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Descriptions of the actors on the electricity and natural gas markets

The Swedish Energy Markets Inspectorate (Ei) has been commissioned by the government to create and publicise role descriptions for the actors on the energy and natural gas markets. The descriptions are intended to make it easier for consumers to understand the electricity and gas market and to clarify the contexts in which you, the consumer, may contact the various actors. The actors described in this memo are the electricity consumer, the natural gas consumer, municipal consumer advisers, the Swedish Consumer Energy Markets Bureau, the Swedish Consumer Agency, Ei, the Swedish Energy Agency, the National Board for Consumer Disputes, Svenska Kraftnät, electricity suppliers, electricity supplier with balance responsibility, natural gas suppliers, natural gas suppliers with balance responsibility, electricity grid operators and gas grid operators. The descriptions are based on the relationship between the consumer and each respective actor.

Electricity consumer

As a consumer on the electricity market, you should pay both a grid fee and an electricity supply fee. You therefore need two different contracts.

The contract with the grid operator ensures that electricity is delivered to your home. You pay a grid charge to the grid operator, which normally consists of a fixed cost along with a running transmission fee based on how much electricity you use. When it comes to the electricity grids, there are local monopolies since constructing and running parallel grids would be too costly. Consumers are referred to the grid operator that has the rights to their area of residence. Since there is no competition between the grid operators, it is necessary to have an authority to monitor that they charge reasonable fees, which is one of the tasks of Ei.

Once you have entered an contract with the grid operator you will, unless you have already chosen one, automatically be referred to an electricity supplier. In that case, you may sign an electricity supply contract with the supplier you have been referred to, or you can switch to another one. The electricity supply market is open to competitive pricing and you can choose from more than one hundred electricity suppliers available on the Swedish market. Depending on how much electricity you use, there is often an opportunity to save money by comparing electricity prices and offers before you make your choice, for example, by using the price comparison tool: elpriskollen.se.

Natural gas consumer

As a consumer on the natural gas market, you should pay both a grid fee and a gas supply fee. You therefore need two different contracts.

The agreement with the grid operator ensures that gas is delivered to your home. The grid fee normally consists of a fixed cost for your contract, and usually varies depending on your type of housing. There may also be a running grid fee. When it comes to the gas grids, there is a local monopoly since constructing and running parallel grids would be too costly. Consumers are referred to the grid operator that has the rights to their area of residence. Since there is no competition between the grid operators, it is necessary to have an authority to monitor that they charge reasonable fees, which is one of the tasks of Ei.

Once you have entered an agreement with the grid operator you will, unless you have already chosen one, automatically be referred to a natural gas supplier. In that case, you may sign a gas supply contract with the supplier you have been referred to, or you can switch to another one. The gas supply market is open to competitive pricing and you can choose from five to ten natural gas suppliers available on the Swedish market. You should compare different prices before making your choice, which you do by contacting the other suppliers.

If you are a stove client¹, you will not have a meter to measure your individual use, instead you pay a fixed fee that includes both grid and supply.

Municipal consumer advisers

Electricity and natural gas consumers can turn to their municipality for counselling in various matters. The consumer advisers offer counselling prior to a purchase and guidance in the event of a dispute. The budget and debt advisers can offer advice and support with regard to payment issues. The energy and climate advisers can provide an analysis of your energy use, advice when choosing a new source for energy or heating, provide information regarding current benefit systems and measures you can take to make your energy use both safe and efficient.

¹ Stove client, this means that you only use gas for cooking and not for heating.

The Swedish Consumer Energy Markets Bureau

The Swedish Consumer Energy Markets Bureau is an independent agency that provides information, advice and guidance in matters pertaining to the electricity and gas markets (its activities also include the market for district heating). Counselling is free of charge. The Swedish Consumer Energy Markets Bureau has a board consisting of both public authorities and industry associations. The authorities on the board are the Swedish Consumer Agency, Ei, the Swedish Energy Agency, while the industry associations on the board are Swedenergy, the Swedish Gas Association and the Swedish District Heating Association.

As a consumer, you can contact the Swedish Consumer Energy Markets Bureau

- If you have any questions or complaints regarding your invoice or other matters pertaining to you as a consumer. The Bureau can also assist you if you and the company cannot agree, or if you are unsure of whether it has given you the right information. In that case, the Bureau can give you information and guidance regarding which laws and regulations there are and how they are normally applied.
- If you want information regarding contracts, current prices and price trends on the electricity and gas markets (activities also include the market for district heating). The Bureau is also an expert on matters regarding debiting, changing electricity or gas suppliers, contract formats, laws and contractual terms and conditions.
- If you require an explanation of concepts that occur and are used in contractual terms your invoice or in marketing material from the company.

The Swedish Consumer Agency (KoV)

KoV is a government authority with responsibilities on consumer markets. When it comes to the electricity and gas markets (district heating is also included in the commission), KoV audits the marketing of the companies to ensure that their advertisements do not mislead the consumers. KoV also checks the contracts used by companies in order for the consumers not to be unfairly treated.

As a consumer, you can report a company to KoV if, for example, you feel that the company has used misleading or aggressive marketing, unreasonable contractual terms or if it has provided insufficient price information.

Together with representatives of the electricity and gas industry, KoV has also negotiated a number of agreements that apply to the companies when selling electricity and gas to their clients. These include general contractual terms and conditions for both the electricity and gas industries, as well as guidelines for direct sales in the electricity

industry. KoV is one of the organisations that educate the municipal budget and debt advisers as well as the consumer advisers.

The Swedish Energy Markets Inspectorate (Ei)

Ei is a government authority that is responsible for monitoring the energy markets, meaning that Ei is working to ensure a secure and efficient supply of electricity and natural gas for the consumers on the Swedish market (its commission also includes district heating). Customer access to the electricity and gas grids should be under reasonable terms, and for this reason, Ei monitors the monopolised activities of the grid operators to ensure reasonable fees and a good quality of supply. When you are connecting your home to the electricity grid, you can turn to Ei to apply for an assessment of your connection fee if you feel that it is unjustified.

Ei monitors that companies on the electricity and gas markets abide by laws and regulations, it considers and issues network concession to construct and run electricity and gas grids, it proposes legislative changes and possible ways to develop the energy markets. Ei also contributes to strengthening the position of the consumers through consumer information and it provides a price comparison site for electricity supply offers at elpriskollen.se, which assists the Swedish electricity consumers in choosing the right electricity supplier.

The Swedish Energy Agency

The Swedish Energy Agency is a government authority that acts within various sectors of society to create conditions for efficient and sustainable energy consumption as well as a cost-efficient and secure Swedish energy supply. The Swedish Energy Agency is furthermore intended to assist Sweden and Swedish industry as well as the public sector in reaching the objectives set by the Swedish Riksdag for more efficient energy consumption and a growing proportion of renewable energy. These objectives shall result in profitability and a strengthened competitiveness. As the expert authority on the subject, the Swedish Energy Agency has been commissioned by the government to promote a substantial expansion of Swedish wind power.

The authority plays an important part in the Swedish crisis management system by acting as the administrative authority for the supply and consumption of energy. The authority is therefore working to ensure both short and long-term energy supply, which includes promoting the entire energy sector having a sufficient ability to prevent vulnerabilities, and to ensure that all who consumes energy in some form are able to prevent and ease the consequences of disturbances in the energy supply.

The Swedish Energy Agency trains the municipal energy and climate advisers.

The National Board for Consumer Disputes (ARN)

The National Board for Consumer Disputes (ARN) is a government authority that, free of charge, examines disputes between consumers and companies on the electricity and gas markets, among others. A report can be submitted by an individual consumer who is

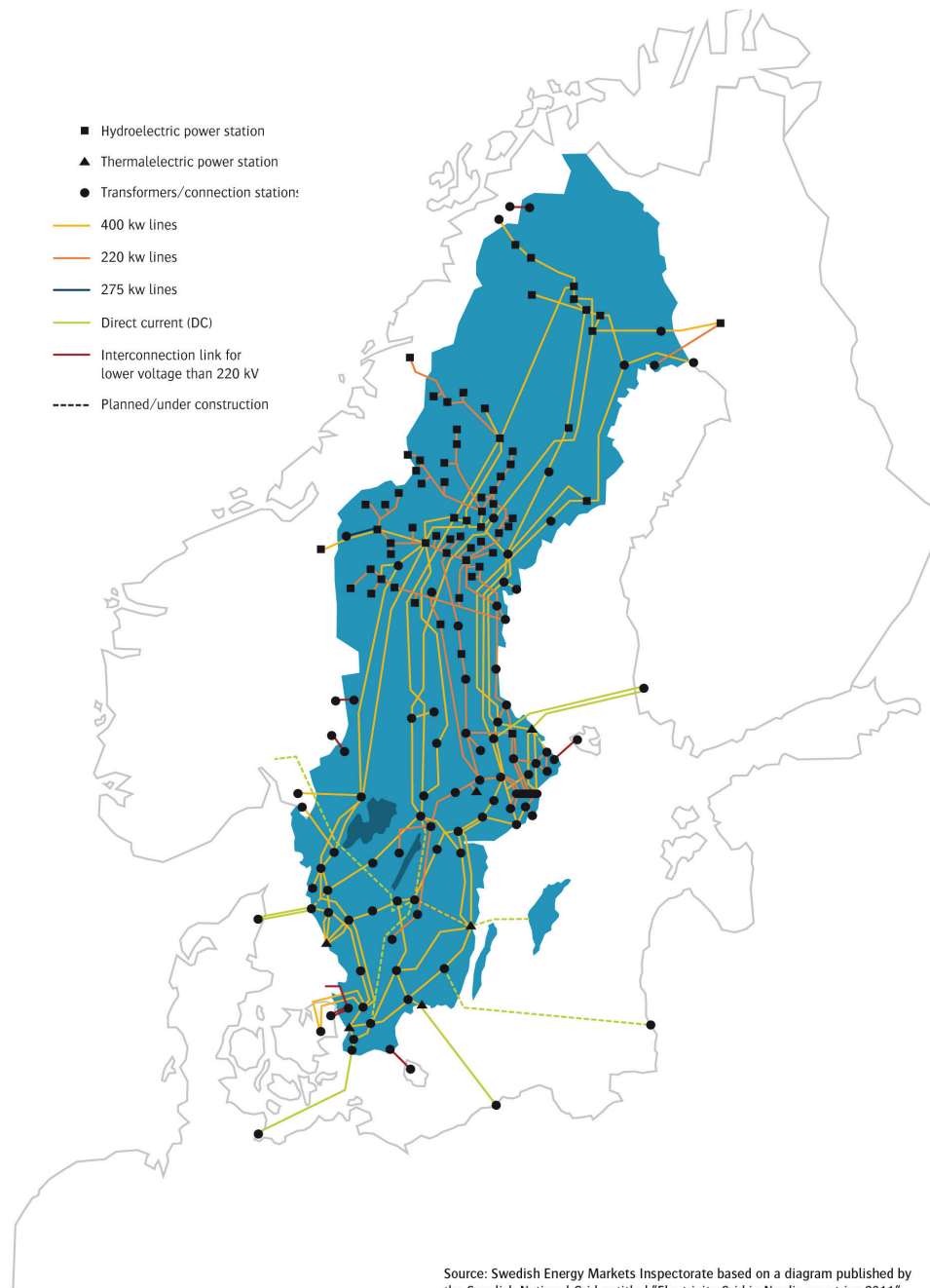
involved in a dispute with a company. ARN also provides information about the practises of the Board and supports the municipal consumer advisers about the management of consumer disputes.

Having ARN examine a dispute is a quick and easy, but legally secure alternative to a process in court. ARN will not perform an investigation, it is instead up to the parties to submit and present background information for the consideration of the Board. When examining a dispute, the Board will base its assessment on the currently applicable law, i.e., on legislation and legal practice. In its decision, the Board provides a suggestion for how to resolve the dispute. Before you report a dispute, you must make sure that it can be examined by ARN. The company must, for example, have rejected your claim; you must submit your report within six months of the day when the company did so; and your claim must be above a certain value. There are also some types of disputes that ARN will not examine, such as electricity supply matters where the dispute relates to the consumption of electrical power or the reasonability of a debited grid fee.

It is important to note that ARN only gives recommendations and that these cannot be appealed, however, the consumer or company may request to have the dispute brought before a public court.

Svenska Kraftnät (SvK)

Svenska Kraftnät is a state-owned public utility with many different responsibility areas and acts as a Transmission System Operator. Its activities are financed through the fees paid to Svenska Kraftnät by regional grids and major electricity producers to use the national grid.



One important task of Svenska Kraftnät is to transport electricity through the national grid where the electricity is taken from the large power stations to the regional grids (the grid operators are then responsible for the transport on the regional and local grids) and also to connections abroad. SvK monitors the national grids for electricity and natural gas and ensures that there is always a balance between consumption and production in Sweden.

SvK is also the authority responsible for the Swedish electricity preparedness and makes efforts to strengthen the national electricity supply in order to handle various critical situations. SvK also coordinates the national dam safety and has the overall responsibility for the natural gas system in Sweden. The responsibility for the natural gas system is planned to be transferred from Svenska Kraftnät to Swedegas in 2013.

Electricity suppliers

As an electricity consumer, you have a contract with an electricity supplier for the delivery of electricity to your home. The supplier will normally purchase electricity from the Nordic power market, Nordpool, and then sell it on to its clients. The supplier sells electricity on the free market, in competition with other electricity suppliers. Actors on this market are free to set prices and it is thus up to the consumer to choose the electricity supplier offering the best deal. All of the approximately one hundred Swedish electricity suppliers are obligated to report the prices of the most common contracts to Ei, which will then publish the prices at elpriskollen.se.

Electricity suppliers with balance responsibility

An electricity supplier can also have a balance responsibility, meaning that the electricity supplier has a financial responsibility to ensure that there is always a balance in the amount of electricity added and withdrawn at the infeed and outtake points that fall under the balance responsibility. If an electricity supplier is unwilling to manage its balance responsibility, it can hire another supplier or a specialised company to do so. Obtaining a balance responsibility requires a contract with Svenska Kraftnät concerning balance responsibility.

Natural gas suppliers

As a natural gas consumer, you have a contract with a natural gas supplier for the delivery of natural gas to your home. Nearly all natural gas is imported via Denmark, however, an increasing proportion of biogas is being upgraded to natural gas and added to the pipe system. The natural gas suppliers sell gas to their clients on the free market, in competition with other natural gas suppliers. Actors on this market are free to set prices and it is thus up to the consumer to choose the natural gas supplier offering the best deal.

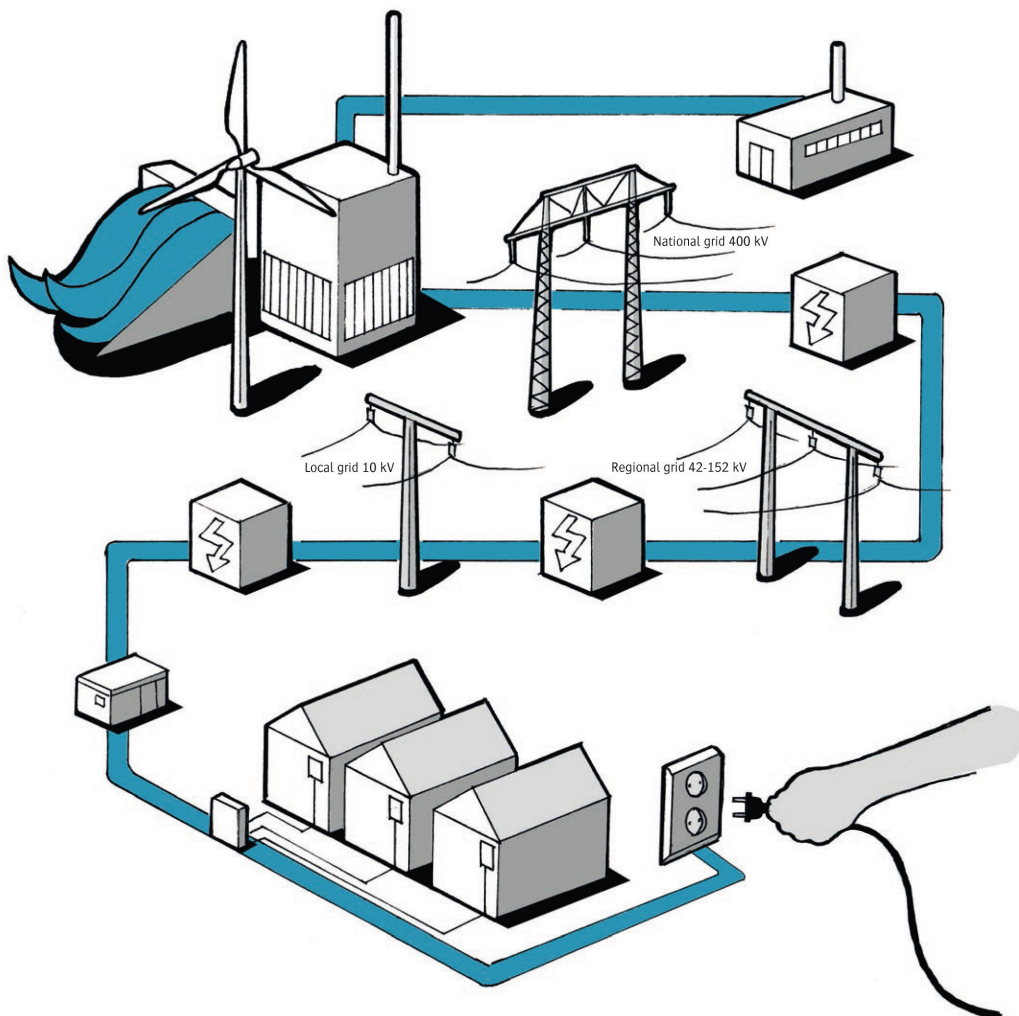
Natural gas suppliers with balance responsibility

A natural gas supplier can also have a balance responsibility, meaning that the natural gas supplier has a financial responsibility to ensure that there is always a balance in the amount of natural gas added and withdrawn at the infeed and outtake points that fall under the balance responsibility. If a natural gas supplier is unwilling to manage its balance responsibility, it can hire another supplier or a specialised company to do so. Obtaining a balance responsibility requires a contract with Svenska Kraftnät concerning balance responsibility.

Electricity grid operators

In Sweden, there are approximately 170 electricity grid operators, which own the electricity grid and are responsible for transporting electric power from the production facilities to the consumers. The electricity grid operators are responsible for the transport across the regional and local grids. The regional grids transport electricity from the national grid to the local grid, and sometimes to major electricity consumers such as industries. The local grids distribute the electricity to the consumers within a certain area.

All electricity grid operators must have a network concession to construct and operate power supply lines. Ei issues these network concessions after an assessment. Ei also evaluates the equity of the total revenue that the grid operators may charge their clients.



How the electricity arrives at your home; from producer via the grid and transformer to the end client.

Gas grid operators

In Sweden, there are six gas grid operators, which own the gas grid and are responsible for transporting the gas from the production facilities, through the pipe network, to the consumers.

The Swedish natural gas system is located in the South and West of the country. The system consists of a transmission pipe owned by Swedegas, which stretches across Öresund and up to Stenungsund in Bohuslän. From this main pipe, other pipes branch out to regulator stations. From these stations, the gas is then distributed out to regional and local distribution systems. The Swedish natural gas grid was originally built for natural gas, but biogas is currently being fed into eight of the local distribution systems and is distributed along with the natural gas. Larger production facilities for biogas are being constructed, and the gas resulting from these will be directly fed into the transmission system.

The gas grid operators have the responsibility of ensuring the safety, reliability and efficiency of the pipe systems. In addition, all gas grid operators must have a network concession to construct and operate gas pipelines. The government decides whether to issue such a permit once Ei has reviewed the application. Ei also monitors the grid fees set by the gas grid operators.



Source: The Swedish Gas Trade Association