16th Baltic Electricity Market Mini-Forum

NORD POOL SPOT INTEGRATED MARKET IN BALTICS

Hando Sutter

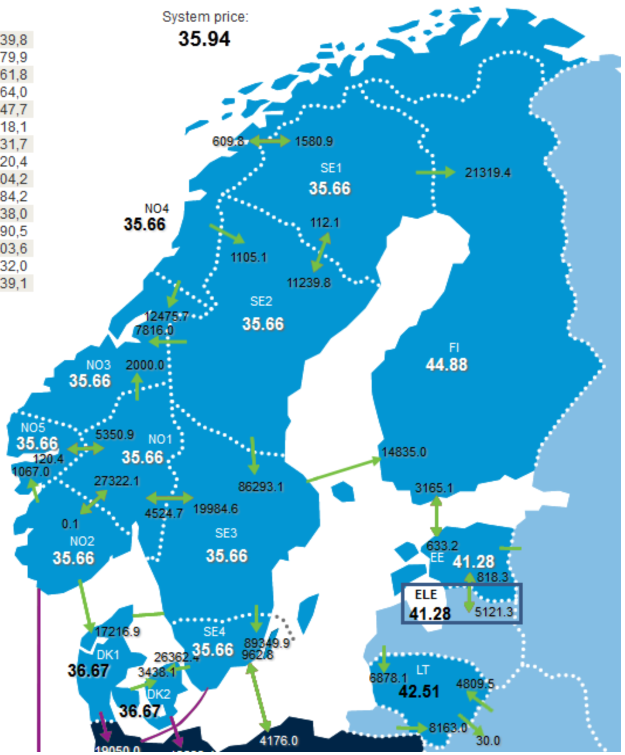
What has happened in 2013

13-11-2012 Resolution Whole Day Currency EUR Capacities Flow Area Pric
ITVC ITVC

Elspot volumes

	Buy	Sell
NO1	116 232,4	101 139,8
NO2	100 374,0	145 979,9
NO3	57 453,5	35 161,8
NO4	48 312,1	62 864,0
NO5	34 284,2	38 447,7
DK1	67 095,4	42 818,1
DK2	50 032,2	20 231,7
SE1	29 944,4	61 420,4
SE2	38 227,9	120 104,2
SE3	250 653,8	263 584,2
SE4	75 625,5	12 638,0
FI	150 376,8	111 690,5
EE	7 868,7	14 703,6
ELE	9 935,0	5 632,0
LT	23 939,1	23 939,1

System price:
35.94

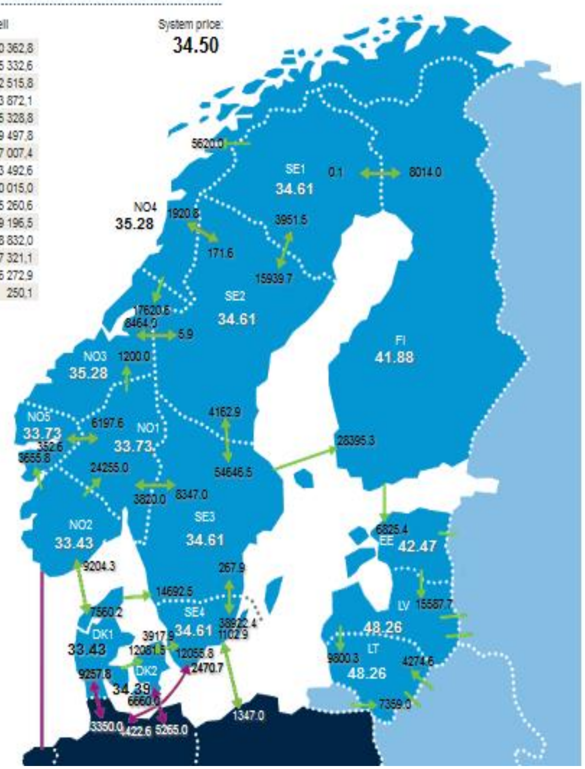


30-10-2013 Resolution Whole Day Currency EUR Capacities Flow Area Prices
ITVC ITVC

Elspot volumes

	Buy	Sell
NO1	94 735,8	70 362,8
NO2	89 065,9	115 332,6
NO3	59 794,5	32 515,8
NO4	43 620,7	53 872,1
NO5	43 139,6	45 328,8
DK1	41 079,7	69 497,8
DK2	40 951,0	37 007,4
SE1	27 870,5	53 492,6
SE2	41 312,3	90 015,0
SE3	227 913,9	225 260,6
SE4	65 988,9	19 196,5
FI	138 415,8	108 832,0
EE	18 558,8	27 321,1
LT	26 073,2	16 272,9
LV	6 037,5	250,1

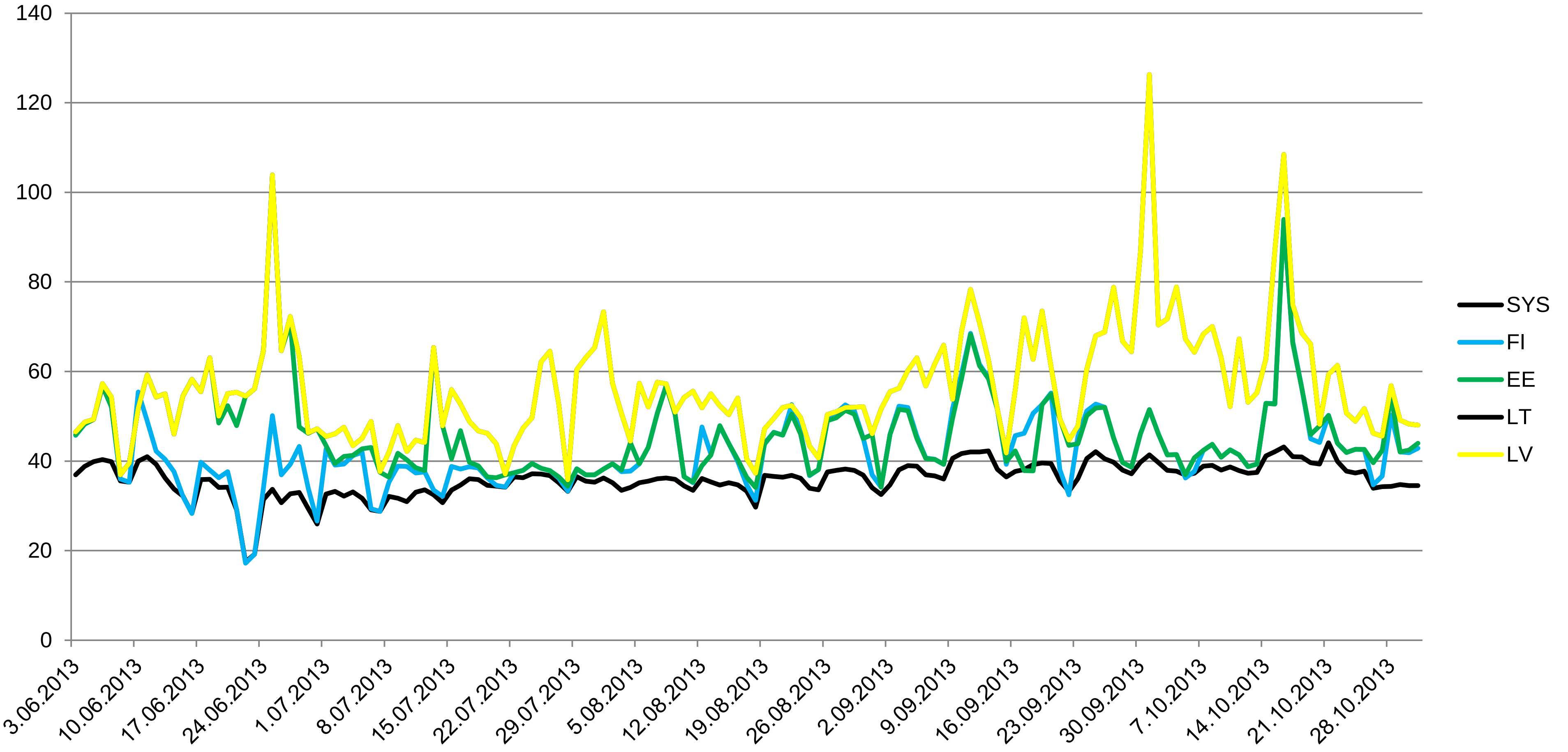
System price:
34.50



Members

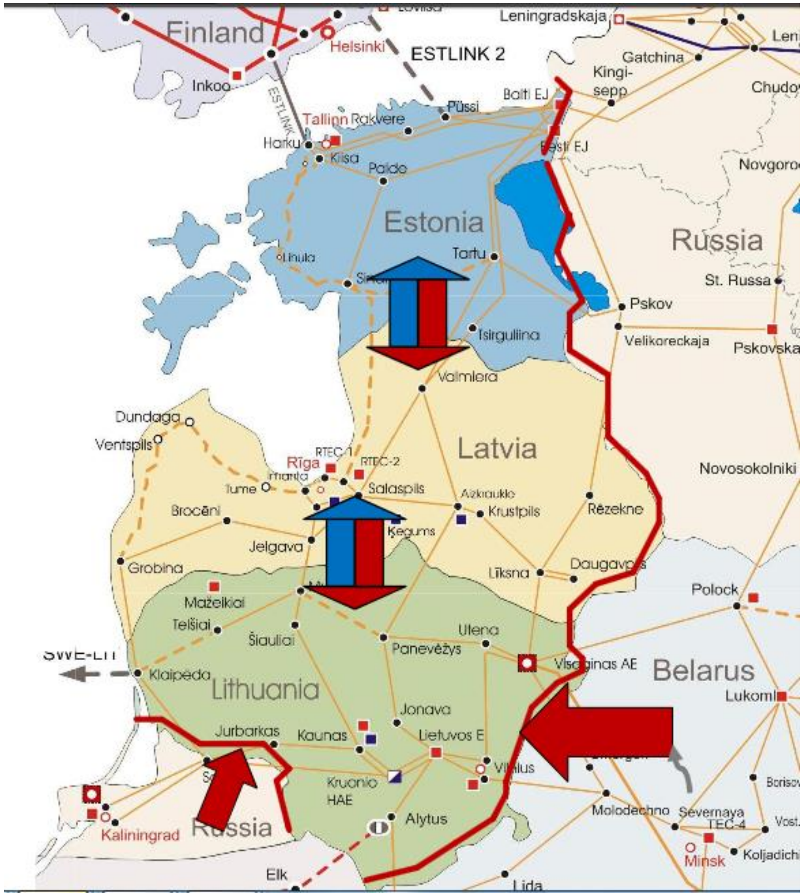
	Participants	Clients	Elbas
Estonia	9	5	4
Latvia	1	4	
Lithuania	19	6	
TOTAL	29	15	4

Price dynamics after June 3rd

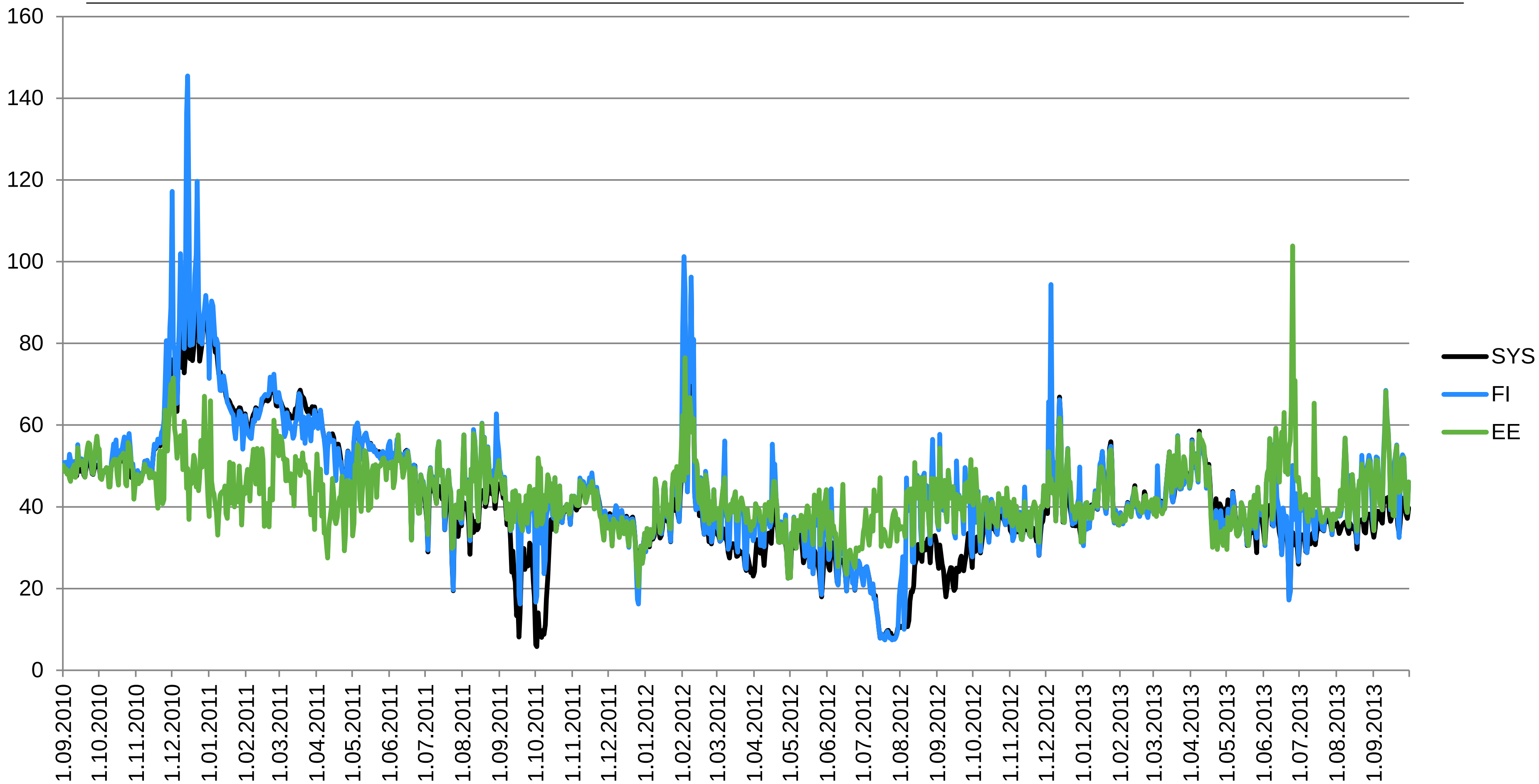


Baltic price drivers in 2013 summer

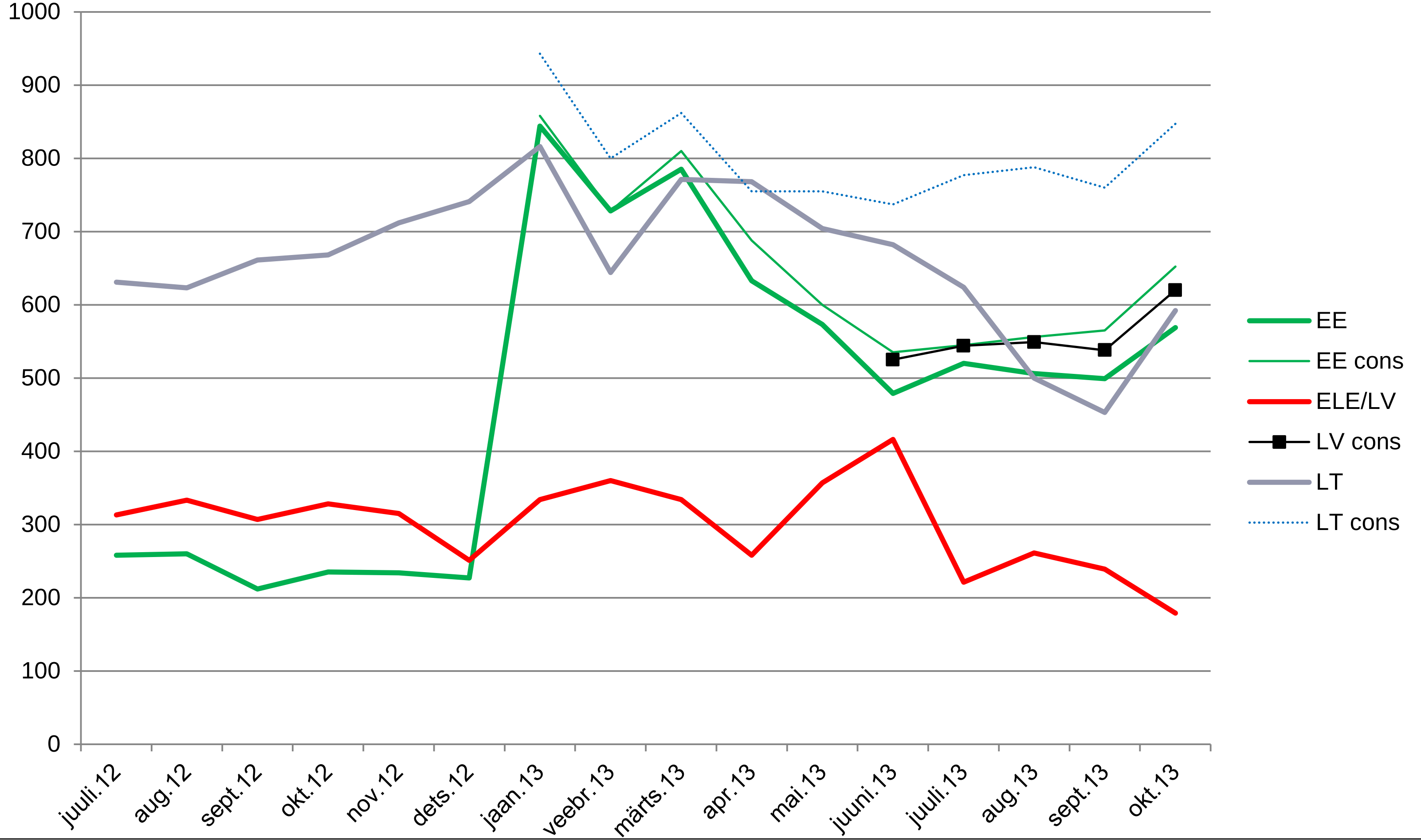
- Baltic TSO's 15.03.2013 agreement
- Latvian bidding area opening in June 3rd
- Higher SYS price compared to 2012 summer
- Limited imports from Russia
- Several generation maintenances in Baltics and Finland
- Several interconnection maintenances in September/October



Price dynamics since 09/2010



Baltic volumes monthly; MW



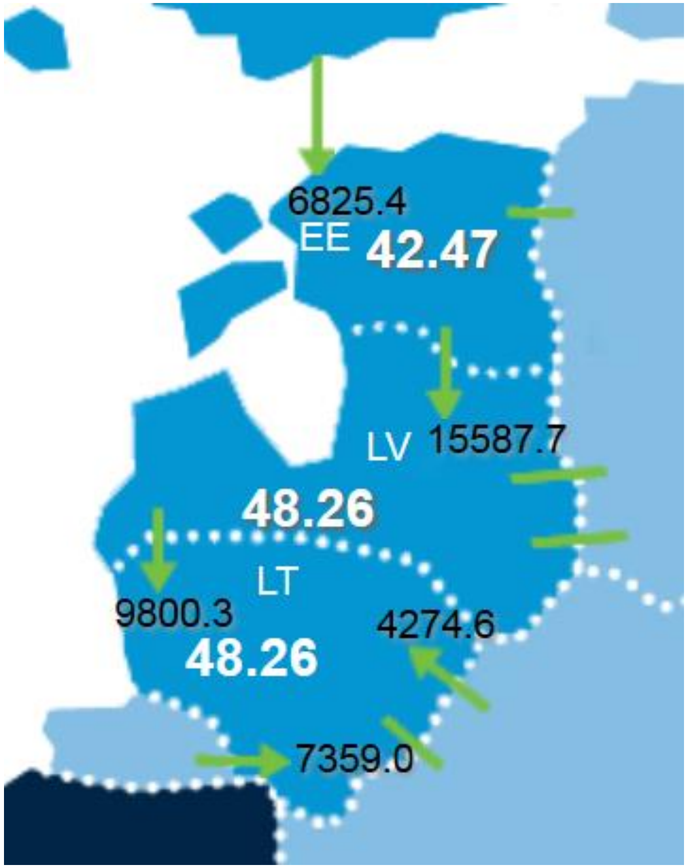
Baltic 2013 10 months volumes

- Lithuania – 6,55 TWh; 82%
- Estonia – 6,14 TWh; 94%
- Latvia – 2,96 TWh; 47%

TOTAL: 15,65 TWh; 90%

Key milestones in 2013

- New UMM platform launch in May
- Latvian Elspot area opening in June
- Lithuanian and Latvian Elbas area opening in December



Positive outlook in Baltic's

- Estlink 2 to be given to the market use since 06.12.2013

  1000 MW EE>FI and 860 MW FI>EE

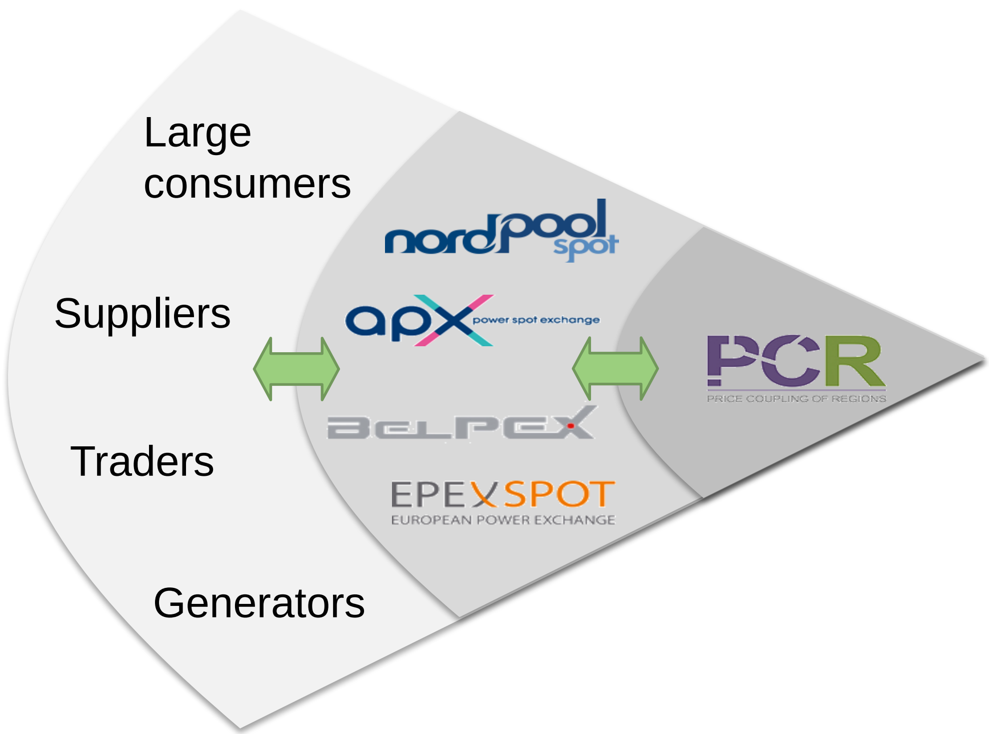
- Elbas LT, LV launch is scheduled on Dec 10, 2013
- NASDAQ OMX together with Baltic TSO's is planning to launch Baltic EPAD combo in June 2014
- Lithuania has approved changed regulation reducing the subsidies to generation. Since January 2014 only Litgrid will decide usage of subsidised generation.
- NordBalt and LitPol links progressing according to schedule and should be commissioned in 2016

Further challenges in Baltic's

- Opening of the markets and harmonizing of the rules should continue as agreed in BEMIP plan – dispute among stakeholders is making impossible for market participants to plan their future. More risk, higher margins and less competition!
- Current Latvian electricity excise tax implementation doesn't allow Latvian renewable energy to be traded through power exchange
- 3rd countries border handling mechanism
- Common balancing energy price calculation principles, more in loop after Elbas launch
- Further training of market participants (bidding behaviour, UMM's etc.)

Longer term common goals should be kept in mind solving short term challenges!

NEW impact on market members



- Interfaces to customers will stay as today
- Procedures updated
- EMCC will not continue

NWE PC - summary for NPS members

In case of full or partial decoupling OBKs are re-opened

Price cap change! +3000 and -500 EUR/MWh

Prices are preliminary until confirmed to be final

Prices to be published earliest at 12:42

Loss implementation on some (IFA, Britned, NorNed and Baltic Cable) links will be notable as it gives different prices also between uncongested areas

THANK YOU!

Hando Sutter,
Regional Manager Estonia, Latvia, Lithuania and Russia

M: +372 50 40 273 | T: +372 6 164 543
E: hando.sutter@npspot.com