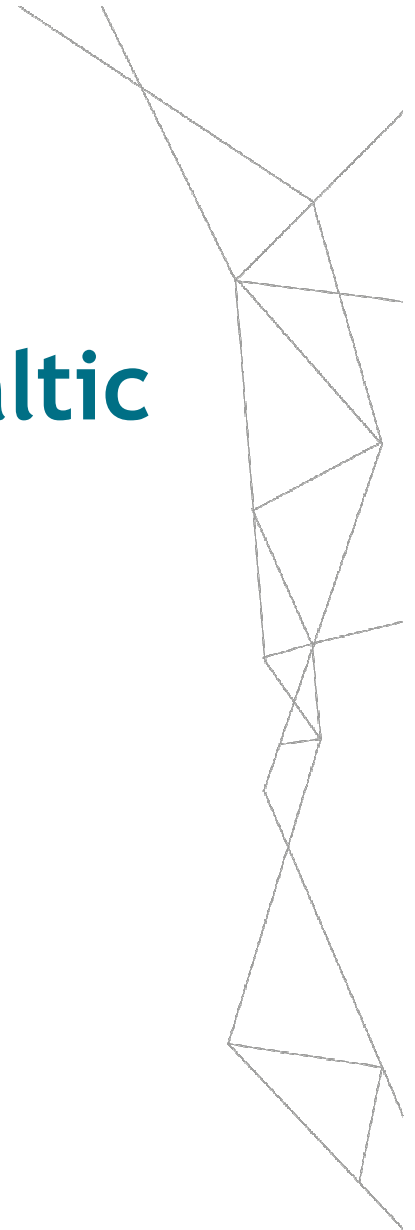


# Building Common Nordic-Baltic Electricity Market

Taavi Veskimägi  
CEO of Elering AS

26.11.2013

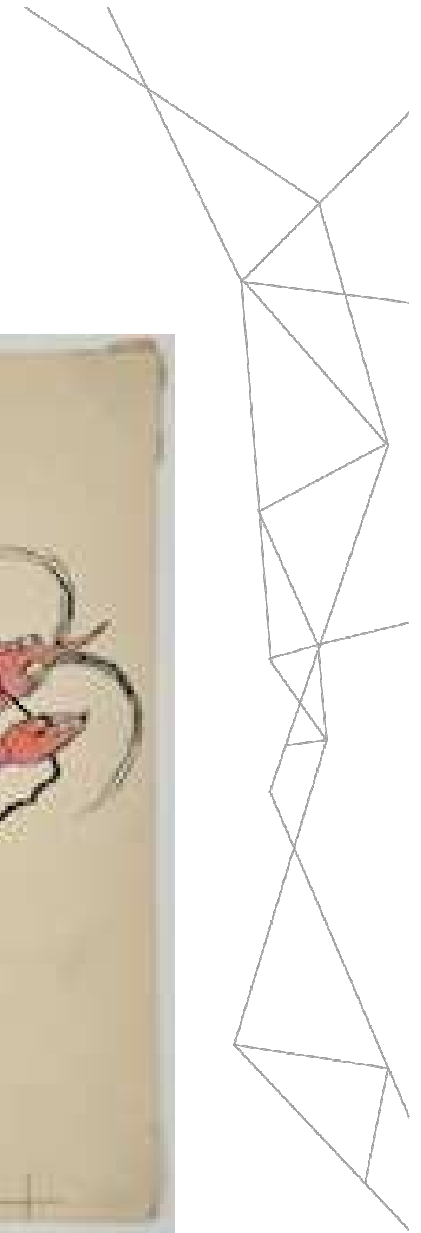
**elering**  
GENERATING OPPORTUNITIES



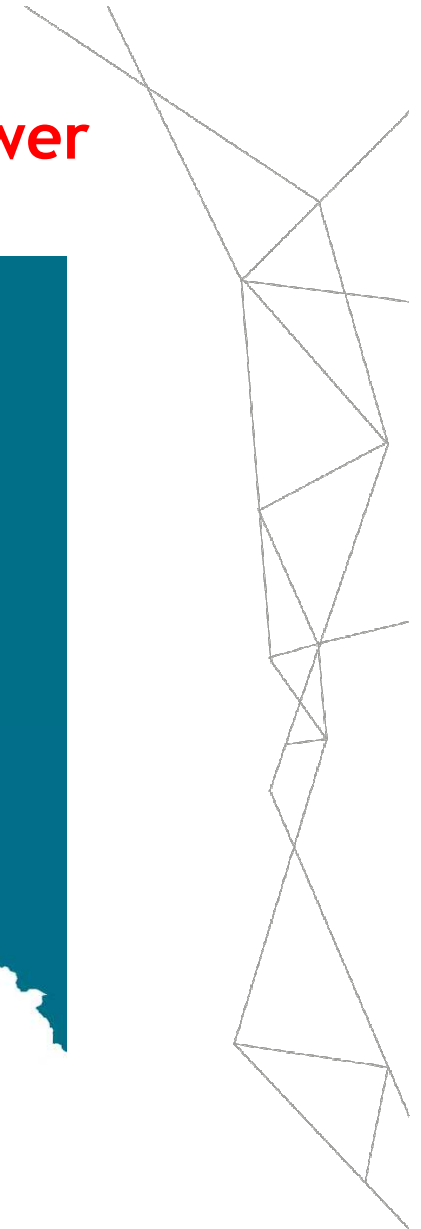
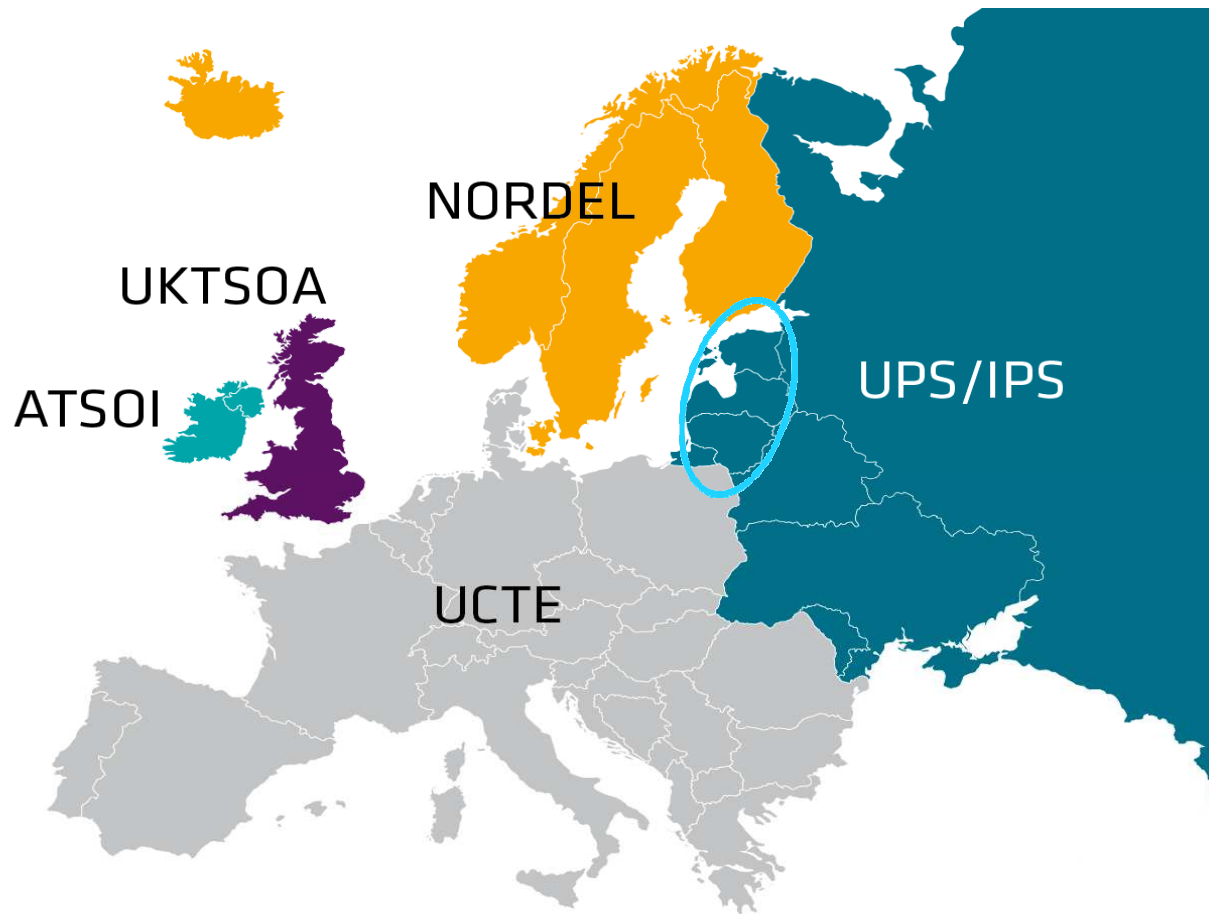
# Elering - Independent Estonian Power Transmission System Operator (TSO)

- Elering is a transmission system operator running the national grid under the Electricity Market Act. Our role is to guarantee the functioning of the whole electrical system so that consumers are guaranteed a good quality supply of electricity at all times.
- Elering owns 110 – 330 kV lines connecting Estonian larger electricity producers, distribution systems and large consumers. Estonian transmission system has connections with Latvia, Russia and Finland.
- On January 27th, 2010 Elering was spun off from state-owned Estonian energy producer and distributor Eesti Energia AS. Elering is 100% owned and governed by Estonian Ministry of Economic Affairs and Communications.

# Baltic Cooperation, BAU!



# Strategic Goal 1: Common Nordic-Baltic Power Market Based on NPS!



# Strategic Goal 2: Synchronous Connection Between Baltics and Central Europe!

# Baltic Electricity Market

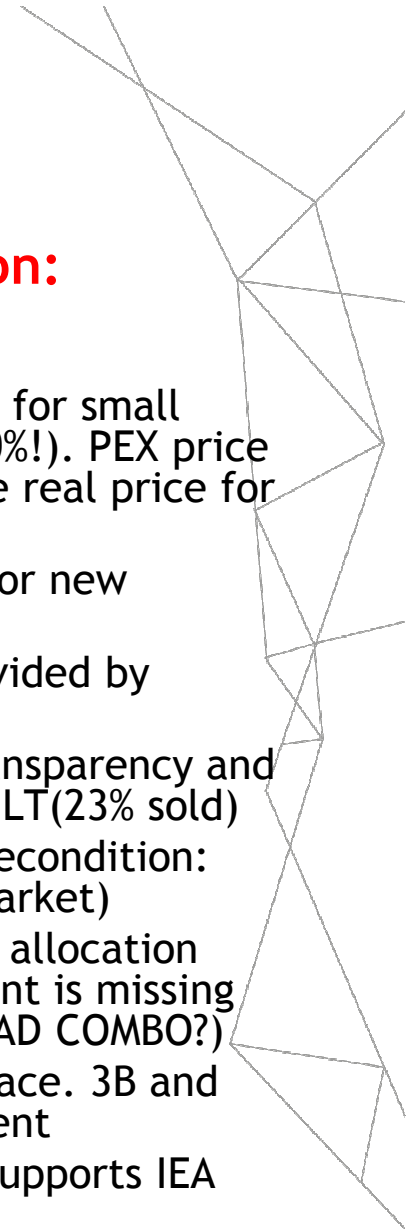
## Preconditions for market integration agreed in BEMIP:

- Open electricity markets
- More cross-border capacities (new infra projects)
- Unbundled TSOs
- Common PEX (day-ahead and intra-day)
- Common reserves and balancing market
- Capacity calculation and allocation method
  - Allocation managed by PEX
- Harmonized market rules
  - Common principles towards third countries

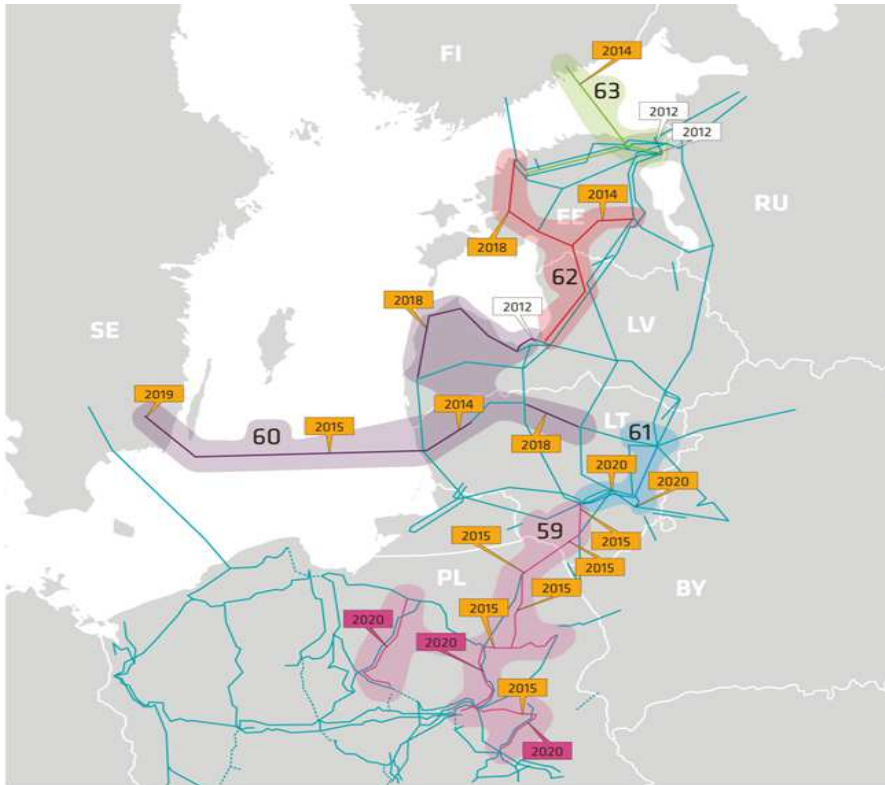


## Actual situation:

- EE - 100 %
- LV; LT - regulated prices for small customers (more than 60%!). PEX price mostly not related to the real price for customers
- Market support needed for new interconnector projects
- Unbundled TSOs - not divided by responsibilities
- Common PEX, lack of transparency and liquidity in LV (5% sold), LT(23% sold)
- Postponed ID market (Precondition: transparent DA and ID market)
- Capacity calculation and allocation method - risk management is missing (FTRs; PTRs, CfD's or EPAD COMBO?)
- Temporary solution in place. 3B and FIN interfaces are different
- Sync operation with CE supports IEA



# Developing Interconnections in the Baltic Region



The Baltic states' transmission network is becoming an increasingly important link for power flows running from Scandinavia to Central Europe.

- According to TYNDP
  - EstLink 2 (2014)
  - NordBalt (2016)
  - LitPol (2015: 500 MW from Lithuania to Poland; 2020: 1000 MW in both ways)
  - Estonia-Latvia 3rd line (2020)
- After 2025+ sync operation between Baltics and CE
  - Technically feasible
  - Large units (700+MW) and sync are antagonistic!
  - Estonia-Latvia 4th interconnection
  - Back-to-back DC links between Baltics and Russia

# Summary

The key to the energy SoS at a reasonable price is not having definitely (subsidy-based) 100 %+ production capacity in the Baltics, but to be part of a well-functioning Nordic-Baltic power market and joining the Central European synchronous zone.

The SoS of the Baltics is secured if in 2030 the production capacities make up 80% of peak consumption.

# Thank you!



**elering**  
ÜHENDAME ENERGIAD