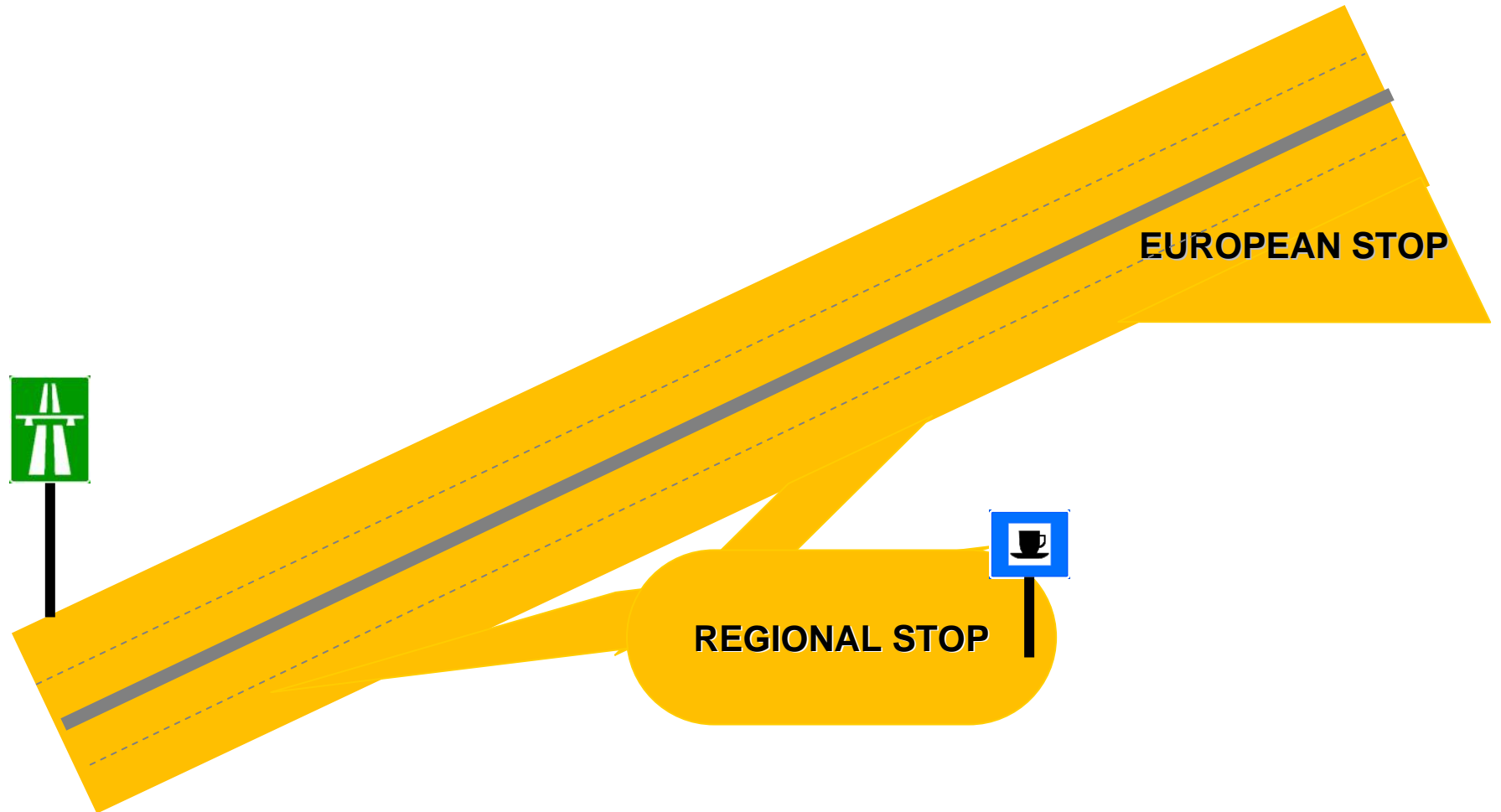


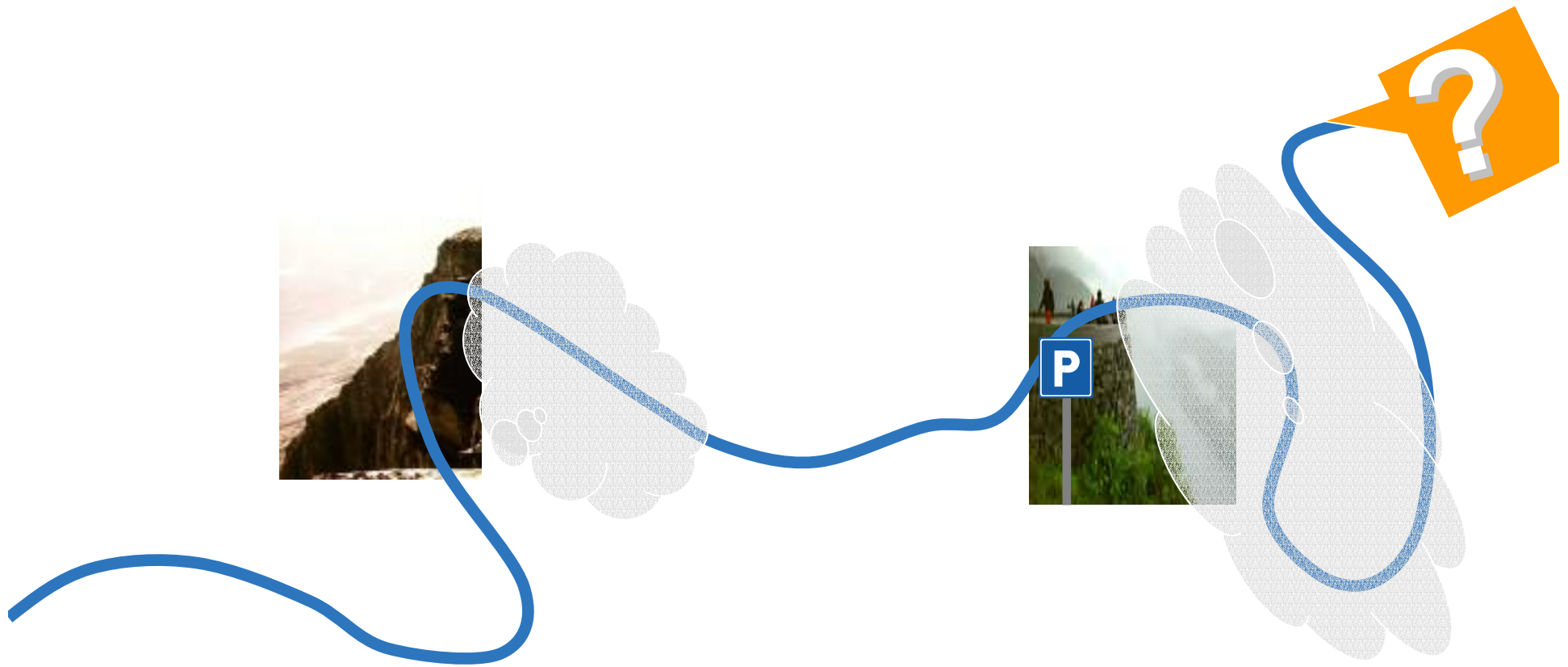
Harmonization of Regulatory Principles and Regimes

Gunnar Lundberg
Vice President Regulatory Affaires
Vattenfall AB

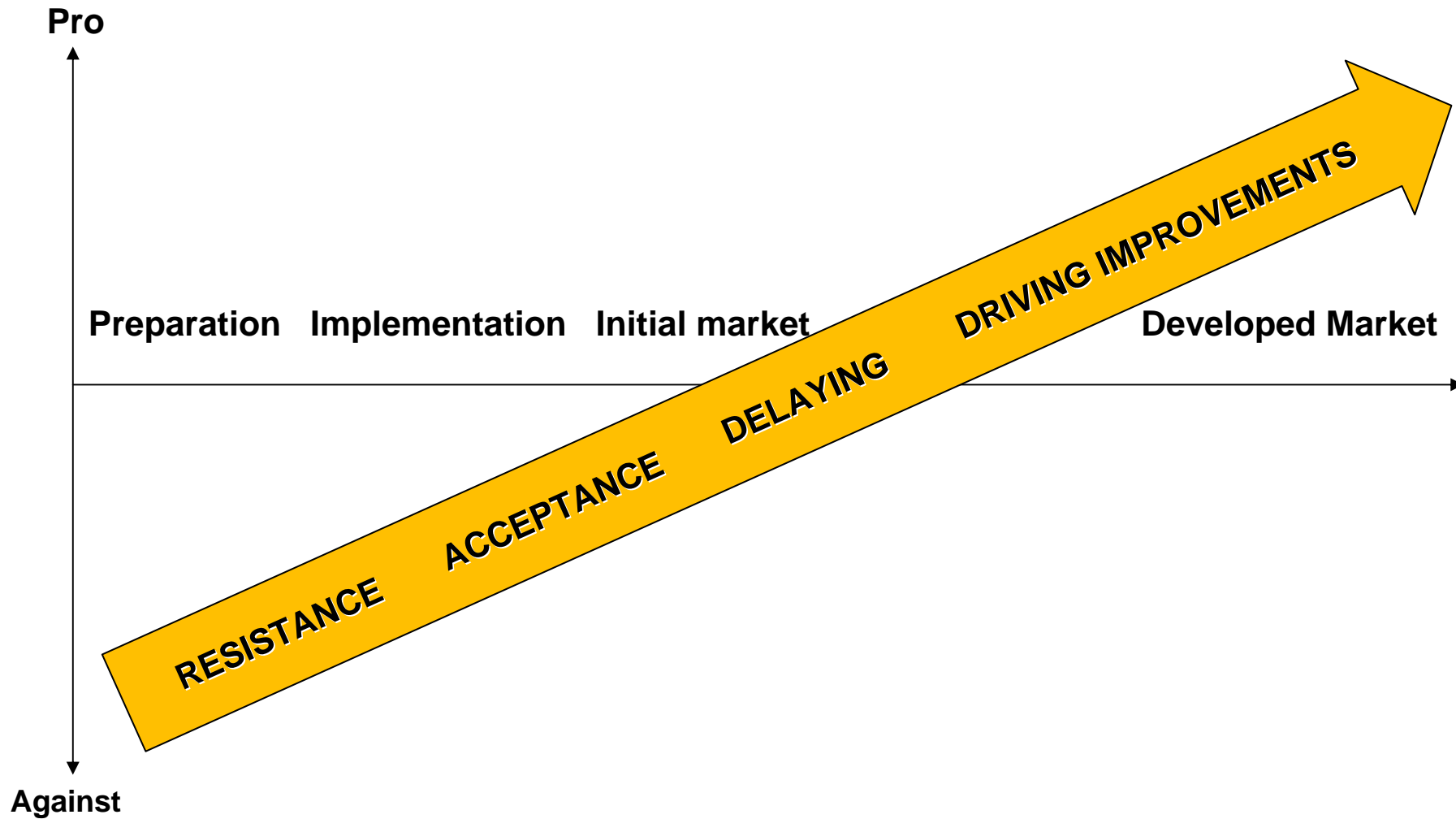
The Road Map to IEM



The Road Map to IEM



Electricity Industry Behaviour in different stage of Market Development



Market Integration

- **Why go from National Markets to Regional to European?**
- **How to go from National Markets to Regional to European?**

Why?

Customers: Better choice – lower prices, different risk profiles, better service.
Yes, but for all?
⊕ price convergence means higher prices in low price areas
⊕ however, long term lowest possible prices for all.

Society: To the benefit of Europe's Competitiveness.

Electricity

Industry: Larger Markets allows continued restructuring and utilization of economics of scale.
Larger Markets increase competition.

How?

Obstacles?

Stakeholders?

TSO's

Regulators/Competition Authorities

Governments

Customers (market actor)

Market Actors (Generators, suppliers)

Is there a need to overcome different obstacles among different stakeholders?

How? Stakeholders

- TSO's:** National Mandate; different roles, differences in tariff structure, balancing mechanisms, congestion management, principles for grid reinforcement
Solution: Harmonization/Coordination. Act as one.
- Regulators/
Competition
Authorities:** National Mandate; different degree of regulation
Solution: More Cooperation, Take an International approach.
- Governments:** Short election periods versus long term benefits Nordic Countries good example in spite of differences in Energy Policy
What is best for Europe Should also be best for member states.

How? Stakeholders

Customers: What customers are benefiting, small/large?
Remaining subsidies nice – but who pays at the end?
Pedagogical Information problem not to be underestimated.

Electricity

Industry: Today criticism against the industry for malfunction.
Should be in the interest of the industry to push for market improvements.

A lot needs to be done!

