



KONKURENTSIAMET
Estonian Competition Authority

Latest developments in Estonia

Külli Haab
Estonian Competition Authority

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Market developments (1)

- **Gradual opening of the electricity market**
 - Until 2009 market opening level was 12%. Eligibility level 40 GWh.
 - **From 1.01.2009 35%. Eligibility level 2 GWh.**
 - From 2013 100%.
- The price cap on non-eligible customers tariff is set by the regulator.
- Since 01.04.2010 the eligible customers have no right to purchase electricity with regulated price.



Market developments (2)

- Nord Pool Spot power exchange operational from 01.04.2010.
- Intraday market Elbas was launched in October 2010.
- Today NPS Estonia price area's market price is higher than the regulated price.
- Full market opening is scheduled by 01.01.2013. Expected abandon of all type of price regulation (except network tariffs).



Crossborder infrastructure

■ Estlink 1 (365 MW)

- In operation since 2006 as a commercial link.
- Since 20.09.2010 fully open for TPA (350 MW).

■ Estlink 2 (650 MW)

- Planned as a part of TSO-s with TPA. 100 million € support from the EU. Positive decisions made by the Finnish and Estonian TSO. Should be in operation by 2014.

■ The links to well-functioning Scandinavian market are essential for the market developments in Baltic's.



Legislative amendments

- Ministry of Economic Affairs and Communications has published in May 2011 a draft legislation to transpose the third energy package.
- In December 2011 draft legislation was handed over to Riigikogu for legislative proceeding.
- Draft legislation includes inter alia:
 - Rules for unbundling TSO
 - Rules for certifying TSO
 - Notion of universal service
 - Additional duties for ECA
 - Rules not directly related to 3rd package



Ownership unbundling and certification of TSO

- Since January 2010 the Estonian TSO is an independent company.
- The shares of the TSO have been transferred from *Eesti Energia AS* to the Ministry of Economic Affairs and Communications.
- Final goal is to transfer the shares of *Eesti Energia AS* and TSO to the different ministries. According to draft legislation not before 2013.
- Issue of certification – partial certification in 2012? Final certification in 2013? Still not clear.



New tariffs for TSO

- The new 3-years RPI-x regulatory period 2011-2013
 - Based on calculation of x-factor
- Main reason for change tariffs are the investments to the transmission network. In total for 3 years ap. 288 million Euros.
- In September 2011 ECA approved TSO's adjusted network charges for 2012, which will be used to amend the tariff confirmed for the three-year period so that it reflects actual costs.
- The confirmed tariff will result an increase of average tariff from 1,05 cent/kWh to 1,13 cent/kWh. New tariffs apply from 01.01.2012.



New tariffs for the largest DSO

- ECA approved in March 2011 new tariffs for the largest DSO – Eesti Energia Jaotusvõrk OÜ
- Main reason for increased tariffs are the investments to the distribution network. In total for 3 years ap. 215 million Euros is invested.
- Includes obligation to reduce energy losses by 2017 from 7,7% to 5,5% per year.
- In September 2011 ECA approved tariff adjustment to Eesti Energia Jaotusvõrk OÜ due to TSO's tariff increase. New tariffs apply from 01.01.2012.



New tariffs for the largest DSO (2)

- The tariff increase not exceeding annual inflation
- DSO tariff 2005-2012.
 - 2005 2,8 €/kWh
 - 2009 2,9 €/kWh
 - 2011 3,3 €/kWh
 - 2012 3,4 €/kWh
 - Average 2,7% per annum



Renewable Energy Charge

- From 01.01.2012 renewable energy charge to consumers is 0.97 euro cents per kWh. In 2011 it was 0.615 cents per kWh
- Main reason is increased levels of production from wind and biomass.
- Elering (TSO) expects total production from renewable sources and efficient CHP generation to be 1455 GWh in 2012, which means that the total amount paid out in subsidies will be more than 74 million euros.
- Renewable energy is expected to cover more than 14% of total consumption in 2012. This means that Estonia will be very close to the goal of increasing the proportion of electricity produced from renewable sources to 15-20% by 2020.



Thank You for Your Attention!

Further information

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