



Traders' perspective

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Agenda for the presentation

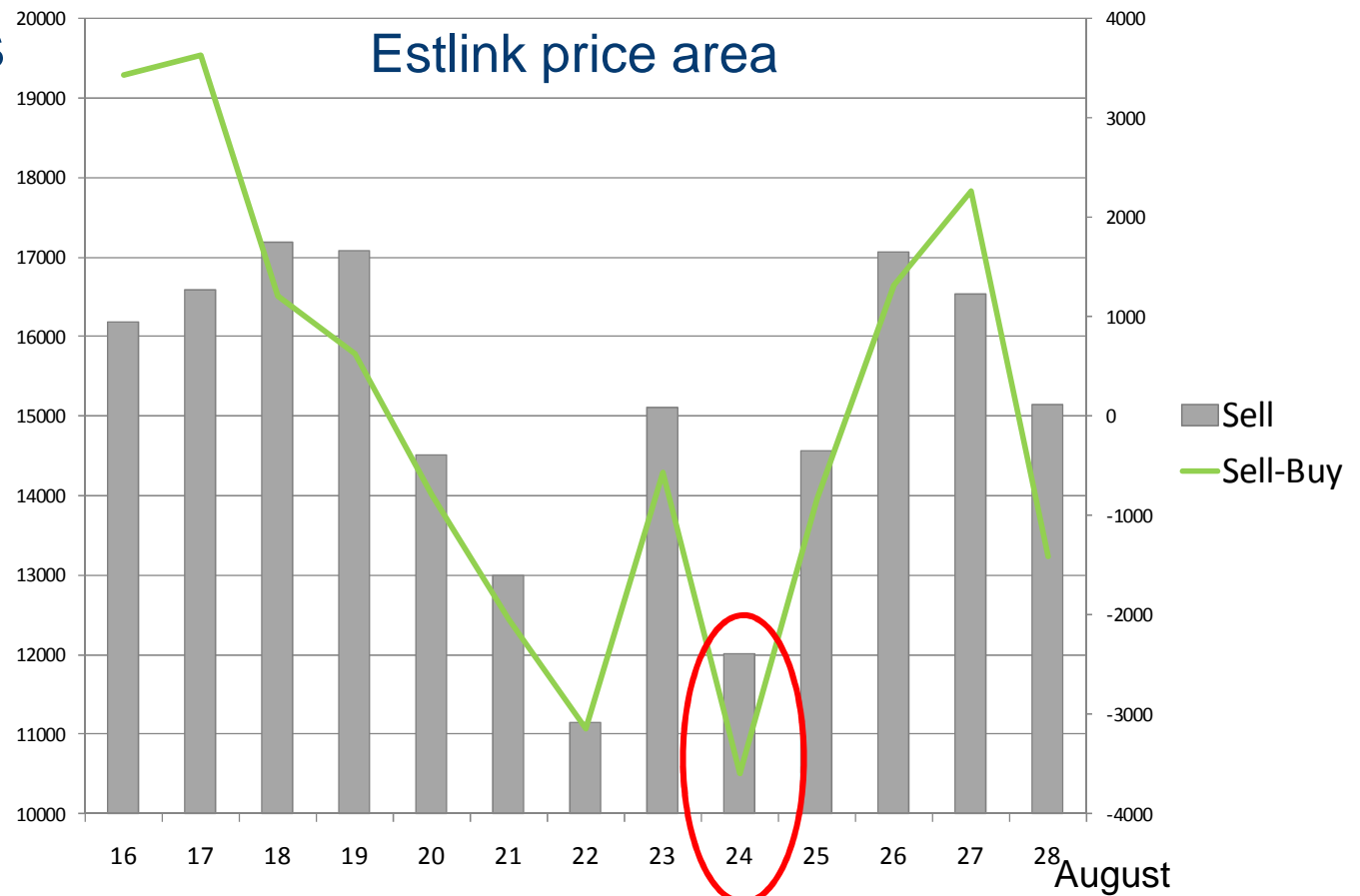
1. 24/8 situation
2. Customer with multiple suppliers
3. Common working language in Baltics

24/8 situation – trade deficit

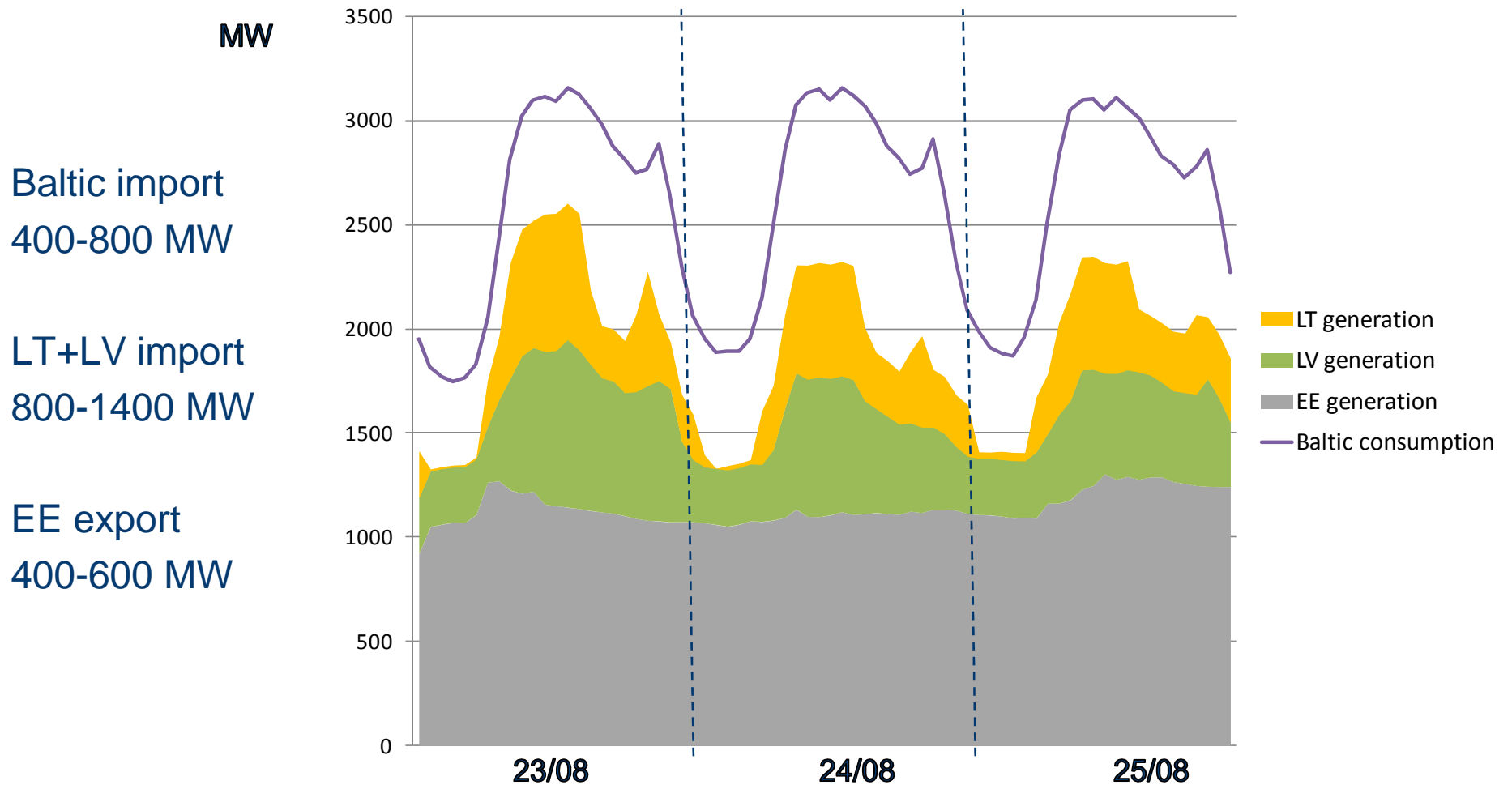


24/8 situation – decreased sell volumes

- Small sell volumes
- Sell less than buy (-3,6 GWh)
- Unplanned outage at TG 12 (200MW)
- Start at 23.8. at 11.08
- End 24.8. at 21.35

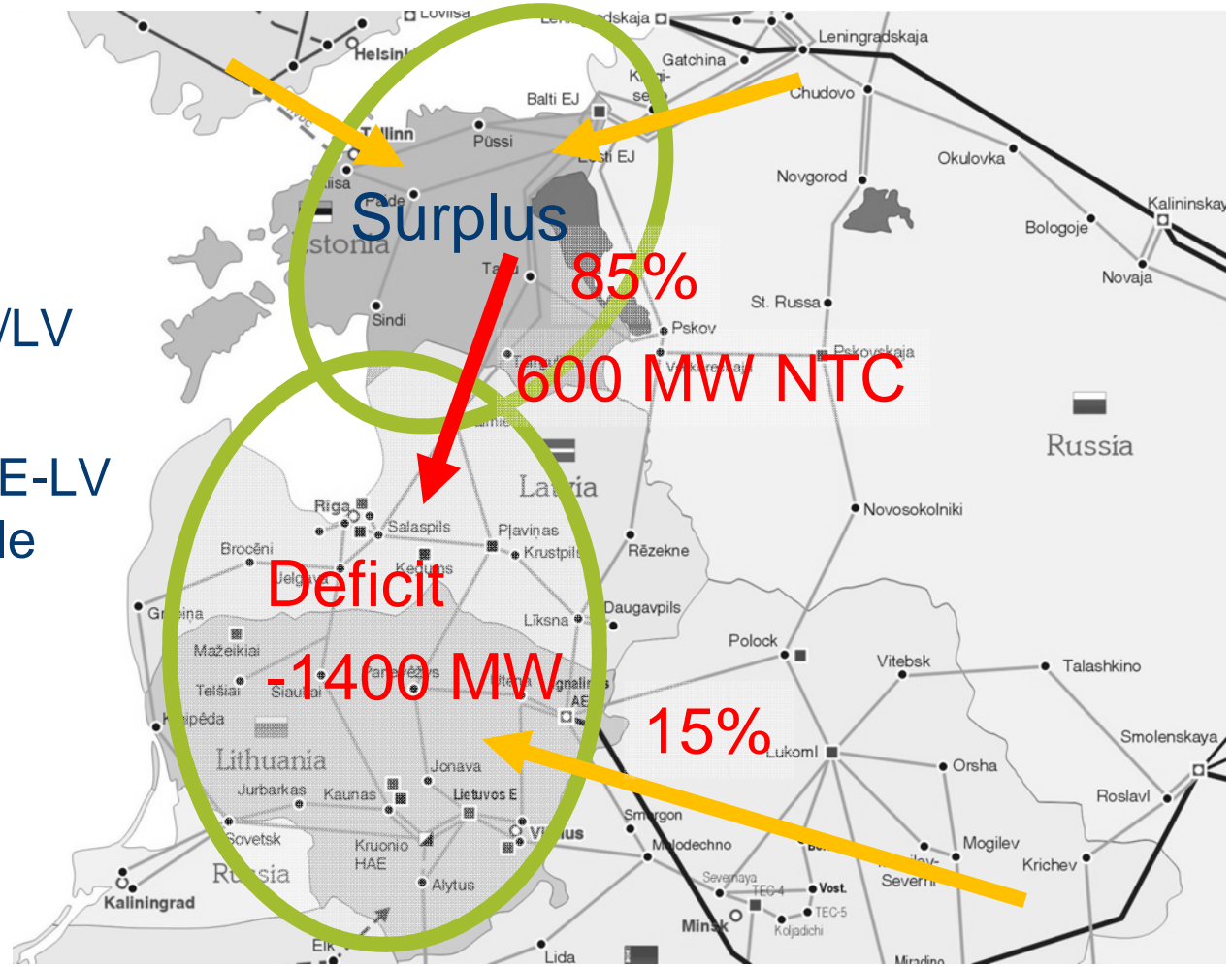


Unbalanced production increase cross-border trade



24/8 situation - tight power balance in LV/LT

- Limited EE-LV capacity
- Limited resources in LT/LV
- Physical flow through EE-LV exceeded 900 MW, while NTC was 600 MW!

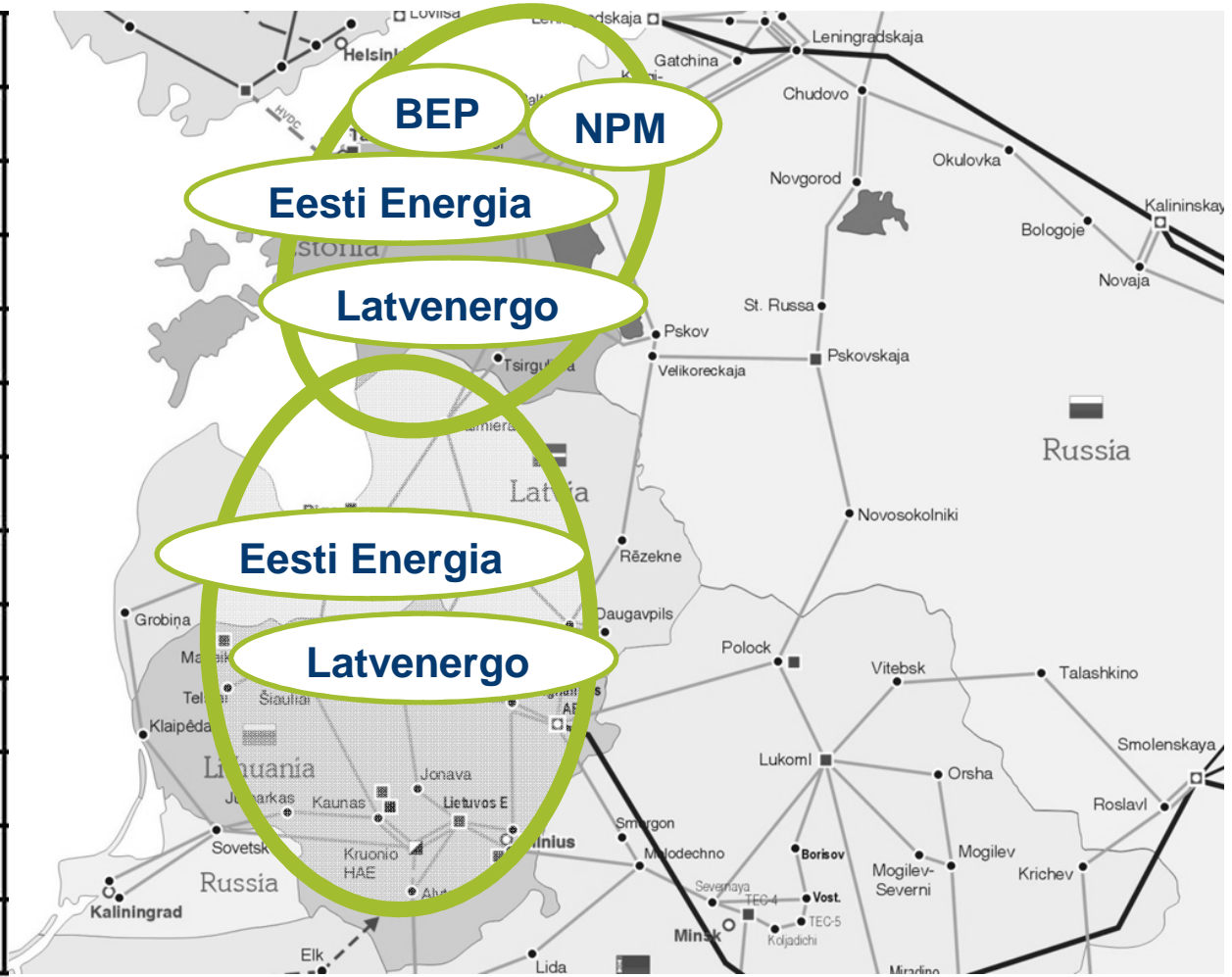


24/8 situation – trader's strategy

- EE-LV capacity optimization (NPS model)
 - NPS model for 80% capacity
 - highest bid price wins
 - pro-rata between max price bids
- Scarce resources in LV/LT
- LV/LT buyers bid max price
 - way to access EE-LV capacity
 - price did not reflect marginal purchase value

Estlink price area is very small and foreseeable market place

AS Latvenergo (LV)
AS Nordic Energy Link (EE)
Elering OÜ (EE)
Eesti Energia AS (EE)
Eesti Energia Kaevandused AS (EE)
Eesti Energia Narva Elektriijaamad AS(EE)
Eesti Pank (EE)
Enefit SIA (LV)
Enefit UAB (LT)
Latvenergo Kaubandus (EE)
Lietuvos Energija AB (LT)
Nordic Power Management OÜ (EE)
OÜ Baltic Energy Services (EE)



Conclusions and way forward

- 2000 EUR price peaks was a result of coincidence of 4 conditions:
 - Narva decreased sell volume
 - Deficit in LV/LT, demand
 - EE-LV capacity optimization method motivating max price bids
 - Some market participant who observed and took advantage by placing 2000 EUR offer in NPS Estlink area
- EE-LV capacity NPS optimization not perfect, but probably the best available interim solution;

Conclusions and way forward [2]

- Short-term improvements:
 - Allocate 100% ATC via NPS optimization
 - Increase ATC (reserves, counter-trade)
- Long-term solution 1 – pan-Baltic NPS
 - Establish bidding areas in LT/LV at a time
 - Pan-Baltic congestion management solution
- Long-term solution 2 – increase NTC (invest)

Customer with multiple suppliers

- Multiple suppliers are allowed;
- Single balance provider, multiple fixed deliveries;
- Balance provider should know about all deliveries;
- Customer should observe existing supply agreement when considering additional.

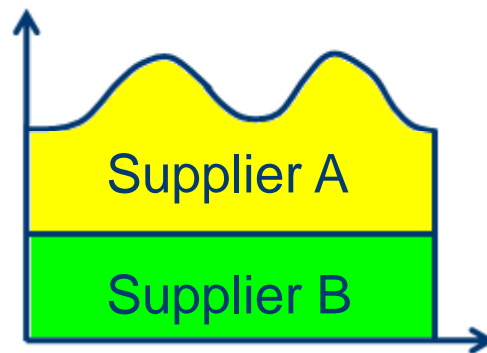
Customer with multiple suppliers [2]

Situation 1



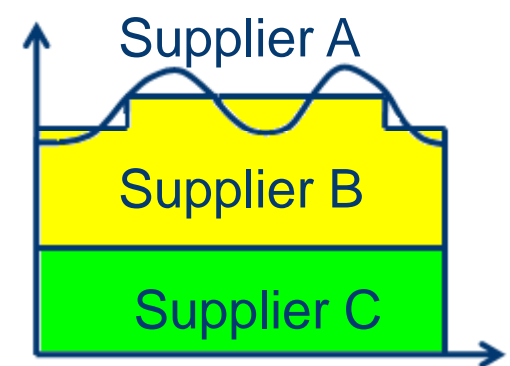
Power + balancing
from Supplier A.

Situation 2



Power+balancing – Sup.A
Fixed delivery – Sup.B

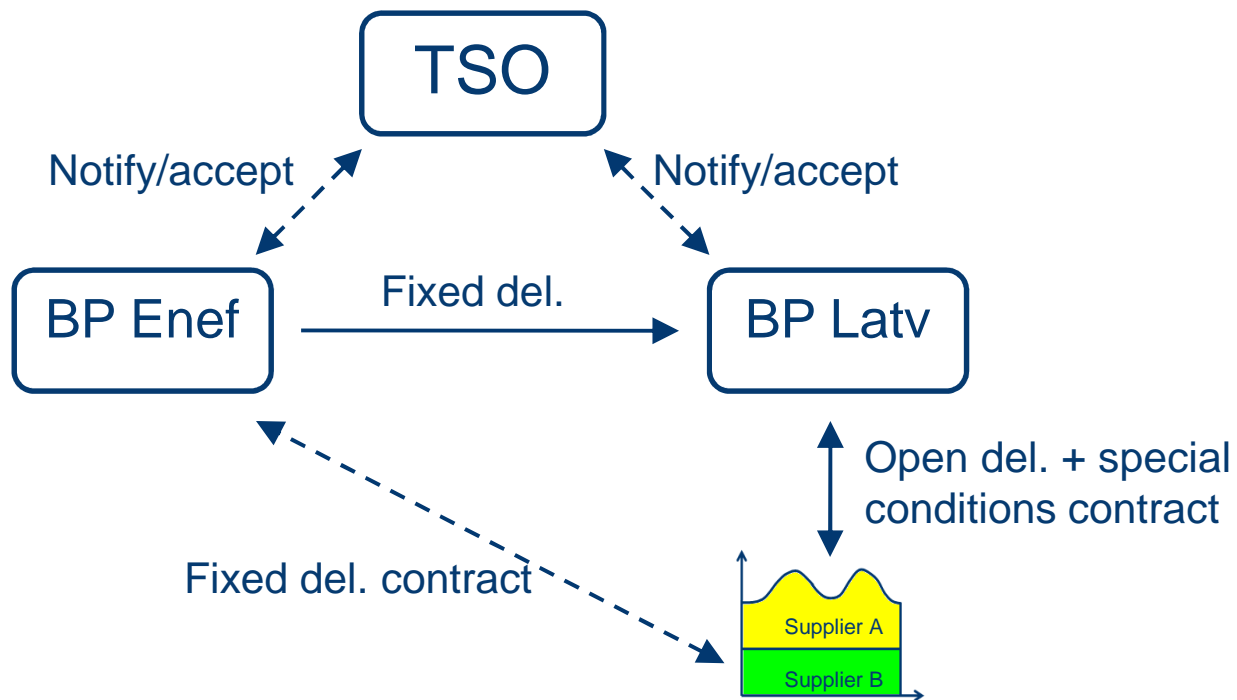
Situation 3



Balancing – Sup.A
Fixed delivery – Sup.B,C

Most common.

A customer with multiple suppliers [3]



Common working language in Baltic market

Common market, but...

- Legislation available mostly in national languages;
- Meetings for market participants held in national languages;
- TSO/DSO agreements in national languages;

Lack of single working language burdens
new entrants from both inside Baltics and outside

Thank you

