

13th Baltic Electricity Market Mini-Forum

Estonian update & Baltic outlook

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nord pool
spot



Estonian bidding area

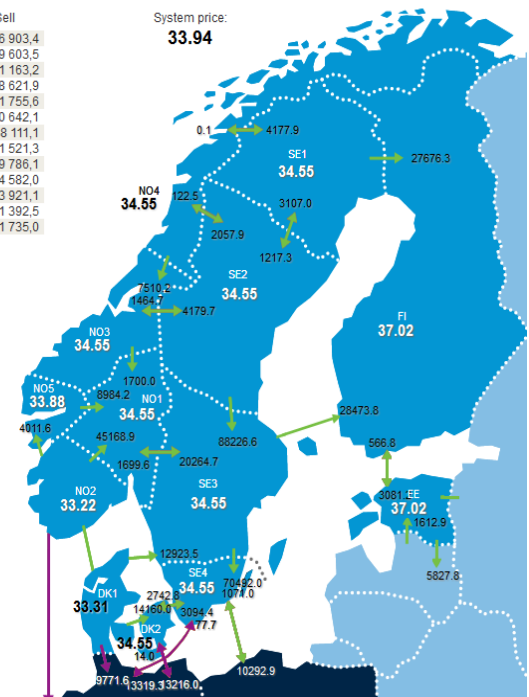
- Estonian bidding area was opened on April 1st, 2010
- At the beginning there were 11 participants
- September 2010 – full capacity of Estlink 350 MW is operated by Nord Pool Spot
- October 2010 - UMM system was started
- October 2010 - intraday market ELBAS opened up
- November 2011 – improved amount of Estonian system information published
- December 2011 – Nord Pool Spot started to publish EE/LV cross boarder commercial flows

Elspot volumes

	Buy	Sell
NO1	124 191,4	86 903,4
NO2	71 361,1	129 603,5
NO3	34 258,4	31 163,2
NO4	34 998,5	48 621,9
NO5	26 783,0	31 755,6
DK1	52 620,5	70 642,1
DK2	51 919,5	38 111,1
SE1	29 912,5	51 521,3
SE2	44 320,2	129 786,1
SE3	265 331,4	244 582,0
SE4	94 764,7	23 921,1
FI	165 028,2	111 392,5
EE	14 249,4	11 735,0

System price:

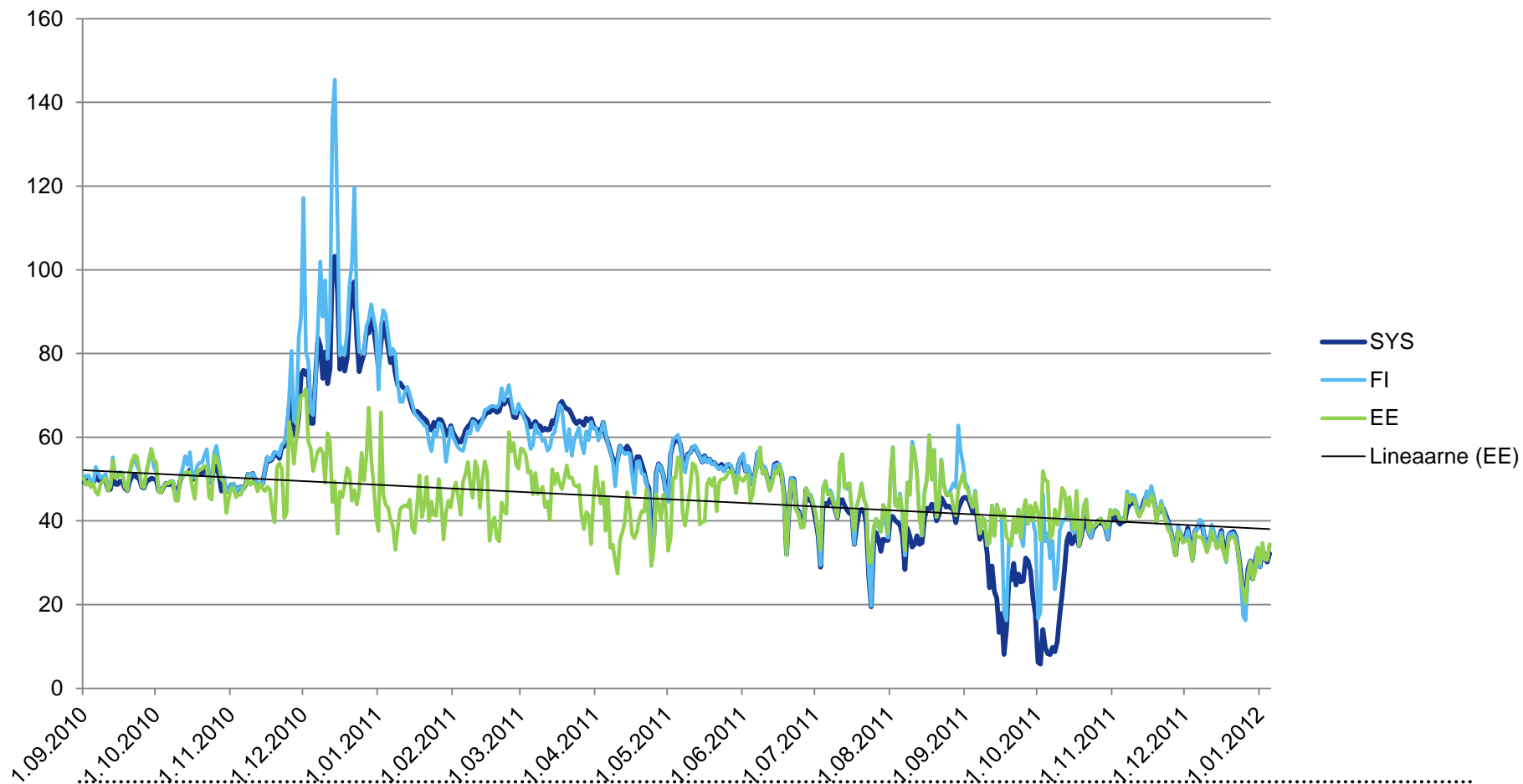
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Estonian price area dynamics

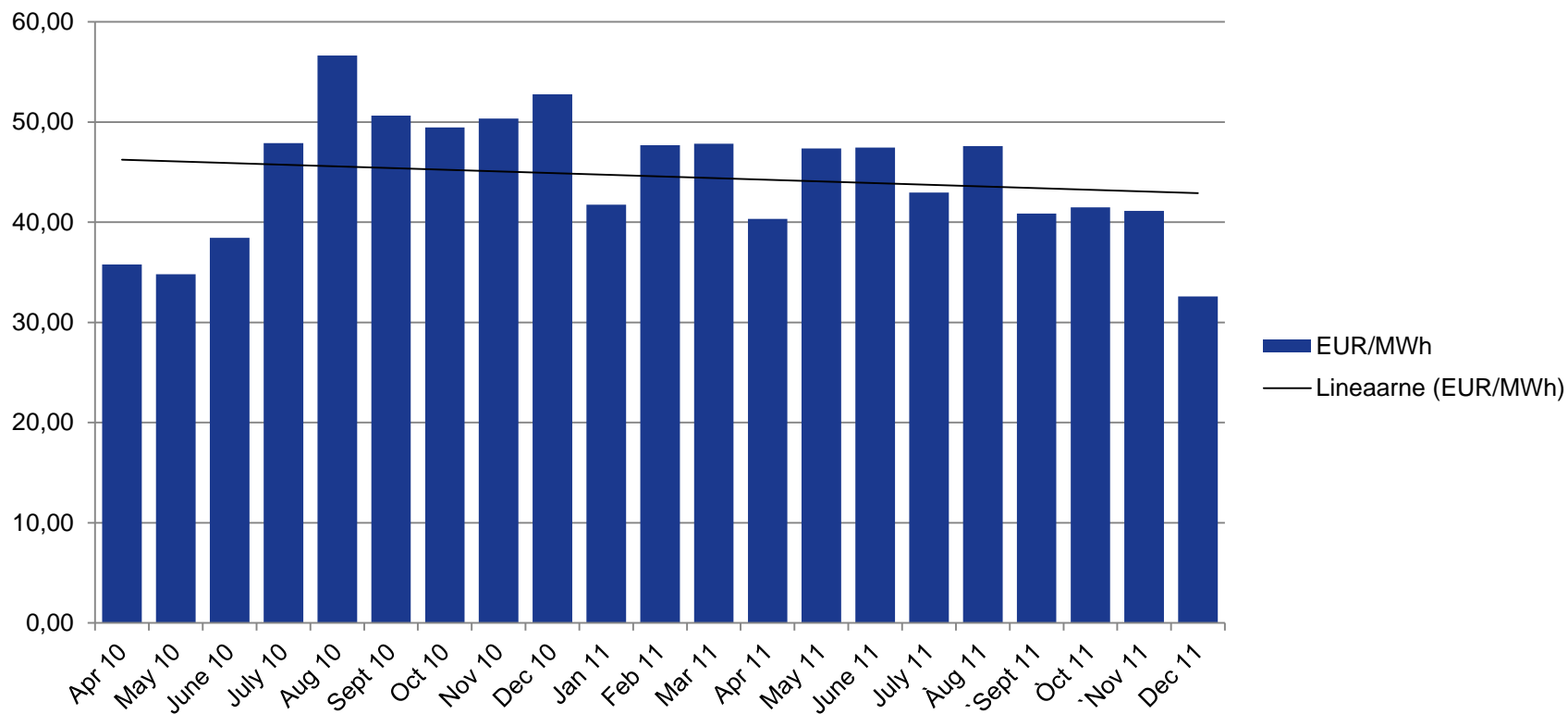
- There are **19** participants trading in Estonian area presently on Elspot (13DP & 6 CC) and 5 on Elbas, continuous interest
 - 2011 cumulative volume has reached **4,6 TWh** bought and **5,8 TWh** sold energy
 - Average price in 2011: **43,25 EUR** (47,8EUR in March and 32,6 EUR in December)
 - EE prices have been lower than FI during the winter 2010/2011 but higher in autumn 2011
 - In August – October 2011 Latvian export exceeded sales to Estonian consumers.
 - Estlink has had the most bottlenecks in the Elspot-market area. There is need for Estlink 2.
 - EE - LV border has been congested during summer 2011
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Price dynamics from September 2010

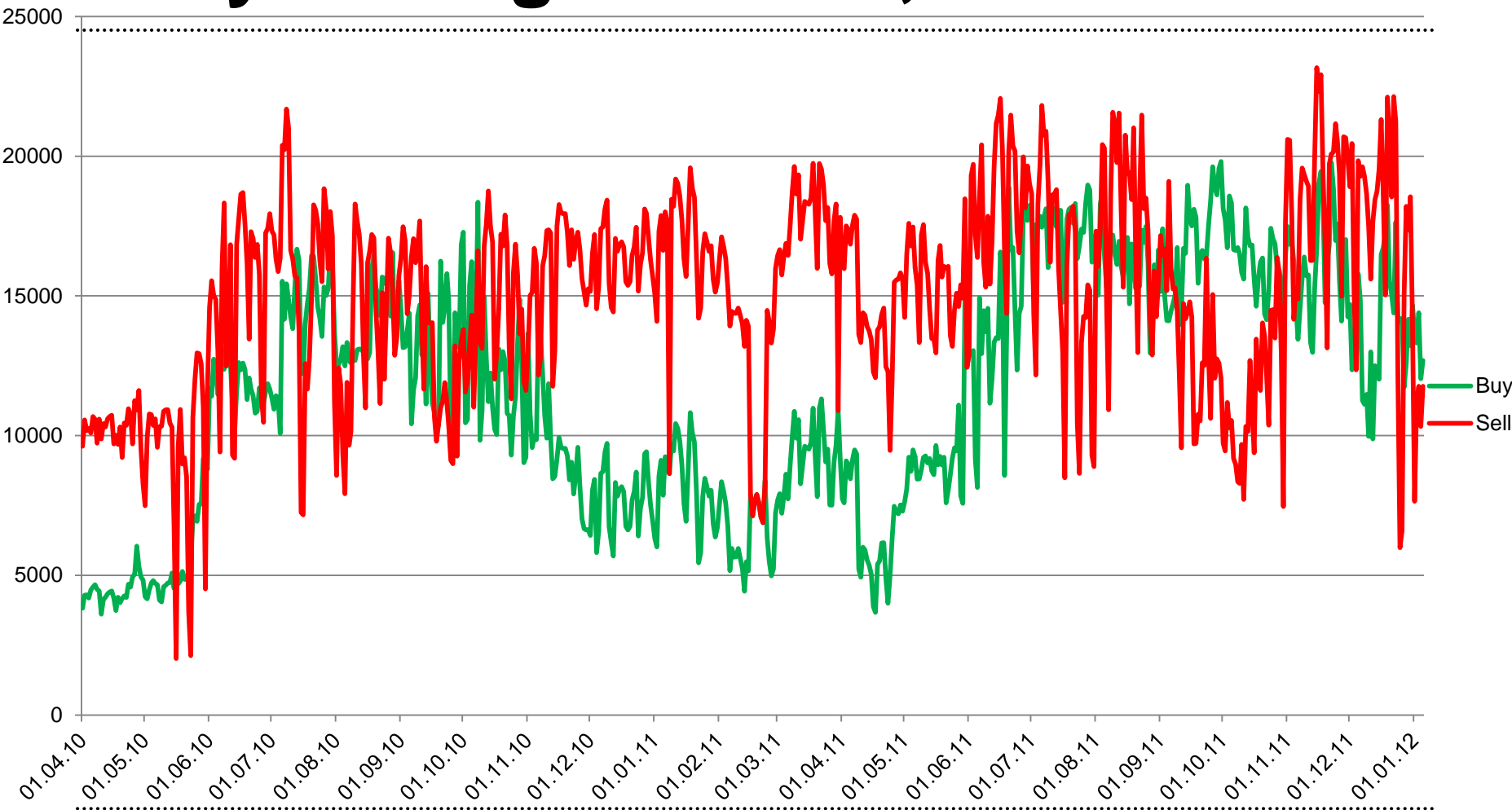


EE prices monthly

EUR/MWh



Daily trading volumes; MWh



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Baltic outlook

Main Principles for opening new areas

- New Elspot bidding areas should be opened when conditions are ready
 - Nord Pool Spot and local TSO make opening decision
- Intra-day market will be developed between areas and inside areas when price signal is reliable and cross-border capacity is available.
 - Nord Pool Spot and local TSO make opening decision
- Nord Pool Spot is ready to open new areas, it can be one or more areas at the same time.

Lithuanian outlook

- Current legislation changes must firstly be approved in the parliament
 - This was expected to take place during spring 2011 first but was delayed until late Autumn 2011 and now according to latest indications can be further delayed up to spring 2012
 - TSO model
 - Cross border capacity allocation will take place in the Elspot-market
 - Drafting of the solution is ongoing
 - Final solution must be aligned with all Baltic TSO's
 - Very constructive co-operation with Litgrid is existing today
 - Planning of the Elspot-area implementation project is ongoing
 - Contract drafting is ongoing
 - Nord Pool Spot will make the decision for opening an office to Lithuania after the new law is approved
 - Elspot-area implementation can possibly take place Q4 2012, based upon new law in Q1
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Latvian outlook

- Several changes to the Electricity legislation in Latvia were approved in the parliament in July 2011
 - Based on the current understanding the legislation includes necessary changes in order for Nord Pool Spot to function as a power exchange in Latvia
 - Unbundling of ISO is in progress.
 - Establishment decision for market implementation will be made at the time EC certification procedure is finalized and the ISO solution is approved
 - 6 months time of notice from the time of assurance of the acceptance of the certification
 - Elspot-market opening can hopefully take place during 2012
 - Start time and time required for the certification is uncertain
 - Common preparation and planning of the establishment can be started during the certification procedure
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Thank You!

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