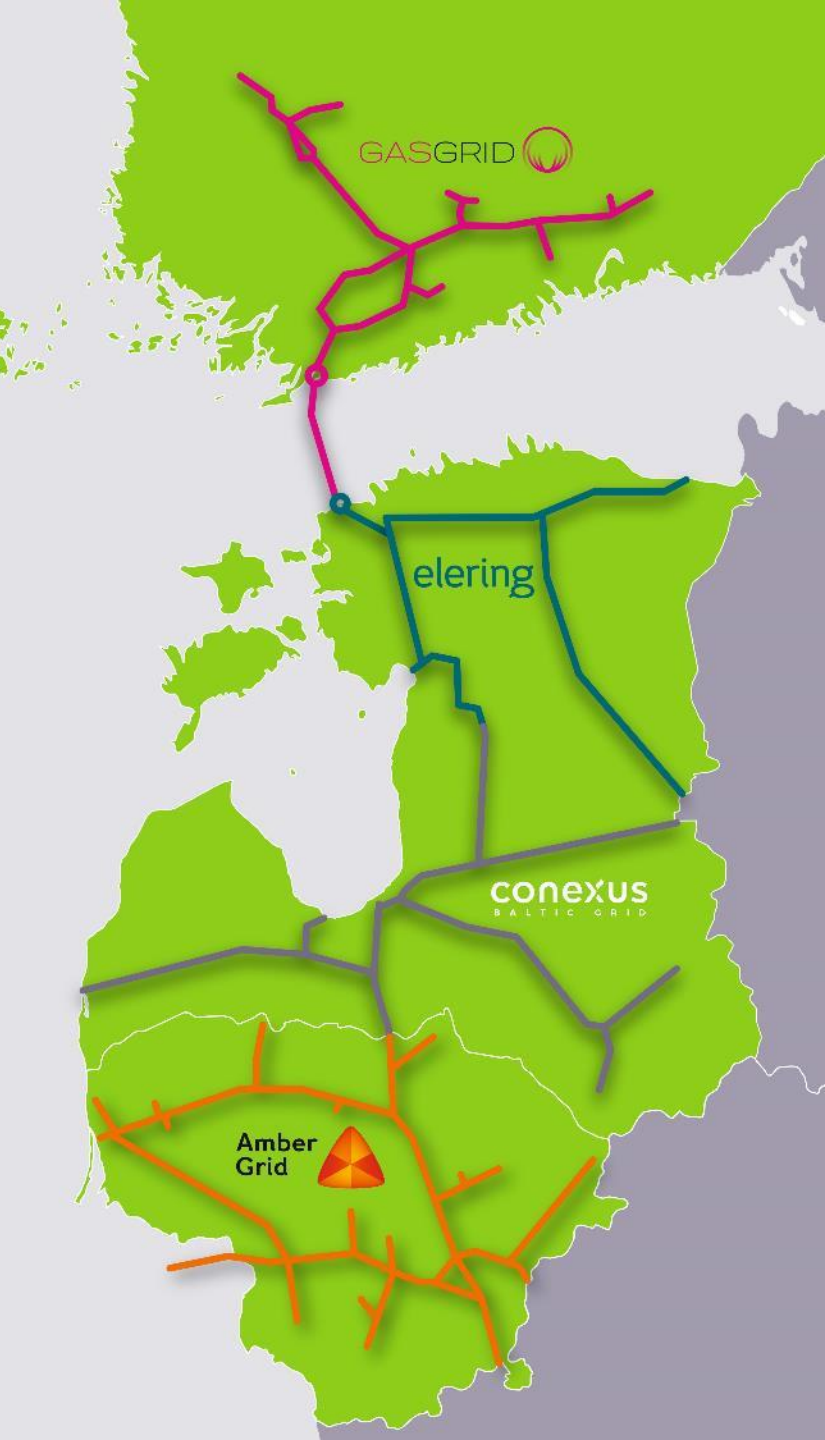


The Baltic and Finnish market integration: Results of Jan-Feb 2020

March 31, 2020



1ST STAGE OF INTEGRATION

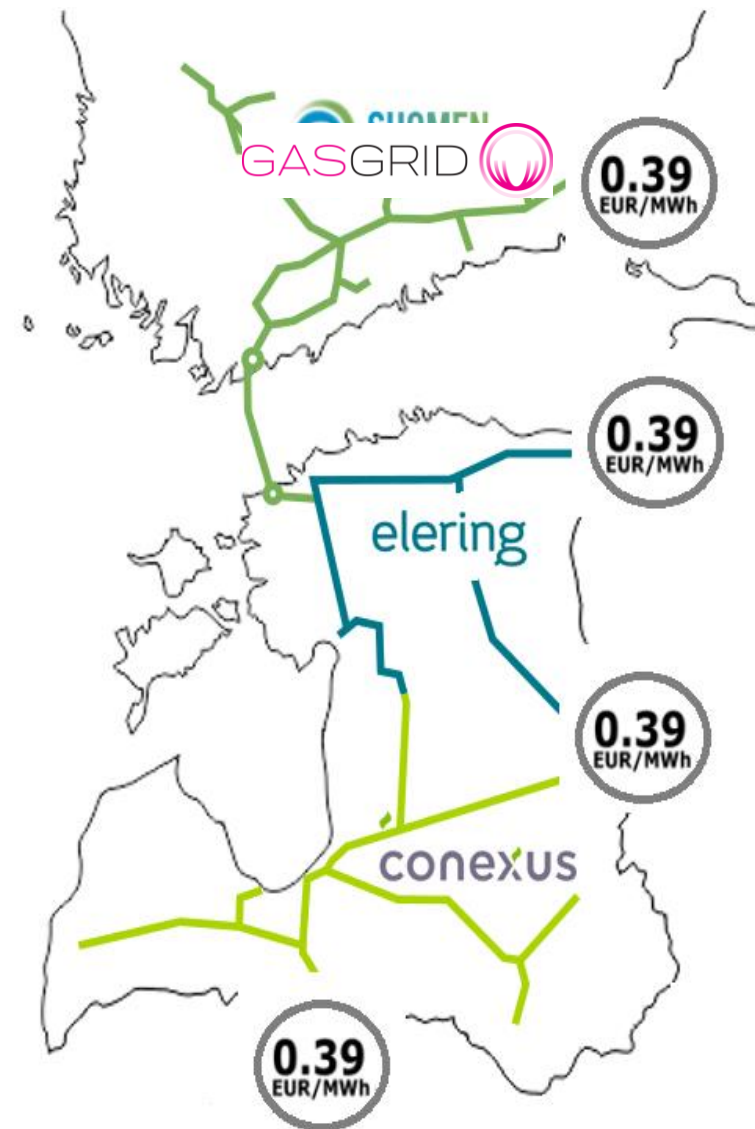
Entry tariffs - benchmarking

Single set of balancing and TPA rules for common balancing zone

Decision taking – by individual TSO with regional coordination

Set of inter-TSO agreements for solution implementation

- As of 2020 FI, EE and LV create a single entry tariff area
 - Equal entry tariffs on external IPs
 - No tariffs on internal borders (Balticconnector, Karksi, Korneti)
 - No tariff (100% discount) for IP with storage
 - Exit tariffs to DSOs and adjacent TSOs – set nationally
 - Regional coordination of the tariff setting process
- As of 01.01. 2020 - Common Est-Lat balancing zone
 - Common TPA and balancing rules
 - Single VTP
 - «Contracting TSO» principle – single set of agreements with either Conexus or Elering
 - Imbalance calculation for whole balancing area
 - Implementation of Common IT platform for communications with market participants



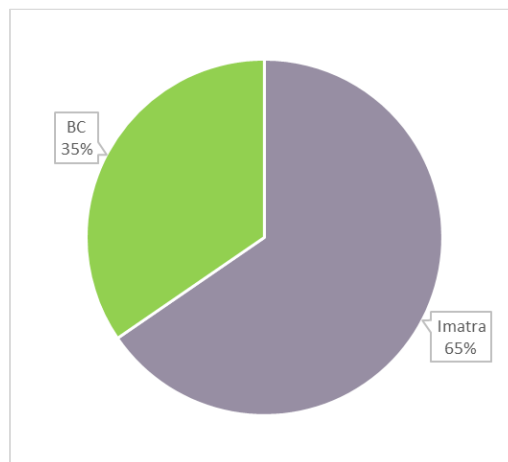
1ST STAGE OF OF INTEGRATION

Flows in January –
February 2020

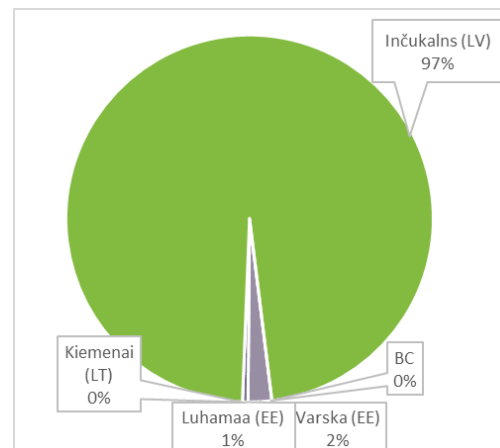
Number of Network users in Est-Lat balancing area:

- Agreements for the use of transmission system: 21 (15 active, 8 of them – on BC)
- Number of balance portfolios: 20
- Agreements for the use of Inčukalns UGS – 19 (12 active)

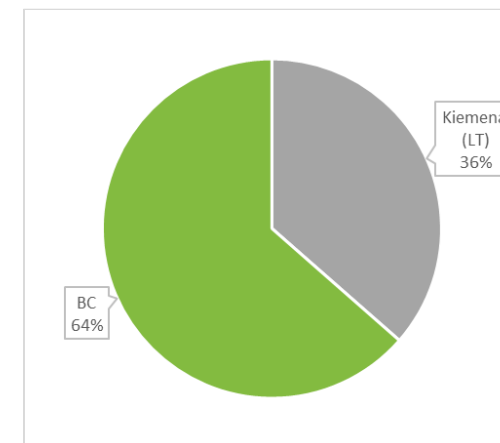
Entry and exit flows per balancing area (FI and Est-Lat) in Jan-Feb 2020



Finnish balancing zone, entry flows
(total 4.95 TWh)



Est-Lat balancing zone, entry flows
(total 6.3 TWh)

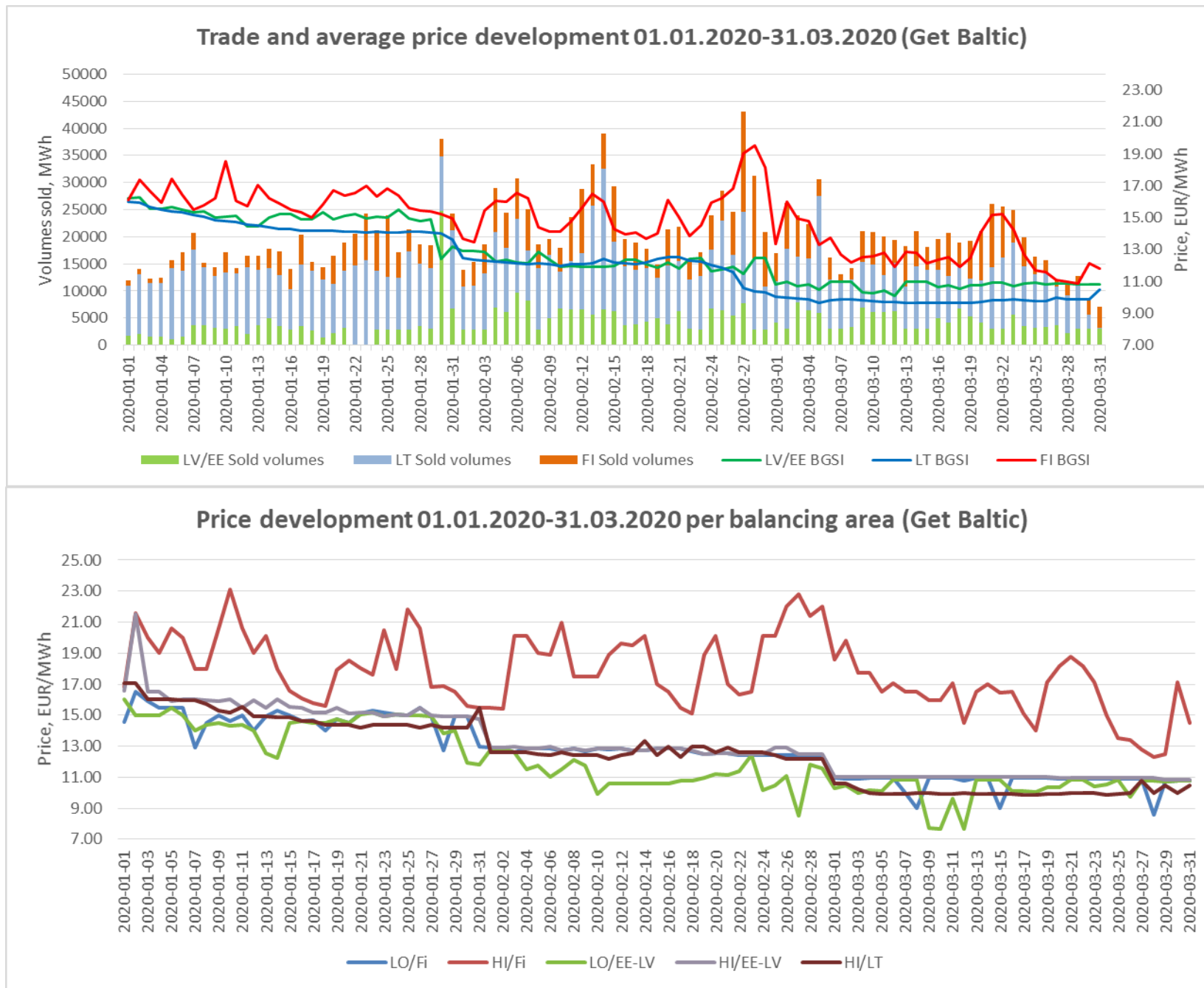


Est-Lat balancing zone, exit flows,
except national consumption, (total
2.7 TWh)

Almost constant flow of 30 GWh/d towards FI took place over the March, too

1ST STAGE OF OF INTEGRATION

Price development in January –
February 2020



NEXT STEPS

- Creation of the single balancing zone for Estonia, Finland and Latvia by 01.01.2022
- Four country integrated market solution – two stage process:
 - Analysis of impacts of entry and exit tariffs removal on the Latvia-Lithuania border and ITC-design on the wholesale market
 - If results of analysis will show benefits for all four countries, second stage - analysis of entry-points tariff harmonization solution
- Extension of cooperation/coordination among operators – TSOs and LNGTO



Thank you for your attention!

