

# Estonian electricity trading market development and Necessary steps for Nord Pool Spot to form 3 price areas in the Baltic's

Karri Mäkelä  
[Karri.makela@npspot.com](mailto:Karri.makela@npspot.com)

nordpool  
spot

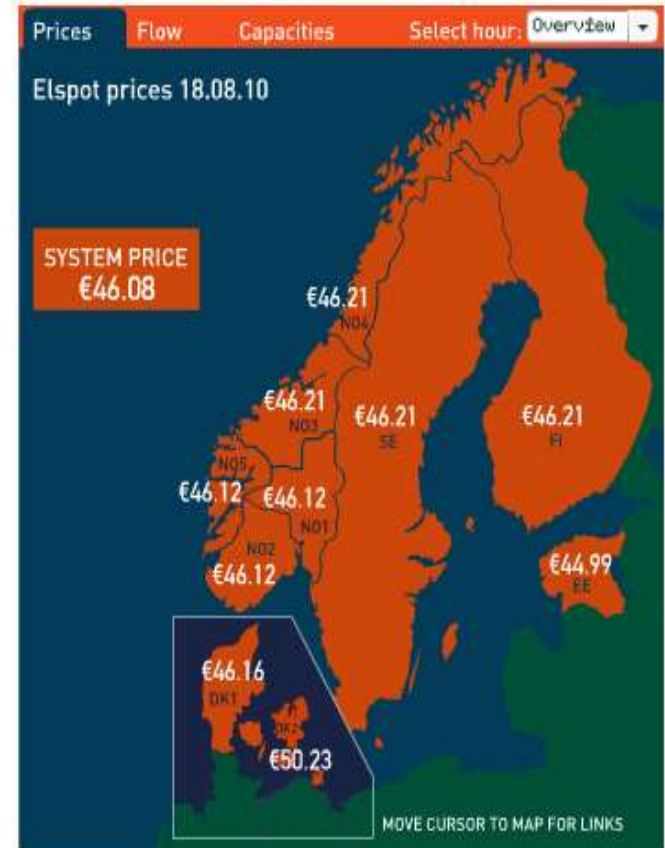
# AGENDA

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Estonian electricity trading  
market development

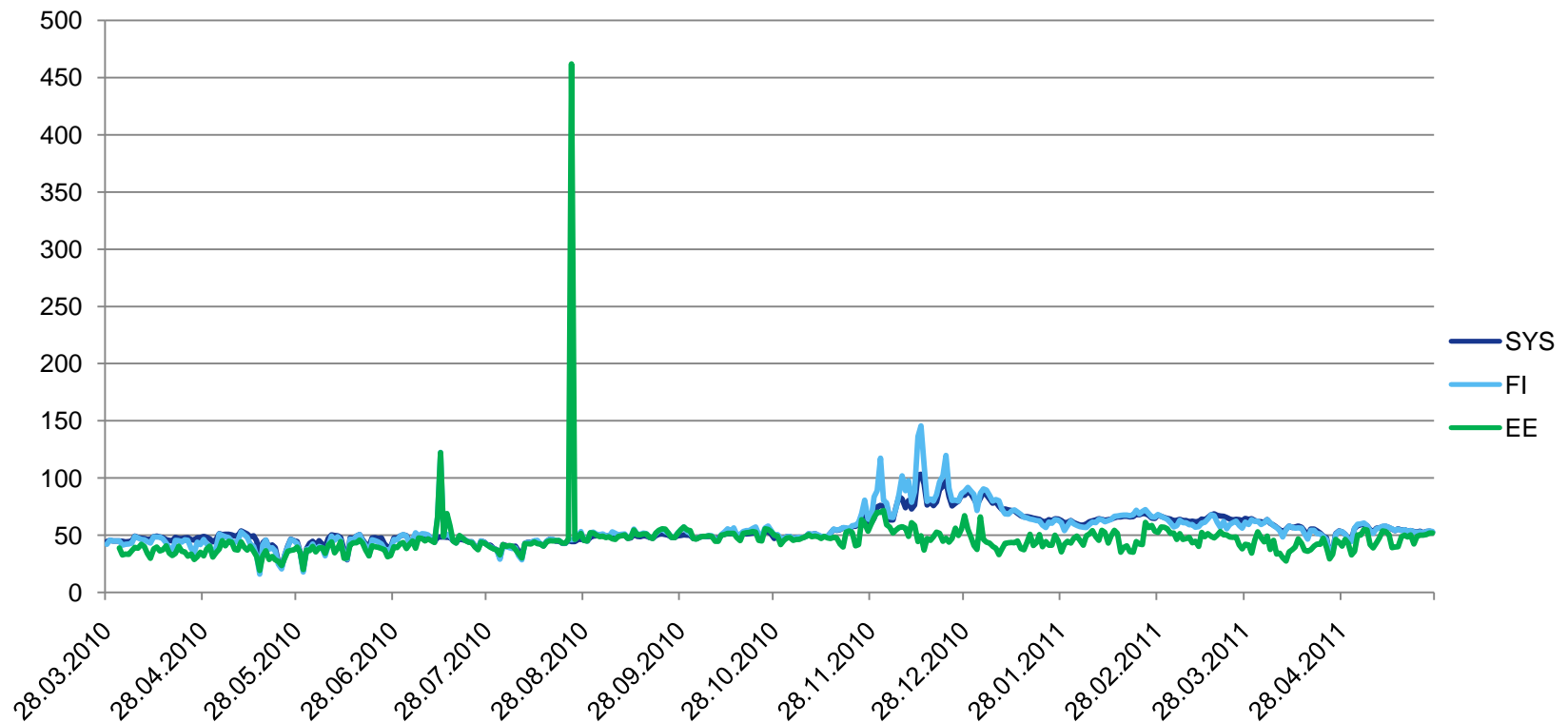
# ESTONIAN price area

- There are 17 participants (11 DP and 6 CC) trading in ELSPOT ESTONIAN area presently, continuous interest
- 4 participants are trading on intraday market ELBAS since Oct. 2010
- Cumulative 12 months sold volume reached 5,24 TWh and purchased volume 3,56 TWh
- Lowest monthly price was in May 2010 (34,81 EUR/MWh), highest in August 2010 (56,62 EUR/MWh)
- Estlink had during first 12 months the most bottlenecks in the Elspot-market area. There is need for Estlink 2.



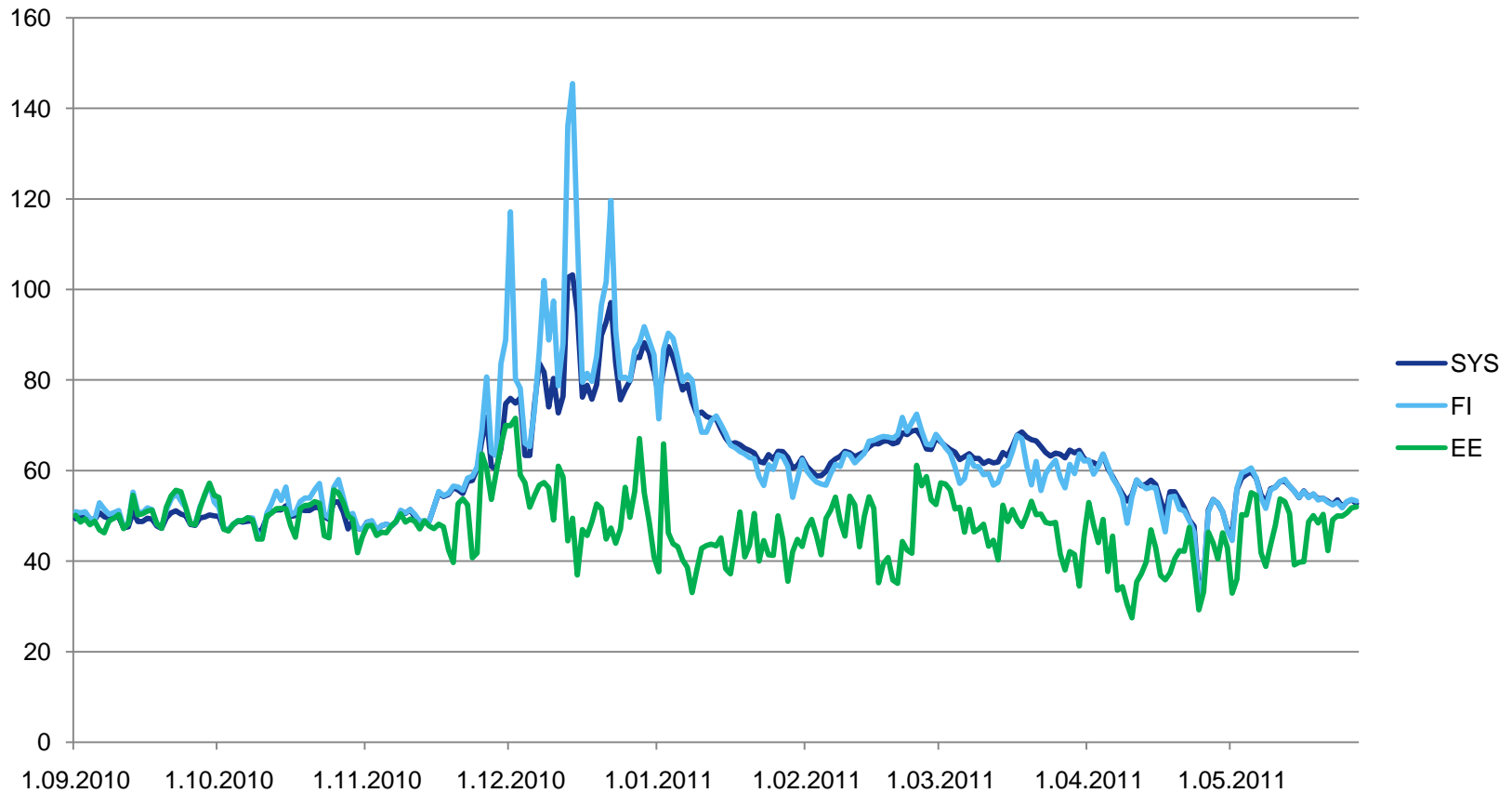
# Price dynamics from April 1st, 2010

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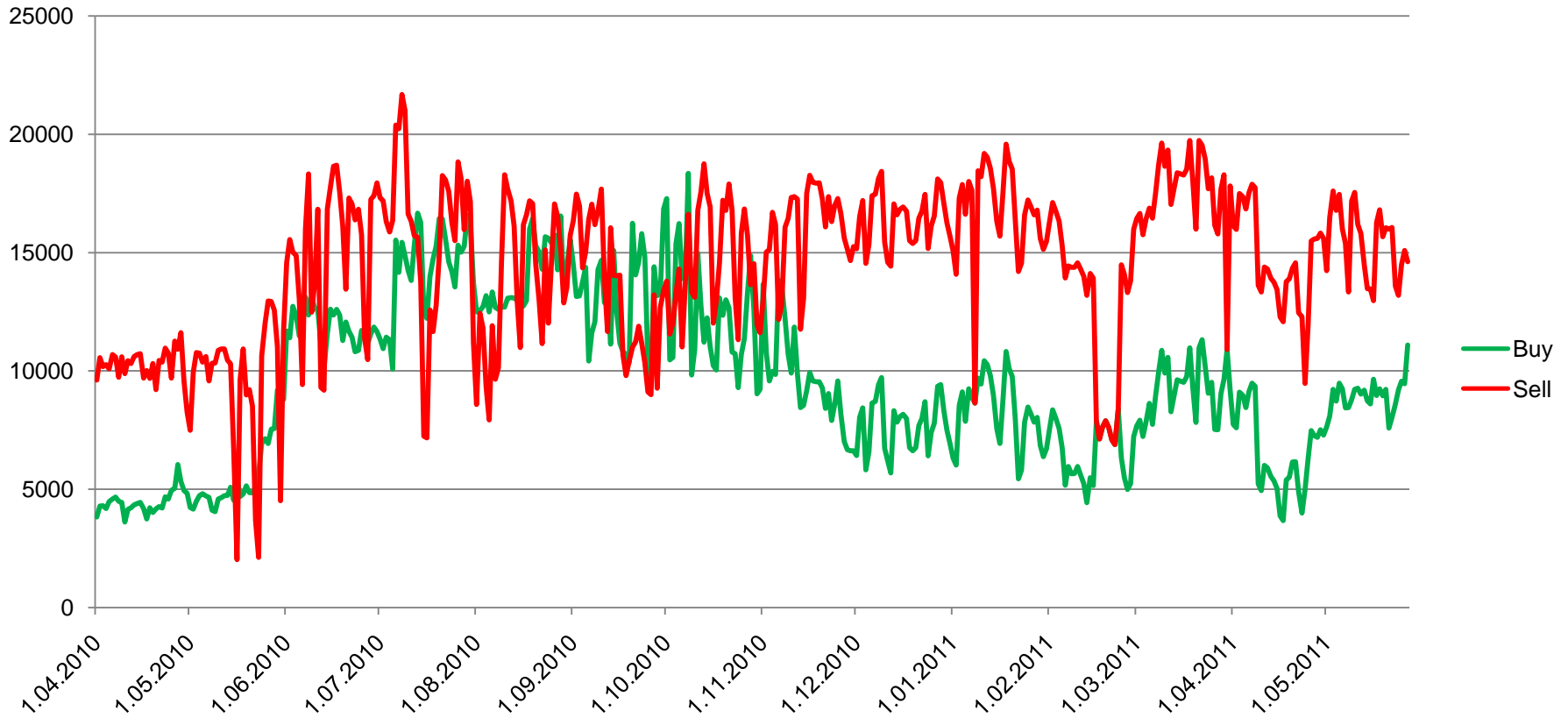
# Price dynamics from September 1st

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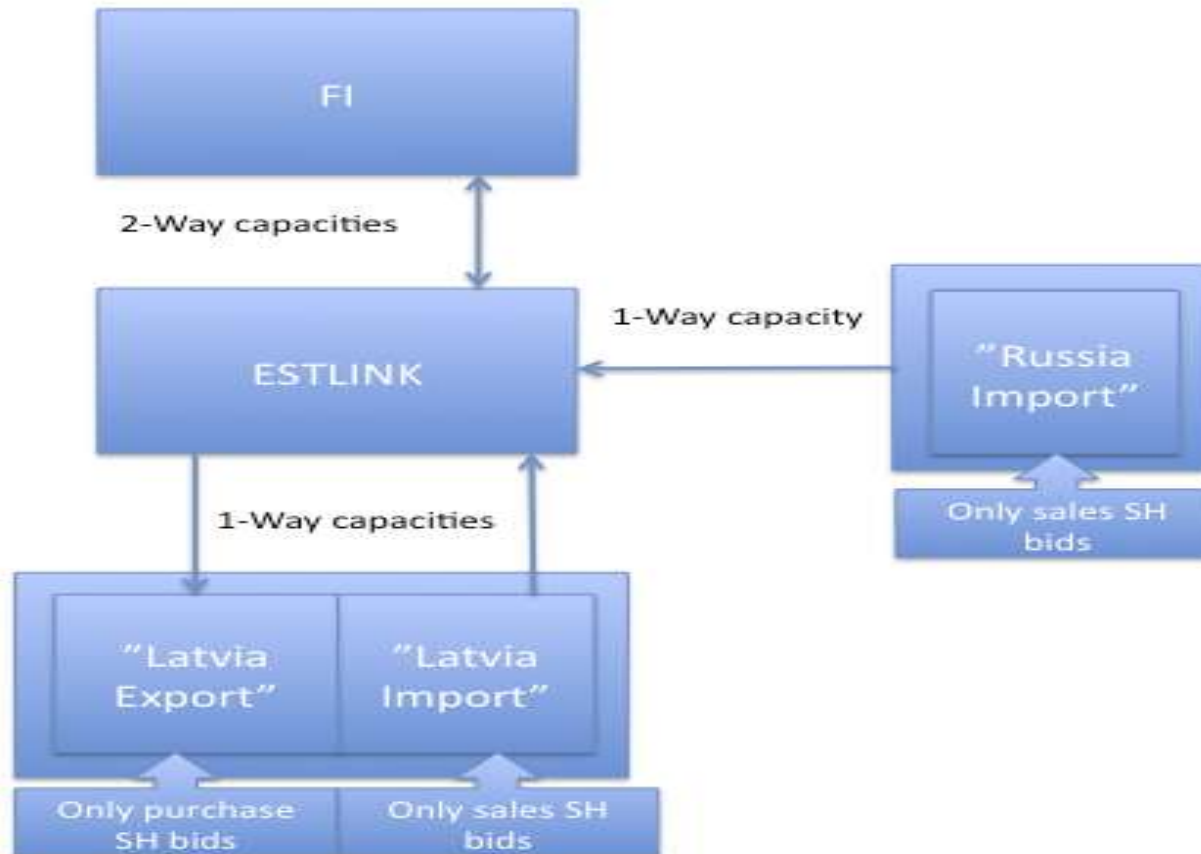
# Daily trading volumes; MWh

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# Latvian cross-border optimization in Elspot-market

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# Necessary steps for Nord Pool Spot to form 3 price areas in the Baltic's

# Frame for implementation, Nord Pool Spot view

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- Nord Pool Spot is ready to establish new price areas as soon as local conditions are ready
- 6 months time of notice to the market in Latvia is needed due to connection to existing price area
- For Lithuanian price area will not have similar 6 months notice time
- NPS can establish new price areas independently or simultaneously

# NPS view for entrance to Latvia

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- In April 2011 NPS BEMIP delivered a letter to Latvian authorities with comments to:
  - Delivery of confidential data for market supervision purposes to TSO and regulator
  - Business plan information delivery to the regulator
  - Clarification request related to business process descriptions
  - Role of the subsidized production
- Price area implementation can take place after the ISO certification by EU is finalized
  - 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
- Future outlook for the Elspot-area implementation is slightly uncertain

# NPS views for entrance to Lithuania

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- Current legislation changes must firstly be approved in the parliament
  - Cross border capacity allocation will take place in the Elspot-market
    - Solution will have similarities with EE/LV
  - Regulated maximum price rules in Lithuania must be updated
    - Peak load bidding arrangements ensures in Nordic markets that there will always be a price less than the technical limit (2000€)
  - Very constructive co-operation with Litgrid is existing today
    - Baltpool arrangement
  - Future outlook for the Elspot-area implementation during 2011 is positive
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# Final summary

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- NPS is committed to BEMIP action plan
  - NPS BEMIP project works as the practical tool to ensure success
- NPS will continue to the work towards common goals but not forgetting our key values:
  - Trustworthy price
  - Market transparency
  - Functioning competition

Thank You for your  
attention!

Karri Mäkelä  
[Karri.makela@npspot.com](mailto:Karri.makela@npspot.com)

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