



REPUBLIC OF ESTONIA  
COMPETITION AUTHORITY

# Updates on the latest developments in the Estonia

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# Some facts on Electricity Market in Estonia

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- Power exchange average price was 31,08 €/MWh in 2015.
- 87% of electricity was traded on power exchange in 2015.
- The market shares of the electricity supplier Eesti Energia is 62%, Elektrum Eesti OÜ 10%, Baltic Energy Services OÜ 11%.
- The consumers are focusing more power exchanges oriented than to the fixed prices:
  - 52% of consumers have fixed price contract;
  - 28% of consumers have power exchange contract;
  - 19% of consumers have universal service.

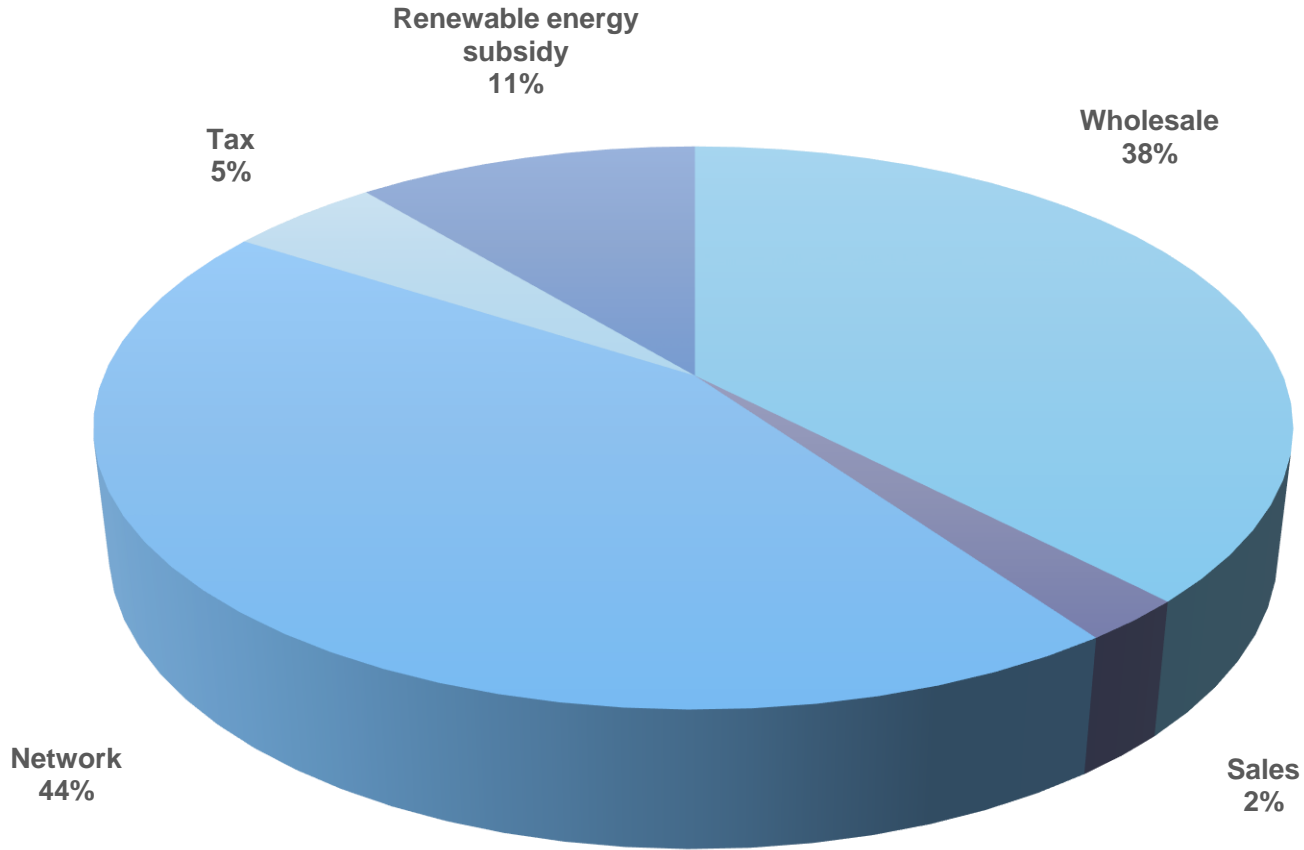
# Enduser tariff is declining

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€sent/kWh	2013	2014	2015
Wholesale	4,1	3,8	3,1
Sales	0,2	0,2	0,2
Network	3,8	3,6	3,6
Tax	0,4	0,4	0,4
Renewable energy subsidy	0,9	0,8	0,9
<b>Total</b>	<b>9,4</b>	<b>8,8</b>	<b>8,2</b>

# Enduser tariff in 2015

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# Single joint invoice

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- On 29<sup>th</sup> December 2015 the Competition Authority has confirmed the obligation of Elektrilevi OÜ (biggest DSO in Estonia) to develop by the beginning of 2017 an IT solution and standard conditions.
- According to which all suppliers of electricity in the network region of Elektrilevi OÜ will have an option to issue to consumers single joint invoices for both electricity and network service.

# Price regulation

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- Calculation of WACC in the period of extremely low interest rates. The WACC for power TSO is 4,92% and for power DSO 5,02%.
- Basis for calculation: 5-year average on 10-years German Bond + Country Risk Premium + Risk Premium for Debt and Equity.

# Electricity market

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- The electricity prices have been declining for customers. Today's price is even lower than before market opening by 01.01.2013.
- The power flow is from north to south mainly.
- The Estonia and Finland prices matched 88% in 2015.
- The Estonia and Latvia prices matched 34% in 2015.
- The operation of Estlinks, LitPol and NordBalt has significant impact to customers power tariffs.
- Today from Estonian side there are no clear quality requirements regulating the operational performance of HVDC links.

# REMIT

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- NRA's going to more focusing on the monitoring task.
- Monitoring the wholesale market to prevent the market abuse.
- NRA's will be responsible for investigations and enforcement at national level.
  - Estonian NRA investigates suspected breaches of REMIT.
- Estonian NRA is cooperating with ACER, Nord Pool, financial authority and other NRA's.
- Joint screening of the UMM's within Baltic/Nordic market.
  - In summer 2015, Estonian NRA started to use UMM script for UMM screening.



# REMIT/CEREMP

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- CEREMP went live for market participants from 7<sup>th</sup> March 2015 in Estonia.
- Market participants registration process is ongoing.
- Currently 31 market participants are registered in Estonia.
- From the 7<sup>th</sup> October 2015 started the standard contracts reporting obligation.
- From the 7<sup>th</sup> April 2016 started the OTC contracts reporting obligation.

# Challenges in 2016

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- Implementation of network codes.
- Market monitoring under REMIT.
- Investigation of possible breaches of REMIT.
- UMM screening.
- Market participants registration in CEREMP.
- Unsolved trading principles towards 3<sup>rd</sup> countries.



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# Thank You!

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