

# Issues in Power Trading, Finland

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Finnish Energy Industries

BALTIC ELECTRICITY MARKET MINIFORA  
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# Finnish Energy Industries

Organisation for Modern Times

# Finnish Energy Industries

Founded 29 September, 2004

Managing Director Juha Naukkarinen

Founders:

Companies operating in the energy sector.

The founders are members of:

- - Finnish Energy Industries Federation
- - Finnish Electricity Association
- - Finnish District Heating Association
- - Finnish Association of Energy Employers

Focus:

Industrial policy and labour market policy

# Field of Activity

- Production, procurement, transmission, distribution and sales of electricity
- District heating and district cooling
- Design, implementation, operation, maintenance and construction of networks and power plants
- Labour market policy
- Provision of other services for the branch

# Divisions

## **ELECTRICITY SUPPLY AND TRADE**

- influences the operation of both electricity wholesale and retail markets.

Central objectives:

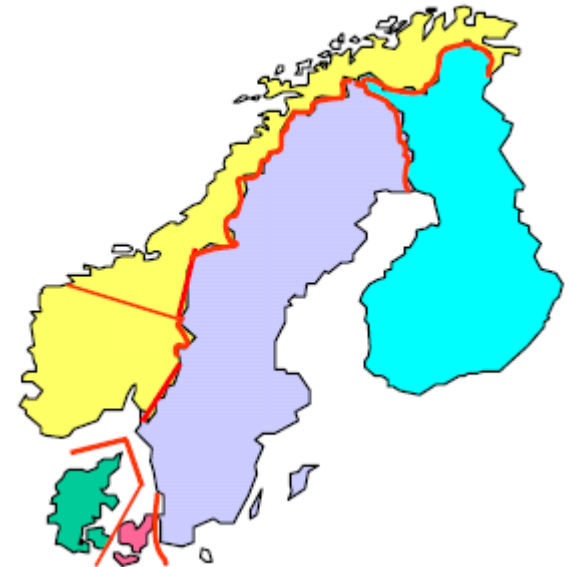
- promotion of functionality of the electricity market and a good competitive environment
- contribution to public debate on the electricity market
- developing practical procedures in the electricity market

# Issues in Power Trading at Nordic Power Market

Overall conclusion:

**Nordic Electricity Market functions basically well**

- Common wholesale market place for 10 years (Nord Pool)
- Liquid spot-market (Elspot) and financial market (Nord Pool ASA)
- TSOs have long history of co-operation (Nordel)
- Increasing integration with Central Europe (KONTEK price area established autumn 2005)



## Electricity sector structure, an overview

|                              | S, DK, N, FIN together | The 5 biggest   |
|------------------------------|------------------------|---|
| <b>Generation</b>            |                        | <b>Vattenfall, E.ON /<br/>Sydkraft, Fortum,<br/>Statkraft, PVO</b>      |
| Nr. of companies             | <b>350</b>             |   |
| Share of 5 the biggest       | <b>57 %</b>            |   |
| <b>Distribution networks</b> |                        | <b>Vattenfall, E.ON /<br/>Sydkraft, Fortum,<br/>Nesa, Hafslund</b>      |
| Nr. of companies             | <b>550</b>             |   |
| Share of 5 the biggest       | <b>35 %</b>            |   |
| <b>Sales / Supply</b>        |                        | <b>Vattenfall, E.ON /<br/>Sydkraft, Fortum,<br/>Hafslund, Statkraft</b> |
| Nr. of companies             | <b>450</b>             |   |
| Share of 5 the biggest       | <b>36 %</b>            |   |

# Specific Issues

- ***Congestion management***

- ☑ *Congestion management supports efficient market functioning by enhancing coherence in electricity market (investments and increased counter trade).*
- ☑ *Decisions concerning congestion management must be made through co-operation between relevant parties in the market area with focus on the entire electricity market area.*

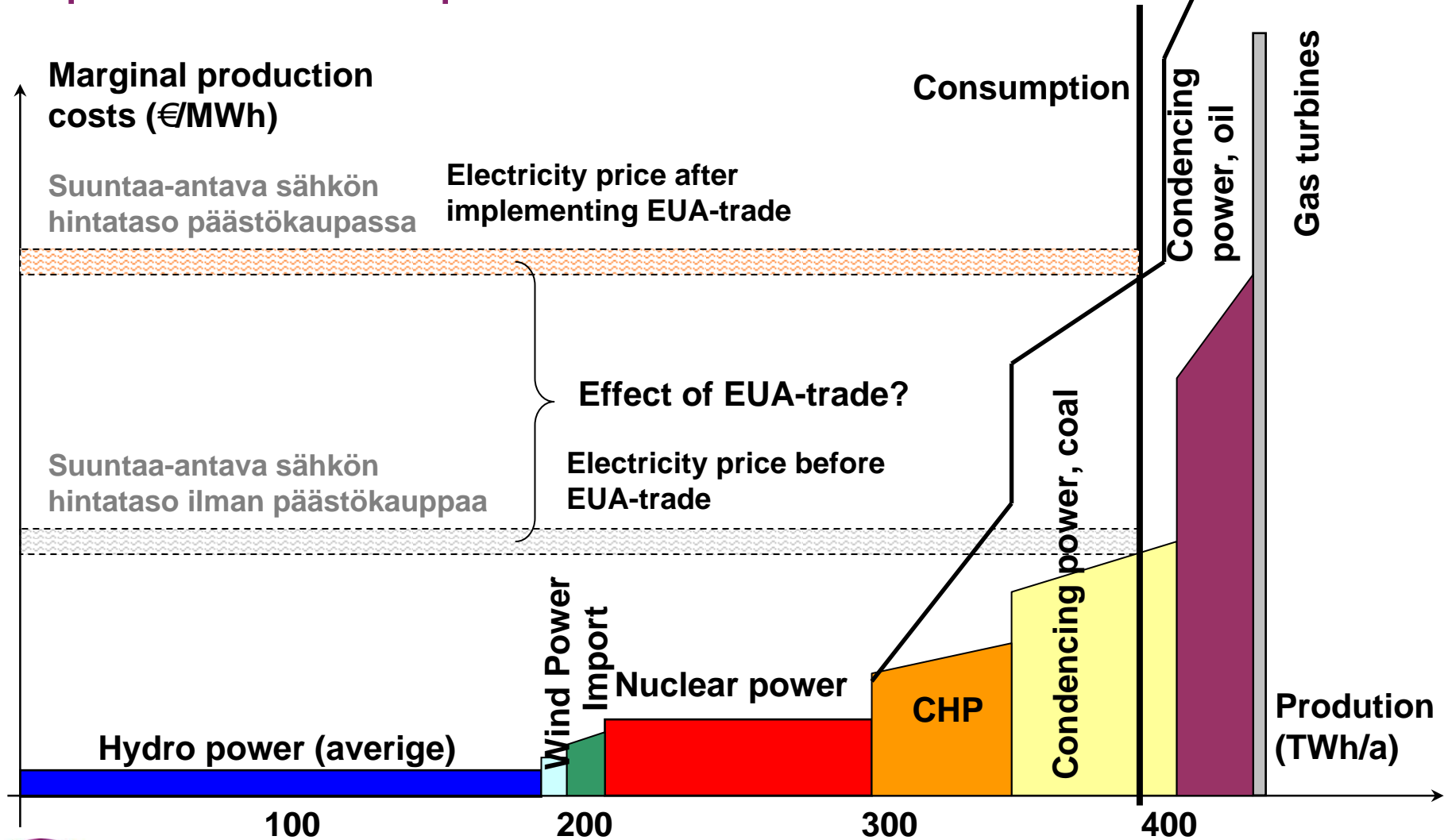
- ***Market transparency***

- *Although transparency in Nordic Electricity Market is in relatively good shape there is still room for improvements.*
- *Eurelectric position paper on Market Transparency provides a good basis for improvements in order to better understand price formation.*
- ☑ *Relevant and equal information on electricity market and power system promotes efficient market functioning*

- ***Security of supply***

- *significant change in the position of condensing power production after implementation of EUA-trading scheme*
- *uncertainty in energy and environmental policy + volatile EUA-price give poor preconditions for investment decision in power production*
- ☑ *Consistent Energy policy and increased transparency on EUA-market*

# Electricity Price formation at Nordic Market, impact of EUA-price, indicative illustration



# Thank You!

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