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Decision-support in energy companies in Sweden - What is the cost of energy and who is paying for it?

The reform of the Swedish electricity market in 1996 marks the beginning of a radical change in business conditions for the energy companies in Sweden. The retailing business is now being performed in competition between all energy companies, with clear profit motives. All other businesses of the energy companies are still performing important utility functions in the Swedish society, with no profit motive. These clear differences for performing different energy functions highlights the importance of being able to separate each business from the other, especially the separation of the competitive retailing from all other energy businesses. This ability directs attention to one of the most important concepts in this study, namely cross-subsidy.

The purpose of this thesis is to investigate the decision-makers ability to measure and control costs and revenues caused by different activities in energy companies in order to eliminate unintentional cross-subsidy. Depending on the abilities there are consequences both to society and to the efficiency of the energy companies. In a stable environment a lack of reliable information for decision-support is less serious. Since the Swedish energy market is facing a large restructuring towards more sustainable and environmental friendly energy resources reliable information for decision support is crucial.

This study finds that there are a number of areas in which the decision-maker lacks information for reliable decision-support in Swedish energy companies. These findings are a threat to an efficient restructuring of the Swedish energy market.

Key words: management control, bounded rationality, value network, decision-support, decision-maker, analytical model, cross-subsidy, energy company and social benefits