

Antitrust: Commission increases electricity trading capacity on the Swedish borders

The European Commission has adopted a decision rendering legally binding commitments offered by Svenska Kraftnät (SvK) that will increase trade in electricity within Sweden and between Sweden and neighbouring countries contributing to a better allocation of resources and, ultimately, to lower prices for customers and end consumers. The commitments address concerns that SvK may be abusing its dominant market position in the Swedish electricity transmission market by reducing the amount of export capacity on the interconnectors between Sweden and neighbouring EU and EEA Member States. Under the commitments, SvK will no longer limit trading, instead allowing electricity flows to adjust to transmission capacity through market prices.

"I welcome the commitments offered by Svenska Kraftnät which show the importance of integrating Europe's energy markets in order to improve security of supply to the benefit of European consumers. This case also shows the need for all operators of electricity grids to take a European perspective that goes beyond purely national boundaries when trying to address network congestion problems," said Competition Commissioner Joaquín Almunia.

On 6 October 2009, the Commission market tested commitments proposed by SvK to accommodate the Commission's concerns about the Swedish electricity transmission market (see IP/09/1425). These commitments were offered following a preliminary assessment by the Commission that SvK might have abused its dominant position on the Swedish electricity transmission market (Article 102 TFEU), by discriminating between domestic and export electricity transmission services and segmenting the Single Market.

To address the concerns about the Swedish transmission market, SvK has committed to subdivide the Swedish electricity market into several bidding zones and to operate it on this basis by 1 November 2011 at the latest. Introducing zones delimited by congestion points within the Swedish electricity system will allow electricity trading to adjust to effectively available transmission capacity through market prices, rather than through arbitrary curtailment measures at the borders. The configuration of the zones will be flexible: it will be possible to adapt it quickly to changes in future electricity flow patterns in the Swedish transmission system. Once the zones are operative, SvK will manage congestion in the Swedish transmission system without limiting trading capacity on interconnectors. There will be one exception to this new system, i.e. congestion in the West-Coast-Corridor, due to specific technical constraints in the area concerned. SvK will alleviate congestion in the West-Coast-Corridor by building and operating a new 400 kV transmission line in the area (specifically between Stenkullen and Strömme-Lindome) by 30 November 2011, at the latest.

Until 1 November 2011, when the new market zones become operative, SvK has committed to manage congestion in its network by first using a measure called counter trade before resorting to a reduction of interconnector capacity. Counter trade involves paying generators/consumers to adjust their production/consumption schedules, thereby adjusting transmission flows to effectively-available capacity. By using counter trade, SvK will limit as much as possible curtailments of capacity on the interconnectors on its borders. This cannot be a permanent measure, however, as it may not fully eliminate the need for curtailment during congestion periods.

Background

The Commission's decision, based on Article 9 of Regulation 1/2003 on the implementation of the EC Treaty's competition rules, takes into account the results of the market test launched on 6 October 2009 (see IP/09/1425). This decision, which does not include a finding on the infringement, legally binds SvK to the commitments it has offered and ends the Commission's investigation. If SvK were to break its commitments, the Commission could impose a fine of up to 10 percent of SvK's total turnover without having to prove any violation of the EC Treaty's competition rules.