

# *Regulation in Estonia*



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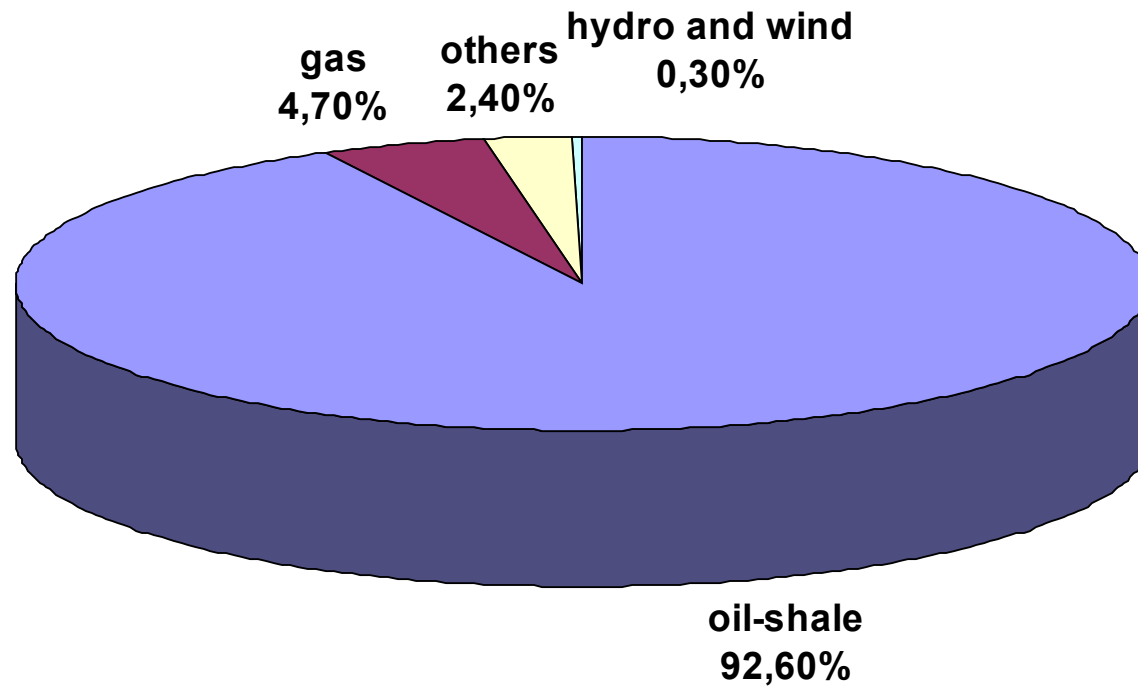
**Märt Ots**  
**Energy Market Inspectorate**

**Mini-Fora, Tallinn 21.04.2006**



# Electricity generation

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# Electricity market opening

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## Transitional period for market opening

<b>Date</b>	<b>Annual consumption</b>	<b>Market opening degree</b>
until 01.01.2009	40 GWh	10% approx.
from 01.01.2009	expected 5 GWh	35%
from 01.01.2013	all consumers	100%



# Electricity market

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## ■ One big player *Eesti Energia AS*

- 100 % owned by the government
- More than 95% market share in generation
- 85% market share in distribution
- 99% market share in wholesale
- Owner of TSO

## ■ Large number of distribution companies

- **Total number 41**
- *Eesti Energia* 6000 TWh year
- 10 companies 50-300 TWh year
- 30 very small companies
- The concession principle is used for electricity distribution (line-to-line competition is not allowed).



# Electricity unbundling

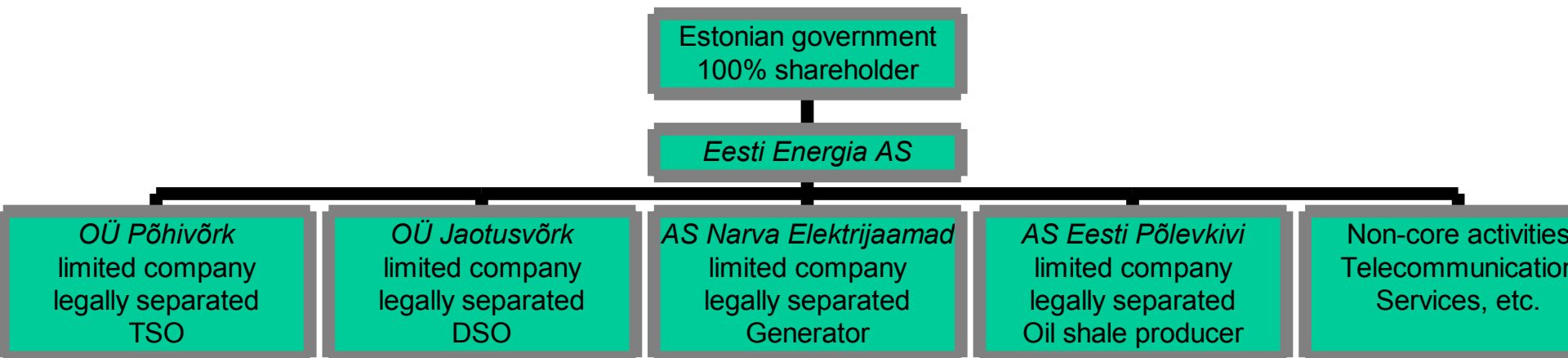
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- Legal unbundling of transmission and distribution
  - If the number of customers of DSO is less than 100 000, the unbundling of accounts is required.
- If the legal unbundling is not required, the companies are obligated to present in annual report separate balance sheets, income statements, etc.
- EMI has prepared guidelines for preparation of compliance programme according to the EU directive.



# Structure of unbundling

## Structure of *Eesti Energia AS*





# Electricity market

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- The market share of *Eesti Energia AS* in wholesale is 99% approximately.
- 10 eligible customers today, annual consumption 700 GWh
- No restrictions for importing from EU member states Latvia, Lithuania, Finland. The licence is required, but the issuing is formal.



# Licensing

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In order to get an import or supply licence:

- The company shall be the Estonian legal entity; stock company or limited company
  - The minimum share capital 32 000 € is required
  - The state levy per annum shall be paid: 3 200 € for import or/and 640 € for supply.
- One company is importing, some others have indicated interest.
  - EMI has issued some supply licences for independent suppliers.



# Price regulation

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- **3-years RPI-x regulation**
  - Transmission and distribution tariffs
- **Price cap regulation**
  - Oil shale production
  - Power generation at Narva Power Plants (market dominating enterprise) to non-eligible customers
  - Power sales to non-eligible customers



# Public service obligation

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- The network operator is obligated to supply all eligible and non-eligible customers connected to the network.
- If the eligible customer is not able to find an independent supplier, the network operator is obligated to supply those customer with regulated electricity price



# Prices are reasonable in Estonia

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Electricity prices in Estonia are low, but they have been rising slightly in recent years. The prices are significantly below the EU average.

Euro/MWh	Ig	Ib	Dc
EE price	37	56	60
EU15 average	56	101	96

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# Conclusions electricity

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- Reasonable regulated electricity generation tariff 26 €/MWh.
- Reasonable network and end-users tariffs.
- To start an independent power supplier or/and import from EU is not complicated.
- No market today.