

# **Baltic Power Market**

a trader's perspective

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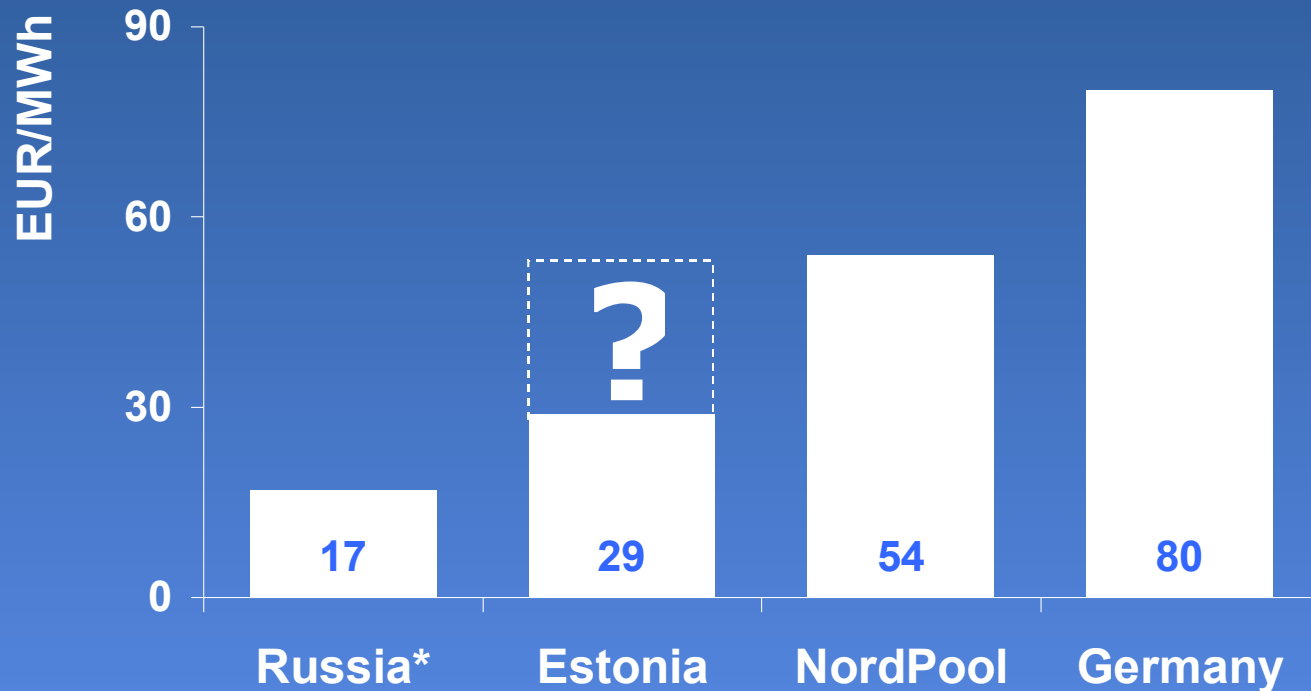
# Policy and Legal

- Security of supply issues should be solved at regional level and not at expense of free market functioning
- Legal acts governing the national electricity markets must be harmonized and made available in international languages
- Clear long-term regional policy on treatment of imports from non-EU areas

**Work out policy together!**

# Exhibit 1 – Case Estonia

Price of Power today at 14:00



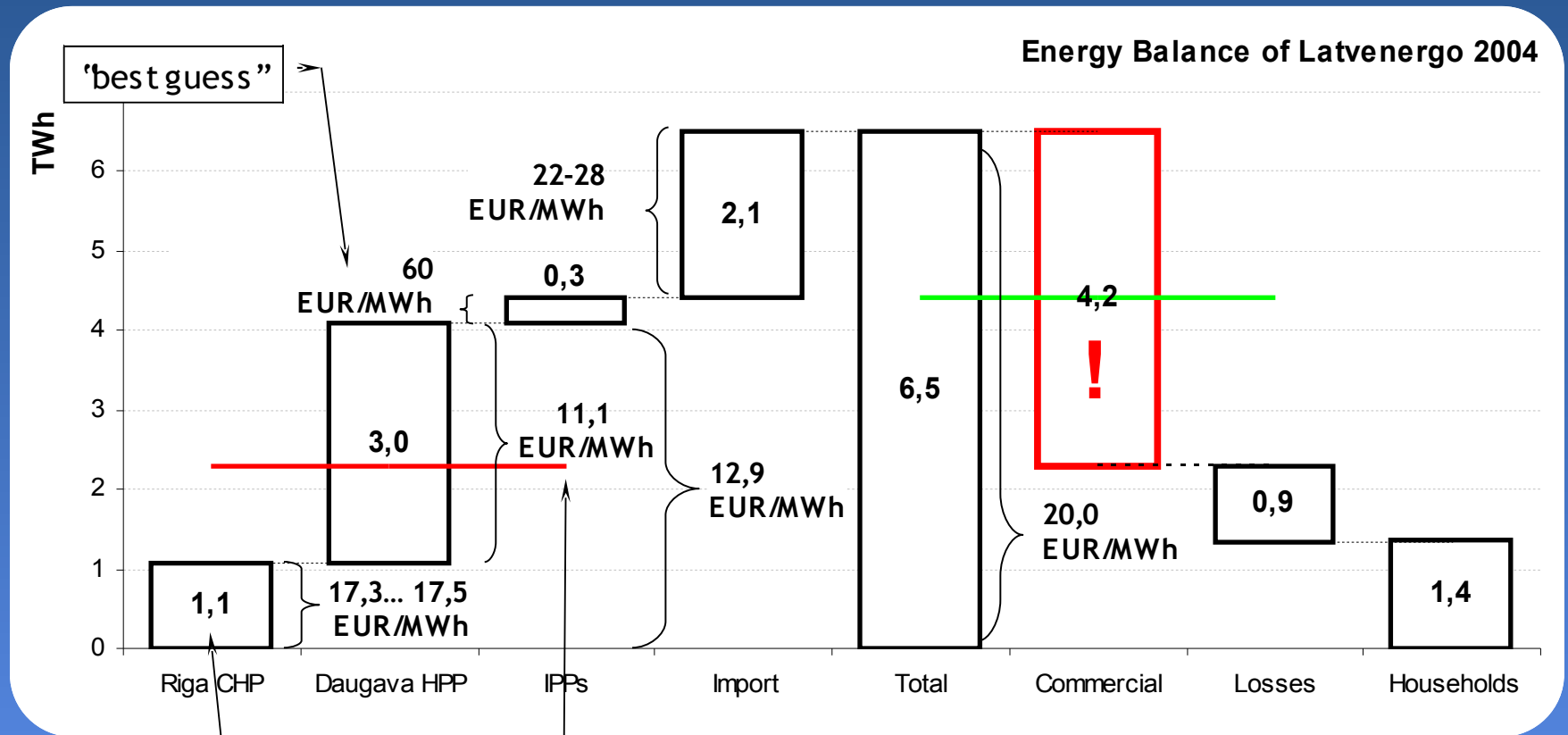
**Can regulated price caps in open market be biggest threat to the security of supply?  
California, remember?**

# Market regulation

- The structure of transmission and distribution tariffs should be harmonized
- Energy prices should be separated from transmission tariffs and billed separately
- Revise the electricity price regulation principles. Trust power market but deal swiftly with market power

**Create transparency!**

# Exhibit 2 – Case Latvia



Only variable cost

Set tariff

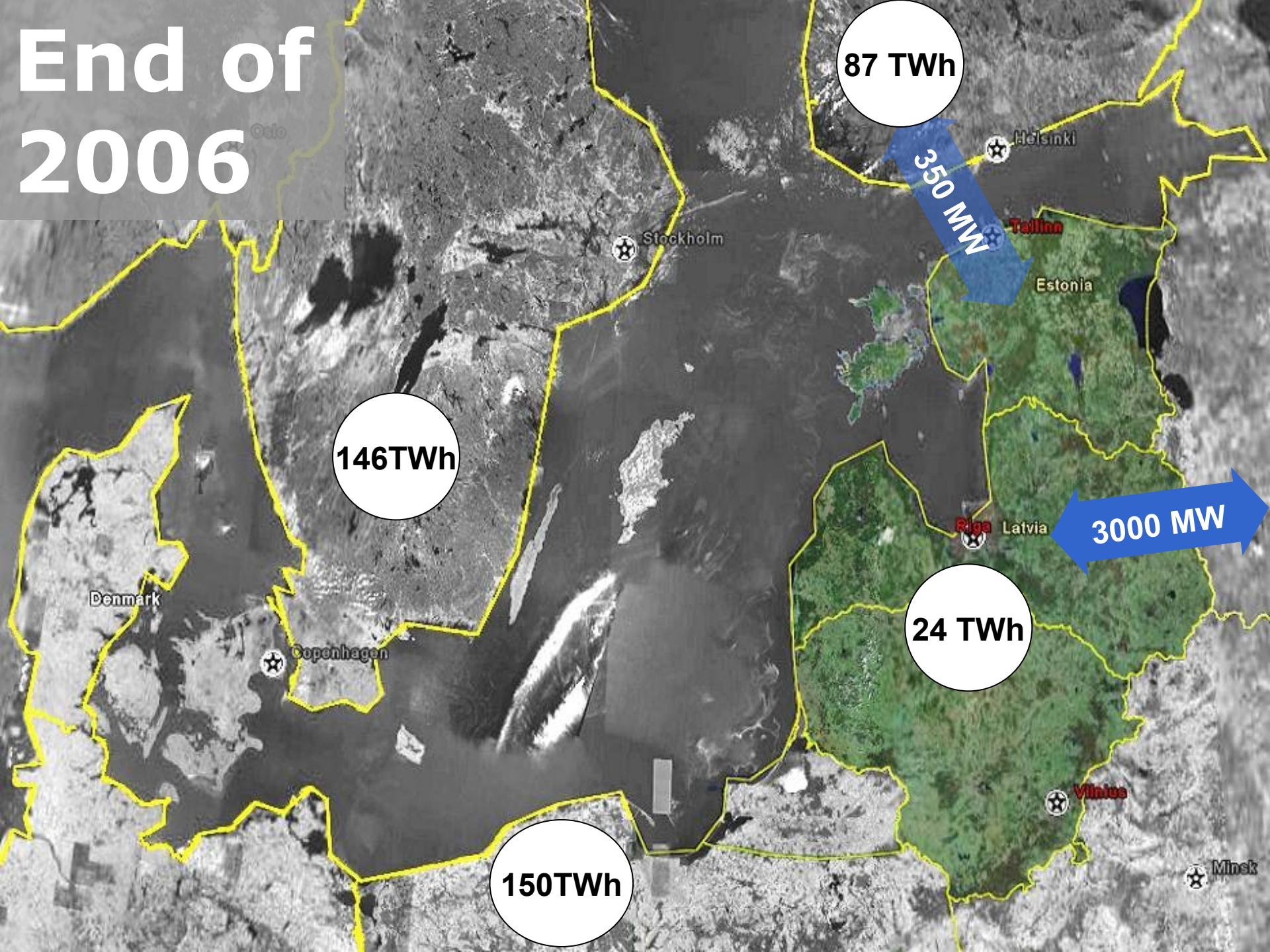
Actual competition can happen only in amount of imported energy. Due to "distorted tariffs" (weighted average) no actual competition is possible

# Licensing of sales activities

- There should be no licenses or authorizations needed for export or import of power from or to other EU countries
- Sales license issued in one of the Baltic country should be valid in all three states
- Suppliers should be free to choose their portfolio without large restrictions

**Make it easy!**

# End of 2006



# Balancing

- Balance providers are able to change their positions close to actual trading period without penalties
- Baltic power market operates as a single balancing area with single price for balancing
- Common regulation market is established where all potential providers can participate directly

**Establish one market!**

# Transmission System Operators

- Commit to build jointly inter-connectors to other EU countries (Poland, Finland, Sweden) as infrastructure projects
- Make available to all market participants on equal basis the technical system information relevant to trading
- Network operators obligations towards traders should be harmonized. Data exchange to be standardized and automated - especially customer metering data

**Become infrastructure!**

# 5 recommendations

- Work out policy – together
- Create grid access transparency
- Make market entry easy
- Establish single market
- TSO-s become an infrastructure

# Thanks!

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