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Modeling and Regulating Nordic Electricity Distribution

SEMINAR INVITATION

2005-06-10

Nordenergi

SUMICSID AB

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Friday, June 10, 2005
Dansk Energi, Rosenørns Allé 9, Fredriksberg, Copenhagen

Program

09.00 ***Welcome and introduction***
Per Agrell, SUMICSID
Kari Koivuranta, NordEnergi/Fortum

09.15 ***Modelling electricity distribution efficiency***
Helle Grønli, EC Group

How can we make a good benchmark model ? Can we use the same model for the different Nordic countries. And what data would it take?

10.00 ***Nordic efficiency results - 2004***
Pontus Roos, RR Institute of Applied Economics

Dr. Roos presents the results of numeric analyses undertaken to identify important variable to include, country-variations, as well as possible specifications of the benchmarking model and performance measures.

10.30 Coffee break

11.00 ***Pros and cons of a common regulation - a DSO perspective***
Ketil Grasto Røn, Hafslund

Mr Røn discusses – from the perspective of the DSO - the possible pros and cons of a harmonized benchmarking and regulation in the Nordic countries.

11.45 ***Efficiency and Regional Differences in Regulation***
Per Agrell and Peter Bogetoft, SUMICSID

Professors Agrell and Bogetoft survey some important differences in the benchmarking models and incentive regulations used in different countries.

12.30 Lunch

13.30 ***Panel discussion***
Per Agrell, SUMICSID
Kari Koivuranta, NordEnergi/Fortum
Ketil Grasto Røn, Hafslund
N N, Regulator

Audience and speakers are invited to an open discussion on the advantages of harmonized benchmarking and regulation in the Nordic countries.

14.30 End of seminar

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About the Speakers

Per Agrell, SUMICSID

Professor Per J. Agrell, tekn.dr. at the Catholic University of Louvain, Belgium, is a well renowned researcher and expert in the field of regulatory efficiency analysis and managerial economics. As a senior associate of SUMICSID AB since 1995, Agrell has been active in numerous regulation, benchmarking and market design projects for the European Commission, national regulators and utilities in the energy sector. Currently, prof. Agrell is project leader of the NEMESYS study,

Peter Bogetoft, SUMICSID

Professor Peter Bogetoft, dr.merc., Royal Agricultural University, Denmark has for several years been a leading scholar within efficiency analysis and incentive provision where he initiated the combination of non-parametric methods and agency theory in 1994. Besides numerous international articles and five books on decision making, incentives, and efficiency analysis, Bogetoft has been a senior associate of SUMICSID AB since 1999 and is deeply involved in applied regulation design and analysis projects all over the world.

Kari Koivuranta, NordEnergi

Mr Kari Koivuranta,, B.Sc. (E.E.), MBA, from Fortum Distribution works currently as regulation expert in Nordic perspective. He has acted over 25 years in electricity distribution companies mostly on planning and business development issues in top management level. The regulatory issues and benchmarking methods have been the major sectors during the recent years. Currently Mr Koivuranta is the Chairman of Nordenergi Working Group Network Regulation.

Helle Grønli ECgroup

Helle Grønli is a consultant specializing on regulatory benchmarking, efficiency measurement of distribution utilities and tariff analysis. After her Master of Science in Business, Mrs Grønli was active as a researcher at SINTEF analyzing and estimating performance-based regulatory models for electricity transmission and distribution systems. She has also worked at Lawrence Berkeley National Laboratory in USA and the Austrian regulator Energie-Control GmbH, where she participated in the establishment of the regulatory practice in Austria.

Pontus Roos, IAE

Lic. Pontus Roos, Director and co- Founder of RR Institute of Applied Economics as a well recognized and productive author in economics. Mr Roos has published and presented numerous articles, reports, reviews, and contributed to many books. As a consultant to the industry and government institutions for more than 20 years, he has gained considerable knowledge about how to set up a system for performance measurement within an organization or an industry. In addition to performance measurement other areas of knowledge and interest includes economic analysis and policy implications of regulated or deregulated markets such as pharmaceutical industries, electricity distribution and public service sectors.

Ketil Grasto Røn Hafslund ASA

Mr. Ketil Grasto Røn has more than 10 years of experience from regulatory affairs in Norway. Working with the regulator NVE from 1994-1999, he was responsible for introducing the revenue cap regulation in Norway. In Hafslund Mr. Røn has broad experience from strategy, business development and restructuring processes. He is now responsible for regulatory affairs within Hafslund Network, the biggest distributor in Norway.

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The Nordic Efficiency Model for Electricity distribution SYStems (NEMESYS) aims at developing a common regulation model for electricity distribution in the Nordic region (NordPool region). The project contains three major subprojects:

A) Regulatory System Analysis

Based on an established methodology for regulatory approaches, a careful analysis is performed of the interactions implied by the integrated energy market directives and the degrees of freedom in the institutional and industrial setting in the Nordic countries. This phase also includes a forward and outward looking review of regulatory systems, industry performance and the dynamics of industry development and regulation.

B) Regulatory Mechanism Design

Based on the structured methodology in A, the mechanism design subproject develops a regulation framework that addresses the current and future challenges and that has the potential to accommodate the country specific factors in a systematic and objective manner.

C) Efficiency Model Development

In parallel with A and B, the project performs analysis and development of a performance measurement platform that corresponds to the regulatory standards and information requirements. The process includes estimating the data and processing needs and to demonstrate its applicability in the entire region using representative industry data. The model explicitly addresses the horizon, investment and quality dimensions of the service, in addition to operating cost and task complexity.

The NEMESYS project is commissioned by Nordenergi and staffed by SUMICSID AB as project coordinator and EC Group AS, Gaia Group OY, SKM Energy Consulting AS and RR Institute of Applied Economics as project partners.

http://www.nemesys.sumicsid.com