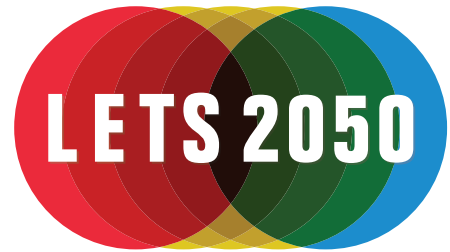


Author: | Ericsson K, Nilsson L J & Nilsson M
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Contact: | karin.ericsson@miljo.lth.se



Abstract

New Energy Strategies in the Swedish Pulp and Paper Industry – The Role of National and EU Climate and Energy Policies

The Swedish pulp and paper industry has gone through a strategic change in its approach to electricity production and consumption over the past decade. This paper documents this reorientation, which includes increased on-site electricity production, investments and investment plans for wind power, and new partnerships concerning investments in electricity production assets. We also assess the extent to which these changes can be attributed to key energy and climate policies. Our analysis shows that this strategic reorientation has been driven by changes in the underlying economic conditions for the pulp and paper industry, in particular increases in the price of electricity following the Swedish energy market reform in 1996, and the introduction of the EU ETS. The scheme for tradable renewable electricity certificates, on the other hand, has provided a new source of income. While these market-based signals and responses are the most dominant drivers of strategic change, cognitive changes in the pulp and paper industry have also played a role in the strategic reorientation. The cognitive changes concerning the functioning of the electricity market, i.e. the pricing of electricity and influence of the EU ETS, have been particularly important in this regard.

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