



Increased transmission capacity

Which are the major challenges and is it beneficial from an economic point of view?

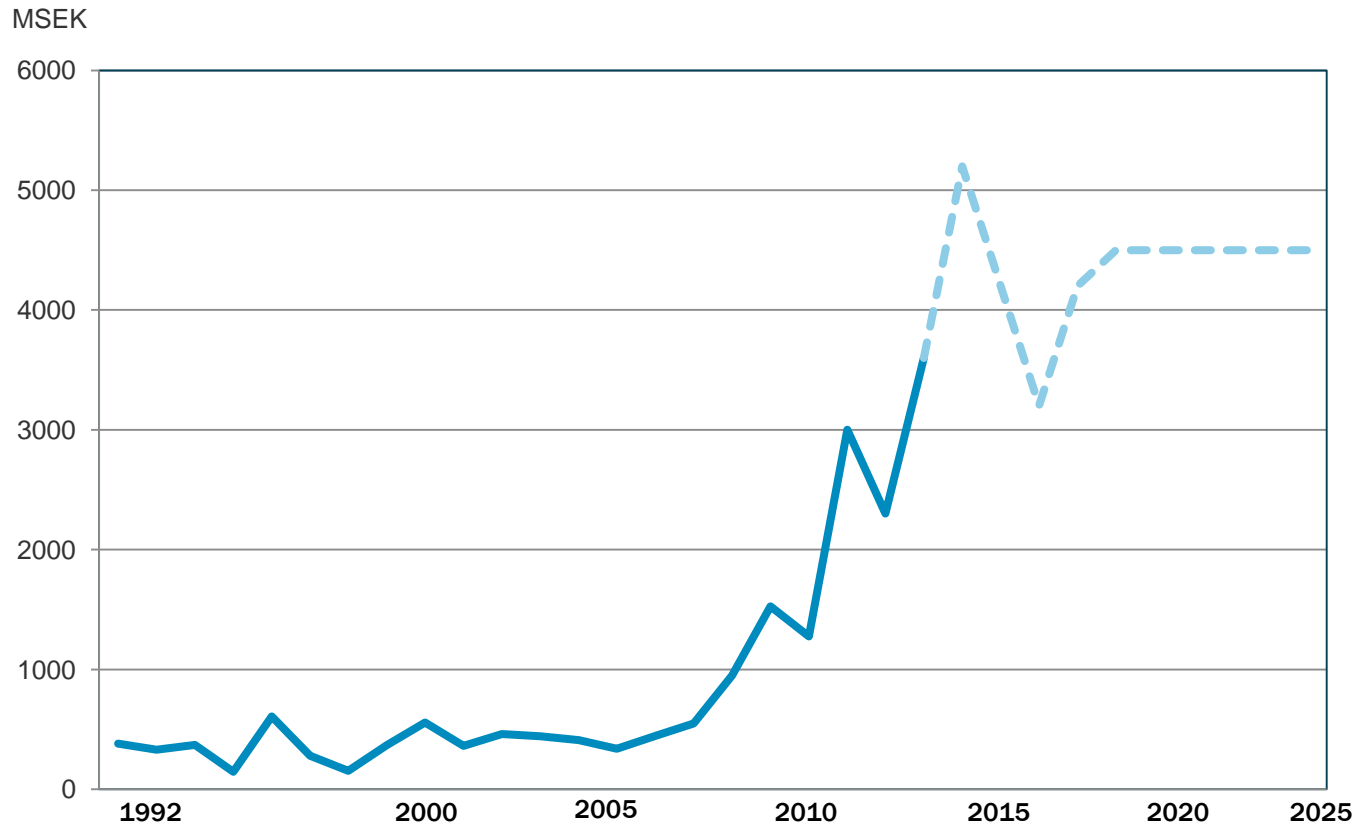
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Challenges



Svenska kraftnät investment volumes 1992-2025

Challenges

> Organizational challenges

- > Svenska kraftnät: number of employees doubled in 5 years or so
- > Increased "production" volume demanding more efficient processes

> Challenges in building new lines and cables

- > Scarcity of external resources (contractors, consultants)
- > Long permit processes
- > Public acceptance

Challenges

- > Obvious risk of suboptimization
 - > Those getting the benefits of transmission infrastructure aren't always those paying for it
 - > Risk of transmission investments cannibalizing on each other
- > Making sure that national grids are sufficient
 - > Transmission capacity is not beneficial if it's not available...

Challenges

- > Security of supply

- > Risks associated with decreased profitability of conventional power
- > Especially relevant with a lot of subsidised production
- > Instead of replacing production capacity in some areas with import capacity, we might end up having both

Is it beneficial from an economic point of view?

Well, it depends...

- > Is there a production surplus to transmit?
- > Whose economy?
 - > Swedish? Nordic? European?
 - > Consumers? Producers? TSO:s? Society as a whole?
- > How are various (socio-)economic effects valued?
- > **Does policy, market design and grid planning work in the same direction?**

...but, in principal: Yes.

In short:

Interconnection of European powermarkets

- > is not done overnight, and
- > is associated with some big challenges.

In order for it to be socio-economically beneficial, these challenges have to be managed successfully. Otherwise, we should choose a different path.

Thank you!

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