

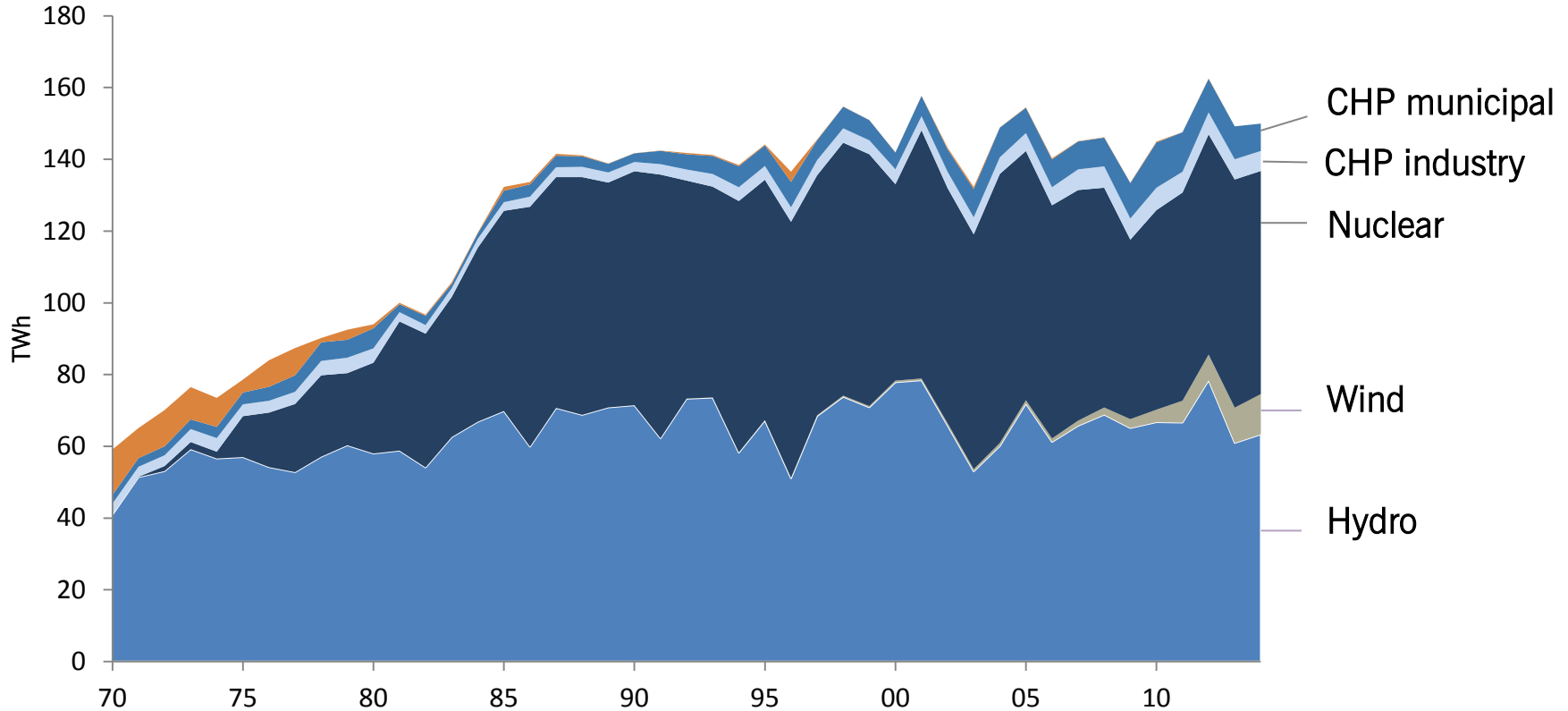
Ageing Low-Carbon Capacity – Regulatory and Market Challenges

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Sweden is cold, dark and sparsely populated



A fossil-free electricity production



Source: Swedish Energy Agency and Statistics Sweden

* Hydro power and wind power were quoted jointly until 1996

A well- integrated market

- Sophisticated regional market
- High degree of renewables
- High level of interdependence between many neighbours



Some basics

- Energy-only: No price regulation on electricity
- **1995:** Full third-party access
- **2003:** Strategic reserve introduced
- **2003:** Green certificate system for RES introduced
- **2012:** Norway joined

The rise and fall (?) of nuclear

- **1973-1986:** Twelve reactors (around 10 000 MW) put into operation
- **1980:** Referendum
- **1986-2009:** Ban on new nuclear installations
- **2008:** Windfall tax on installed capacity
- **1999 and 2005:** Two reactors closed
- **Today:** Re-investment needed, hampered by low electricity prices, Post-Fukushima safety standards and windfall tax

Another four reactors to be prematurely closed before 2020. How about the remaining six?

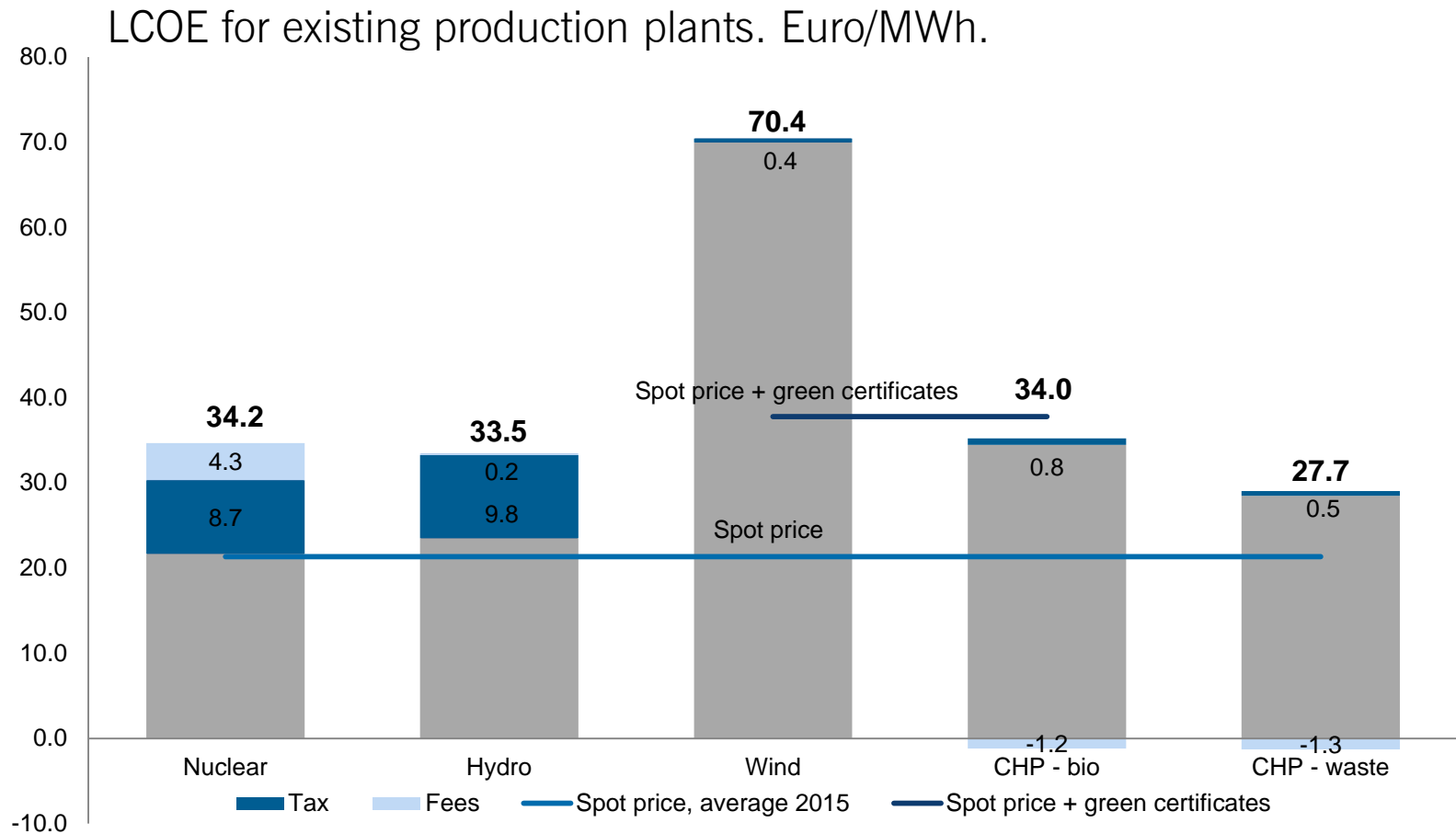
The Energy Policy Commission



Foto: Martina Huber, Regeringskansliet

The task: How do we replace ageing nuclear after 2025?

Average power production costs for existing plants



Main political and regulatory challenges

- How do we give impetus to renewal of the electricity system while maintaining security and system adequacy?
 1. Setting a credible long-term goal
 2. Designing support systems
 3. Enhancing market design
- Can we trust the market? And can we trust our neighbours?



The June Agreement

- Agreement between five Parties, representing 70% of Parliament
- 2040:100 % renewable electricity production
- Prolongation and raised ambition of certificate system until 2030
- Tax cuts on nuclear and hydro
- Market design to be further considered



Thank you!

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