

Framework agreement between the Swedish Social Democratic Party, the Moderate Party, the Swedish Green Party, the Centre Party and the Christian Democrats

Pillars

Sweden's energy policy should build on the same three pillars as energy cooperation in the EU. The policy therefore aims to combine:

- ecological sustainability
- competitiveness
- security of supply

Sweden must have a robust electricity network with high security of supply and low environmental impact, and offer electricity at competitive prices. This creates a long-term perspective and clarity for actors in the market and helps generate new jobs and investment in Sweden. The energy policy is based on the fact that Sweden is closely linked to its neighbours in northern Europe, and aims to find joint solutions to challenges in the common electricity market.

Targets

By 2045, Sweden is to have no net emissions of greenhouse gases into the atmosphere and should thereafter achieve negative emissions.

The target by 2040 is 100 per cent renewable electricity production. This is a target, not a deadline for banning nuclear power, nor does mean closing nuclear power plants through political decisions.

An energy-efficiency target for the period 2020 to 2030 will be produced and adopted no later than 2017.

Conditions on the Swedish electricity market

Better conditions are needed for investments in renewable energy, energy technologies and energy efficiency. Development of the energy system should be based on a variety of large- and small-scale renewable production that is tailored to local and industrial needs.

One major challenge is converting energy policy from focusing almost exclusively on the amount of energy delivered (TWh) to also ensuring sufficient output (MW). One important step should be to review regulations in the energy area and modify them to adapt them to generation adequacy challenge. It is important to review regulations in the energy area. This includes issues concerning market design, as well as measures on the production, transfer and demand side.

Nuclear power

Swedish nuclear power needs major investment if it is to meet upcoming safety requirements. The Swedish Radiation Safety Authority has decided that these requirements must be met by 2020, otherwise reactors may no longer be operated. Decisions have already been taken to decommission four reactors by 2020. Nuclear power must cover its own costs, and the principle that nuclear power should not be subsidised remains in place. The principles contained in Government Bill 2008/09:163, *En sammanhållen klimat- och energipolitik* (Cohesive Climate and Energy Policy) remain in place. This means that:

- The Nuclear Power Phase-Out Act has been repealed and will not be reintroduced.
- The period in which nuclear power was to be used has been extended by allowing new construction at existing sites within the framework of a maximum of ten reactors.
- It is possible to grant permits for successively replacing current reactors as they reach the end of their economic life.
- Permits for new reactors will be examined on the basis of legislative requirements for the best technology available.
- Central government support for nuclear power, in the form of direct or indirect subsidies, cannot be assumed.

The following points also apply to nuclear power:

- The tax on thermal output will be phased out gradually over a two-year period beginning in 2017.
- The rules on investments in the Nuclear Waste Fund will be changed such that investment opportunities are expanded from the start of the next three-year period in 2018.
- Based on the new conditions for nuclear power, the Swedish Radiation Safety Authority will, in consultation with the Swedish National Debt Office, investigate the need for changes to operating lifetimes in the Nuclear Waste Fund. The principle should remain that the costs of disposal of spent nuclear fuel and nuclear waste should be covered by those who generated the waste; the State should not pay for either decommissioning or disposal.
- The level of payments to the Nuclear Waste Fund is decided by the Government, based on proposals from the Swedish Radiation Safety Authority.
- An increase in liability in the event of radiological accidents to EUR 1200 million will be made in accordance with the parliamentary decision in report 2009/10:CU29.

Hydropower

Hydropower plays a key role in Sweden's renewable electricity supply today. Continued high production of hydropower is an important part of the efforts to achieve an increased proportion of electricity from renewable sources, such as wind and solar power. The following applies to hydropower:

- Sweden must conform to EU law and its requirements for water-related operations.
- Sweden must impose modern environmental requirements on hydropower, but with an application system that is designed so as not to place unnecessary administrative and financial burdens for the individual relative to the environmental benefits sought.
- The regulations on re-examination for water-related operations such as hydropower plants and dams should be simplified as far as is possible given the need to ensure sustainable development in which our water resources cannot be seen as just any resource.
- The expansion of hydropower should primarily take place through increased output from existing plants with modern environmental permits. New plants must have modern environmental permits.
- The protected 'national rivers' in the north of Sweden and other waterways specified by law will continue to be protected from development.
- The property tax on hydropower plants will be reduced to the same level as for most other electrical production plants, i.e. 0.5 per cent. The tax will be reduced gradually over a four-year period beginning in 2017. At the same time, the hydropower industry must fully cover the costs of, for example, re-examination of plants, so that Sweden complies with EU law and its requirements concerning water-related operations. This work will be based on the fund solution discussed by the Swedish Energy Agency and the Swedish Agency for Marine and Water Management.

Support for renewable energy

The expansion of renewable energy must continue. Sweden has fantastic conditions for renewable electricity production, and it is reasonable to expect that Sweden can also become a net electricity exporter in the longer term. Effective use of existing hydropower and bioenergy, for example, could help increase the power output. A competitive district heating sector and reduced use of electricity for heating are prerequisites if we are to be able to deliver renewable electricity and warmth on cold winter days.

It is important to consider the issue of output with respect to expanding renewable electricity production. Needs throughout the year and the low electricity prices must be taken into account. The relevant government agencies will be tasked with analysing this issue.

The fees for marine-based wind power plants to connect to the national grid should be abolished.

The following applies to the electricity certificate system:

- The electricity certificate system will be extended and expanded by 18 TWh of new electricity certificates until 2030.
- The level of ambition will not be raised any further before 2020.

- However, it will be possible to make technical adjustments to improve the functioning of the market – without raising the level of ambition – to increase confidence in the system.
- The Swedish Energy Agency will be tasked with producing proposals on the design of the quotas for electricity certificates beyond 2020 and will optimise the system to ensure the most cost-effective electricity production.

Small-scale production

Technology and technological development play an important role in the electricity and energy markets. Existing regulatory frameworks should be adapted to new products and services in the areas of energy efficiency, energy storage and electricity sales. It must become easier to be a small-scale electricity producer. Opportunities for energy storage must be utilised and developed.

- There will be an inquiry into how existing regulatory frameworks and tax legislation can be simplified and adapted to make it easier for new products and services in the areas of energy efficiency, energy storage and small-scale sales of electricity for various purposes, and the electrification of the transport sector.

Consumption and energy efficiency

Effective consumption of electricity and other energy benefits both households and businesses, and the Swedish electricity system. Reducing electricity consumption over time is sensible for individual households, and boosts businesses' competitiveness. Increased efficiency, particularly with regard to output, is particularly important to tackle the future challenges facing the Swedish electricity system. In efforts concerning energy efficiency, account must be taken of factors such as demographic growth, increased industrial production and a growing economy.

- The measures needed to achieve effective demand flexibility – that is, that customers can participate fully in the electricity market – must be implemented.
- A special energy efficiency programme should be introduced for electricity-intensive industries, corresponding to that already in place for energy-intensive industries, as long as responsible financing can be found.
- An inquiry should be appointed to investigate broadly the potential obstacles to enable services to develop with respect to active customers and energy efficiency. The inquiry should investigate which economic and other policy instruments (e.g. 'white certificates') are most effective for increasing efficiency in terms of both energy and output.

Transmission

The electricity market is an international one. The links between countries have increased in importance. The transmission capacity in Sweden is of major

significance, given that large-scale production takes place in northern Sweden while the main demand is located in the south of the country. The regulatory frameworks on electricity networks should be constantly developed so as to ensure that networks are expanded in a cost-effective manner, that electricity networks are enablers for new products and services, and that economically efficient investments are made in new electricity production.

The development of the transmission system should be viewed from a perspective that extends beyond Sweden's borders, and should be undertaken in close cooperation with our Nordic neighbours. The bottlenecks in the Nordic electricity network and between the Nordic countries and the rest of Europe will be removed. Better conditions for the economically efficient development of off-shore wind farms will be created through improved coordination of electricity networks between the Baltic Rim countries.

- The transmission capacity within Sweden must increase
- The transmission capacity between Sweden and neighbouring countries must increase
- Sweden must be proactive in the EU in favour of increased interconnection between and within countries

Market design

The functioning and design of the market set the framework for the energy market and all of its stakeholders. Sweden must work actively to strengthen Nordic cooperation on network investments, develop the cooperation on NordPool, and contribute to completing the move towards a harmonised Nordic electricity retail market.

Broad discussions are under way in Europe and in Sweden on which market model should be used in the future. There is no reason to alter the existing market model used in Sweden and the Nordic region in the short term. Nonetheless, it is reasonable to conduct a broad discussion over time on the design of the future market.

- The Swedish Energy Policy Commission will produce a special background report, outlining facts and effects related to various possible future market designs.

Research

The focus in measures within energy research is on areas that:

- contribute to achieving established climate and energy policy targets
- have prospects for growth and for exports

Measures in the area of energy research must continue to focus on technological development and demonstration and pilot projects in all areas within energy

research. Energy research has a crucial role to play in ensuring that new, innovative technological solutions emerge for all types of renewable energy.

Financing

The abolition of the tax on thermal output and reduction of property tax on hydropower plants will be financed through an increase in energy tax. Electricity-intensive industry will be exempted.

All other financing will be provided within the framework of responsible public finances.

An implementation group for energy policy and checkpoints

The agreement above should be managed and updated. The work of the Swedish Energy Policy Commission, which has been tasked with producing a range of reference material and proposals for future policy, will be undertaken in the second half of 2016. For our parties, this agreement is the starting point in this work. Once the Commission on Energy has presented its report, an implementation group composed of representatives of the parties to this agreement should be set up. The implementation group will continuously follow up on the agreement.

The relevant government agencies should continuously monitor developments in the Swedish electricity market. This means analysing the output situation (including the need for output reserves), the need for additional system services, network stability and other crucial factors in achieving the aim of a robust Swedish electricity system with high security of supply, good transmission capacities, low environmental impact and electricity at competitive prices. Every four years, a special report should be compiled, containing conclusions and proposals on the development of the electricity market and follow-up on the energy policy targets. The report should then serve as the basis for a checkpoint implemented every four years, scheduled to begin in the second half of 2018.