# The Energy Regulation and Markets Review

Third Edition

Editor
David L Schwartz

Law Business Research

# The Energy Regulation and Markets Review

The Energy Regulation and Markets Review

Reproduced with permission from Law Business Research Ltd.
This article was first published in The Energy Regulation and Markets Review
Edition 3
(published in June 2014 – editor David Schwartz).

For further information please email
Nick.Barette@lbresearch.com

# Chapter 33

# SWEDEN

*Hans Andréasson, Martin Gynnerstedt and Malin Håkansson*[1]

## I OVERVIEW

Swedish energy policy shares a common basis with energy policy developed at the EU level and aims at ecological sustainability, fair competition and security of supply. The policy strives to create conditions for efficient, sustainable energy consumption and a cost-efficient energy supply involving a reduced negative impact on people's health, the environment and the climate, and enabling the transition to an ecologically sustainable society.

More than half of the electricity produced in Sweden comes from renewable energy sources (e.g., hydropower, biofuels and wind power, hydropower being the main source in this category, amounting to approximately 48 per cent), whereas around 38 per cent is generated by nuclear power.

Electric power and natural gas are bought and sold on an open and free competitive market and no authorisation is required for the sale of electric power or natural gas to customers.

Although the Swedish electricity and natural gas markets have been deregulated, they are still characterised by high market concentration and a limited number of large operators.

Sweden is part of an integrated Nordic power market. In recent years, there has been an increase in the amount of electricity exchanged between Sweden and other countries, including the other Nordic countries.

1 Hans Andréasson is a partner, and Martin Gynnerstedt and Malin Håkansson are senior associates at Mannheimer Swartling.

## II REGULATION

### i The regulators

The main regulatory body for the Swedish energy markets is the Swedish Energy Markets Inspectorate (the Inspectorate), an authority under the Ministry of Enterprise, Energy and Communications. It supervises the Swedish electricity, natural gas and district heating markets. One of the main responsibilities of the Inspectorate is to improve the functioning and efficiency of these markets. The Swedish parliament and the government decide on the assignments and budget of the Inspectorate.

Svenska Kraftnät, which owns and operates the national grid, is a state-owned public utility, responsible for transmitting electricity from the major power stations to regional electrical grids via the national grids. Svenska Kraftnät is also the system operator under the Electricity Act,[2] which means that it has overall responsibility for ensuring that electrical plants work together in an operationally reliable way so that the balance between the production and consumption of electricity is maintained throughout the country. Svenska Kraftnät is also responsible for the Swedish natural gas system and the coordination of dam safety.

The Swedish Radiation Safety Authority is an authority under the Ministry of the Environment with national responsibility within the areas of nuclear safety, radiation protection and nuclear non-proliferation, and it is tasked with ensuring that the parties or licensees engaged in activities that may involve radiation do so in a safe manner.

Key legislation for the energy markets are the Electricity and the Natural Gas Acts,[3] the District Heating Act[4] and, for nuclear energy, the Nuclear Activities Act[5] and the Radiation Protection Act.[6] Sweden has implemented the EU's Third Energy Package, including the Directive 2009/72/EC concerning electricity and the Directive 2009/73/EC concerning natural gas, mainly as part of the Electricity Act and the Natural Gas Act.[7] The relevant EU regulations, part of the Third Energy Package, are directly applicable in Sweden.

### ii Regulated activities

The establishment and construction of energy production facilities may involve different types of land or water use and therefore requires permits and regulatory approvals under traditional property law including building permits and other issues under the Planning and Building Act, and environmental permits under the Environmental Code.

2 SFS 1997:857.

3 SFS 2005:403.

4 SFS 2008:263.

5 SFS 1984:3.

6 SFS 1988:220.

7 Directive 2009/72/EC of the European Parliament and the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC and Directive 2009/73/EC of the European Parliament and the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC.

These application processes may be both lengthy and complex in nature and require environmental investigations and impact analyses to be carried out in order to obtain the necessary approvals. Additionally, in most cases a permit is needed for the operation of an energy facility.

The purchase and sale of electricity in Sweden takes place on a deregulated market with competition between the parties involved.

A high-voltage electrical power line may not, with limited exceptions, be built (or operated) without a permit – a network concession – covering either a specific line or an area. A network concession may be granted provided that the line is considered appropriate from a general point of view and that it meets certain other requirements, including specific environmental qualifications. Network concessions will be granted only to legal persons that are suitable to conduct network operations. As a rule, a network concession for interconnectors may only be granted to a *stamnätsföretag*, a legal entity that holds network concessions for the national grid (currently only Svenska Kraftnät) or to legal entities that are controlled by a *stamnätsföretag*.

The rule regarding network concessions for the establishment of a high-voltage power line also applies (more or less) to the natural gas segment with regards to the establishment of high-pressure pipelines and storage and LNG facilities, provided such facilities are connected to the transmission or distribution network.

### iii Ownership and market access restrictions

Foreign investors can participate on equal terms with Swedish investors on the energy market.

### iv Transfers of control and assignments

An electric network or a natural gas concession may not be transferred without the permission of the Inspectorate. Such permission will only be granted to a party considered suitable to engage in network operations from a public perspective.

Mergers and acquisitions and joint ventures in the energy market may also require approvals from the Swedish Competition Authority. The thresholds applicable to the energy industry, regardless of the segment, are the same as those that apply under the Competition Act.[8]

Transactions leading to a significant impediment to effective competition, in particular through the creation or strengthening of a dominant position, are not permitted.

## III TRANSMISSION/TRANSPORTATION AND DISTRIBUTION SERVICES

### i Vertical integration and unbundling

One of the main objectives of the Electricity Act with respect to vertically integrated companies is to create a clear separation between the transmission or distribution

8 SFS 2008:579.

of electricity (i.e., network operations) on the one hand, and activities concerning production or generation of, or trade in, electricity, on the other hand. Legal entities carrying out network operations (i.e., the holders of the network concession) are not allowed to engage in generation or trade in electricity: structural unbundling is required for all legal entities conducting network operations. Notwithstanding this restriction, such legal entities may generate electricity if such generation is exclusively intended to compensate for losses in the network, or if it is performed by mobile reserve plants intended for occasional use during power outages. Furthermore, legal entities conducting network operations whose network systems, together with the total network system of the group of companies of which they are a part, have at least 100,000 electricity users, must also be functionally unbundled. As a result, the Electricity Act forbids legal entities that conduct generation from having the same board members, managing directors or authorised signatories as undertakings that trade in electricity, or *vice versa*. Legal entities must also have the necessary assets to be able to make decisions independently of any group of companies to which they belong.

With Directive 2009/72/EC and Directive 2009/73/EC, new rules were introduced on unbundling for transmission system operators (TSOs). The unbundling regime provides for three models: the ownership unbundling model (TSO model), the independent system operator model, and the independent transmission operator model. The models are intended to, *inter alia*, remove the incentive for vertically integrated undertakings to discriminate against competitors as regards access to the network, and commercially relevant information and investments in the network. Sweden chose the TSO model for both the electricity market and the gas market.

The ownership unbundling requirements of the TSO model apply to only one legal entity in Sweden: Svenska Kraftnät, the owner and operator of the national grid. In view of the Directive's definition of 'transmission system operator', the national grid appears to be the only network system that meets the criteria of being a transmission system.

The Natural Gas Act includes somewhat different regulation than the Electricity Act. The Swedish natural gas network system extends from south of Malmö in south-west Sweden and along the west coast to north of Gothenburg. Due to the limited network system extension and low number of participants the Swedish gas market is rather limited, which appears to be one of the reasons for the different approach to regulation in the Natural Gas Act as compared with regulation in the Electricity Act (although the EU legislation is in many respects the same for electricity and natural gas). All Swedish high-pressure pipelines are currently owned by a privately owned company, Swedegas AB. Accordingly, the ownership unbundling requirements of the TSO model apply to Swedegas AB. Legal entities carrying out distribution of natural gas may not also be engaged in trade in natural gas, but are not subject to any functional unbundling requirements.

### ii Transmission or transportation and distribution access

The Swedish electricity legislation makes no clear distinction between transmission and distribution. The only network system that appears to meet the definition of 'transmission system' of Directive 2009/72/EC is the national grid, which is owned, administered and

operated by Svenska Kraftnät. The ownership and operation of the regional distribution systems are concentrated in three large business groups, Vattenfall, E.ON and Fortum. Several of the local distribution networks are owned and operated by local municipalities.

Since 2011, Swedegas AB has been the owner of all high-pressure pipelines in the natural gas sector in Sweden.

A holder of a network concession is required to connect, on reasonable terms and conditions, an electrical installation to the grid, unless there are specific reasons not to do so (e.g., insufficient grid capacity). Thus, generators may be connected to the national grid or a regional or local network as agreed with the respective network owner. The entire set of terms and conditions for the connection must be reasonable, including the allocation of the connection costs. A network owner is, however, not normally expected to make heavy investments to enable a connection. Disputes relating to the conditions of the connection, including the tariffs charged by the concession holder, are settled in the first instance by the Inspectorate, the supervising authority under the electricity legislation.

A holder of a network concession is furthermore obliged to allow the transmission and distribution of electricity through its power lines to any person or company on reasonable terms and conditions with respect to tariffs, payment terms, contract terms, termination, energy volume and effect (the regulations with respect to tariffs are further described below). The holder of the network concession may not, however, enter into agreements with customers until the method for determining its terms and conditions for granting access to the network has been approved by the Inspectorate.

The aforementioned principles also apply in all material respects to the gas market.

### iii Terminalling, processing and treatment

Storage facilities and LNG facilities are only subject to the network concession requirements and the third-party access and tariff regulations in the Natural Gas Act if the facilities are connected to the transmission system (see Sections II.ii and III.ii, *supra*).

The owner of a storage facility, a transmission pipeline or an LNG facility is obliged to grant third parties access to the storage facility, line pack or LNG facility upon reasonable terms, except where it lacks capacity or has other specific reasons. The tariffs for such access are regulated (see Section III.iv, *infra*).

Legal entities that own or operate storage facilities may not be engaged in production, or trade in natural gas. Certain functional unbundling requirements (independent organisation and decision-making) apply where such legal entities are part of vertically integrated undertakings. It may be noted that the unbundling requirements (except for certain rules regarding preservation of the confidentiality of commercially sensitive information) do not apply to legal entities that solely own or operate LNG facilities.

### iv Rates

The tariffs charged by network operators for the transmission or distribution of electricity on the networks must be objective and non-discriminatory.

Through changes in the Electricity Act that entered into force on 1 January 2012, Sweden has gone from a network tariff system where the tariffs were regulated on an

*ex post* basis to a system of *ex ante* regulation. The *ex post* regulation involved tariffs being set by the network operators without any prior approval of the Inspectorate, who monitored the tariffs as they were applied and intervened only where the tariffs were considered unreasonable. One of the purposes of changing to *ex ante* regulation was to bring Swedish legislation in line with the EU directives.

The Inspectorate will now determine, in advance, that the total revenues collected by the network operator during the regulatory period – four years as a rule – do not exceed a certain income cap. At the end of the regulatory period, the Inspectorate will assess to what extent the network operator's actual total revenue deviates from the income cap. Any amounts in excess of the cap will reduce the income cap to be determined for the subsequent regulatory period, whereas any amounts below the income cap will increase the income cap. If the income cap is exceeded by more than five per cent, the cap for the subsequent regulatory period will also be reduced by an overcharge fine. The Inspectorate can, upon application by the network operator, under certain circumstances revise the income cap during or after the regulatory period.

The first regulatory period for the new system began on 1 January 2012. The income cap must cover reasonable costs for operation of the network operations during the regulatory period and provide a reasonable rate of return on the capital expenditure required to operate the network; the quality of the network operations must be taken into account. The network operators submitted their applications for the income caps in early autumn 2011. Those eventually approved by the Inspectorate were much lower than the income caps for which many of the network operators had applied. A number of network operators appealed the Inspectorate's decisions to the administrative court. The court's judgments were published on 11 December 2013 and the Administrative Court ruled substantially in favour of the grid operators. The Inspectorate has appealed against the rulings of the Administrative Court.

On the natural gas market, the tariffs for transmission and storage of natural gas and access to LNG facilities have until recently been regulated on an *ex post* basis. The legislation was amended to an *ex ante* regulation in 2012 in order to bring tariff regulation in Swedish natural gas legislation in line with tariff regulation on the Swedish electricity market.

### v Security and technology restrictions

The Energy Agency is the administrative authority for the supply and use of energy in Sweden and as such safeguards the maintenance of electricity and other energy in both the short and long term. The Agency has developed a planning system for the supply of electricity in case of shortage and has been authorised by the government to make decisions with respect to how the limitation or discontinuation of electricity supply may be planned.[9] Changes have been made to the Electricity Act so that disconnection in case of shortage will no longer be made in a way that is 'as fair as possible', but will instead be made so that 'critical infrastructure electricity users are prioritised'.

9 Decree on Planning for Prioritising of Critical Infrastructure Electricity Users (SFS 2011:931).

According to this structure, electricity users will maintain their supply in accordance with their ranking on a list of prioritised critical infrastructure electricity users. The principles and basis for the prioritisation is to divide users of electricity in Sweden into eight groups, the first being users that, within hours of shortage, have a large impact on people's lives and health. The new system for prioritising – which formally came into effect in January 2012 – is designed on the assumption that disconnection can be made on a local grid level, whereby existing electricity may be directed to prioritised users, whereas other users are disconnected.

In the event of a future electricity shortage, Svenska Kraftnät, operator of the national grid, may thus order the power supply companies to disconnect users in accordance with plans prepared by the principle of ranking critical infrastructure electricity users. Users of specific importance may include railways, larger airports and structures used by the Swedish armed forces or for electronic communication.

## IV ENERGY MARKETS

### i Development of energy markets

The deregulation of the electricity markets of the Nordic countries in the mid-1990s was followed by an integration of the Nordic markets and the establishment of a Nordic electricity exchange, the Oslo-based Nord Pool. Today, the trading in physical electricity contracts is organised by Nord Pool Spot, which is owned jointly by the transmission system operators of Norway (28.2 per cent), Sweden (28.2 per cent), Denmark (18.8 per cent), Finland (18.8 per cent), Estonia (2 per cent), Lithuania (2 per cent) and Latvia (2 per cent), whereas the trading in financial (i.e., cash-settled) electricity contracts is organised by NASDAQ OMX Commodities, a division of the NASDAQ OMX group.

Nord Pool Spot offers day-ahead auctions (the Elspot market) and continuous intraday trading (the Elbas market).

On the day-ahead market, which covers the Nordic and Baltic region, Nord Pool Spot participants enter into contracts for sale and purchase of electricity for delivery hour-by-hour the next day. Bids and offers must be entered into the trading system before noon on the day prior to delivery.

As soon as the deadline to submit orders has expired, all purchase and sell orders are aggregated into two curves for each delivery hour: a demand curve and a supply curve. The system price for each hour is determined by the intersection of the demand and supply curves representing all bids and offers made in the Nord Pool Spot area. In connection with the publishing of the prices for the next day, each participant receives a report on how much electricity it has bought or sold for each hour of the next day. The net positions of the participants are also sent to the TSOs of the Nord Pool Spot area, who use the information to calculate the balancing power for each participant.

The intraday market Elbas, which is available in the Nordic countries, the Baltic region and Germany, serves as an adjustment market where members can trade contracts until one hour before delivery.

As a complement to the market for physical contracts, NASDAQ OMX Commodities organises trading and clearing in standardised cash-settled financial

electricity contracts. The contracts include future, forward and option contracts, and contracts for price area difference, of a duration of up to six years.

### ii Energy market rules and regulation

Trading in energy contracts may be subject to general Swedish insider trading regulations,[10] which impose certain restrictions on dealings in energy contracts if considered 'financial instruments'.[11] This will apply to, *inter alia*, financial electricity contracts traded on NASDAQ OMX. In addition, the European Market Infrastructure Regulation (EMIR), which entered into force on 4 July 2012, is directly applicable in Sweden.

EU Regulation 1227/2011 on wholesale energy market integrity and transparency (REMIT), which entered into force on 28 December 2011, is directly applicable in Sweden and introduces insider dealing restrictions specifically covering trading in wholesale energy products. The Regulation involves a system of disclosure, registration and enforcement to be overseen by the EU Agency for the Cooperation of Energy Regulators in cooperation with the national regulatory authorities. It applies to transactions in wholesale energy products (electricity and gas only), both actual contracts and derivatives. Among the obligations that are now in force are prohibitions of insider trading and market manipulation, and obligations to publish inside information. A new Swedish act, complementing REMIT, came into force on 29 June 2013. The act introduces criminal liability for insider trading, market abuse and failure to meet reporting requirements, in relation to wholesale energy products. In addition, the act introduces the Inspectorate as the regulating authority for REMIT and the complementing act. As of early 2014, the Inspectorate will require registration of market participants, as well as current reports on transactions made and information that may affect the market.

### iii Contracts for the sale of energy

Approximately 77 per cent of the consumption of electricity in the Nordic countries was traded on Nord Pool Spot.[12] Market participants may also sell power, as well as natural gas, by entering into individual contracts.

There are no specific regulatory requirements that govern the contractual terms for energy sales as long as the end-user is not a consumer. A company supplying electricity, however, must conclude an agreement with Svenska Kraftnät, which operates the national grid, for the balancing responsibility or have entered into an agreement with another company for the balancing responsibility as a service. The aforementioned principles also apply in all material respects to the gas market.

10 The Swedish Market Abuse Act (SFS 2005:377) implementing EU Directive 2003/6/EC on insider dealing and market manipulation.

11 'Financial instrument', as defined under the Swedish Securities Market Act (SFS 2007:528) implementing EU Directive 2004/39/EC on markets in financial instruments.

12 www.nordpoolspot.com.

### iv Market developments

Since 1 January 2012, Sweden and Norway have a joint electricity certificate market. The aim for the two countries is to increase their production of electricity from renewable energy sources by 26.4TWh by 2020. A common market allows trading in both Swedish and Norwegian certificates, and certificates to be received for renewable electricity production in either country.

## V RENEWABLE ENERGY AND CONSERVATION

### i Development of renewable energy

A new climate and energy policy was adopted by the Swedish parliament in 2009.[13] It set a target for the consumption of energy from renewable sources, which by 2020 should account for at least 50 per cent of total energy consumption, as compared to the 20 per cent target that applies at the EU level.

Traditionally, the tax system has been the means to reach energy and climate policy goals in Sweden. In connection with the tax reform in 1990–1991, Sweden began the process of a 'green tax exchange'. Under the green tax exchange scheme, energy taxes have been increased and the revenues from those taxed used for other purposes, for example, decreasing income tax. The idea is to put a price on the environment by, for example, making pollution more expensive, thereby influencing people to make more energy-smart choices. The main legal framework with respect to energy taxation is laid down in the Act on Excise Duties on Energy,[14] which contains provisions on energy tax, carbon dioxide tax, sulphur tax on fuels, and energy tax on electricity.[15]

Nowadays, there is an increased interest in market-based instruments such as emission trading rights and electricity certificates. The EU's emission trading system was implemented in Sweden by the Act on Trade in Emission Rights[16] and the Ordinance on Trade in Emissions Rights.[17] The Energy Agency is the National Registry administrator for Sweden and the National Registry has been operational since the beginning of 2005.

The Electricity Certificates Act entered into force in 2003.[18] The purpose of the Act is to promote the production of electricity from renewable energy resources through the use of the competitive mechanisms of the market. A market supply of electricity

13 Government Bill, prop. 2008/09:163.

14 SFS 1994:1776.

15 Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity has been implemented into this Act.

16 SFS 2004:1199.

17 SFS 2004:1205. *Inter alia*, Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community as well as the subsequent amendments to this Directive, including but not limited to Directive 2004/101/EC amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol's project mechanisms.

18 The 2003 Act has now been replaced by the new Electricity Certificates Act (SFS 2011:1200).

certificates is created by the state issuing tradeable certificates to the producers for every megawatt hour of electricity produced from renewable energy resources such as wind power, small-scale hydropower, certain biofuels, solar power, geothermal power, wave power and peat used in combined heat and power plants. A market demand for certificates is created by imposing an obligation on electricity suppliers to purchase and keep an annual stock of certificates corresponding to a certain proportion of the electricity that they sell in the relevant year – a 'quota obligation'. Should the electricity supplier not keep the necessary number of certificates, a fee will have to be paid. The cost of the electricity certificates to the supplier is transferred to the energy customers as part of the price of the electricity. As the costs of the electricity certificates are transferred to the customers, the electricity prices for electricity that is not green will rise, giving customers an incentive to purchase green electricity. Electricity-intensive companies, which are registered at the Energy Agency, are obliged to handle the quota obligation themselves. Such companies are to some extent also exempt from the quota obligation in order to avoid costs relating to the purchase of electricity certificates getting too high and thereby risking harm to such companies' competitiveness on the international market.

The Renewable Energy Directive[19] has also been transposed into Swedish law by, *inter alia*, the Act Concerning Sustainability Criteria for Biofuels and Bioliquids.[20] The Act includes specific requirements concerning sustainability criteria for biofuels and bioliquids. These sustainability criteria have to be fulfilled in order to attain tax exemptions for the relevant biofuels and bioliquids.

Other means of reaching the energy policy goals include various restrictions as regards emissions, which are imposed on industries through the environmental legislation, energy efficiency programmes (see Section V.ii, *infra*) and the support through, *inter alia*, grants distributed by the Energy Agency to research and development projects concerning supply, transformation, distribution and use of energy.

### ii Energy efficiency and conservation

Various measures have been undertaken within the area of energy efficiency, mainly aiming to improve the efficiency within the Swedish industries and the building sector.

On 25 October 2012, the EU adopted Directive 2012/27/EU on energy efficiency. The Directive establishes a common framework of measures for the promotion of energy efficiency within the EU in order to, *inter alia*, ensure that the EU's 2020 headline target on energy efficiency is met. The Directive will be implemented in Sweden at the beginning of June 2014.

### iii Technological developments

The Energy Agency provides support to Swedish energy research and innovation projects. Currently the Agency gives priority to six areas: studies in energy systems, the power

19 Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC.

20 SFS 2010:598.

system, the transport sector, fuel-based energy systems, the building as an energy system, and energy-intensive industry. Support is given by way of grants to, *inter alia*, basic research projects, development of new energy technology, business development and innovations.

## VI THE YEAR IN REVIEW

Swedegas AB, Göteborgs Hamn AB (Port of Gothenburg) and Vopak LNG (a subsidiary of Royal Vopak) are planning to build an LNG terminal in the port of Gothenburg, which will be the first in Sweden. It will operate according to the 'open access' principle, which makes it possible for any company that is interested in supplying LNG to the Swedish market to contract capacity at the terminal. The terminal is expected to become operational in 2015.

Sweden's first wave energy park is due to open in the municipality of Sotenäs, located on the western coast of Sweden. When fully scaled, it is expected to be the world's largest with over 400 interconnected wave energy units. The cable, which has already been drawn, is designed for a park of 10MW. The park is the result of a cooperation between Seabased AB, which has developed the technology, and Fortum, one of the largest energy producers in Sweden. The project is made possible partly by an investment grant of 139 million kronor from the Swedish Energy Agency. If the activities progress according to plan, the construction of the park will be completed in 2015.

## VII CONCLUSIONS AND OUTLOOK

For several years there has been discussion in Sweden about the lack of competition on the district heating market. As a consequence, the government set up a third-party access (TPA) inquiry tasked with drawing up a regulatory framework for TPA to district heating networks. Based on the inquiry, the government has now referred a proposal to the council on legislation, which entails an obligation for network owners to allow access to producers or network owners wishing to distribute district heating production. The bill is expected to enter into force on 1 August 2014.

In December 2013, the government issued a draft bill in which it proposes amendments to the Electricity Act with regard to determination of electricity tariffs. The proposal amends the Electricity Act in two respects. It introduces the possibility for the government to authorise the Inspectorate to issue regulations for how the tariffs are determined (i.e., sub-delegation). Further, the authorisation to issue regulations is expanded.

An interesting topic that is currently subject to discussions in Sweden is how the electrical power system should be developed to meet the demands of the increasing share of renewable electricity production of the total electricity production.[21] This is

21 See for example the debate article 'Our Electricity: What Really Lies Ahead, Mechanisms of tomorrow's electricity system and its new regulatory framework – a Nordic perspective', published by Sweden Energy, March 2014.

not just a Swedish matter but involves other countries as well. At the EU level the focus is on establishing an internal market for energy, as expressed in the Third Energy Package. Whereas on the national levels, following the financial crisis, there appears to be a tendency to move towards a more nationalistic approach to the development of the systems. The discussions concerning this matter will continue in the years to come.

The Finnish energy company Fortum is selling its electricity grid business in the Nordic region to allow it to focus on generating power. In December 2013 the company announced that it had sold its electricity grid in Finland and in April 2014 it announced the sale of the electricity grid in Norway. Fortum has also declared that it is preparing for a possible sale of its electricity grid in Sweden as well. An explanation of Fortum's decision to divest its electricity grids may be that the profits from the grid business, which are based on regulated tariffs (see Section III.iv, *supra*), do not meet Fortum's profit requirements. Infrastructure assets are attracting increasing interest from institutional investors and pension funds thanks to their stable, predictable returns. It can be expected that other grid owners will follow Fortum's example and sell their grids in order to increase profits.

## Appendix 1

# ABOUT THE AUTHORS

**HANS ANDRÉASSON**

*Mannheimer Swartling*

Hans Andréasson heads Mannheimer Swartling's energy industry group. He has been active in the sector since the early 1990s and has extensive experience in the production, distribution and marketing segments and has represented a variety of industry actors, both public and private, in acquisitions, divestitures, restructurings and has also advised on key regulatory issues for the energy sector. Mr Andréasson is also a member of the corporate commercial, private equity, and mergers and acquisition practice groups. He studied at the University of Stockholm (LLM, 1992). After service in the Swedish courts, Mr Andréasson joined Mannheimer Swartling in 1994 and became a partner in 2001.

**MARTIN GYNNERSTEDT**

*Mannheimer Swartling*

Martin Gynnerstedt is a senior associate in Mannheimer Swartling's corporate commercial practice group and he is also the secretary of the firm's energy industry group. Mr Gynnerstedt specialises in energy law and contract law, and has experience from numerous international and Swedish transactions. He studied at the University of Lund (LLM, 2000; MBA 2001). After service in the Swedish courts and work as a legal officer at the Ministry of Industry, Mr Gynnerstedt joined Mannheimer Swartling in 2008.

**MALIN HÅKANSSON**

*Mannheimer Swartling*

Malin Håkansson is a senior associate in Mannheimer Swartling's infrastructure and corporate commercial practice group and a member of the firm's energy industry group. She specialises in construction law, energy law, contract law and public procurement

and has experience from numerous international and Swedish infrastructure and project finance projects. Ms Håkansson studied at the University of Lund (LLM, 1998). After service in the Swedish courts, she joined Mannheimer Swartling in 2001.

**MANNHEIMER SWARTLING**
Norrlandsgatan 21
Box 1711
111 87 Stockholm
Sweden
Tel: +46 8 595 060 00
Fax: +46 8 595 060 01
han@msa.se
mgy@msa.se
hak@msa.se
www.mannheimerswartling.se