

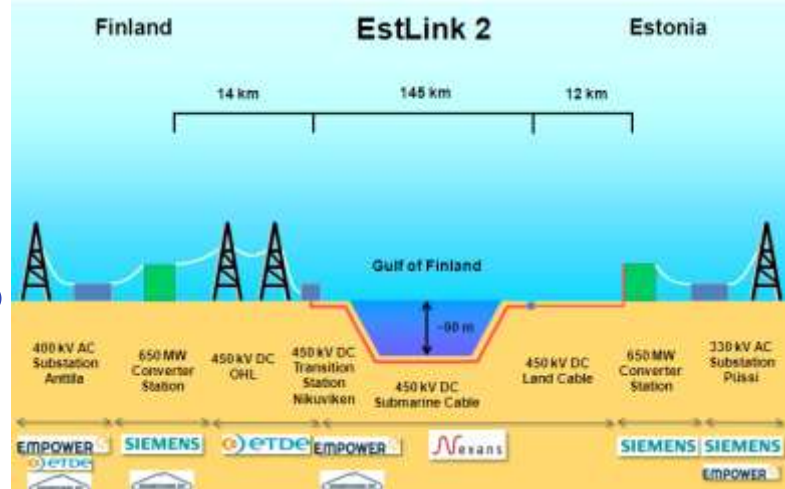
Evaluation and impact of the strategic plans on the electricity prices

Ingrid Arus
Elering AS
12th Baltic Electricity Market Mini-Forum
3th of June 2011, Palanga

- Evaluation of the strategic plans
 - EstLink2
 - ERPP
 - Estonia – Latvia third interconnection
- Impact of the strategic investment plans
- Electricity market analysis for the SoS report



EstLink 2



- EstLink 2 project is in construction phase.
- All main contracts were signed by end of 2010
- All main permits were issued by end of 2010
- EPR (EU) grant decision was made 8.7.2010 (was sent to EU in July 2009)
- Framework Agreement between Fingrid and Elering was signed 15.2.2010 and Master Agreement 1.11.2010.

- Converter station contract is in design phase, main contractor Siemens is carrying out the system studies, construction works are scheduled to start Q3 2011.
- Cable contract is in design phase, Nexans has started the manufacturing of the cable.
- Põlva SS renovation works have been started in April 2011
- Anttila SS ground levelling works will be finalized in summer 2011 and construction works will be started.



Co-financed by the European Union

European Energy Programme for Recovery

Elering's Emergency Reserve Power Plant (ERPP)

Main characteristics:

- | | |
|--|-----------------------------|
| <input type="checkbox"/> Full continuous capacity | 250 MW |
| <input type="checkbox"/> Startup time (0 W-250 MW) | 10 minutes |
| <input type="checkbox"/> Fuel | diesel fuel and natural gas |

Schedule and Milestones:

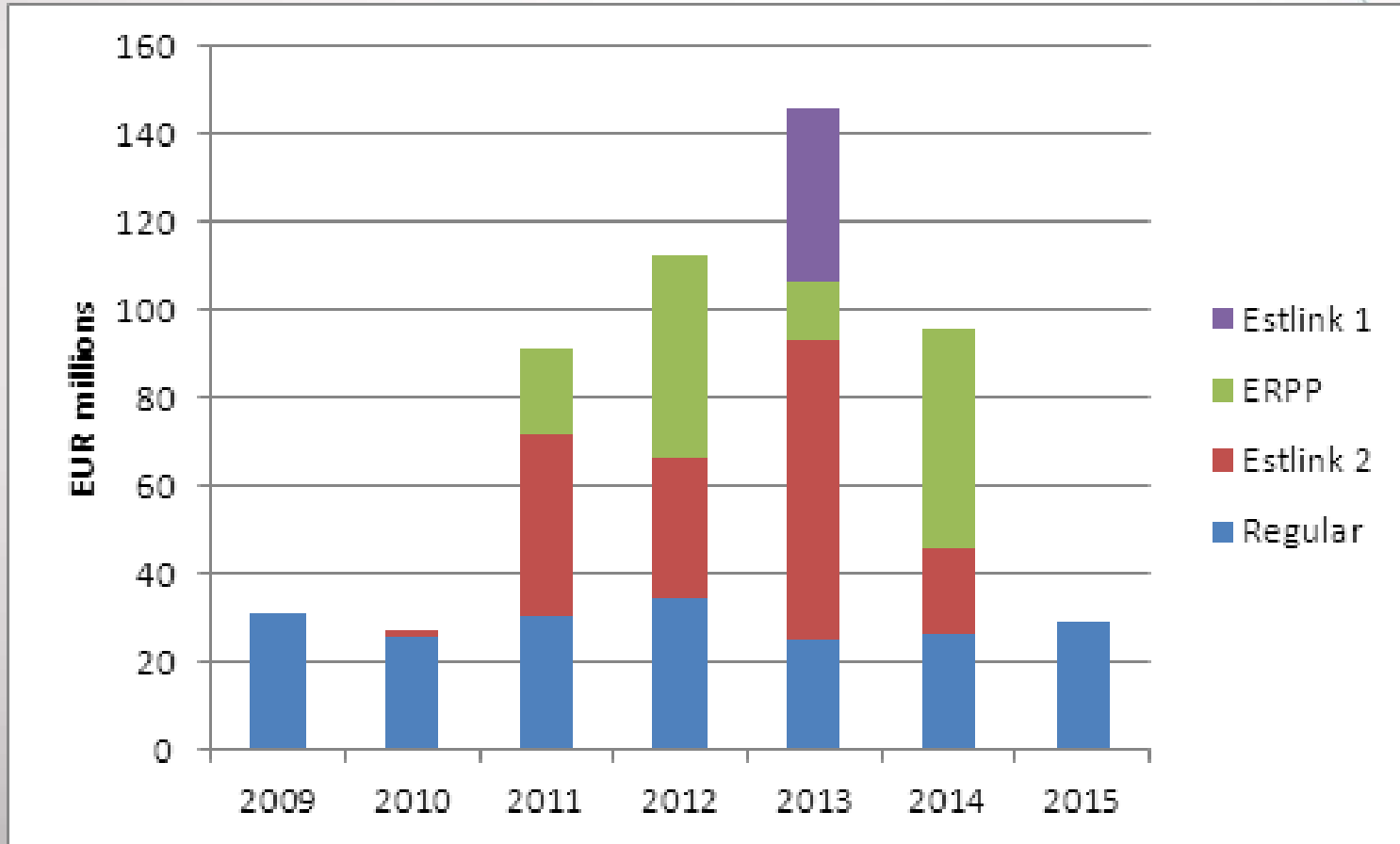
- | | |
|---|----------------|
| <input type="checkbox"/> The ERPP EPC tender opening | 15.04.2011 |
| <input type="checkbox"/> Announcing the result of the procurement | June 2011 |
| <input type="checkbox"/> ERPP I in operation | March 2013 |
| <input type="checkbox"/> ERPP II in operation | September 2014 |

Estonia – Latvia third interconnection



- Internal Grid reinforcements
 - Harku – Sindi; permitting procedures have started
- Border crossing
 - Out of 5 border crossing routes, 2 candidates have been selected (A and B)
 - Technical studies of A and B options to be finalised during summer 2011
- Possible energization after 2018

Impact of the strategic plans to the network tariff

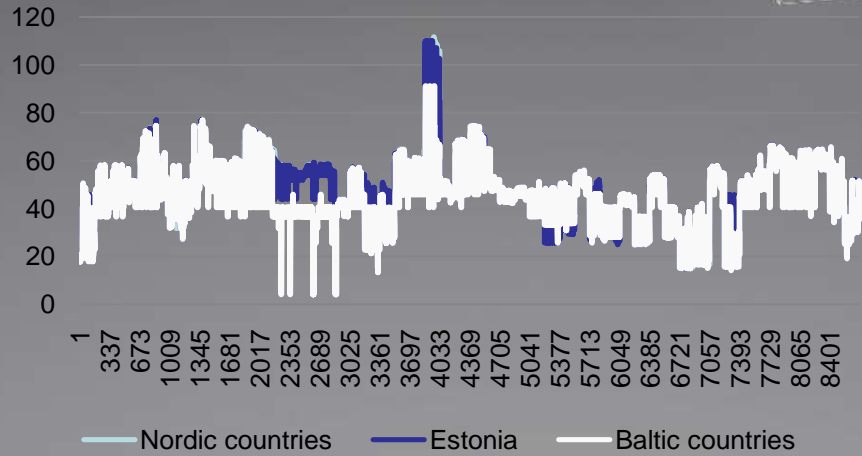


Electricity market analysis for the security of supply report

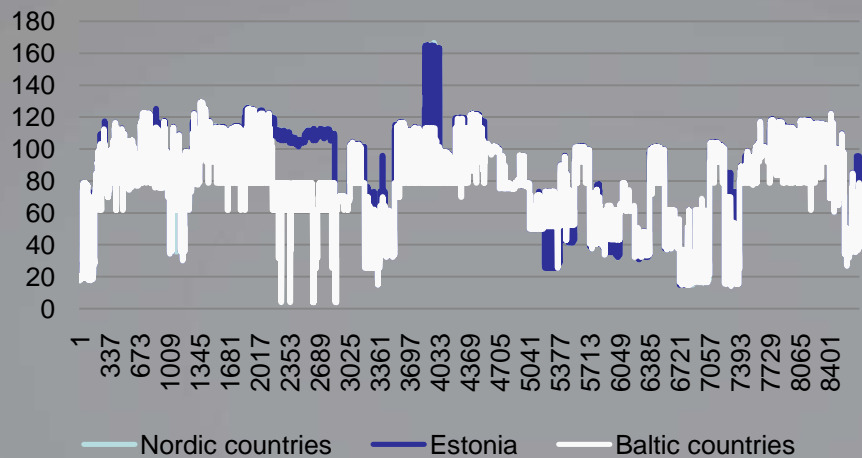
- ❑ The analysis are carried through for the year 2016
- ❑ The main input data is from the ENTSO-E Pan European Market Database (PEMD) „best estimate scenario“ for 2015
- ❑ For the Baltic countries also the SAF (system adequacy forecast) data is used
- ❑ The fuel prices are based on World Energy Outlook 2009 and Danish Energy Authority data
- ❑ The scenarios are based two different CO₂ price – 25 €/ton CO₂ and 90 €/ton CO₂. (The same CO₂ quota prices are used in the Entso-E regional market analyses)

Electricity price

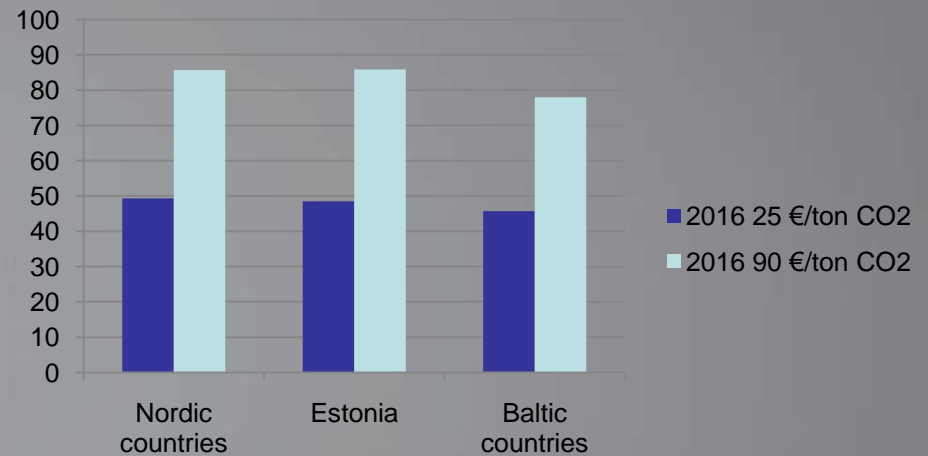
25 €/ton CO2 scenario



90 €/ton CO2 scenario

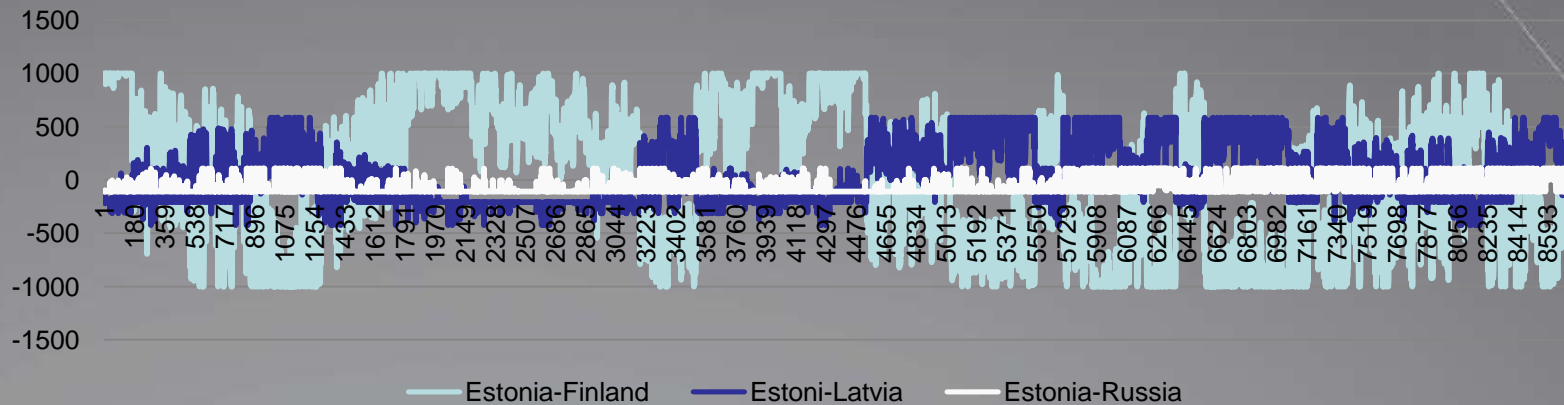


Average electricity price

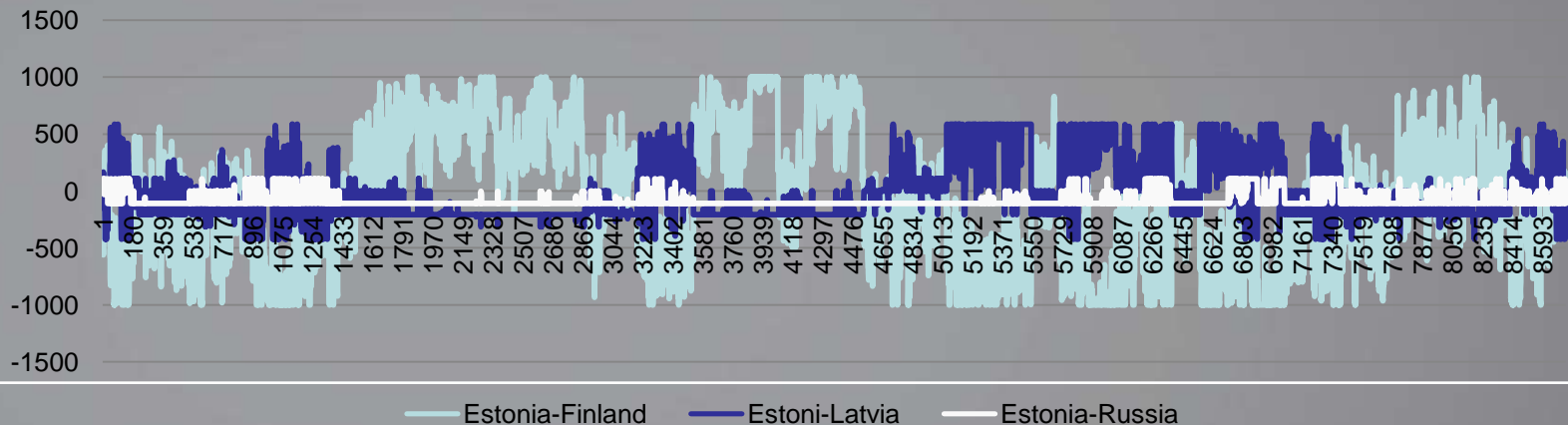


The utilization of cross-border capacities in different scenarios

25 €/ton CO2 scenario



90 €/ton CO2 scenario





Thank you!

