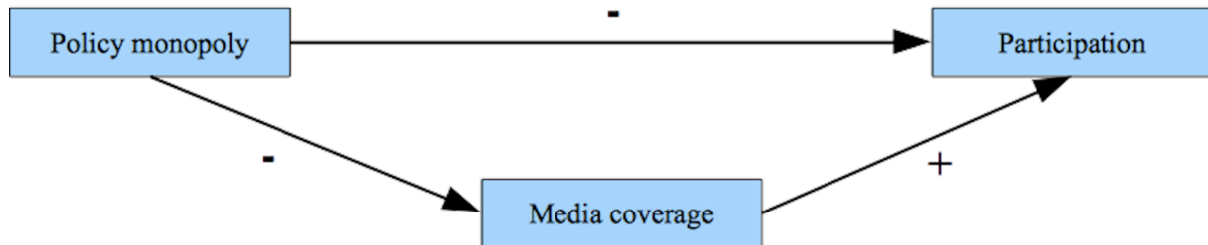


Illustration 2.2: Casual model illustrating Baumgartner and Jones' theory (my model).

3 Methodology

In this chapter I will discuss the methodological aspects of this case study. I start this chapter with a discussion of case study as a method, before I justify my choice of case. Thereafter I will present the empirical evidence this thesis is based upon which is the responses to the public consultation and an analysis of media coverage. In both cases I will present the methodology, its purpose, data selection, and what information I wish the methods used shall produce. I conclude the chapter by discussing validity, the generalization potential and reliability of the research-design.

3.1 Case study as a method

There are several definitions of a case-study, but for the purpose of this thesis I define it as “the intensive study of a single case where the purpose of that study is – at least in part – to shed light on a larger class of cases” (Gerring 2007:20). Gerring (2007:79–80) describes a case study as a study into both the particular and the general. This may be further specified by King, Keohane and Verba (1994:15) who emphasize that research should ideally fulfill two criteria; the research should investigate a topic that is important in the real world and it should contribute to our collective ability to construct scientific explanations to social phenomena. The specific topic of this thesis is participation in policy-making processes when the issue is characterized by low salience and little media attention. There are a lot of political decisions being made without scrutiny by the media and attention from the voters. Understanding the political dynamic of how these decisions are made is important as these decisions may represent unfair and undemocratic influence by powerful interests at the expense of the public. But a case-study is also the study of the general. Gerring (2007:80–81) underlines the importance of specifying the *universe* that the case represents. The universe of this case is the study of democratic governance and participation.

3.1.1 Case selection

This case was selected primarily based on personal interest in energy policy as well as the interesting aspects of this case. The construction of interconnectors is a huge investment, and NordLink alone has an estimated cost frame of 1.5 to 2 billion Euros, but there has practically been no public debate about them. However, the selection of case based on personal or idiosyncratic reasons are not necessary or sufficient justification the case study (King et al. 1994:15; Levy, 2008:7). As mentioned above, King et al. (1994) stresses the need for social research to investigate social phenomena that are *important*. As such, democratic governance of issues that receive little media attention is important. Furthermore, the

construction of interconnectors is also interesting in a bigger sense, as there are some political drivers that are pushing for more interconnectors. In 2009, EU adopted its 20-20-20 strategy, calling for 20 percent share of renewables in the end-consumption of electricity by 2020 (European Commission 2010). This entails huge investments in both renewables and grid infrastructure, as renewable energy sources are usually located far from the large cities and where people live. Furthermore, as most new renewables are variable renewables, it creates a need for a more integrated transmission grid between countries.

In the case selection, I chose to study the two interconnectors that are currently planned, NordLink and NSN. The two interconnectors is seen as one case-study, as Statnett has submitted a joint application for both. Another focus could have been to focus on Skagerrak 4, which is the fourth interconnector between Norway and Denmark, which will be completed in 2014 and is operational from December 1st (Statnett 2014d). But seeing as Denmark and Norway is already so closely integrated with 4 interconnectors, as well as being part of the same electricity stock exchange, I deemed it more interesting to look at what represented a more dramatic shift in policy. First of all, Germany and Britain are larger markets. Secondly, the size of the planned interconnectors (1400MW each) is a large increase in exchange capacity. In comparison, the total exchange capacity with Denmark is 1700MW, over four interconnectors (Statnett 2014d). Furthermore, as Denmark is part of the NordPool electricity stock exchange MPE has granted Statnett a general concession to trade electricity within the Nordic region. The general concession entails that Statnett can construct as many interconnectors they like within the Nordic region, without applying for a specific trading license (Heiberg 2014).

3.2 Methodology

In the coming sections I will explain in detail the different approaches and what I intend to achieve by choosing these approaches. By applying different methodologies, or triangulating methods, the aim is to strengthen the validity of the inferences (Bryman 2004; Lund 2002). I will first elaborate on argumentation analysis as a method and the procedure for the media analysis.

3.2.1 Argumentation analysis

For the first part of my analysis, I have chosen to employ a method known as argumentation analysis, which is one form of content analysis. The purpose of the analysis is to describe and evaluate the argumentative element of the debate (Bergström & Boréus 2012).

Argumentation analysis is the analysis of *logos*, which are arguments that appeal to the intellect. These are factual arguments, in contrast to *pathos* and *ethos*, which appeal to authority or emotions (Bergström & Boréus 2012:91–92). I will employ a revised version of Næss' *pro- et contra* argumentation analysis, which is a method that intends to identify the *thesis* and their supporting *arguments*. The thesis is what the sender argues for or against, and the arguments will be the claims that either support or oppose the thesis (Bergström & Boréus 2012:94–99). In the public consultation the *thesis* will be whether an organization supports or opposes the interconnectors. The next step will be to identify the *arguments* used to support the thesis, i.e. how organizations justifies their support or opposition to the interconnectors.

There are several tools to choose from when conducting an argumentation analysis, and these can be combined and modified to suit the goal of the research (Bergström & Boréus 2012:94). It is often not necessary to conduct an argumentation analysis of the full document. This is due to the time-consuming and labor-intensive nature of argumentation analysis. Furthermore, it is often sufficient to identify the most important and most common arguments used in the debate (Bergström & Boréus 2012:133). I will in my analysis limit my analysis to the most common arguments used in the responses to the public consultation, as this is sufficient to answer the research question.

According to Bergström & Boréus (2012:93), an argumentation analysis can be used for three purposes; descriptive, normatively or an evaluation of the argumentative power of an argument. I will limit my analysis to a descriptive analysis of the argumentation, as whether arguments meet normative standards and the evaluation of the power of an argument falls outside the scope of this thesis, and is up to MPE and the Government to evaluate.

Mapping of arguments in the public consultation

In chapter 6 where I present the empirical evidence, I will map organizations in four categories: whether they support, are skeptical towards, are uncertain in regard to or oppose the interconnectors. A mapping of the organizations position towards the interconnectors, will help simplify the material as well as identify similarities and differences between the different groups of actors. In addition, I will map the arguments most commonly used in the public consultation. By this I intend to show variation within the different groups of actors. I have classified the different arguments as either supportive arguments, opposing arguments or uncertain arguments. The supporting and opposing arguments are easily understood, as they either support or oppose the *thesis*, for or against interconnectors. The uncertain arguments are arguments that can be used either in favor or opposing the interconnectors. The arguments are identified by thorough reading of the responses and grouping the claims according to their

content. This is then subsequently mapped in a table illustrating the arguments used most commonly, which is presented in chapter 5.

3.2.2 Media coverage

The analysis of media coverage has two purposes. The first is to measure salience. It is difficult to measure salience, and Culpepper utilizes a shortcut, arguing that media coverage is one way to infer salience (Culpepper 2011:7). Another way of measuring salience is through surveys where voters are asked about their attitudes. However, in this case there are no surveys to my knowledge, where attitudes towards energy policy is mapped thoroughly. In the election survey of 2009, the participants were asked if they disagree or not with the statement that more hydroelectric power plants should be developed (Berghlund et al. 2011:59). This question does not at all cover all the aspects of my case, and is only remotely linked to the issue of interconnectors. This leads me to employ the same shortcuts as Culpepper, and measure salience indirectly via media coverage.

To measure salience I have compared the media coverage of the interconnectors with two other energy related issues. This does not provide a definitive answer as to what constitutes a permanent high or low salience issue, however the comparison illustrates the coverage of the interconnectors in relation to other energy-related issues. The issues I have chosen as comparison is the media coverage of electricity prices and the construction of transmission Sima-Samnanger. The issue of electricity prices is a recurring issue, as the price fluctuates both within and between years, which is reflected in the data. The transmission line Sima-Samnanger was covered extensively by the media and there was a considerable public outcry against Statnett's plans, because it entailed construction of transmission grid in alongside and over the Hardanger Fjord. This was a very controversial issue, which spurred a lot of media attention, and represents the media attention that a single energy project might gain.

The other purpose of the media analysis is to provide more specific information about the media coverage of the interconnectors. This part of the analysis is limited to providing information about how the coverage has been in qualitative terms, by looking at when and in which newspapers the issue of interconnectors has been covered.

Execution of the quantitative media analysis

I have used the Retriever's archive service ATEKST, which is a media archive covering both Norwegian newspapers and journals as well as online sources since 1945. I have limited the search to Norwegian printed media as this allowed for a more precise analysis. Furthermore, I have limited the scope of the search to national and regional newspapers as well as national

journals. In Appendix 1, I have elaborated on the search parameters for all the searches, enabling replication of the analysis.

For the comparison between these three energy issues, I have used the analysis tool provided by ATEKST, where excel-sheets of the search data can be downloaded. These sheets have been merged to produce the comparison. In addition to the numbers downloaded from ATEKST, I have also calculated the average number of newspaper articles per year for “electricity price” for illustrative purposes. The time-frame for the media analysis is articles written about the three issues from 01.01.2000 to 30.06.2014. A long time-frame was chosen to illustrate development over time. The end-point of the analysis was set at the end of June to show the coverage in the first half of 2014.

More or less the same procedure was used for the second part of the media analysis, where the media coverage of the interconnectors is more specifically investigated. I used the same search parameters, and exported statistics from the analysis tool provided by ATEKST. However, I chose to export more detailed statistics in the second analysis, where media coverage was broken down by year and newspaper.

There are some weaknesses in the media analysis, leading to an overestimation of the numbers. This is because ATEKST includes all articles that fits the search parameters, not separating between journalistic articles and letters to the editor. In addition, the searches themselves presents a challenge. When searching for issues such as electricity prices, Sima-Samnanger and interconnectors these issues may be discussed and referred to in relation to other issues or in other contexts not related to the specific issues I intend to cover. This may also lead to an overestimation of the numbers.

In spite of these problems with the ATEKST search, I argue that the results are valid. There is the possibility of measurement errors in relation to what is counted as hits and the content of the hits. However, this is valid for all the searches, so it does not change the general picture. In addition, the graph presents an illustration of the media coverage which to a high degree is coherent with other empirical evidence. I will elaborate more on this in chapter 6, when I present the results of the media analysis.

3.3 Validity and reliability

Validity refers to whether it is possible to draw valid inferences from the data (Hellevik 2002:183). Or phrased another way: is the data gathered relevant to answer the research question? Reliability on the other hand, concerns itself with the accuracy of gathering and

analyzing data. In other words: are other researchers going to draw the same inferences, if they had done the same research with the same material (Hellevik 2002:183). In the following sections I will elaborate on the rigorousness of the research design.

3.3.1 Validity

There is some difference of opinion regarding how validity in qualitative research should be regarded, and there are several ways of conceptualizing validity. Validity refers to the correspondence between what a researcher says she is measuring and what she is actually measuring (Bryman 2004:273). Once central concept is the notion of construct validity. Construct validity refers to the coherence between the concept being studied and the empirical indicators that measure the concepts. If the chosen operationalization correspond well with the concept under study, a satisfactory construct validity is achieved (Lund 2002:93). In general I deem the construct validity to be good. The dependent variable, participation, is measured by who has actually participated in the public consultation. The concepts of policy monopoly, and technical and complex issues are descriptive concepts.

The concept with the most problematic construct validity is the notion of low salience. In my material salience is measured indirectly, through media coverage. Culpepper argues It is reasonable to remark that there are grounds to question this operationalization. There is ample literature that describes the interaction between voters and media, amongst other the agenda setting effect of the media. Studies has found that the media's agenda becomes the reader's agenda (see i.e. Jenssen & Aalberg 2007; McCombs & Shaw 1972). The agenda-setting effect of the media is somewhat contradictory to Culpepper's (2011:7) argument that media coverage is one way to infer salience. The agenda-setting effect of the media suggests that media coverage influences salience, rather than being a measure of salience. However, this is the operationalization that Culpepper utilizes, hence I deem it an acceptable operationalization.

When written sources are utilized, it is also relevant to evaluate the written sources in themselves. Kjeldstali (1999) applies four criteria to evaluate whether the source material is fit to answer the research question. The four criteria are *availability*, *external source critique*, *identifying the content* and *internal source critique* (Kjeldstali 1999:161–173). Availability refers to what sources are available for analysis, and whether they are complete and representative. According to George and Bennett (2004:94–98), reconstructing political debates is a challenging task and one has to be wary not to cherry-pick data. I do not consider availability of data a problematic issue in this research design. This is mainly due to the use of public sources. For the media analysis, all articles are searchable. The critical aspect is to specify the search parameters in such a manner that it includes all relevant articles. The public

consultation is, as its name states, public, and all the responses are freely available online.

The second criteria, external source critique, concerns itself with identifying the purpose and the source of the text (Kjeldstali 1999). In the responses to the public consultation the source of the response is clearly stated, and the purpose of the text is to state a position towards a proposal, argue for that position, and influence the outcome of the decision-making process in MPE. As the media analysis only is a quantitative media analysis, counting how many articles are published about the issues, the second criteria, external source critique is not relevant.

The third criteria is to find the content of the text (Kjeldstali 1999). In the context of the public consultation this refers to identifying attitudes towards the proposal. This is achieved by means of an argumentation analysis, where the thesis and the supporting arguments is identified. The last criteria, internal source critique, refers to whether the content of the texts is relevant for the research question (Kjeldstali 1999). In my opinion, the responses to the public consultation are very relevant sources, as these state what organizations publicly mean in regard to a specific question. One source of error might be that organization's might have chosen a different line of argumentation or different arguments, had they stated their position in private settings. However, there is no ground to believe that organizations advocate a different position towards interconnectors in private than in public settings. As such, the public consultations will give a fair picture of the opinions of the organizations that have chosen to respond.

Generalization

The purpose of a case study is “the intensive study of a single case where the purpose of that study is – at least in part – to shed light on a larger class of cases” (Gerring 2007:20). Generalization is to draw inferences from the specific case to a wider set of cases, and in order to generalize a finding one has to know what this is a case *of*, or what is the case's *universe* (Bryman 2004:285). In this case, the universe of this study was defined above as democratic governance, and the specific topic of the study was defined above as participation in policy making in a context of low political salience.

This thesis only looks at one case in examining what influences participation in policy process where the issue is characterized by low political salience. The findings can therefore not automatically be generalized to a larger class of cases. However, it is an ambition of this study to provide some insight into what characterizes and influences participation in settings where there is little media attention. The analytical framework provides a framework for interpreting the findings. This way the findings may provide some insights that may be useful in other

studies investigating participation in public policy-making processes characterized by low salience.

3.3.2 Reliability

Reliability refers to the rigorousness of the data gathering and analysis of the data, and as stated above, one way of measuring reliability is whether other researchers would have attained the same results if they had conducted the same investigation with the same material (Hellevik 2002:183). This is a challenge with the social sciences as there is seldom hard facts, rather the facts are open for interpretations. This especially so, when it comes to qualitative data (Gerring 2007:70). Concerning any analysis of textual material, both the interpretation of the text and the intersubjectivity presents reliability challenges (Bergström & Boréus 2012).

With argumentation analysis there is especially one challenge to be aware of, and that occurs when one tries to reconstruct an argumentation. In the analysis of a text, researchers may employ different interpretation strategies, and the restructuring of a text may be conducted in several manners. In addition, the analysis is a process of interpretation that may influence the outcome (Bergström & Boréus 2012:131). The danger is creating a line of argument that do not represent the senders' intention. In the empirical chapter, a sender-oriented approach is attempted, and in that a wish to investigate the actors' position and arguments based on the context and their understanding. However, in the analysis, it is necessary to systematize and simplify the responses, and in this process there is always a room for interpretation that differs from the senders' intention. To strengthen the reliability, I have therefore strived to be as transparent as possible in both the presentation of the empirics and the analysis, and by that give the reader the resources to themselves judge the interpretations made and inferences drawn.

With any text analysis, there is a challenge of reliability in regard to the selection of material, as text analysis is a labor intensive method (Bergström & Boréus 2012:131). Which texts are deemed relevant may be subject to the discretion of the researcher, hence threatening the reliability. However, in this thesis I analyze all responses to the public consultation as well as newspaper articles published in the period from 2006 to 2013. Hence, there is no selection of relevant texts that would threaten the reliability of this investigation.

Based on the discussion above, I believe that this thesis shows both high validity and reliability.

4 Background

A prerequisite for discussing electricity policy is a basic understanding of the electricity system and knowledge of the actors operating within this policy field. The aim of this chapter is to provide all the necessary background information necessary to understand the sector. Firstly there is a presentation on the physical infrastructure pertaining to the notion of electricity grids as well as the policy objectives of electricity grids. Next I continue by elaborating on the responsibilities of the Transmission System Operator and the legislative framework in place to regulate and control the electricity sector.

4.1 Physical infrastructure and policy objectives

Electricity grids play a vital role in the electricity system, as it connects the producers and consumers of electricity together. There is three types of electricity grids in Norway: the distribution grid, regional grid, and the transmission grid. The transmission grid consists mainly of 300 kV and 420 kV transmission grid as well as interconnectors. Statnett is the main grid utility of the transmission grid, owning approximately 90 percent (Meld. St. 14 2011-2012:7). The regional and distribution grid connects the transmission grid with the consumers. The regional and distribution grids transfer electricity at a lower voltage than the transmission grid, and are owned by local or regional grid utilities. There are in total 148 grid utilities (Reiten 2014:46).

With regard to electricity grids, there are two policy objectives; quality of supply and security of supply. Whereas quality of supply refers to the utilities' ability to deliver electricity of the right frequency, security of supply refers to the robustness of the system (Inderberg 2012:14). The latter is, amongst other, reflected through the *n-1* criteria, which is a general requirement that supply should be upheld if one component in the system fails. Furthermore, it also entails enough transmission capacity to transfer and deliver electricity according to demand. This entails that there is capacity in the system to both deliver electric effect when consumption changes, as well as the provision of electricity continuously throughout the year. As such there is a need to have enough installed effect to handle peak load during wintertime, as well as enough capacity to provide electricity throughout the year. (NOU 2012).

The quality of supply, refers to the technical side of electricity supply. In supplying electricity it is important to ensure real-time balance between consumption and production of electricity. A mismatch between demand and supply leads to changes in voltage that may damage the electricity grids, transformers as well as household appliances and in worst case scenarios

lead to overloading the electricity system causing large scale fall-outs in the delivery of electricity (NOU 2012:54).

4.2 Transmission System Operator

As mentioned above, there are two policy objectives concerning the transmission of electricity: the quality and the security of supply (Inderberg 2012:14). To ensure both of these policy objectives, there is a need for proper coordination and overview to ensure that enough electricity is produced to cover demand, as well as the physical infrastructure to transmit the electricity to the consumers. This coordination and overview responsibility is delegated to Statnett, as the Transmission System Operator (TSO). The responsibilities of the TSO is stated in the Energy Act and is further specified in the “Regulation of the system-responsibilities in the electricity system” (NVE 2002).

In the regulation the principles for the execution of the system responsibility is defined. Paragraph 4 states amongst other that the TSO shall ensure real-time balance with a sufficient quality at any given moment, act in a neutral and non-discriminating manner, and develop market based solutions that contributes to an effective utilization of the electricity system (NVE 2002). This entails that Statnett has a responsibility to coordinate maintenance work, including routine disconnections of transmission lines, as well as setting temporary restrictions on the quantity of transmitted electricity. Furthermore, Statnett coordinates all actors with operations relating to the transmission grid, to ensure optimum utilization of the combined resources (Statnett 2013b).

As part of the requirements to ensure real-time balance between production and consumption, Statnett as the TSO has a responsibility to organize trade in electricity. Trade in electricity is organized through the Nordic electricity stock exchange, Nord Pool Spot. The main market is the Elspot market, which is a market that trades electricity hour for hour the following day. In addition to the electricity stock exchange, Statnett also manages the capacity market, which is a market that operates within the operating hour. Here Statnett pays to increase or decrease production to ensure that there is real-time balance between production and consumption. Statnett's responsibilities are to ensure that these markets functions properly (NVE 2002).

To ensure the proper incentives for other grid utilities Statnett, as the TSO, has the authority to decide on bidding areas for electricity. Bidding areas is a measure to identify bottlenecks in the transmission of electricity. Bottlenecks occur when there is a mismatch between consumption and production of electricity within a specified geographical area, as well as a limited transmission capacity in and out of the area. The creation of bidding areas is an

incentive to either increase electricity production or invest in increased transmission capacity in the area. The bidding areas are in place until there is no bottleneck in the transmission of electricity. Bottleneck tariffs refer to the tariff charged to transmitting electricity between two bidding areas (Skjold & Thue 2007:602).

4.3 The legal framework

The legal framework for the electricity sector, relevant for this case, consists of mainly the Energy Act and its adjacent regulations. Whereas the guiding principles for the sector is stated in the Energy Act, the different regulations are more specified. The purpose of the Energy Act, as stated in § 1-2 is to ensure that production, transformation, transmission, turnover, distribution, and use of electricity is undertaken in an economically rational manner (Energiloven 2013). Further, the Energy Act specifies the principles for upgrading infrastructure or commencing new energy projects, such as requirements for public consultations, who should be heard and in which manner. Regarding interconnectors the Energy Act specifies in § 4-2 that when applications for concession is evaluated, there is an absolute requirement of economic profitability, and that each application should be evaluated in relation to other competing projects (Energiloven 2013).

One of the most important regulations pertaining to this case is the regulation of grid utilities. As mentioned in section 2.1.1, electricity grids are natural monopolies and hence needs regulation to ensure that grid utilities do not misuse their market position. This entails legislation of the grid utilities to treat all electricity producers in a non-discriminatory manner. In addition, NVE is delegated the authority to decide the income-frames of the grid utilities, to ensure proper pricing of the services. The income-frame is determined so that the income over time covers the cost of operation and depreciation, as well as provide a reasonable surplus given efficient operation, management and development of the grid (NVE, 2014).

In relation to Statnett, they have two sources of income: the bottleneck tariff and the transmission tariff. The transmission tariff is a fee paid by all customers utilizing the transmission grid. The bottleneck tariff is a tariff charged for transmitting electricity between two bidding areas (Statnett 2014a:12). The tariff is calculated as the price difference between two bidding areas multiplied with the amount of electricity transmitted (NOU 2012:173).

4.4 The application process

The process to apply for concession to construct interconnectors is a two-fold process as the competences to evaluate and give concessions is divided between the MPE and NVE. The

MPE has retained the authority to grant licenses for international trade in electricity (§4-2, the Energy Act), whereas the NVE is delegated the authority to grant construction licenses (§3-1, the Energy Act), hence Statnett has to attain two separate licenses to go forward with the project.

There is an extensive process that has to be followed to get a construction license and an international trading license for interconnectors. When Statnett decides to go forward with a project, they have to send a notification to NVE, which is then sent on a public consultation. Here all interested parties may come with inputs on what should be included in the impact assessment. Based on the inputs from the public consultation NVE decides on the requirements for the impact assessment, and the process is referred back to Statnett. Statnett then prepares both the application and the impact assessment for NVE. When NVE receives the application and impact assessment this is sent on a public consultation. For big energy projects this also entails the organization of public meetings in the municipalities directly affected. Based on the input from the public consultation, NVE decides on whether a given project should be licensed. This decision may be appealed to MPE, which after another round of proceedings finally decides on the matter (NOU 2012:80–81).

The process described above only applies to the construction license needed. In addition, Statnett needs an international trading license which is granted by MPE. This process includes an application, with an analysis of the economic profitability of the project. This application is sent on a public consultation, before the MPE decides on the issue of giving a concession or not.

Public consultation is an important tool for the Government to obtain information and views on energy projects from all interested and affected parties. The Government may choose to include sectoral and special interests in the policy making through participation in committees etc. However, the Government also considers it a democratic right for all to participate in public policy making, and this is achieved through public consultations. In the case of electricity policies, all applications for concessions either for construction of electricity grids or power generation is sent on a public consultation. Through public consultations all affected parties shall have an opportunity to make their case heard with the decision-makers. Furthermore, public consultations are used to ensure the opportunity for all sides of a policy or a matter should be illuminated before a decision is made (Regjeringen 2006).

4.4.1 Public controversy and energy issues

Energy projects usually create local opposition based on concerns about falling property

values, visual effects, health risks, and the effects on the environment (see i.e. Cain & Nelson 2013; Jackson & Pitts 2010; van der Horst 2007; Wolsink 2000). In Norway, the environmental concerns include damage to or the destruction of ecosystems by hydroelectric power plants, noise in the immediate vicinity of and wildlife concerns regarding wind-farms (NOU 2012:77). Regarding transmission lines the main concern is the area they occupy, especially when they are placed in nature conservation areas or in the migration path of for instance reindeer (NOU 2012:78).

One controversial project in recent time is the construction of transmission grid from Sima to Samnanger. The transmission grid was necessary to ensure the security of supply for the area north of the Hardanger fjord. The project caused national opposition as the transmission grid was planned alongside the Hardanger fjord and through a nature conservation area. The opponents of the project did not challenge the need for the transmission grid, rather that the transmission grid should be replaced by sea-cable. NVE supported Statnett's application for transmission grid, a decision which was appealed to MPE. MPE originally supported NVE's decision, however they were pushed to postpone the commencement of construction and they commissioned four independent commissions to ensure the quality of Statnett's application and the sea-cable alternative (Eriksen et al. 2011:5). The overall picture from these independent commissions where support for Statnett's application and in 2011 construction commenced (NOU 2012:24).

4.5 The price of electricity

The price of electricity is determined by the market, based on supply and demand. The Norwegian electricity system is mainly based on hydropower, so the price varies with precipitation. In general the inflow of water occurs in the late spring, early summer months, whereas the bulk of electricity is consumed during late fall, winter and early spring. The price hence varies throughout the year, as the supply and demand changes, with higher prices during wintertime when supply is strained and demand is high (NOU 2012:27). In addition to the intra-yearly variations in price, there are considerable variations in precipitation between years, which may vary in the scale of 60 TWh from a dry-year to a wet-year (ibid.:28). The difference between dry-years and wet-years is considerable, as the average yearly production from hydropower is 125 TWh (ibid.:27).

The price of electricity is determined on the electricity stock exchange Nord Pool Spot. Nord Pool Spot was established as a cooperation between Norway and Sweden in 1996, and has expanded to include most of the Nordic countries, as well as partly integration with the Baltic countries, Germany, and the UK (Nord Pool Spot 2014). Through Nord Pool Spot Norway has

access to electricity produced in the whole region, and there is considerable export and import within the Nordic and Baltic region. As such, the price of electricity in Norway is not only reliant on precipitation, but also developments in the other Nordic countries. In the Nordic countries, there are considerable investments in the energy sectors being made. All the Nordic countries are planning to increase their production capacities, and there is an expectation that there will be a considerable surplus of electricity and net export of electricity in the years up until 2050 (NOU 2012:108).

4.5.1 International trade in electricity

Concerning international trade in electricity, given that there are interconnectors to transmit electricity, the amount of electricity exported and imported is determined by the differences in electricity price. This means that a country will export when the price of electricity is lower and import when the price is higher than the neighboring countries (NOU, 2012, p. 181).

There are considerable differences in the price structure between the Norwegian and Swedish markets on the one side, and Germany on the other, as indicated in illustration 4.1 below. As can be seen from the graph, the price in Oslo and to a lesser extent Sweden is very stable compared to Germany. The main reason for the difference is the energy sources utilized to cover demand. A majority of Norway's energy supply stems from adjustable hydropower, where the production may be adjusted within minutes at very low marginal costs. The energy system in Germany, on the other side, is characterized by thermal plants as the main energy bearer and an increasing share of variable renewables. Adjustments in production takes place in thermal plants at high marginal costs. In addition, as the demand rises, more and more expensive energy bearers are utilized, pushing the prices upwards (NOU 2012).

It is important to note that the picture is rapidly changing in Germany. In 2000 Germany adopted ambitious policies aimed at changing the composition of their energy bearers, a policy that is popularly known as the Energiewende. The Energiewende is well underway, and entails huge investments in and subsidies to renewables. In the end-consumption of electricity, renewables account for approximately 20 percent. The goals of the Energiewende is 50 percent renewables in 2030 and above 80 percent in 2050 (Agora Energiewende 2013).

These goals are ambitious, but Germany has managed to increase the share of renewables from practically nothing in 2000 to approximately 20 percent today. If Germany manages to successfully implement the ambitions in the Energiewende, it will influence the whole electricity sector. There are huge investments in variable renewables, which has low marginal costs. When these renewables covers demand, the prices drop close to zero (Agora

Energiewende 2013). Increasing shares of renewables will influence the electricity price development in Germany. The investments in solar energy, which produces electricity during daytime when demand is highest, will push prices downwards in the hours when the price difference between Norway and Germany is greatest (Statnett 2013a:53).

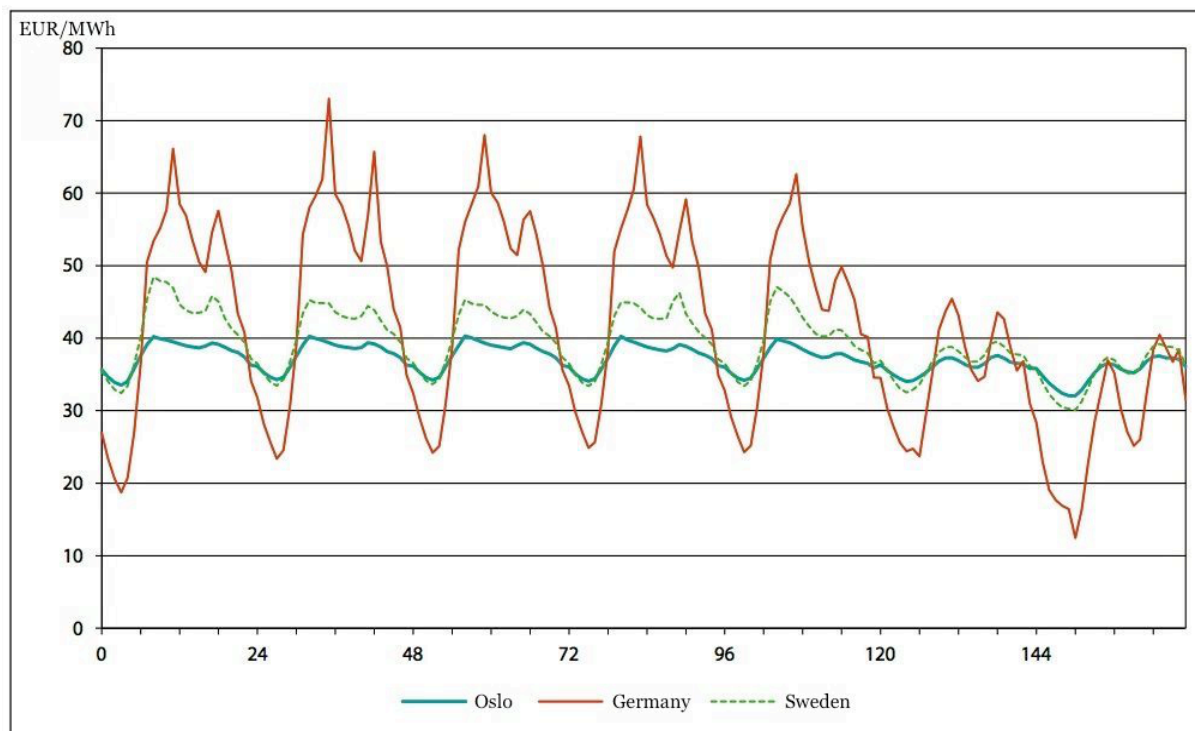


Illustration 4.1: Average price variation within the week for Oslo, Germany, and Sweden, 2002-2011.
Source: NOU 2012:176.

The British market is rather different from the German market. In 2011, the British market was dominated by thermal plants, mainly gas but also a considerable share of coal and nuclear (Pöyry 2012:4). However, there is an expectation that there will be an increase in the share of renewables. Great Britain is committed by the Renewable Energy Directive adopted by the European Union, where they have committed to a 15% share of electricity from renewables in 2020 (European Parliament and Council 2009:Annex I). Most of this increase in renewables will be in the form of wind-energy, and as with Germany, the low marginal cost of renewables as well as their unpredictability will influence the British energy system when the share of renewables increases (Pöyry 2012:6).

5 Empirical evidence: The electricity policy subsystem

In the analytical framework a lot of concepts were presented, such as policy monopoly, incremental policy changes, which are inherently descriptive concepts. To investigate these descriptive concepts I will in this chapter provide relevant documentation about the electricity policy subsystem. Firstly I will elaborate on the interconnectors, their perceived benefits to society and Statnett's application to attain the necessary licenses for the two proposed interconnectors. In the second section I elaborate on the structure of the electricity sector and how the different actors relate.

5.1 Interconnectors

5.1.1 What is the purpose of the interconnectors?

The purpose of the interconnectors are that by connecting electricity markets, electricity prices will trigger exports or imports. When there is a price difference between two areas, such as Norway and Germany, electricity is imported to the area with the highest prices, thereby reducing the upward pressure on prices as demand peaks. Economic theory predicts that trade and liberalization will increase efficiency, thereby maximize consumer and producer surpluses. In this setting and simplified, consumer surpluses are reduced electricity prices, and producer surpluses are increased electricity prices. In addition to the consumer and producer surpluses, the interconnector will result in increased income through taxes and subsidies (Aune et al. 2008). When the government invests in infrastructure projects, the main aim is not necessarily economic profit. There is also room to take into consideration the societal profitability, where the benefit is not merely measured in economic gain for a company but the aggregated benefits of all inhabitants (Bonin et al. 2013).

Statnett's application for an international trading license includes a comprehensive economic analysis of the consequences of these interconnectors on the Norwegian electricity system. There is a legal requirement of economic profitability that has to be fulfilled to get a license for interconnectors (§6-1, the Energy Act). According to the analysis, the interconnectors will be economically profitable, and they estimate the societal benefit for each interconnector in the range between 120 to 160 million EUR per year (Statnett 2013c). The direct economic benefit will be from the bottleneck income provided for transmitting electricity between two areas with different prices. The indirect effects, or less visible effects will be the consumer and producer surpluses. Here Statnett admits that it is likely that the producer surplus is larger than the consumer surplus. Statnett justifies this distribution of surplus by arguing that the

security of supply is strengthened for the consumers (Statnett 2013a:63).

The consequences of the interconnectors on the electricity price in Norway is most likely a higher price volatility within the day, but a lower price volatility throughout the year and between years (Statnett 2013a:56–60). The reason for this is the structure of the electricity sector in Norway, where the bulk of precipitation is during the spring and summer months and the bulk of consumption is during wintertime. With the interconnectors, the general picture is that Norway will export electricity during the spring and summer months, increasing the price in Norway during these months. During wintertime there will be an increase in imports reducing the upwards pressure on the electricity price. In sum, however, the interconnectors will bring the price-level of electricity in Norway closer to the price-level in Germany and Great Britain (Statnett 2013a:56). This conclusion is also supported by independent analysis (see i.e. Taule et al. 2012). However, all analyses are based on a lot of variables that are not easily predicted, such as future electricity consumption (which for one is influenced by the effectiveness of electricity efficiency policies), future precipitation, future construction of renewable energy sources, as well as a lot of other factors.

5.1.2 Interconnectedness of the Norwegian electricity grid

The first interconnector was constructed between Norway and Sweden in 1960, and since the 1960s the transmission capacity to both Sweden and Denmark has increased (Meld. St. 14 2011-2012:16). After the liberalization reform in 1990, there was a push to construct interconnectors. A third interconnector to Denmark was operational from 1993, and several projects to Germany and the Netherlands were applied for. For instance a license was granted to Statnett for a 600 MW interconnector between Norway and Germany, which was to be operational from 2003. However, the German cooperation partner withdrew from the agreement in 1999. In addition Statkraft had a license for a 600 MW interconnector to Germany, to be operational from 2003. This agreement was also terminated by the German cooperation partners in 2001. The main reason why these projects failed to be realized was the ongoing liberalization processes in the EU, which showed a surplus of electricity in Germany (Skjold & Thue 2007:579–80).

The only interconnector that was realized in this period (in addition to the one to Denmark), was the NorNed interconnector. This interconnector illustrates another problem concerning the construction of interconnectors, which is the long time-frame for realization of the projects. The licenses for the NorNed interconnector was granted in 1994, and it was operational from 2007 (Skjold & Thue 2007:581). The main argument for increasing the transmission capacity during the 90s was the surplus of electricity. This had changed by the

entry into the millennia, where the emphasis was put on security of supply (Skjold & Thue 2007:580–81). As the historical review shows, the current application to construct two new interconnectors follows a trend that started with the identification of a large electricity surplus during the late 80s and the following liberalization of the electricity sector in 1990 (Skjold & Thue 2007:468–76, 496–97).

There are currently a number of interconnectors that are operational, which connect the Nordic region together as well as the Nordic region with its neighbors. Below is a map that illustrates the transmission capacity in 2011 and the planned transmission capacity in 2020. In addition to the transmission capacity illustrated below, there is a transmission capacity of about 3600 MW between Norway and Sweden (NOU 2012:160).

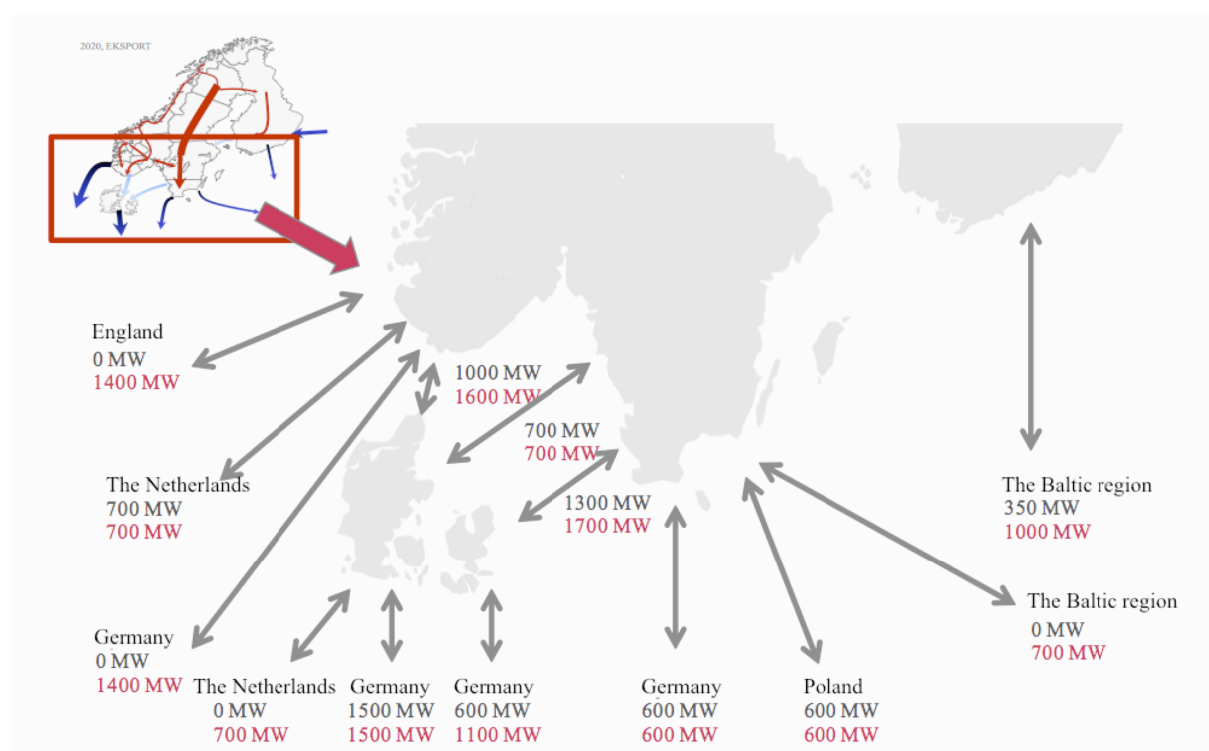


Illustration 5.1: Current transmission capacity in 2011 (grey) and planned operational in 2020 (red).
Source: Statnett 2012:5.

From this illustration it is visible that a large increase in the interconnectedness between the Nordic, the Baltic and North European region is planned. In addition to Norway increasing their transmission capacity with 3400 MW (including Skagerrak 4), Denmark is increasing their transmission capacity with 1400 MW (not including Skagerrak 4 and increased transmission capacity to Sweden), Sweden with 1700 MW and Finland with 650 MW.

5.1.3 Timeline of Statnett's applications

The process to construct an interconnector to Great Britain has so far taken more than a

decade. In 2001 NVE granted Statnett the license for the technical solutions for an interconnector to Great Britain (NVE 2001). However, in 2003 MPE declined Statnett's application for an international trading license with Great Britain based on uncertainties regarding the economic profitability of the project (MPE 2003). Even though Statnett's application was denied, they retained the construction license, and this license is part of the current application.

The application for an interconnector to Germany is a bit more complicated. As mentioned in section 4.4 the process starts with a notification to NVE. This notification was sent in 2007 by NorGer KS, which was then a cooperation project between Lyse, Agder Energi and the Swiss-German company EGL (Rosvold 2010). NorGer sent its application in 2009 to NVE, and Statnett sent the application for the competing interconnector NordLink in 2010. In the meantime Statnett bought NorGer KS in 2011, and now has ownership over both projects. An assessment was made that the domestic electricity grid could currently only handle one 1400 MW interconnector to Germany (NVE 2013:16).

5.2 The actors

There are several actors that are active in the field of electricity policy. In this section I will give a brief introduction to the actors and their placement in society. I will commence with the different public actors, then continue with actors grouped after their role in the electricity sector. I will mainly focus on the actors that has responded to the public consultation.

5.2.1 The central administration – the Ministry and Directorate

The Government is responsible for developing new policies and new legislation, as well as ensuring that the policies and legislation adopted by Parliament is put into life. Within the Government, the Ministry of Petroleum and Energy (MPE) is in charge of the energy sector, whereas the Ministry of Climate and Environment (MCE) has the responsibility to ensure that the energy projects complies with environmental standards.

MPE consists of the political leadership and the administration (Christensen et al. 2010:54). The political leadership consists of the Minister as well as political staff. The political leadership is constitutionally responsible to the Parliament and aims to achieve the political goals set out in the governmental platform. The administrations' task can be divided in two: constitutional and management tasks. The constitutional tasks consist of following up and implementing political decisions by Government and Parliament. The management tasks are policy development, including preparing, proposing and implementing measures. The

administration is a tool for the political leadership in the development of the Minister's and Government's policy (Christensen et al. 2010:110).

In the Norwegian context the term Directorate applies to all central administration agencies that is not part of a Ministry (Christensen et al. 2010:56). Directorates are delegated management and administrative responsibilities related to exercising authority and execution of policy, and to a lesser extent political tasks related to policy formulation. However, many Directorates may have influence on the governmental policy through its professional expertise (Christensen et al. 2010:110). The Norwegian Water Resource and Energy Directorate (NVE), is the regulator of the electricity system with delegated authority from MPE to oversee the sector, and ensure that the rules and regulations are followed. NVE has been delegated the authority to write new regulations in specific areas as well as authority to license energy projects, except large scale hydropower where the MPE and Government has retained the licensing authority (NOU 2012:81). MPE is also involved in licensing energy projects as appeals over NVE's decisions are decided by the Government, after recommendations from MPE.

5.2.2 The public enterprise – Statnett

Statnett was established as a public enterprise in 1992, as a result of the liberalization reform of 1990. Public enterprise was then a new way of organizing public ownership, and there is only a handful of public enterprises in Norway. The law of public enterprise was adopted in 1991, and the rationale was to have a public steering form that allows for the combination of both sector-political goals and efficient management (Christensen et al. 2010:64). The law of public enterprise regulates amongst other the relationship between MPE and Statnett. In §38 it is stated that the Government exercises its authority only through the Enterprise meeting, which is a meeting between the Minister and the Board. The decision-making power of the Enterprise meeting is the Minister. It is further specified that the Government cannot exercise its ownership in any other way than the Enterprise meeting (§38, Lov om statsforetak 1991).

The only political guideline determined by MPE is §1 of Statnett's statutes where it is stated that Statnett is the TSO, and that Statnett shall be responsible for an economic efficient management and development of the transmission grid (Statnett 2014b). This is a further specification of the Energy Act §1-2, the Energy Act Regulation §1-2 and §6-1 where the policy objective is management of the electricity system in a socially efficient manner (Energiloven 2013; Energilovforskriften 2012). However, there is no political steering in regard to how Statnett should achieve the policy objectives.

Statnett's position in the electricity sector

There are some inherent characteristics of the electricity system that provides Statnett with a central position in the electricity sector. As electricity grids are characterized by a natural monopoly, it also entails that some actors are designated as monopoly owners of electricity grids within a certain area. It is not necessarily given that there is mainly one owner of the transmission grid. For instance, there are four TSOs in Germany, each operating the transmission grid in their own geographical region (ENTSO-E 2014a). However, the Norwegian Parliament has chosen to concentrate the ownership of the transmission grid in Statnett. The government commission on a better organized electricity grid finds that the organization of the ownership of the transmission grid is satisfactory (Reiten 2014:43).

The ownership of the transmission grid has been concentrated in Statnett who currently owns approximately 90 percent (Reiten 2014:43). MPE has decided that Statnett has the responsibility to manage and develop the transmission grid in Norway (Statnett 2014b). This entails that Statnett has agenda-setting powers in regard to defining which projects are needed, and how to prioritize between projects. Even though they need licenses for all their projects, NVE is in no position to propose alternative solution or prioritizing projects differently. They can require Statnett to evaluate alternative technical solutions or alternative pathways for the transmission grid, but this is after Statnett has identified a need. The only requirement Statnett needs to fulfill is to ensure economically rational management of the transmission grid (ibid. 2014b).

The concentration of ownership in the transmission grid, was enhanced in 2013 when the Parliament amended the Energy Act to specify that interconnectors could only be owned and operated by the TSO or a company where the TSO has decisive influence (§6-1 in Energiloven 2013). Previously, ownership over interconnectors was not regulated by law, which resulted in several initiatives to construct interconnectors. One such initiative was the aforementioned NorGer KS, which was a cooperation between Agder Energi, Lyse and EGL (Rosvold 2010). Statnett overtook the ownership over NorGer KS in 2011 (NVE 2013:5). It was later decided that NordLink would be prioritized, and that NorGer would continue to be developed with a timeframe of realization within 10 years after NordLink is operational (Statnett 2013e). Another example is North Connect, which is a cooperation project between actors in Norway, Sweden, Scotland and the UK with the purpose of constructing an interconnector from western Norway to Scotland. There is a split ownership, where 50 percent of the shares are on either side of the North Sea. The Norwegian ownership is split between four energy producers, Agder Energi, Lyse Produksjon, E-CO Energi AS, and Vattenfall (NorthConnect 2013:7).

Through the ownership of the transmission grid and the current interconnectors Statnett is the main provider and generator of information about the current situation of the transmission grid and the electricity system. For instance NVE as the regulator has asked Statnett to assess how many interconnectors the current transmission grid can handle. Statnett has assessed that there is currently room for one interconnector from southern Norway (NVE, 2013, p. 16) and one from western Norway (Statnett, 2013d, p. 8). This assessment effectively puts a stop into other projects if Statnett is granted licenses for the two projects they have applied for.

As a TSO Statnett has the responsibility to prepare and adopt national grid development plans. Through these plans Statnett identifies the need for grid reinforcements and new projects that need to be realized to ensure a satisfactory security of supply in the whole country. A national grid development plan is published yearly. In addition a long term grid development plan is prepared. The last long-term plan was developed for the period 2008-2025 (Statnett 2008). In the long-term plan it is stated that one of Statnett's main strategies in this period is to facilitate the construction of economically profitable interconnectors (Statnett 2008:5). This position is supported in the subsequent yearly national plans (see Statnett 2010, 2011).

In their regional plan for southern Norway (the Agder counties and southern Rogaland) they state that there is a need to reinforce the Eastern Corridor to facilitate Skagerrak 4 or another interconnector, and that reinforcements are needed in the Western Corridor to facilitate more interconnectors (Statnett 2008:40). The area classified as southern Norway, is identified with a rather large electricity surplus and the main challenge is bottlenecks in transmission of electricity to the eastern and western part of Norway (Statnett 2008:38). This entails that some investments in the transmission grid is necessary without the interconnectors. However, the planned reinforcements of the Eastern and Western Corridor are well under way, even though the magnitude of the reinforcements depends on whether or not the interconnectors are constructed (Statnett 2013a:69–75).

There has been a reduction of the ambitions in regard to the construction of interconnectors. Whereas the long-term plan foresaw four interconnectors (NorGer and NordLink to Germany, NorNed2 to the Netherlands and NSN to Great Britain) (Statnett 2008:33), this was in the national plan for 2012 reduced to two interconnectors including a postponement of the commissioning date (Statnett 2011:8).

As TSO, Statnett is delegated the responsibility of managing trade in electricity and deciding on bidding areas for electricity. This also entails that Statnett is the actor with the most updated information on the electricity system. Furthermore, as TSO Statnett also participates in the European Network for Transmission System Operators for electricity (ENTSO-E).

ENTSO-E was established as part of the third energy market package in the EU with the aim of coordinating trade in electricity across borders within the EU (Eurlex 2009:provision 7). Through ENTSO-E Statnett participates in amongst other developing new regional and european wide regulation, as well as improving system operation and development projects such as the ten-year network development plan for Europe and regional investment plans (ENTSO-E, 2014b, 2014c, 2014d).

External influence in Statnett

When Statnett was established as public enterprise, it was important to the legislators to ensure the users of the transmission grid influence in Statnett. This was achieved by amongst others reserving a seat on the board and the establishment of the “Council of transmission grid customers” (Innst. 28 S. 1991). This Council had a considerable influence on Statnett, as they had the right to propose and make recommendations to the board in specific issues, and the Council chair and vice chair had a right to attend the board meetings (Skjold & Thue 2007:516). The Council has had various representation over the years, however, in the National budget for 2013 the Government decided to discontinue the Council and the reserved seat in the board. The Government argued that because Statnett is facing considerable investments in the coming years, it is important to ensure impartiality of the board, and organize the users of the transmission grid interests' in a manner that to a greater extent reflects normal interaction between customers and corporations (MPE 2012:97).

In the National budget, it is specifically stated that Statnett should facilitate a more ordinary dialogue with the users of the transmission grid. To facilitate this, Statnett has established “Market and management forum” that has overtaken some responsibilities of the previous Council (Statnett 2014c). However, whereas the composition and appointment of the Council was determined by MPE, through the Enterprise meeting (previous §8 in Statnett 2014b) it is now entirely up to Statnett's board to appoint members.

The previous Council had 5 members, all appointed by the MPE through the Enterprise meeting. Three of the members represented the energy sector, one represented industry, and the last represented KS who organizes the municipalities of Norway (MPE 2011:3–4). The Norwegian Consumer Council where represented in the Council up until 2010 when they chose to withdraw from the Council (Nyhus 2010). The current Forum has nine members, where six represent the energy sector, two representatives from industry and one representative from Gassco, a state company responsible for transportation of gas from the continental shelf to Europe (Statnett 2014c). The main difference in representation is that there are fewer representatives from organized interests such as EnergyNorway, the

confederation of energy producers, and more direct representation from companies and industries.

5.2.3 The electricity sector and their business associations

The electricity sector consists of a number of grid utilities and energy producers, of variable size with a very high degree of public ownership. 85 percent of the grid capital is owned by some form of public entity, divided between the state, counties and municipalities, where the municipalities has by far the largest share. Only 15 percent of the grid capital is owned by private investors, then most of it as minority shareholders in grid utilities. Out of the 428 municipalities, 293 has ownership shares in a grid utility (Reiten 2014:21). In addition to this strong public ownership in the grid utilities, approximately 90 percent of the hydropower resources are publicly owned (MPE 2013a:18).

Some grid utilities and electricity producers have participated in the public consultation, namely Agder Energi, Statkraft, and BKK. Both BKK and Agder Energi are grid utilities and electricity producers, and they are both located in regions that to some extent are related to the interconnectors. Agder Energi is the grid utility in southern Norway, which holds an area concession for electricity grids¹, in the same area where the interconnector to Germany is planned. Agder Energi was one of the initiators in the NorGer project which was later taken over by Statnett so they may be overtly more interested in these interconnectors than other grid utilities. BKK holds an area concession for electricity grid in parts of the Hordaland county, which is the county where the North Connect interconnector is planned.

Both Agder Energi and BKK are large actors in the energy sector. Agder Energi is the energy producer with the fourth most installed effect and is the fourth largest owner of the distribution grid. BKK is the third largest owner of the distribution grid and has the fifth place in most installed effect (MPE 2013a:19). Statkraft on the other side is different from the above-mentioned companies. Agder Energi and BKK is owned by the municipalities and counties they operate in, Statkraft is a public enterprise owned and managed by the Ministry of Trade and Fisheries. Statkraft is the largest energy producer in Norway and owns 36 percent of the installed effect in Norway (MPE 2013a:19).

The grid utilities and energy producers has established some business associations that are active in trying to influence electricity policy. Most notably Energy Norway which is the biggest business association within the field of renewable energy, representing 270 companies

¹ Area concessions are given to the local and regional grid utilities, and there is more latitude to expand and reinforce the grid with an area concession. For instance, there is no need for concessions from NVE for energy installations up to 100kV (§3-1 and §3-3 in Energilovforskriften, 2012).

involved in production, distribution and trading electricity. These companies represent 99 percent of the annual electricity produced in Norway, and deliver electricity to 91 percent of Norway's grid customers (EnergiNorge 2014). In addition there is the smaller business association Defo, which organizes smaller energy producers and grid utilities in the districts (Defo 2009). NORWEA is another business association working to promote renewable energy technologies in Norway, with an emphasis on wind-, wave- and tidal energy (NORWEA 2014).

5.2.4 The business associations, industries and trade unions

The trade unions with their counter parts the business associations constitute the social partners in society. The social partners are often included in the policy-making process when new legislation is proposed or new policies developed, as well as represented in governmental working groups.

There are four business association that has responded in the public consultation. Of these, the largest is NHO, which is a confederation of enterprise representing approximately 24 000 enterprises. Membership in NHO is organized through 20 business associations (NHO 2014). The above-mentioned Energy Norway is a member of NHO. The Federation of Norwegian Industries, who is the other business association who responded to the public consultation is also a member of NHO. The Federation of Norwegian Industries is a business association and they represent a number of different sectors and have 2400 member companies (Norsk Industri 2014). The remaining business association to respond is IndustriEL is an organization owned by 24 companies within the energy intensive industries. Energy intensive industries has long-term agreements for the delivery of electricity, which this organization tries to ensure (IndustriEL AS 2014). Besides the business associations, one industry has responded to the public consultation. Norsk Hydro, amongst other an aluminum producer, which is an energy intensive industry. Interestingly, Norsk Hydro is also an energy producer, and has the second most installed effect capacity in Norway (MPE 2013a:19).

There are two trade unions that has responded to the public consultation, the Confederation of Trade Unions (LO) and one of their members, Industri Energi. LO is the largest confederation of trade unions in Norway, and in total organizes approximately 800 000 workers. IndustriEnergi is a trade union, representing workers in the energy and industry sector in Norway (Industri Energi 2014).

Some of the aforementioned trade unions and business associations has taken an active stance in the policy process and public debate regarding interconnectors. Some actors have

participated in the public debate by publishing reports and common statements. One such common statement was the “Joint platform for increased value creation”, which was published in 2011 by LO, Energy Norway and the Federation of Norwegian Industries. In this platform several political demands are put forward to ensure competitive terms for industry in Norway, amongst other that economically profitable interconnectors are realized (LO et al. 2011:3). Even though this is not a politically binding document, it shows political intent.

5.2.5 The civil society organizations

Civil society organizations has a strong position in Norwegian society, and they are important in development of energy and electricity policy. There are two civil society organizations that have responded to the public consultation, Bellona and ZERO. They are two of many civil society organizations that concern themselves with climate and renewable energy policies. Both organizations has published a number of reports concerning the possibility of Norway providing balancing power to Germany (see i.e. Lindberg n.d.; Lundeberg et al. 2012). In addition especially ZERO has been active in promoting the interconnectors in the public debate (see i.e. Bakken, 2013; Kaski, 2013). Both organizations are influential in the Norwegian climate debate, however, they have been criticized for their very strong faith in technology and technological progress as a solution to climate change, as opposed to traditional nature conservation organizations (see i.e. Hermstad 2013; Swensen 2013; Trædal 2013).

Other organizations that has previously been involved in the debate around interconnectors is Friends of the Earth Norway². In a report, by the Federation of Norwegian Industry in cooperation with the trade union NITO and Friends of the Earth Norway, possible pathways for a sustainable future is discussed. The main focus is on efficiency policies, and alternative uses for the electricity, where interconnectors and increased exports is mentioned as one possible alternative for the energy saved in the efficiency policies (Naturvernforbundet et al. 2010).

² Naturvernforbundet

6 Empirical evidence: The public consultation and media coverage

In the analytical framework several explanatory factors were presented to provide an explanation as to why there has been few participants in the policy making process and little media coverage. However, before the analysis can commence there is a need to actually present some empirical evidence of this, which is the purpose of this chapter. In the first section I present the participants in the public consultation as well as provide some comparative information from other public consultations. The section continues with a presentation of the results of the argumentation analysis. In the second section I present an overview of the media coverage. Firstly, there is a comparison of the media coverage of three energy issues and secondly a presentation of the media coverage of the interconnectors.

6.1 Participation in the public consultation

Public consultations is a tool utilized by the Government to get input on proposed legislation, policy and in this case, infrastructure projects. They are open to all, however that does not entail that there is an awareness amongst the general population about which issues are currently being considered by the Government. Furthermore, even if there is an awareness it does not entail that the public consultation is responded. In the case of the interconnectors, the public consultation generated 13 responses. This number of responses can be compared to other public consultations held by MPE. In Appendix 2 I have compiled an overview of participation in public consultations currently being processed by the MPE. In the compilation 25 public consultations are included, the number of responses ranges from 6 to 65. The mean response-rate was 23 responses and the median was 15. As such, the 13 responses the public consultation generated is both less than the mean as well as the median response-rate.

In comparison, there are public consultations that do generate a lot of responses. In 2014 the Government sent a proposition on public consultation that would give general practitioners' the opportunity to reserve themselves against referring patients to abortion clinics. This proposal generated massive amounts of media attention and criticism, as well as very many responses to the public consultation. By the deadline 1531 private citizens, municipalities, organizations and Ministries had responded (Ministry of Health and Care Services 2014).

In the public consultation in question a total of 13 responses were sent in to MPE. In the table below I have classified the responses according to their position towards the interconnectors, or according to their *thesis* in the language of argumentation analysis. The

thesis in public consultations is often easily identified, as the responses are written as answers to particular questions. In addition, the responses are often written rather one-positional, in the sense that the arguments used support the thesis with the aim of convincing the Government. However, in this case, some of the responses were not clear cut as can be seen from the table below. Some organizations either take a very direct stand in support or opposition to the interconnectors, and these organizations are labeled accordingly. There are some organizations that state that they in general support interconnectors however they have many objections to the current project based on the documents provided by Statnett. These organizations are labeled “skeptical”. And lastly, there is one organization labeled “uncertain”, because they in their response neither support, oppose or state any position at all.

| Sector | Supporters | Skeptical | Opponents | Uncertain |
|------------------------------------|--|------------------------------------|-----------------|------------------------------------|
| Energy sector | Agder Energi BKK Statkraft | | | |
| Trade unions | | | Industri Energi | Confederation of Trade Unions (LO) |
| Business associations | Energy Norway Confederation of Enterprise (NHO) NORWEA | Federation of Norwegian Industries | IndustriEL | |
| Enterprises | | Norsk Hydro | | |
| Civil society organizations | Bellona ZERO | | | |

Table 6.1: Overview of responses to the public consultation

From the table it is easy to observe that there is a majority favoring granting Statnett the licenses. The majority consist of the actors in the energy sector. It is not surprising that electricity producers such as Agder Energi, BKK and Statkraft supports Statnett's application. As elaborated on in section 5.1.1 it is more likely that the interconnectors will generate a producer surplus. Other supporters of the interconnectors are most of the business associations. Two of the business associations are related to the energy sector and represents electricity producers, namely Energy Norway and NORWEA. Lastly, the civil society organizations that has chosen to respond to the public consultation supports the interconnectors.

What all these actors has in common is some relation to electricity policy. The civil society organizations are climate policy organizations, and globally climate gas emissions are closely related to the production or consumption of electricity. Then there is the electricity producers

and their business associations, who naturally are interested in the Government's decision on issues related to electricity policy. Then there is business associations and trade unions representing the industry and industry themselves. They are naturally concerned about policies that could affect their competitiveness and by extension the workplaces. In sum, all who have responded to the public consultation have some sort of interest in what electricity policy the Government chooses to implement.

However, there are some groups of participants that can be said to be either underrepresented in the sense that there are few responses or not represented at all. In Norway there is a large energy-intensive industry, but only one of these have responded to the public consultation. In addition, there are few trade unions who has responded. The trade union who responded represent workers in the energy-intensive industries, however there are trade unions representing workers in the energy sector, for instance the trade union EL og IT. Amongst the group not represented at all are nature conservation organizations, municipalities and the consumers. As elaborated on in the previous chapter there is an ongoing conflict between those perpetrating nature conservatism as an important value in climate change issues and those emphasizing technological solutions. Friends of the Earth Norway is one organization that has previously been involved in the issue but has chosen not to respond to the public consultation.

The two largest groups that is not represented amongst the responders are the municipalities and consumer groups. There is a very strong public ownership in the electricity sector, and 289 municipalities has some form of ownership of a grid utility or electricity producers (Reiten 2014). As such one could expect that some municipalities concerned themselves with the future income potential of their enterprises, and hence the income potential of the municipality. Lastly, there are the consumers. It might be too much to expect that there is a large amount of private citizens that participate in this public consultation, but there are no responses from consumers groups. One organization that could have involved itself is the Norwegian Consumer Council which up until 2010 was represented in Statnett's "Council of transmission grid customers".

6.1.1 Argumentation analysis

In this section I will present the most commonly used arguments. An overview can be found in table 6.2 on page 47. The table reveals that the responses are one-positional, and that the supporters and skeptical or opponents of the interconnectors rarely mentions the same aspects of the application. I will in the following present the arguments used by those who are positive, and then the skeptical and negative arguments and claims.

Arguments supporting the interconnectors

The arguments utilized by the proponents of the interconnectors overlaps to a large extent with the arguments used by Statnett in their application. Statnett's main arguments are that the interconnectors are needed to ensure security of supply, will lead to increased value creation in the electricity sector as well as the economic profitability of the interconnectors (Statnett 2013a). The remaining positive argument that is used is that the interconnectors benefit the climate. This climate benefit is achieved through providing Germany and Great Britain with clean and renewable balancing power, in addition to enabling Norway to export clean renewable energy (Bellona 2013; EnergiNorge 2013; NHO 2013; NORWEA 2013; Zero 2013). An aspect of the climate argument is the European perspective, and the need to position Norway politically so that the interconnectors are part of future plans for the transmission grid in Germany and Great Britain (Bellona 2013; EnergiNorge 2013; NHO 2013).

Ambiguous arguments

Some arguments have been classified as ambiguous arguments as they can be used either in support or in opposition towards the planned interconnectors, depending on the point of view and framing. For instance the supporters of the interconnectors argue that the interconnectors are needed to ensure continued value creation in the energy sector. The green certificate scheme will create a situation of electricity surplus, that needs a reasonable off-take, otherwise the climate benefits are lost in increased consumption of electricity (BKK 2013:1). The skeptical or negative responses argue either discounts that there will be an electricity surplus, or criticizes the underlying assumptions of the electricity surplus. Industri Energi (2013:1) is one actor who discounts the expected surplus, and argues that they foresee an increase in consumption from industries. IndustriEL (2013:2) argues that the only question is not at what price electricity will be exported, but also what alternative uses of this electricity can be foreseen at these prices. Norsk Hydro on their side points to the insecurities pertaining to the green certificates in Norway and Sweden, especially where new renewables are constructed. They argue that expansion of export capacity should be adapted to the actual expansion of renewables in Norway (Norsk Hydro ASA 2013:2).

The remaining ambiguous argument is the notion of capacity markets. The supporters, to the degree that this is mentioned, only notes that there are uncertainties regarding whether the interconnectors will be granted access to the capacity markets (BKK 2013; NHO 2013). The skeptical and negative responses notes that these capacity markets, that Statnett presupposes access to, does not currently exist. To the degree that they have been discussed in the EU, it does not seem that Norway has been invited in (IndustriEL AS 2013; Norsk Hydro ASA 2013).

Arguments negative or skeptical towards the interconnectors

Table 5.2 reveals that the arguments used by respectively the supporters and the skeptical and opponents of the interconnectors only to a small degree overlap. However, both groups utilize Statnett's application and analysis in their argumentation. The negative and skeptical responses focuses more on the economic aspects and errors and weaknesses in the application. The economic arguments relates to the distributional consequences of the interconnectors. This is in economic terms priced as either consumer and producer surpluses. Both Industri Energi (2013) and IndustriEL (2013) argues that producer surpluses represent a redistribution of wealth from consumers to producers.

The application is also criticized based in the expected increase in transmission tariff and the projected revenue base of the interconnectors. According to industry actors the increase in transmission tariff threatens the competitiveness of export-oriented and energy-intensive industries (Industri Energi, 2013; Norsk Industri, 2013). The revenue base is criticized, as only 40 percent of the income from the NordLink interconnector is generated from bottleneck income. The rest of the income is calculated to derive from either consumer or producer surpluses (IndustriEL AS 2014:2; Norsk Hydro ASA 2013:1; Norsk Industri 2013:2–3). The calculations of the revenue base is also criticized as the revenue base is changing rapidly with Germany's "Energiewende" and the increase in renewables in Great Britain. This entails that Statnett's calculations may be wrong and increases the uncertainty about the future income potential (Industri Energi 2013:3; Statkraft AS 2013:2).

The last argument is the notion of errors and weaknesses in the application. This argument encompasses several arguments, out of which the most common critique is the rate of return used in the application. The rate of return utilized is very low in comparison to projects in the private sector. Norsk Hydro argues that a higher rate of return should have been used, as Statnett invests on the consumers bill, and it would then be natural to use a rate of return that reflect both the preferences of the consumers and the risk of the project (Industri Energi 2013:2; Norsk Hydro ASA 2013:2–3). Another argument in this category is that Statnett employs a very optimistic time-frame for the projects. Norsk Hydro points this out in relation to the risk of delays in the projects, and the adverse consequences this entails. One risk of delay, is that the planned investment decision is foreseen in 2014, however, at this point in time Statnett will lack a construction concession for some projects. Furthermore, Norsk Hydro emphasizes that a too hasty pace in the projects may lead to pressures in the supply industry, hence an upward push of the costs (Norsk Hydro ASA 2013:3).

| | Position in the response | Positive arguments | | | | Uncertain arguments | | | Negative arguments | | | |
|------------------------------------|--------------------------|--------------------|--------------------------|-------------------------------------|-------------------|------------------------|------------------|----------------------|-------------------------------|--------------|--|--|
| | | Security of supply | Increased value creation | Economically profitable for society | Climate arguments | Surplus of electricity | Capacity markets | Distribution effects | Increased transmission tariff | Revenue base | Errors and weaknesses in the application | |
| Agder Energi ³ | + | X | X | | X | | | | | | | |
| BKK | + | X | | X | X | X | | | | | | |
| Statkraft | + | X | X | X | X | | X | | | | | |
| Bellona | + | X | X | X | X | | | | | | | |
| ZERO | + | X | | X | X | | | | | | | |
| NHO | + | X | X | | X | X | X | | X | | X | |
| Energi Norge | + | X | X | X | X | X | X | | | | | |
| NORWEA | + | X | X | X | X | X | X | | | | | |
| Federation of Norwegian Industries | / | | | | | X | X | | X | X | X | |
| IndustriEL | - | | | | | X | X | X | | X | X | |
| Norsk Hydro | / | | | | | X | X | X | X | X | X | |
| Industri Energi | - | | | | | X | X | X | X | X | X | |
| LO | ? | X | | | | X | | | | | | |

Table 6.2: Mapping of arguments most commonly used in the public consultation in the second column position towards the interconnector is indicated. '+' indicates positive, '/' indicates skeptical, '-' indicates negative, and '?' indicates uncertain. Otherwise, in the table 'X' indicates arguments used in the response.

- 3 Agder Energi submitted a very short response, however they also stated that they support the response from Energy Norway. I have in the mapping of Agder Energi only mapped those arguments specifically stated in the response.

There are several of the respondents who mention investments in the domestic grid. Some, such as IndustriEl, argues that the need for investments in domestic grid is unsatisfactory described and the consequences of the interconnectors on the domestic grid not sufficiently analyzed and evaluated (IndustriEL AS 2013:1). Furthermore, they argue that there seems to be an underestimation of the costs pertaining to reinforcements of the domestic grid in relation to the interconnectors (ibid.).

6.2 Media coverage

A central concept in Culpepper's theoretical framework is the notion of issue salience. This is difficult to measure directly, so in the analytical framework I utilized the same short-cut as Culpepper, which is to measure issue salience indirectly through media coverage. A comparison of media coverage of three different energy issues will provide a good indication as to the level of media coverage of the interconnectors, and establish that there has in fact been little media coverage of the interconnectors.

The graph below illustrates the media coverage of the three energy issues: electricity prices, the transmission grid Sima-Samnanger and interconnectors since January 1st 2000. As stated in the methodological section, these numbers are most likely overestimated, however, they show the expected results that fits well with the empirical evidence. For instance, the media coverage of electricity prices has three clear spikes, in 2003, 2006 and 2010-2011. Based on the empirical evidence this is not surprising as there was a spike in the electricity price in 2003 because of a dry-year (NOU 2012:18). In 2006 there was an electricity crisis in mid-Norway as a lot of heavy industries was established but the gas power plants foreseen by Statnett, MPE and many others were not realized due to uncertainties regarding the profitability (ibid.:19). This led to the establishment of a separate bidding area for electricity in mid-Norway, due to limited transmission capacity to the area. 2010 and 2011 saw consecutive dry-years, in addition to safety issues with the Swedish nuclear power plants (NOU 2012:30)

Regarding the construction of the transmission grid from Sima to Samnanger, the media coverage started the same year Statnett started its planning processes. However it did not spike until 2010, after the Government rejected the appeal on NVE's decision to grant Statnett the construction license (Ruud et al. 2011:1). In relation to the interconnectors there has been little coverage up until 2010, with an increasing coverage as the application process proceeded, with an increase in numbers up until 2013 when Statnett applied for the necessary licenses for the interconnectors.

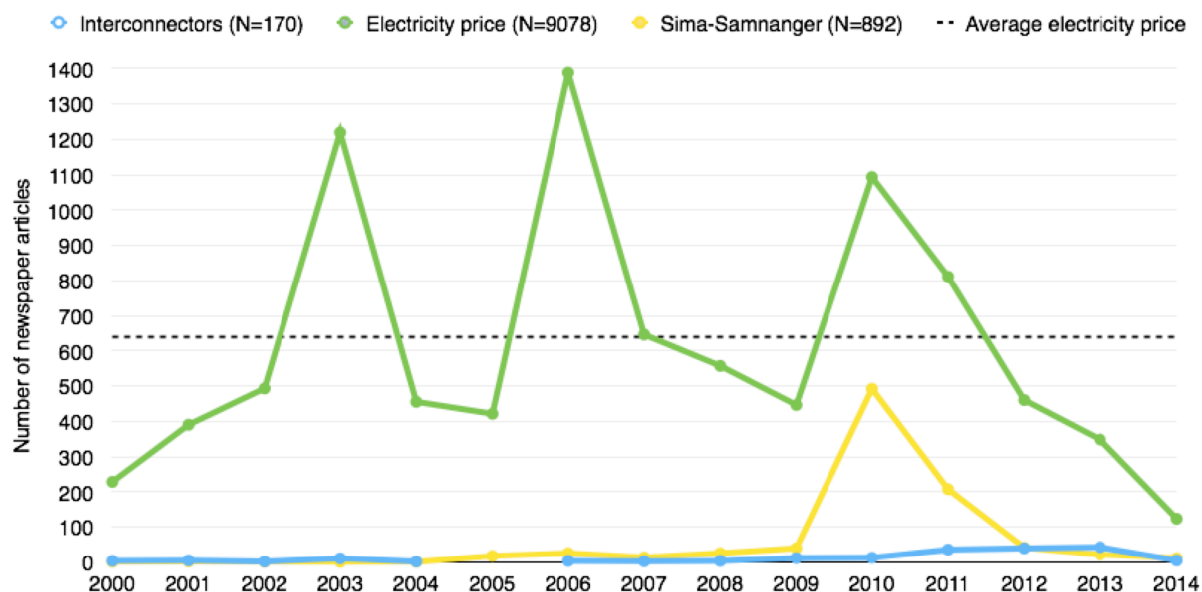


Illustration 6.1: Mapping of newspaper coverage of three energy issues.

The graph is rather revealing concerning the media coverage of interconnectors. The combined media coverage of the interconnectors is approximately a quarter of the average coverage of electricity prices, in total 170 articles or newspaper hits from 2010 until 2014. In all years there was less coverage of the interconnectors than the electricity price. And where the media coverage of Sima-Samnanger spiked at 492 articles or newspaper hits in 2010, there is barely any spike to speak of in the media coverage of the interconnectors. There was an increase in media coverage in 2011-2013 with respectively 35, 39 and 42 articles or newspaper hits.

A total of 151 articles were written from 2006 to 2014. In the table below, the media coverage is broken down by newspaper. The main portion of the media coverage has been in regional, and business oriented newspapers and one magazine. There are three regional newspapers that have covered the issue, Stavanger Aftenblad, Bergens Tidning and Fædrelandsvennen. These newspapers are located in the western and southern region of Norway. All of these newspapers are located in electricity producing regions, with large hydropower resources. In addition, these newspapers cover regions where the current interconnectors are planned or, there have been plans to construct interconnectors. Dagens Næringsliv is the national newspaper with the most extensive coverage. This is also the most prominent business daily in Norway. In addition, there has been some coverage in Klassekampen, the socialist-left daily, as well as Nationen, the national district daily.

| Newspaper | Share of coverage |
|---------------------------------|--------------------------|
| Teknisk Ukeblad | 25 |
| Stavanger Aftenblad | 14 |
| Dagens Næringsliv | 11 |
| Bergens Tiende | 10 |
| Fædrelandsvennen | 9 |
| Klassekampen | 7 |
| Nationen | 7 |
| Others (each with less than 6%) | 17 |
| Total (N=151) | 100 |

Table 6.3: Newspaper coverage of interconnectors from 2006 to 2013.

To summarize, there has been some coverage of the issue of interconnectors. Compared to other issues the coverage has been very limited. Within the field of electricity policy it is safe to say that the issue of electricity prices is a high salience issue as it receives abundant media coverage, as well as enjoys relatively constant coverage. The Sima-Samnager transmission grid represents the media coverage that a single energy issue might received if placed on the agenda. Comparing the media coverage of both of these issues with that of the interconnectors, it is easy to see that there has been marginal media coverage of the interconnectors as well as only a small increase in coverage in 2013, when the issue was on a public consultation. In the disaggregation of the media coverage by source, it is visible that it has been most widely covered by the regional media in the south-western regions, business newspaper and technical magazine.

7 Analysis

The purpose of the analysis is to put the empirical evidence into context and thereby be able to provide an answer to the research question which is: *What may explain the level of participation in and media coverage of the policy process up to the political decision of granting or denying Statnett a license to trade in electricity with Germany and Great Britain?* In this chapter I will first analyze participation in the public consultation. The sections that follows analyzes the explanatory power of the two analytical approaches. First Culpepper's theory of "quiet politics" and then Baumgartner and Jones' theory of "punctuated equilibrium". The chapter concludes with a discussion on what the different perspectives explains individually and what may be gained in understanding participation by combining the two perspectives.

7.1 Participation

The aim of this thesis is to look at what may explain few participants in public policy making. However, firstly there is a need to establish that there actually has been few participants. By comparing the number of responders in this consultation to other public consultations by MPE it is possible to get a fair picture of how many responses is normal. However, what is normal does not necessarily constitute few or many participants. What is few or many participants in a given public consultation will depend on the public consultation itself. Public consultations are democratically important, as it enables all interested and affected parties to provide an opinion on legislative proposals, policies etc before a final decision is made (Regjeringen, 2006). What is important here is the notion of "interested and affected" parties. Some policies affect a greater part of the population than others, and some policies are more controversial than others. Furthermore, some policies have a more direct effect on the population than others. How controversial an issue is, and the number of affected parties therefore determines what constitutes few or many responders.

In a broad sense most of the Norwegian population can be considered "interested and affected" parties, as the interconnectors will affect the electricity price and security of supply. As elaborated on in the background chapter, the electricity price is a topic that is a concern and widely covered by the media. However, it is to a large extent covered when the prices are high. This gives rise to two contradicting interpretations. One is that electricity prices is an important topic and decisions contributing to increased prices would in general be unpopular decisions. If this is the case, one expectation is that at least some citizens or consumer organization would have responded to the public consultation.

On the other side, Statnett argues that the interconnectors will reduce intra-yearly and inter-yearly variations. By this understanding the expected increase in electricity price might be deemed appropriate by the population, as the interconnectors would contribute to lower prices during winter-time and consecutive dry-years. With this understanding of the issue it is not necessary to expect heavy involvement by the general public. However, both of these interpretations depends on the notion that there is a general awareness about the issue and that the issue is widely understood. There is little evidence supporting such a notion.

Even if the interconnectors do lead to an increase in the electricity price, it might be a stretch to argue that the general population is affected to such a degree that they should involve themselves in the issue. The increase in electricity price is quite far into the future and is only visible on the electricity bill. It is easier to see that issues such as taxes, provision of healthcare and welfare spending has a more direct effect on every day life and welfare. However, it could still be expected that some representatives of the general population responded to the public consultation, such as the Norwegian Consumer Council who was represented in Statnett's "Council of transmission grid customers" up until 2010. Despite this previous involvement in electricity policy, the Norwegian Consumer Council chose not to respond to the public consultation.

In addition to the general population, there are some sectors with strong interests in the developments of the electricity sector, namely the electricity sector in itself, as well as the industry. The electricity sector is interested in these interconnectors as it will influence the electricity market they compete in. As Statnett stated in their application, the interconnectors are likely to give a higher producer surplus than a consumer surplus, which entails that the electricity companies are more likely to increase their revenues. As seen from the presentation of participation in the previous chapter, of the 13 responses to the public consultation three where from electricity companies and two from the business associations of the electricity sector. All of these responses where positive towards the interconnectors.

The other affected party, the industry has an interest in low electricity prices. There is a large energy intensive industry in Norway, and the provision of renewable electricity at stable and low prices is a considerable comparative advantage compared to other countries in Europe who rely heavily on coal- or gas-fired thermal plants with considerable higher electricity prices. These industries are interested in keeping the price of electricity low, to ensure their competitiveness and by extension their businesses. In addition there are the trade unions representing the workers in the industries, who concern themselves with the competitiveness of their industries as a means to ensure that their workplaces are not moved to more

competitive countries. Amongst the responders to the public consultation are industries and trade unions advocating this view, however, there were some differences in the responses. Where the trade union was outspoken negative towards the interconnectors, the industry and their business associations were more cautious either taking a skeptical stance or negative.

The last group of responders are the civil society organizations. There are a plurality of civil society organizations in Norway interested in energy and environmental policy, but only two chose to respond to the public consultation, both of which are characterized as technology optimist climate policy organizations. It is not surprising that ZERO and Bellona chose to participate, as both of these organizations have been very active in the public debate, as well as organized conferences and produced reports on the topic. However, they do not represent the plurality of the civil society organizations. For instance, one voice that is lacking is the nature conservation organizations, such as Friends of the Earth Norway who has participated in the debate by amongst other producing a report in cooperation with the trade union NITO on this topic.

One group of responders who are lacking entirely is the municipalities and their interest organization KS. KS was represented in the “Council of transmission grid customers” from 2010 until 2012 when it was discontinued. The municipalities are an important actor in this debate as 85 percent of the grid capital and 90 percent of the hydropower resources are publicly owned, i.e. owned by either the state, counties or municipalities. Of the 428 municipalities, 293 has ownership in a grid utility. With this strong public ownership in the electricity sector by municipalities, it could be expected that there would be some interest shown by the municipalities in the development of the electricity sector. The interconnectors will most likely influence the electricity price, thereby influencing the amount of profit the municipalities can expect.

So far I have taken the notion of “interested and affected parties” as a starting point for discussion. In conclusion of this part, the 13 responses to the public consultation represents actors who falls well within this category of “interested and affected” parties. It can be argued that there are relatively few responders from all the different actors represented amongst the responders. But what this discussion has uncovered are several groups of responders who has chosen not to participate, such as the general population or some form of interest organization representing their interest. Other groups of non-responders are the municipalities and a more diverse representation from the civil society organizations, most notably the nature conservation organizations. As there are so many groups not represented in the public consultation, I conclude that there have been few responders to the public consultation.

If a comparative approach is utilized and the number of responders to the public consultation is compared to other public consultations by MPE, an easy conclusion can be drawn that the participation was low. There were 13 responses to the public consultation, which is both lower than the median and the mean response-rate, respectively 15 and 23 responses, in the compilation of participation in public consultations held by MPE presented in Appendix 2. However, this approach does not take into consideration that the issues deliberated and handled by MPE might be, in general, issues that do not generate a lot of public attention and responses to public consultations in comparison to other policy fields such as education and health care.

7.2 Low salience, participation and media coverage

In the previous section I concluded that there has been few participants in the public consultation. Now I turn to what may explain the level of participation. In this section I will first establish that the issue of interconnectors is a technical and complex issue, and then look at how this has influenced participation and media coverage.

In the analytical framework I understood 'technical' as pertaining to a particular field or subject, often related to the applied sciences and something which requires special knowledge to be understood. I will in the following argue that the electricity system is a technical issue. The electricity grid is part of a larger entity, namely the electricity system, which consists of producers, the transmission system and consumers. The electricity system can be viewed as two-fold, firstly there is the physical infrastructure that has to be in place and secondly the policies that make it work. The physical infrastructure includes amongst other the production facilities, the transformers and the electricity grids. An understanding of the capabilities of the physical infrastructure enhances the chances of understanding what the interconnectors entail. It requires specialization and study, and usually a degree in higher education such as engineering to understand the electricity system. That said, it is possible to get a general understanding of the issues in question without a degree, but it requires effort and studying.

An understanding of the electricity system is important as it is the foundation to understand the second part, which is the policies in place and how the interconnectors will influence the electricity system. The main effect the interconnectors has is that they connect the Norwegian electricity markets closer together with the British and the German electricity markets. This again influences how much electricity is produced in Norway and at what prices. With the interconnectors there is an increase in possible sources for electricity, and the electricity price in these markets compared to the Norwegian market determines whether there will be export or import of electricity and hence how much electricity is produced and at what prices.

The effect of the interconnectors on the electricity price is uncertain, as there are just too many uncertain variables to give certain predictions. One important variable is precipitation which is hugely influential in determining the electricity price in Norway. Other variables are the speed in which new renewables are constructed in Norway as well as in Germany and Great Britain. These new renewables are for the most part intermittent renewables, so their output will be prone to variation. There are many more factors contributing to making the predictions uncertain, however there are some agreements among the analysis' produced. It is likely that there will be an increase in the electricity price. This is evident from Statnett's calculations as the producer surplus is larger than the consumer surplus. However, what mediates this picture is that it is likely that there will be a downward pressure on electricity prices when the electricity supply in Norway is strained. This entails that it is likely that during winter-time, dry-years and consecutive dry-years it is likely that the interconnectors will contribute to keeping the prices at a lower level than they would have been than without them.

There are also other elements that indirectly influence the electricity price, or at least people's perception of the electricity prices. One of them is the projected increase in transmission tariffs, which is an argument frequently used by those skeptical towards and the opponents of the interconnectors (IndustriEL AS 2013:1–2). On top of that the Government has implemented the green-certificates scheme, which is a subsidy paid for by the consumer to stimulate new renewables. One issue that could be discussed here is that the consumers are subsidizing the production of new renewables for export. This was commented on by the former Minister of Petroleum and Energy, Ola Borten Moe, who stated that “It is no brilliant business idea to subsidize Norwegian renewable energy and sell it cheaply abroad” (Salvesen 2012). This is a bit outside the main argument, but it illustrates that one policy cannot be seen in isolation when it comes to what influences the electricity price.

How the interconnectors will influence the Norwegian electricity markets and system is complicated as it demands an interdisciplinary approach. There is the technical knowledge and predictions as to future electricity consumption and production. This knowledge is utilized by economists to predict the expected exports and imports. The definition of “technical” provided in the analytical framework focuses on the mechanical and industrial sciences. The physical infrastructure of the electricity system falls well within the scope of this definition. However, the field of economics may not qualify as being technical. A part of the definition, or description of technical is “requiring special knowledge to be understood”. Even if the economic analysis' are not technical I argue that it does require some knowledge of the field to understand them, thereby heightening the barrier to participation.

In the analytical framework “complex” was understood as consisting of interrelated parts, not easily disentangled. From the discussion above it is easy to see the complexity of the issue. As a basis it is necessary with at least some knowledge about the electricity system to understand what the issue is about. This forms the ground for an understanding of how the interconnectors will work with the current electricity system, and how the Norwegian electricity system will interact with the British and German electricity system. A further understanding of economics is necessary to evaluate the consequences of the interconnectors on for instance the electricity price, but also to independently evaluate the robustness of Statnett's application. An overview of the current electricity policies is also helpful, as the policies may have diverging goals and influence the profitability of the interconnectors.

Based on this it is obvious that the issue of interconnectors is both technical and complex. To fully understand the issue requires knowledge about both the technical components, how these interact to form the electricity system, as well as knowledge about electricity policies and economics to evaluate the consequences of the interconnectors. In the analytical framework I presented a model where the technical and complex nature of an issue has a negative impact on media coverage. So now that it is established that the issue is both technical and complex, how does this influence media coverage?

As elaborated on in the previous chapter there has been little media coverage of the interconnectors. A total of 170 articles has been written since 2000, and 151 of these since 2006. The average number of articles in a year written about the electricity prices over the period 2000-2013 was 640, which is approximately four times the combined coverage of the interconnectors. This leads me to conclude that there has been little media coverage of the issue and that the issue is a low salient issue. However its connection to electricity prices should have made it a more high salience issue. As seen from the media coverage of electricity prices, it is a topic that is continuously covered by the media, with the media coverage peaking when prices are high.

As electricity prices are continuously covered by the media I consider it a high salience issue, at least within the electricity debate. This entails, according to Culpepper (2011:5), that journalists who cover the issue repeatedly should have some knowledge of the issue as well as have access to independent experts, which again would have given grounds for an enlightened debate about electricity prices. With an enlightened debate about electricity prices, a logical inference is that policies or projects that would influence the electricity price would be covered by the media. This inference is not supported by the empirical evidence, as can be seen from the media coverage of the interconnectors.

One reason could be that, as Culpepper theorizes, that the issue is technical and complex. A quick look at the media coverage reveals that the technical weekly “Teknisk Ukeblad” has written 25 percent of the articles about the interconnectors. It is not surprising that the technical weekly has chosen to cover an issue that is relevant to the members of the trade unions who own the magazine. However, it is interesting that the technical weekly has such a large share of the media coverage, and this supports the argument that the technical and complex nature of the issue is more easily communicated and understood by readers with technical backgrounds rather than the general public.

I have concluded that the issue of interconnectors is a low salience issue based on the media coverage. However, it is not necessarily as easy to draw this conclusion as Culpepper argues. If we look at the coverage, the majority of articles is either written in the technical weekly, the national business daily or regional newspapers. In total 33 percent of the articles written where written by the regional newspapers in the south-western region of Norway. This is the most relevant region in relation to the interconnectors, as the interconnectors will depart from two of these regions. There may be several reasons why the regional newspapers has a more extensive coverage of the interconnectors than the mainstream national media. One is that some of these interconnectors has also been initiated by the regional grid utilities, such as NorGer which was initiated by amongst others Agder Energi and North Connect which is being planned in close cooperation with Lyse Energi (NorthConnect 2013; Rosvold 2010). As both of these companies are owned by the municipalities in their region, which in turn provides income to these municipalities. As such, it is not surprising that the regional newspapers has a vested interest in covering investments that may be made in their region.

The main question is how these two factors, the qualities of the issue and media coverage, influence participation. In the analytical framework it was theorized that technical and complex issues would have a negative effect on participation. From the participation in the public consultation we can at least deduce that the technical components and the complexity of the issue has not been a positive driver for participation. The respondents to the public consultation have some form of connection to electricity policies, be it as energy companies, enterprises, trade unions, business associations or civil society organizations. This previous involvement entails that they have a previous knowledge of the issue at stake, which lowered the barrier to participate. The responses to the public consultation shows that these organizations have the necessary technical competence as well as overview of the electricity policy field to understand the issue. In the argumentation analysis, I identified the arguments used by the responders. Most of the arguments utilized are directly related to the interconnectors and Statnett's proposal. For instance, commonly used arguments were that the

interconnectors will increase the security of supply, increase the transmission tariffs or concerns about the revenue base. All responders have utilized arguments that goes directly to the core of the project, which I would argue shows a good understanding of the issue.

Other arguments utilized in the responses show overview over the policy field and current political debates. For instance, most responders referred to the expected surplus of electricity as a result of the green certificates scheme. Some supported Statnett's notion that there will be a surplus, others argued that the expected surplus is overestimated. Either way, a firm position on this issue requires some knowledge about the green certificate policy as well as its implementation and progress. Other arguments used that also shows a good overview is the notion of capacity markets and whether or not the interconnectors will be part of a future capacity market in Germany and Great Britain.

The only respondent that does not show this kind of insight into the interconnectors is LO, who were very cautious in their reply and did not take a stance towards the interconnectors. To some extent it can be debated whether or not LO actually participated or not. Practically, they participated as they sent a response which is public, however, they did not take a stance on the issue. But besides LO all responders to the public consultation displays factual knowledge about the interconnectors in particular and the electricity policy field in general. Culpepper argues that involvement in low salience policy issues is limited to those who are already involved. The display of factual knowledge and general overview over the policy field supports this notion.

The second factor in Culpepper's analytical framework was media coverage, and that low media coverage would have a negative effect on participation. As already established, there has been low media coverage and there are few participants in the public consultation. It is difficult to say with certainty that the limited media coverage has contributed to the responses that were sent in. As established above, those who has participated are in general organizations and actors who are active in the electricity policy field and probably knows more about interconnectors and its consequences on the Norwegian electricity sector than the average journalist. As such it can be expected that those who have responded would have responded even if there was no media coverage of the interconnectors at all.

On the other side, the limited media coverage may have contributed to limited participation. There are no outsiders who has chosen to respond to the public consultation, most notably the general public or its interest organizations, municipalities and nature conservation organizations. As some of these actors are not very involved in the electricity policy field on a regular or daily basis, they may not have been aware that Statnett applied for the international

trading licenses. In 2013 a total of 42 articles were written about interconnectors by 13 different newspapers and averaging at 3 articles per newspaper (see Appendix 2). Even though this coverage also includes national newspapers, it is not likely that this coverage is enough to create a general awareness of the issue, thereby being a driver for increased participation.

The low media coverage of the interconnectors in the media may have been an additional barrier to participation for those not aware of the interconnectors as well as updated in the developments in the electricity policy field. In the introduction, the agenda setting effect of the media is briefly presented. The agenda-setting effect of the media entails that the media's agenda becomes the reader's agenda both in a positive sense in what the media chooses to cover as well as in a negative sense by the lack of coverage (see i.e. Janssen & Aalberg, 2007; McCombs & Shaw, 1972). The media has the power to set the agenda, as well as frame the issue at stake, and by not covering the issue it can be deduced from this theory that they may have had a negative effect on participation. It is impossible to predict what the participation would have been if the media had put this issue on the agenda, however it can be concluded that the level of media coverage has not positively influenced the participation in the public consultation.

7.2.1 Conclusion

In the introduction I posed the following sub-research question: *To what degree is the technical nature and the complexity of the issue an explanatory factor in determining participation, through low salience?* Culpepper's theory gives a reasonable starting point for analyzing this issue, and much of the empirical evidence is in line with Culpepper's assumptions. For instance, the issue is technical and complex, and according to Culpepper's theory this will most likely then be a low salience issue, which it also is. Both of these factors will, according to Culpepper, lead to low participation in the policy making process, and then only by actors already involved in the policy making process. This is also supported by the empirical evidence.

However, how much and what does Culpepper's theory actually explain? I would argue that the theory gives a reasonable and likely explanation as to why there has been so few participants in the public consultation. By focusing on the qualities of the issue as one factor determining participation it is possible to infer why some issues have more participants in policy making than others. The technical and complex qualities of the issue increases the barrier to participation, as well as limits media coverage. In addition, the limited media coverage further increased the barrier to participation, as the parts of the population lacking

previous knowledge of the interconnectors was not informed through the media. The fact that a quarter of the media coverage of the interconnectors took place in the technical weekly, despite the potential interest to all consumers, further underscores the difficulties of communicating technical and complex issues to the general public.

7.3 Policy monopolies, participation and media coverage

As a starting point for the analysis, it is useful to theorize around what could constitute a policy monopoly, and then look at the empirical evidence to see whether this theoretical policy monopoly exists or not. In the analytical framework policy monopolies was conceptualized as a structure that defined in- and out-groups that limits participation in the policy-making process. A concretization of the concept 'policy monopoly' was distribution of authority and access to information. A possible policy monopoly could be a constellation of electricity producers, grid utilities, their business associations and trade unions. The reason why these actors might constitute a policy monopoly is that they operate within the same industry. Additional parts of the theorized policy monopoly could be MPE and NVE, as they have an authoritative role in determining the rules and regulations.

To qualify as a policy monopoly, the structure has to both limit participation from outsider-groups as well as limit access to information. From the presentation of the empirical evidence, Statnett clearly has a central position in the Norwegian electricity system. This central position is achieved through ownership of the transmission grid. As electricity grids is a natural monopoly, the dominant ownership position effectively reduces the number of actors involved. This position is supported by the legal framework designating Statnett as the TSO, which in addition to their ownership position gives them access to information about the electricity system. Furthermore, Statnett has the responsibility to develop the transmission grid and decides on which investments are needed to develop it with satisfactory security of supply. The national and long-term development plans for the transmission grid represents agenda-setting powers, and these are developed and adopted by Statnett.

In long-term and national plans Statnett has determined that there is a need for more interconnectors, as well as transmission grid reinforcements (eastern and western corridor) to facilitate the interconnectors (Statnett 2008:40). Through these plans Statnett sets the agenda for which projects are prioritized and hence the reinforcements of the transmission grid in the near future. One example is the Eastern and Western Corridor, which is needed to facilitate the interconnectors as well as improve the transmission capacity between the eastern and western part of Norway. These projects are already planned, projected and in part construction has started, even though the scale of reinforcements needed is dependent on whether or not

the interconnectors are constructed (Statnett 2013:69-75). From this it is evident that Statnett has agenda-setting powers through the definition of needs in the sector as well as the definition of the proper solutions.

Statnett has a central position in the electricity sector through legislation and agenda-setting powers as a result of the role they have been designated. However, there are also other actors who might be competitors in being dominant actors in the policy monopoly. An important part of the concretization of policy monopoly was distribution of authority. The formal authority to make decisions is with the MPE and the political leadership. MPE has chosen to delegate much authority to NVE in the electricity sector. For instance NVE has the power to determine new regulations that falls within the scope of the "Energy Act Regulation". In addition it is NVE who has the responsibility to follow up on all laws and regulations and license energy projects. MPE has in fact delegated so much authority to NVE, that they are not involved in some decisions unless they are appealed to the MPE. The authority that is retained by the MPE is the power to grant international trading licenses for electricity and licenses to construct new large hydroelectric power plants.

In addition to the distribution of authority, MPE also has agenda-setting powers. Through the preparation of governmental white-papers and the legislation that follows, MPE sets the agenda for the electricity sector. It can be debated to what extent this agenda-setting power is utilized. For instance, in the white-paper on the construction of the electricity grid the Government chose to not take an active position. It was stated that interconnectors should be constructed to the extent that they are socioeconomic profitable (Meld. St. 14 2012:52). A firm position on whether it is a political aim to construct more interconnectors was not taken. This can be seen as a missed opportunity for agenda-setting, or it can be seen as letting the electricity sector develop and set the agenda within the legislative boundaries set by MPE.

To sum up, Statnett has a central and to some extent dominant position within the field of electricity policy which for a large part is achieved through legislation and the execution of their mandate. Through the legislative framework Statnett is obliged to develop national plans for the development of the transmission grid. These plans represent agenda-setters in electricity policy, where problems are described and solutions are provided. However, Statnett's central position does not exclude other actors from having central and dominant positions. MPE and NVE has the formal authority to decide on new legislation as well as the implementation. Furthermore, MPE and NVE has the decision-making power to decide whether a project will be granted the necessary licenses, thereby having a final say over which projects are finalized. An important part of the notion of policy monopolies is the ability of

the monopoly to limit access to information and access to the decision making process by others.

If we look at participation in the decision-making process in the MPE, it is clear that the theorized policy monopoly does not have the power to limit who participates and who does not. Firstly, there is a legislative framework that ensures that infrastructure projects are sent on a public consultation. This entails that the information about the project proposal is available to everybody who feels inclined to investigate the project more thoroughly. However, as Schattschneider argues, the definition of alternatives is the ultimate form of power (Schattschneider 1960:68). So even if there are public consultations, the alternatives are already defined. The option for opponents of the project is to find weaknesses in the project proposal and make remarks to MPE. As the alternatives are already defined by Statnett, MPE has the choice between granting or rejecting the application, and only to a lesser extent to make changes to the proposal. They can also ask for more information or request that reports are provided that investigates alternatives. However, the argument is that Statnett, through its position in the electricity sector has managed to both set the agenda and defined the alternatives to choose between, and in so doing left other alternatives not considered. On the other hand, it can be said that MPE and the Government chose not to define alternatives in this matter, and left it to Statnett by not taking a stand in the Governmental white-paper on grid development (Meld. St. 14 2012).

One of the indicators of a policy monopoly is the promotion of a hegemonic and positive policy image. In the public consultation there was a majority of the responders who supported the interconnectors, hence supported Statnett's view that these interconnectors are necessary to ensure amongst other the security of supply. In the public consultation, the theorized policy monopoly were very coherent in their responses. They used to a large extent the same arguments and advocated the same position (see table 6.2, page 47). Furthermore, the rhetoric applied by both Statnett and those that are positive towards the interconnectors, is a positive policy image. As stated in the analytical framework, a policy image consists of empirical information and emotive appeals, and it is the emotive appeals that determines the policy's tone. The arguments used in support of the interconnectors are that they are beneficial for the climate, they increase the security of supply and are economically profitable for society. All of these arguments appeals to established policy objectives, and as such I would argue that they represent a positive policy image.

If we turn to the other respondents, it might be argued that the policy image advocated by Statnett and other energy related actors have penetrated the other respondents. In the public

consultation there was only one respondent who opposed the project and proposed that the projected electricity surplus should be utilized in Norway (Industri Energi 2013). The rest of the skeptical and negative responses by the industries, business associations and trade unions did only to a small extent question Statnett's arguments on the need for more interconnectors. Some questioned the notion of the expected surplus of electricity, however the main content of the responses were critical remarks to how Statnett had designed the projects, revenue base and cost-sharing. In addition, there was a general concern about the increase in transmission tariff and the electricity price. But these concerns do not challenge the underlying assumptions the project is based on such as the need for new interconnectors. However, it is impossible to say whether this lack of criticizing the underlying assumptions, is an acceptance of the policy image by the industry actors or if it is a shared understanding of the status quo.

The last property of the policy monopoly that Baumgartner and Jones' theory predicts is the notion of incremental changes within the policy monopoly, and abrupt changes when the issue is put on the agenda. By the historical account provided in chapter 5, I concluded that the policy development could be characterized by incrementalism. There was a push to increase the interconnectedness after the liberalization of the electricity sector in 1990, however, the sector has since had several projects with a diverging success-rate. The only interconnector that is operational outside the Nordic region is NorNed. Besides NorNed there are several projects that has not been realized. Firstly, there are the two interconnectors to Germany that were granted licenses during the 1990s, where the cooperation was aborted from the German side. In addition, there was the interconnector to Great Britain that failed to get a trading license, as the MPE doubted the economic profitability of the project.

The refusal to granting Statnett the trading license, represents a shift in policy, as MPE granted relatively many international trading licenses during the 1990s. It also represent a notion, that Baumgartner and Jones speak relatively little of, and that is the bureaucratic expertise that is located in MPE. Baumgartner and Jones sometimes treats the bureaucracy as part of the policy monopoly, and other times as an entity lacking the expertise to challenge the policy monopoly. I would argue that this last claim is unreasonable, at least when it comes to electricity policy, which is strictly regulated and with a strong public ownership. Furthermore, even if MPE does not have the expertise, they have access to the expertise in NVE which is in charge of implementation of legislation and regulating the sector.

The main question here is whether or not the policy monopoly exists, and if it exists how it has influenced media coverage and participation. According to Baumgartner and Jones, the

existence of a policy monopoly would limit participation from outsider-groups as well as media coverage. Based on the discussion above it is difficult to conclude that a policy monopoly exists. One reason why it is difficult to conclude on whether the policy monopoly exists is the ambiguous role of MPE. I have applied Boasson's (2011) framework in the delimitation of policy monopoly as a concept, and this framework focuses on distribution of authority. From the discussion above, it is clear that MPE and NVE has the formal authority to make decisions within the electricity policy field, and as such should be regarded as part of the policy monopoly.

However, they also represent an independent institutional venue as Baumgartner and Jones calls it. According to Baumgartner and Jones, by shifting the institutional venue, other actors gets involved in the policy-making process, which represent different interests than those represented by the policy monopoly. As such they do have the ability to on independent grounds evaluate the application and its consequences, and as seen from the historical account MPE denied Statnett's application in 2003 which can be seen as a shift in policy. This unclear position of MPE and NVE, as either participants in or overseers of the policy monopoly makes it hard to conclude on the issue.

Baumgartner and Jones provide several descriptive characteristics of a policy monopoly that concur with the description of a policy monopoly, however it does not provide conclusive evidence that the policy monopoly exists. This is for instance the notion of a hegemonic policy image. According to Baumgartner and Jones, the policy monopoly will promote a hegemonic policy image with a positive tone. As seen from the argumentation analysis the theorized policy monopoly uses to a large extent the same arguments and promotes arguments that can be said to have a positive tone. However, those skeptical or negative towards the interconnectors are in general not critical towards the description of reality that Statnett provides. Their position towards the interconnectors is based on what they perceive to be an application without the satisfactory quality. However, does this lack of critical remarks to the description of reality represent an acceptance of the hegemonic policy image Statnett is promoting or just that there is in general a shared understanding of the status quo amongst the responders?

In the conceptualization of a policy monopoly, an important notion was the notion that a policy monopoly would limit participation in the policy-making process by outsider groups. There is little evidence to support this notion when it comes to electricity policy and the public consultation. If we look at who actually participated in the public consultation, only a minority can be said to be part of a theorized policy monopoly. These are Agder Energi, BKK,

Statkraft, Energy Norway and NORWEA. The other responders are outsider-groups, mostly connected to the industry and civil society organizations. This may not be a reasonable argument against the existence of a policy monopoly as this was a public consultation which was open for anyone to respond to, and complete control over participation in a public consultation is difficult to achieve.

As argued in section 7.1 there has been few participants in the public consultation, and there are several groups not represented amongst the responders. These are the municipalities, the general population and a variety of civil society organizations, most notably the nature conservation organizations. According to Baumgartner and Jones' theory these actors has been excluded from the policy process by the existence of a policy monopoly. This may be achieved through lack of information. As we have seen there has been little media coverage of the interconnectors, which has led to little general awareness of the issue. So even though most records and reports are publicly available, the lack of awareness might be an explanatory factor as to why so few have taken the time to respond to the public consultation.

If we look at the policy field in general, there is reason to believe that there are more actors involved in the policy field than the theorized policy monopoly. The provision of electricity at comparatively low prices to the industry has been important in the industrialization of Norway. The electricity price and the developments of the electricity sector is important as it influences the competitiveness of the industries on the global market. The industry's influence on electricity grid policy was previously ensured through representation in the "Council of transmission grid customers" and is currently ensured through representation in Statnett's "Market and management forum". Although the current Forum has a majority of representatives from the electricity sector, the industry is to some extent included in the policy making in Statnett.

When it comes to media coverage Baumgartner and Jones' theorized that the existence of a policy monopoly would have a negative influence on media coverage. The reason is that as long as the policy monopoly has control over the policy developments, agenda-setting activities such as increasing media coverage represents an opportunity for other actors to get involved in the debate and other priorities to be preferred. If this is related to media coverage, there has been low media coverage. However, there is no empirical evidence that this is a result of the policy monopoly suppressing efforts to put the issue on the agenda. On the contrary, there is evidence that the actors and organizations involved in the policy-making process has tried to put the issue on the agenda, but without success. A majority of the actors who responded in the public consultation has been active in the public debate and written

reports. For instance, LO, Energy Norway and the Federation of Norwegian Industries published the statement “Joint platform for increased value creation”. In addition, the civil society organizations has published a number of reports on the issue and participated in the public debate. Despite of these agenda-setting activities, there has been little media coverage of the issue.

In conclusion, there is little evidence that the theorized policy monopoly has actively suppressed media coverage of the interconnectors. In addition, Baumgartner and Jones' theoretical framework provides little explanation of the poor media coverage in light of the agenda-setting activities of those that has participated in the public consultation.

7.3.1 Conclusion

In the introduction I posed the following sub-research question: *To what degree is the policy process dominated by a powerful policy monopoly, thereby limiting participation of outsider-groups and limiting media coverage?* From the empirical evidence presented and the discussion above it is difficult to conclude that a policy monopoly actually exists. Some of the descriptive characteristics that Baumgartner and Jones uses to describe a policy monopoly is present, such as the advocacy of a positive policy image and incremental changes. However, this does not provide definitive proof that there is a policy monopoly. There are two dominant actors in electricity policy, MPE and NVE on the one side and Statnett on the other. Whereas Statnett, through its position in the electricity sector, has strong agenda-setting abilities and is the actor who defines the alternatives, MPE and NVE has the authoritative position within electricity policy with the power to decide on policy, legislation and regulating the policy field.

When it comes to participation it is difficult to see that Statnett and the other energy actors has the ability to exclude other actors from participating in the debate as Baumgartner and Jones' theory advocates. There are participants from outside the theorized policy monopoly who has participated in the public consultation as well as being active in the public debate. However, is it important that the policy monopoly excludes other actors from the policy-making process? Statnett has the power to set the agenda, as well as define the alternatives to choose between. This represents an important power of definition which may not limit participation by outsider-groups, however it limits the policy-making processes that the outsider-groups can participate in.

However, how much and what does Culpepper's theory actually explain? I would argue that the examination of the structure of the policy field provides an important contribution in

understanding the policy field, how the agenda is set and the definition of alternatives. When it comes to participation in the policy making process, it is clear that the structure of the policy field gives some actors more influence than others, but the establishment of an exclusive policy monopoly is difficult to substantiate. It seems from the empirical evidence provided that participation in electricity policy is open to more actors than the theorized policy monopoly. However, the theory provides some insights into why there are few participants through access to information. What this theory fails to explain is the media coverage the interconnectors has had and the agenda-setting activities of the involved actors.

7.4 Low salience or policy monopoly?

In the previous sections I have debated and concluded on what the two theoretical perspectives might explain individually. However, can they be seen jointly? And will such a joint perspective provide a better understanding of the issue in question, namely participation?

In the previous sections we have seen that Culpepper's theory of issue salience, as well as focusing on the technical and complex qualities of an issue gives a reasonable explanation of few participants and low media coverage. Those who participated in the policy process have a vested interest in the outcome. The civil society organizations that participated in the public consultation aim to change official policy in a direction that mitigates climate change, and limits future emissions. Industry actors and their trade unions and business associations are concerned about the competitiveness of their enterprises, which gives them an incentive to be involved in the policy process. And lastly, the energy sector is interested because the interconnectors will influence the market they compete in and at what prices electricity will be sold at in the future, hence their future earnings.

There are several actors who did not participate in the public consultation, who could have been expected to participate. This applies mainly to the municipalities, the general population and a wider variety of civil society. One reason that they did not participate is the technical and complex nature of the issue itself. It requires an understanding of the physical infrastructure, economics and knowledge of the electricity policy to make up an educated opinion on Statnett's application. The low media coverage may also be explained by the technical and complex nature of the issue.

On the other side there is Baumgartner and Jones' theory of 'punctuated equilibrium' that focuses on institutional characteristics to explain participation. As we have seen it is difficult to conclude that a policy monopoly exists. However, Statnett's dominating role in the electricity sector provides them with an advantage concerning access to information, agenda-

setting and the definition of policy. Even though there are actors involved in policy making that can be viewed as outsider-groups within Baumgartner and Jones' theoretical framework these are all actors who have a vested interest in electricity policy.

What this theory provides of explanatory power concerning participation is the notion of access to information. The groups that did not participate in the public consultation may not be aware of what is currently being planned by the electricity sector. Late involvement in the policy process is not a new phenomenon. In the Sima-Samnager case, the public and media only got involved after the Government rejected the appeal over NVE's decision and finally granted Statnett the necessary licenses (Ruud et al. 2011). The media coverage that the interconnectors has received is not sufficient to create a general awareness of the issue. Even with the awareness of the current plans in the electricity sector it is not guaranteed that information about the consequences of these plans is understood. The conclusion is that even if the policy process is open, which is the case with a public consultation, there are actors who are disadvantaged in participating because they lack a position in the policy subsystem that provides them with information.

These two theories provides different explanations of the same phenomenon, though with different explanatory power. These theories are to some extent overlapping, and by viewing the theories together one might get a better understanding of the why there has been so few participants. Culpepper focuses on the technical and complex nature of the issue, Baumgartner and Jones on the structure of the policy field and the involvement of outsider groups. However, it could be the case that the technical and complex nature of the an issue contributes to the establishment of strong policy subsystems which limits participation.

As we have seen there are two dominant actors within the field of electricity policy, MPE and NVE on the one side and Statnett on the other. MPE and NVE are not very active participants in the policy development, which is contrary to the role Statnett occupies as a strong agenda-setter. Since the issue is technical and complex it follows that participation in the policy development is limited to those who have time to devote to it and a vested interest in the outcome. We have seen that those who has participated in the public consultation are actors who have been active in the policy field for a longer period and has vested interests in the outcome.

7.4.1 Conclusion

In the introduction I posed the following research question: *What may explain the level of participation in and media coverage of the policy process up to the political decision of*

granting or denying Statnett a license to trade in electricity with Germany and Great Britain?

What I have provided in this thesis is two explanatory models for answering this research question. One focusing on the qualitative aspects of the issue as a barrier to participation, and the other on the structure of the policy field and access to information as a barrier to participation. I have found that the technical and complex nature of an issue is in itself a barrier to participation as well as media coverage. However, it might also be an explanatory factor why strong policy subsystems arise.

There are a number of groups that have not participated in the public consultation. The commonality characteristic of this group is that they are not active in the daily electricity policy debate. They lack the overview of what is currently happening in the sector as well as the implications of the proposals. I find that a joint explanation provides the most reasonable explanation as to why strong policy subsystems may emerge and maintain their position. The structure of the policy field gives much authority to the dominant actors, either as formal authority or as agenda setters. The technical and complex nature of the issue provides an additional barrier to participation. These two factors together explain why there are so few participants.

8 Conclusion

In this thesis I have looked at what may explain the level of participation in the policy making process in an issue of low political salience. My research question was as follows: *What may explain the level of participation in and media coverage of the policy process up to the political decision of granting or denying Statnett a license to trade in electricity with Germany and Great Britain?* To analyze this research question I have utilized two different theoretical perspectives, the 'quiet politics' framework developed by Culpepper and the 'punctuated equilibrium' framework developed by Baumgartner and Jones.

The main empirical finding is that the policy process has in fact been characterized by few participants and little media coverage. The analytical framework provides differing explanations as to why there has been few participants and little media coverage. The analysis shows that Culpepper's theory of 'quiet politics' which focuses on the qualitative aspects of the issue itself provides a good explanation as to the level of participation in the policy making process as well as the low media coverage of the interconnectors. I have found that the interconnectors is a technical and complex issue which is difficult to understand and requires quite a lot of knowledge from different fields of study to be able to criticize it. This discourages media coverage and participation from actors who are not already involved in the issue.

On the other side Baumgartner and Jones' 'punctuated equilibrium' framework focuses on the structure of the policy field and how this influences participation. In the analysis of the policy field it is evident that some actors are provided with more central and dominant position, especially concerning agenda-setting and the definition of alternatives. However there is little evidence to support that the structure in itself limits participation, but access to information provides an explanatory factor to why there are few participants in the policy process. The participants in the public consultation is for the most part organizations and industries that has a vested interest in the development of the electricity sector, and participates actively in the ongoing electricity debate.

These two theories has independent explanatory power, however they may be viewed as complementary theories. Whereas Culpepper's theory focuses on the technical and complex nature of the issue itself as a barrier to participation, Baumgartner and Jones' theory focuses on the structure of the policy field to explain participation. By combining these two perspectives it provides an additional explanation as to why there are few participants. The structure of the policy field, especially the notion of agenda-setting powers may limit

participation. However, the technical and complex nature of the issue itself can contribute to segment an exclusive policy subsystem where participation is limited to those who have the ability to follow and participate in the policy development on a regular basis.

There are some weaknesses in the analytical framework, especially with Baumgartner and Jones' theory. This theory was developed based on quantitative data. As this thesis is a qualitative study some concepts were not sufficiently operationalized to be used with qualitative data. To be able to apply the theory the concepts had to be decomposed and operationalized in a suitable manner, which posed several challenges as the concepts became fuzzy in the process. One such fuzzy concept is the notion of policy monopoly which is so poorly conceptualized and consists of many interrelated and mostly unquantifiable parts. For instance, how to separate overlapping interests from a hegemonic policy image? How can a dominant policy image be measured? What are the criteria that qualifies a policy image as dominant compared to others? If one manages to identify the policy's *tone*, how can one be sure the tone is interpreted in the same manner by the listeners? Politics concerns itself with the distribution of limited resources, and there will always be disagreements as to the distribution.

Maybe the weakest point of Baumgartner and Jones' theory is that it enables circular reasoning. Circular reasoning is a logical fallacy, where the argument and the proof is actually the same thing. The circular argument that can be made from Baumgartner and Jones' theory is that a policy monopoly limits participation by the definition of insider- and outsider-groups. However, the limited participation is a criteria for the existence of a policy monopoly. It is impossible to establish a causality, as 'limited participation' is both the explanans and the explanandum.

But beside these weaknesses in the analytical framework, both theories used in this thesis has provided valuable insights into what may explain the level of participation in a policy-making processes characterized by low salience. These factors are mainly the structure of the policy field and the technical and complex nature of the issue. It is reasonable to assume that these factors will be valid explanatory factors in similar cases.

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Appendix 1: Media analysis

Search parameters

I will in this appendix elaborate on the media analysis that has been concluded in this master thesis. Retriever operates what is termed boolean combinations as well as standard denotations for searches. Parenthesis indicates search phrases that are to be evaluated together. Truncations opens up for several endings to the word, and quotation marks indicates a combination of words that has to appear together. All searches were specified in the timeframe 01.01.2000 to 30.06.2014. The search was specified to all norwegian printed media (“norsk papir”).

Interconnectors:

Search phrase: (kraftutveksling OR mellomlandsforbindelse OR utenlandskab*) AND (Tyskland OR England OR Storbritannia)

Sima-Samnager:

Search phrase: (Sima AND Samnager) AND (kraft* OR monstermast*)

Electricity prices:

Search phrase: (kraftpris* OR strømpris*) AND (Norge OR norske)

Background information

As mentioned in chapter 3, on methodological considerations, Retriever's ATEKST archive function permits downloads of the relevant statistics and articles. These documents can be accessed here:

<https://www.dropbox.com/sh/lib5j1e8ztk7zc/AACO4fxSqbfKA6w4W4MvoAk7a?dl=0>

Results

| Search | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | N |
|----------------------------|------|------|------|------|------|------|------|------|------|-----|
| Teknisk Ukeblad | | | 2 | 3 | 4 | 13 | 11 | 4 | 1 | 38 |
| Stavanger Aftenblad | 2 | 2 | 1 | 3 | 1 | 4 | 4 | 3 | 1 | 21 |
| Dagens Næringsliv | | | | | | 4 | 7 | 6 | | 17 |
| Bergen Tiende | | | | 2 | 3 | 4 | 1 | 5 | | 15 |
| Fædrelandsvennen | | | | | 2 | 7 | 3 | | 1 | 13 |
| Klassekampen | | | | | | 1 | 2 | 7 | 1 | 11 |
| Nationen | | | | 1 | | | 4 | 5 | | 10 |
| VG | | | | 1 | | 1 | 3 | 3 | | 8 |
| Ukeavisen Ledelse | | | | | | | | 4 | | 4 |
| Nordlys | | | | | | 1 | 1 | 1 | | 3 |
| Adresseavisen | | | | | 1 | | | 1 | | 2 |
| Aftenposten | | | | 1 | | | | 1 | | 2 |
| Dagbladet | 1 | | | | | | 1 | | | 2 |
| Dagsavisen | | | | | | | 1 | 1 | | 2 |
| Kommunal rapport | | | | | | | 1 | | | 1 |
| Dag og Tid | | | | | 1 | | | | | 1 |
| Vårt Land | | | | | | | | 1 | | 1 |
| N | 3 | 2 | 3 | 11 | 12 | 35 | 39 | 42 | 4 | 151 |

Table Appendix 1.1: Newspaper articles sorted after year and newspaper (Source: Retriever ATEKST).

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | N |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------------|
| Interconnectors | 3 | 4 | 1 | 10 | 1 | | 3 | 2 | 3 | 11 | 12 | 35 | 39 | 42 | 4 | 170 |
| Electricity price | 228 | 390 | 493 | 1219 | 455 | 421 | 1388 | 646 | 557 | 446 | 1093 | 811 | 460 | 348 | 123 | 9078 |
| Sima-Sammanger | | 1 | | | | 17 | 25 | 13 | 25 | 39 | 492 | 207 | 41 | 21 | 11 | 892 |
| Average price of electricity | 640 | 640 | 640 | 640 | 640 | 640 | 640 | 640 | 640 | 640 | 640 | 640 | 640 | 640 | 640 | |

Table Appendix 1.2: Number of newspaper articles per year per energy issue (Source: Retriever ATEKST)
 “Average price of electricity” is calculated based on the years 2000-2013 [(9078-123)/14=639,64 ≈ 640].

Appendix 2: Public consultations

List of public consultations by MPE

| Public consultation | Number of responses |
|---|---------------------|
| Høring av forslag til endringer i konsesjonsloven | 12 |
| 23 konsesjonsrunde | 35 |
| NVE grunnlagsrapport elsertifikatorordningen | 30 |
| Nettplan Stor-Oslo | 16 |
| TFO | 29 |
| 420 kV Mongstad-Modalen | 15 |
| EUs 3 energimarkedspakke | 42 |
| Utredning fjernvarmereg | 37 |
| Rådsforordning 347/2013 | 18 |
| Klage | 7 |
| Havvind | 63 |
| Direktiv 2012/27 EU | 36 |
| Energiloven endringer | 55 |
| Troll A | 6 |
| Jan Mayen | 24 |
| Naturgass | 10 |
| Økt utvinning | 65 |
| Energimerkedirektivet | 10 |
| EU 774/2010 | 7 |
| Frostpipe | 9 |
| Direktiv 2009/548/EC | 10 |
| EU/EØS Energi | 7 |
| Skanded | 8 |
| CCS | 14 |
| NordLink og NSN | 14 |
| N | 579 |

Table Appendix 2.1: List of responses to public consultations by MPE.

Average response-rate: 23.16

Median response-rate: 15

Available at: http://www.regjeringen.no/nb/dep/oed/dok/hoeringer/under_behandling.html?id=2050

Retrieved: July 7th 2014