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SVENSKA KRAFTNÄT

The Starting Point

- High degree of vertical integration
- Almost no competition
- Local and regional monopolies
- Regulated prices
- Inefficiency (overcapacity) in production
- Inefficiency (overcapacity) in transmission
- Low degree of service to customers

The Goal

- More efficient utilization of the total power system
- Better wealth management
- A system more beneficial for the end customers

The Transition

From a Monopolized System

- All power companies had a monopoly in a geographical area to supply ”their” customers with electricity

To a Liberalized Power market

- Open competion where possible
- The grid operated as a monopoly under strict supervision

The De-(re-)regulation

- Unbundling -- Separation between production and transmission
- Free competion in production and sales
- Guaranteed third party access to the grid
- Obligation for grid companies to connect and deliver
- Governmental supervision over the grid

The role of TSOs

- Own, operate and develop the High Voltage Transmission Grid
- Manage system operation (i.e. system reliability and short term balancing of production and consumption)
- Facilitate an efficient electricity market
- Not an actor in the market – instead a neutral and independent party promoting fair competion conditions

The role of politics

- Establish the legislation
- Take decions about taxes and environmental preconditions
- Supervise and implement security regulations

The role of power companies

- Adopt to parliamentary decisions
- Develop the power production apparatus accordingly

The Expectations?

- Resistance from Management Boards in major power companies
- Resistance from employees of the same companies
- Reluctance from electricity dependent industry
- Objections from minority parties in Parliament
- Total ignorance from the general public

The Result

- Reduced overcapacity in production
- Initially better prices and services for end consumers
- Increased trade
- Better utilization av the power production resources
- Accordingly environmental benefits
- Restructuring of the production
- Establishment of a very efficient Market Place

Question Marks?

- What about Security of Supply?
- How to handle increasing amounts of volatile wind power?
- Is one market possible with two synchronous systems?
- Is a European market design possible in Japan?