

Vision of Regional Finnish-Baltic Gas Market

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Elering at a glance



110-330 kV lines,
connections with Finland,
Latvia and Russia



Natural gas
transmission network



Emergency reserve
power plants
and ca 150 substations



Eurobond listed on
London Stock Exchange,
Moody's A2/stable



230 employees



Asset value
ca MEUR 800

Estonian Gas Market Liberalization

- Targets for gas market liberalization in Estonia:
 - Enhance competition on the Estonian gas market
 - Improve security of supply
 - Get a „fair“ price for gas
- Sense of urgency operationalized - Estonian Gas Market act amendments (2012)
- From Jan 2015 TSO (Elering) takes driver seat in the market development process
- Estonian Gas Market Development Plan (May 2015)
 - Incl network development: Applications for Estonian-Finnish Gas Interconnector and EE/LV grid enhancement (14 Oct 2015)
- Final institutionalization - from 1.1.2016 joint Electricity and Gas TSO starts to operate

Short-term and mid-term measures for 3B Gas Market

- Size of entry-exit zone (geographical scope)
- Adoption of non-discriminatory, transparent and flexible gas Network & Storage Access Rules in the entire gas market of the region according to the legal and regulatory frame
- Accounting of cross-border gas flows offsetting the differences in energy value
- Harmonization of gas quality requirements
- Harmonization of the gas supply licencing framework (retail and wholesale) in the region
- Roadmap for harmonized implementation of requirements of European Network Codes in Baltic States and Finland
- Financing of EU Projects of Common Interest (PCI)
- Harmonization of measurement of gas flows for technical and commercial purposes in energy units (kWh at gross calorific value)
- Launching a common virtual trading hub and a gas exchange in the region
- Establishment of common gas Data Hub platform
- Harmonization of gas Network & Storage Access Rules in the entire gas market of the region
- Data exchange
- Common approach to the definition of protected customers

GTM Building Block for 3B+FI Gas Market

- Size of entry-exit zone (geographical scope)
- Access to entry-exit capacity
- Cross-border access
- Market liquidity
- Balancing and settlement
- Interoperability
- Access to LNG and storage
- Long-term contracts vs exchange

3B+FI common Entry-Exit

- Gas markets in Baltic states and Finland separately too small to create competition and bring investments (LNG terminals, Balticconnector)
- Common regional entry-exit system increases competition, delivers best gas price and increases security of supply
- Transmission fees in entering and exiting the system
- Gas is moving freely within the system (no accumulation of tariffs)
- A single wholesale price set at a trading hub (exchange vs bilateral agreements)
- Common entry-exit system requires agreements between countries including tariffs. Active cooperation and compromises needed

And One Extra: Baltic power system desync from the UPS

- Goal: desynchronization from Russia
- Analyzing the alternatives
- Choosing the fastest and most realistic scenario

Thank you!