



Latest developments in Estonia

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Energy Market Inspectorate

Baltic Electricity Market Forum
Tallinn 05.10.2007

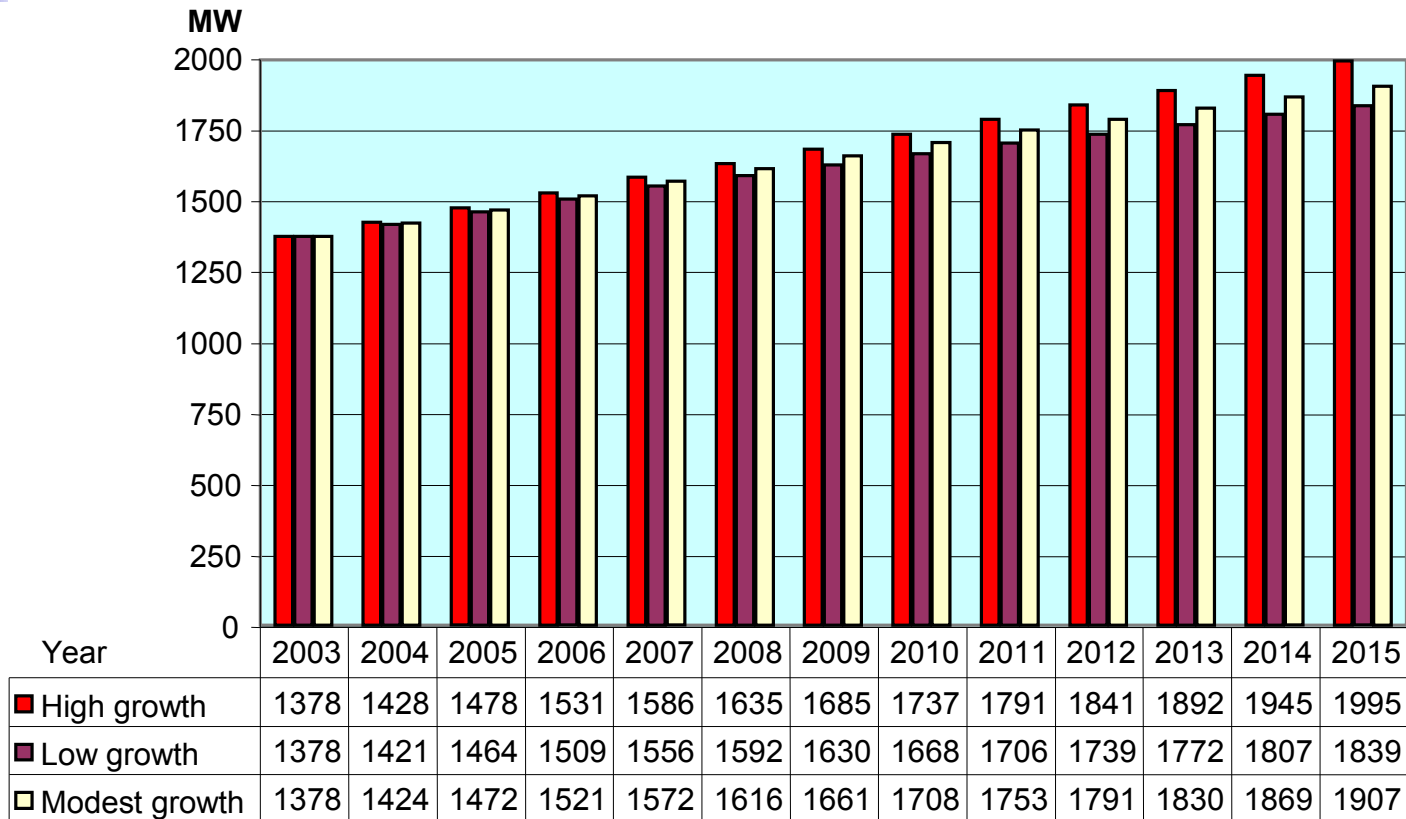


Security of supply

Installed capacity 2007

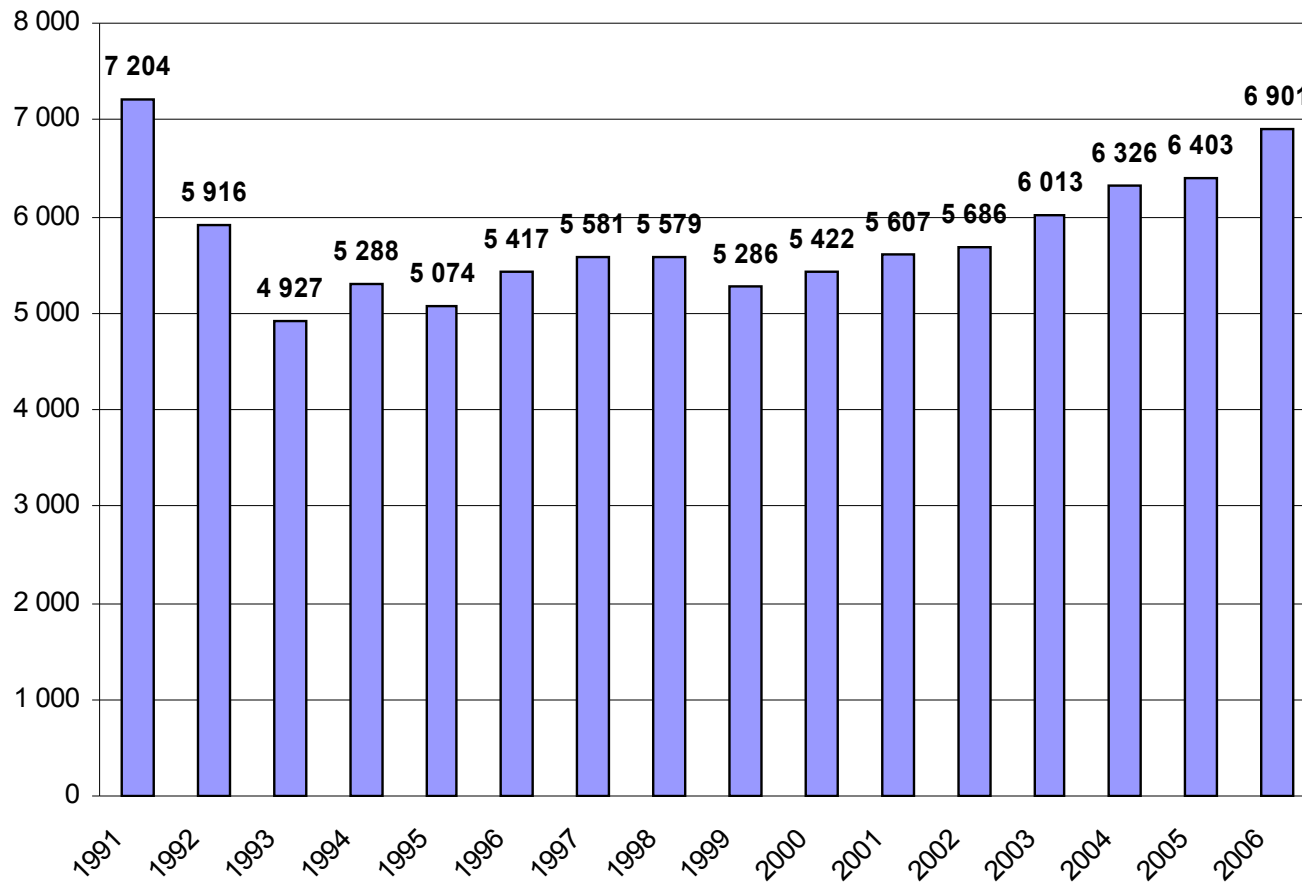
	Capacity MW	Fuel	Owner
Narva Power Plants	2 142	oil shale	Eesti Energia
incl. new capacity	450		Eesti Energia
Iru Power Plant	171	natural gas	Eesti Energia
Ahtme cogeneration plant	27	oil shale	Eesti Energia
Renewables, total	37	wind, hydro, biogas	Private capital
Cogeneration, others	84	oil shale, peat, natural gas	Private capital
Total	2 911		

Peak load prognosis

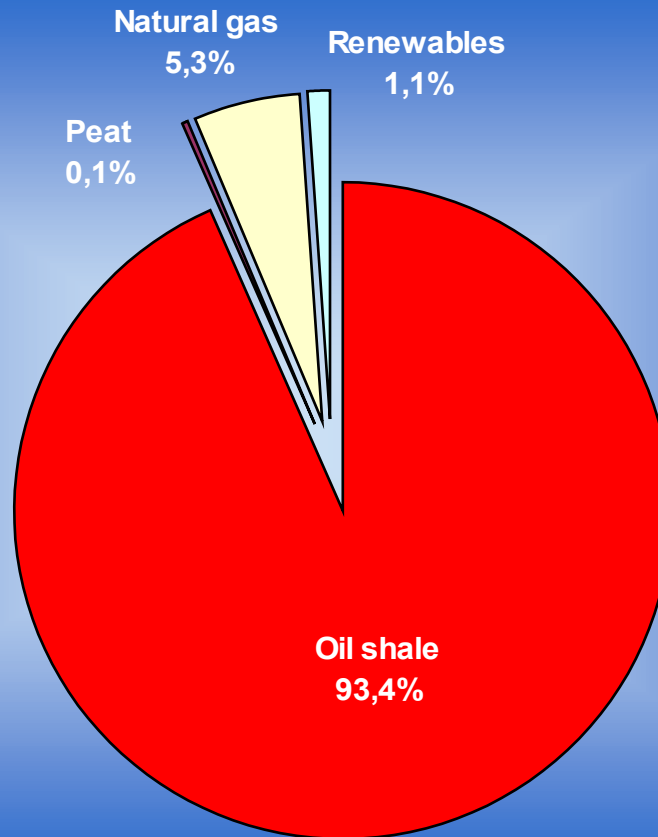




Final power consumption



Electricity generation





Security of supply

- The power consumption is growing by 1/2 GDP per annum approximately.
- The power supply is covered today by oil-shale mainly.
- The estimated peak load in 2016 is 2000 MW.
- By 2016 only 450 MW installed oil-shale generation capacity is in accordance to the EU directives. The old units shall be replaced or rehabilitated.
- The need for new or rehabilitated capacity in 2016 is at least 1300 MW.



Impact of CO₂ allowances

- The proposed scheme by EU Commission reduces dramatically the amount of CO₂ emission allowances.
- The proposed amount could be sufficient to cover the domestic consumption.



Price regulation

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



Public service obligation

- 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



Network tariffs

- The next 3-year regulatory period for transmission tariff and Eesti Energia (the largest DSO) distribution tariff starts by 1. March 2008.
- Eesti Energia has submitted the application for increase of generation price by 25%. The generation price at the moment is 26 €/MWh, the application is on 32€/MWh.



New regulator by 1. January 2008

- Today
 - Competition Agency
 - Telecommunication Agency
 - Energy Market Inspectorate
 - Railway Inspectorate
 - Technical Supervision Inspectorate
- By 1. January 2008
 - Competition Agency
 - Technical Supervision Agency



Competition Agency

- The tasks of the Competition Agency
 - Regulation of energy market
 - Regulation of telecommunication market
 - Competition issues