

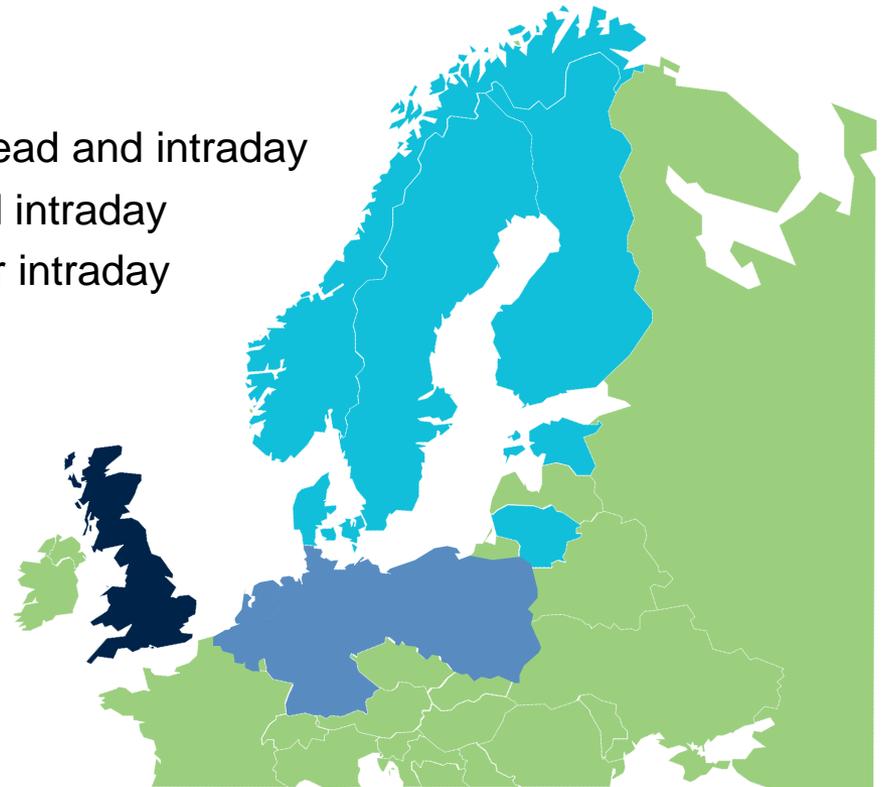
15th Baltic Electricity Market Mini-Forum; Vilnius, May 8th, 2013

NORD POOL SPOT NEXT STEPS IN BALTICS

Hando Sutter

Operating the leading markets for buying and selling power in Europe

- The Nordic and Baltic market: day-ahead and intraday
- The UK market N2EX: day-ahead and intraday
- System provider for day-ahead and/or intraday



Nord Pool Spot 2012

- 370 companies from 20 countries trade at Nord Pool Spot
- Market share in the Nordic / Baltic market at 77%
- Elspot: 267 TWh (+11%)
- Elbas: 2.6 TWh (+23%)

- N2EX day ahead: 73 TWh

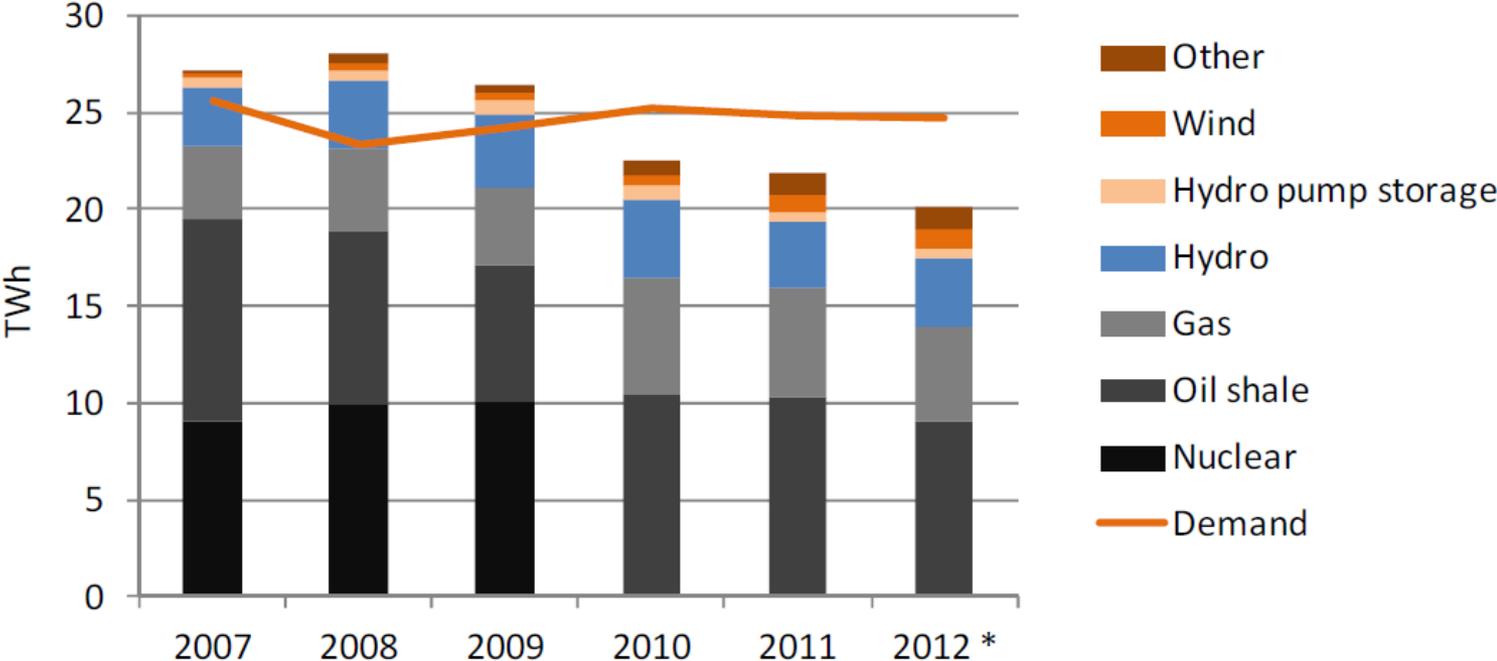


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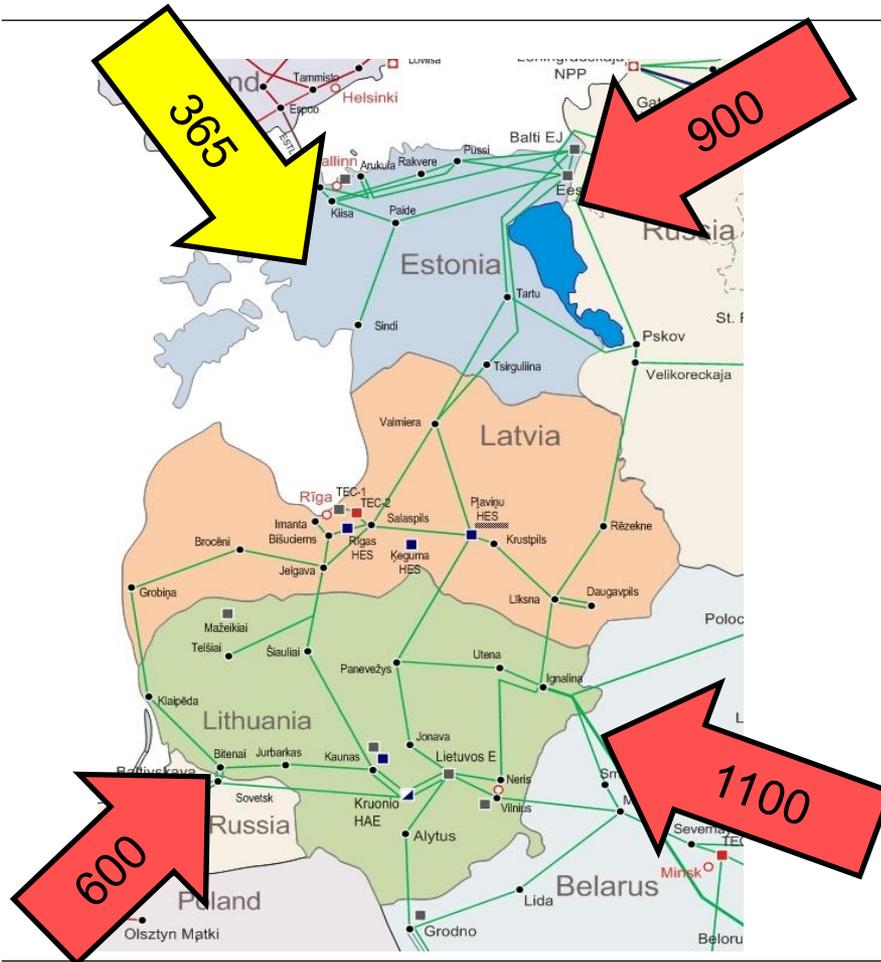
MARKET DYNAMICS IN BALTIC AND WAY FORWARD

Baltic generation

Electricity generation in Baltics

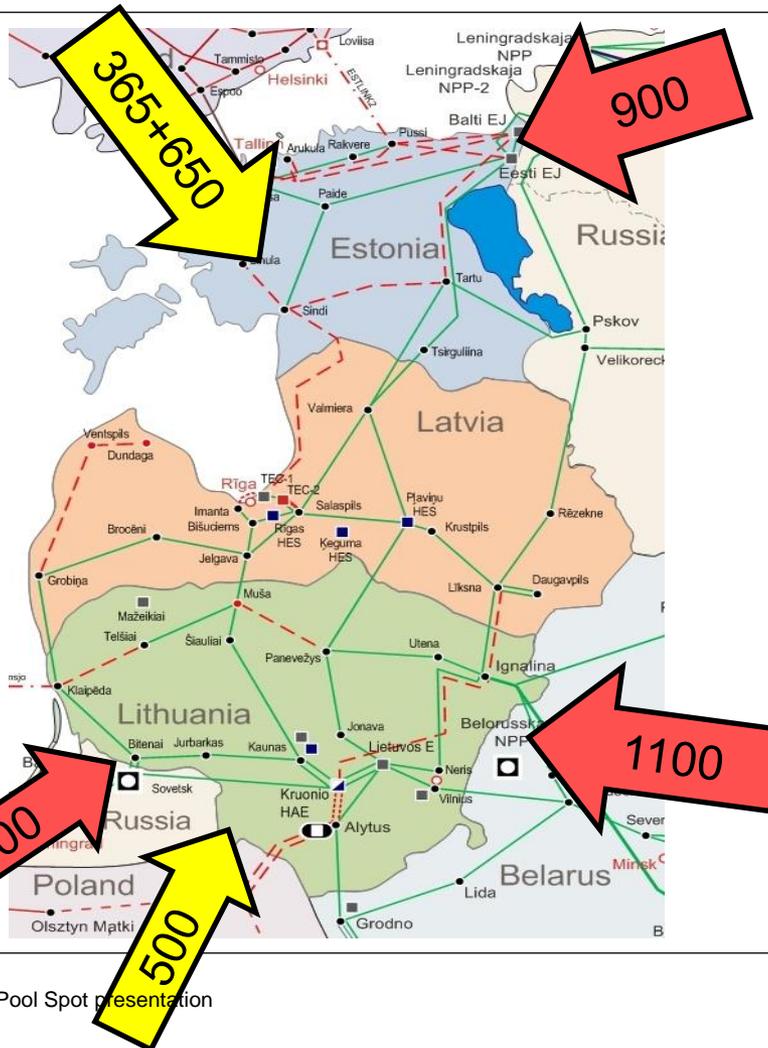


Present access capacities to Baltic's



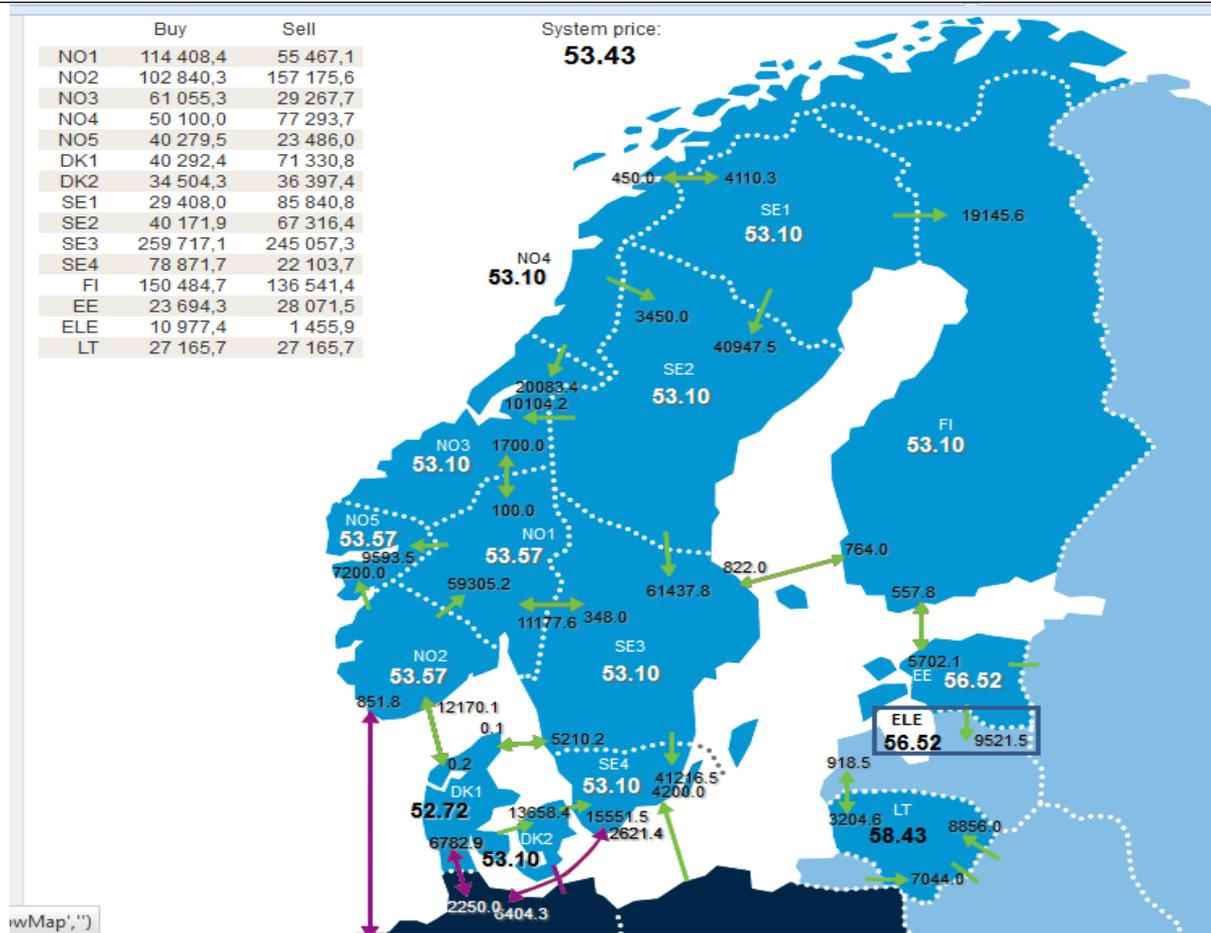
- Max from EU: **365 MW**
- Max possible import from 3rd countries: **2600 MW**

Available capacities to Baltic's by 2015



- Max from EU: **2215 MW**
- Max possible import capacity from 3rd countries: **2600 MW**

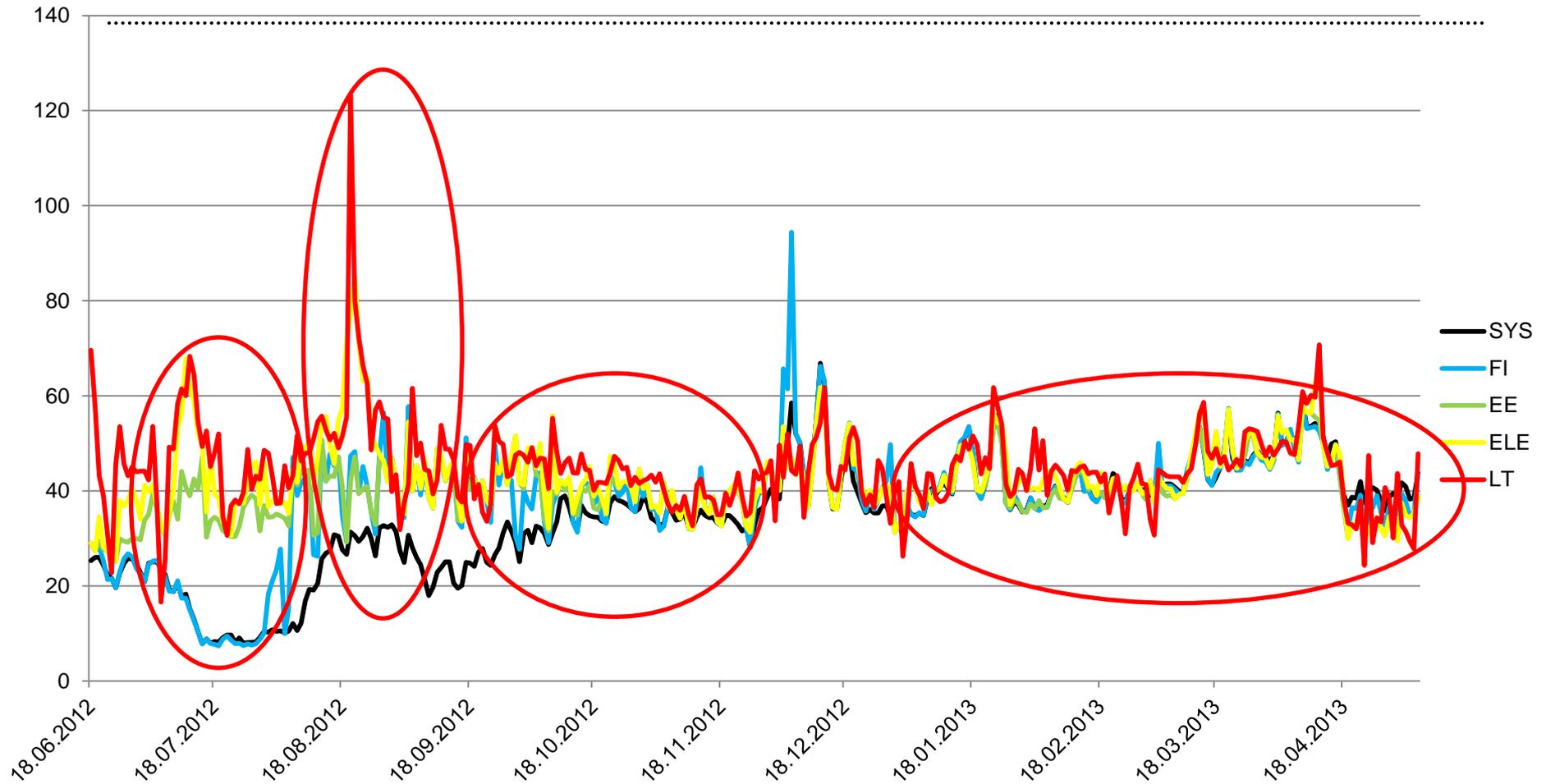
Current situation



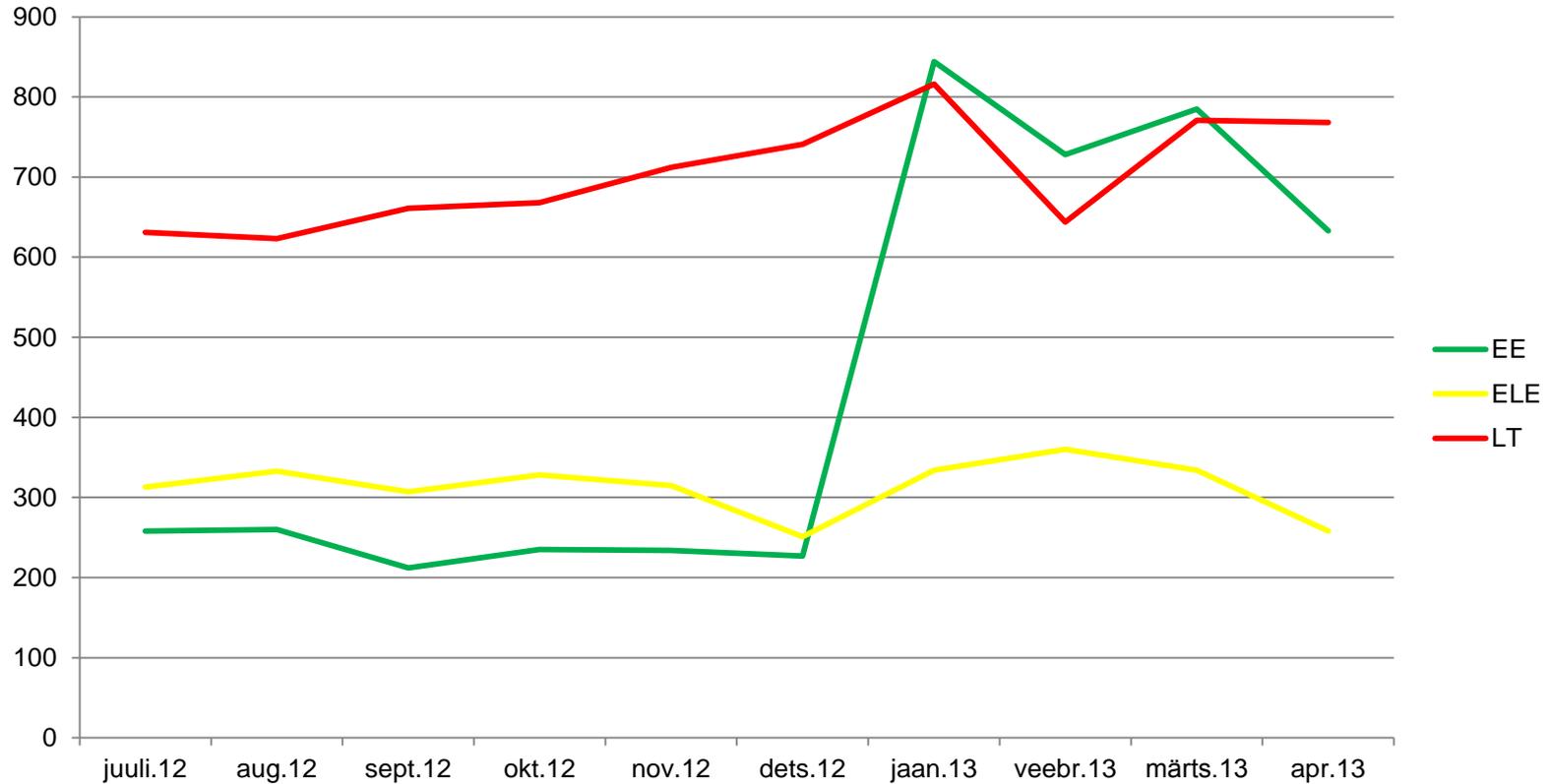
Current situation

- NPS price area in Estonia (since April 1st, 2010)
 - Energy from Russia can enter the market only via PEX
 - No real trade on RU-EE border
 - New EE/LV border capacity allocation scheme was introduced from June 18, 2012
 - Estonian CfD market was launched by NOMX in November 2012
 - Full deregulation from January 1st, 2013, increased volumes in EE area
 - New interconnection between EE and FI (650 MW) will be commissioned in January 2014
- Latvia – no PEX implemented yet
 - Nord Pool Spot has started the project together with AST
 - Latvian final go live decision was pending on Latvian ISO certification (NRA has issued final decision in January 2013)
 - Launch date is set June 3rd, 2013
- Lithuania: NPS price area was opened on June 18th, 2012
 - Lithuania works as an isolated area having CB setup on LV, KAL and BY borders.
 - Energy from third countries enters the market via PEX
 - Deregulation of the market for all corporate consumers from January 1st, 2013
 - Political pressure to get out of isolation ASAP
 - Interconnections SE-LT (700MW) and PL-LT (500MW) will be commissioned by the end of 2015

Price dynamics since June 18th, 2012

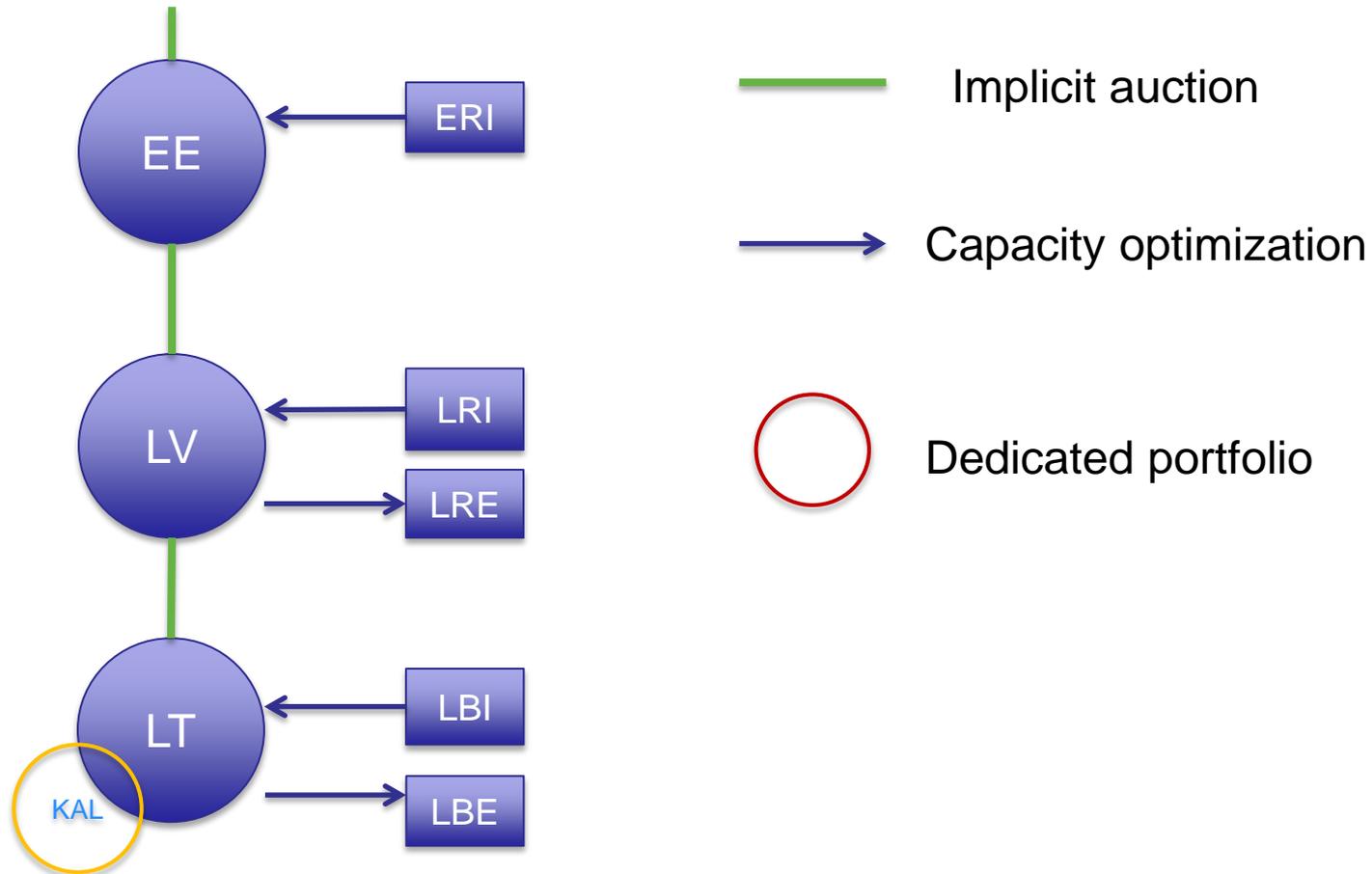


Baltic volume trends since July 2012; GWh

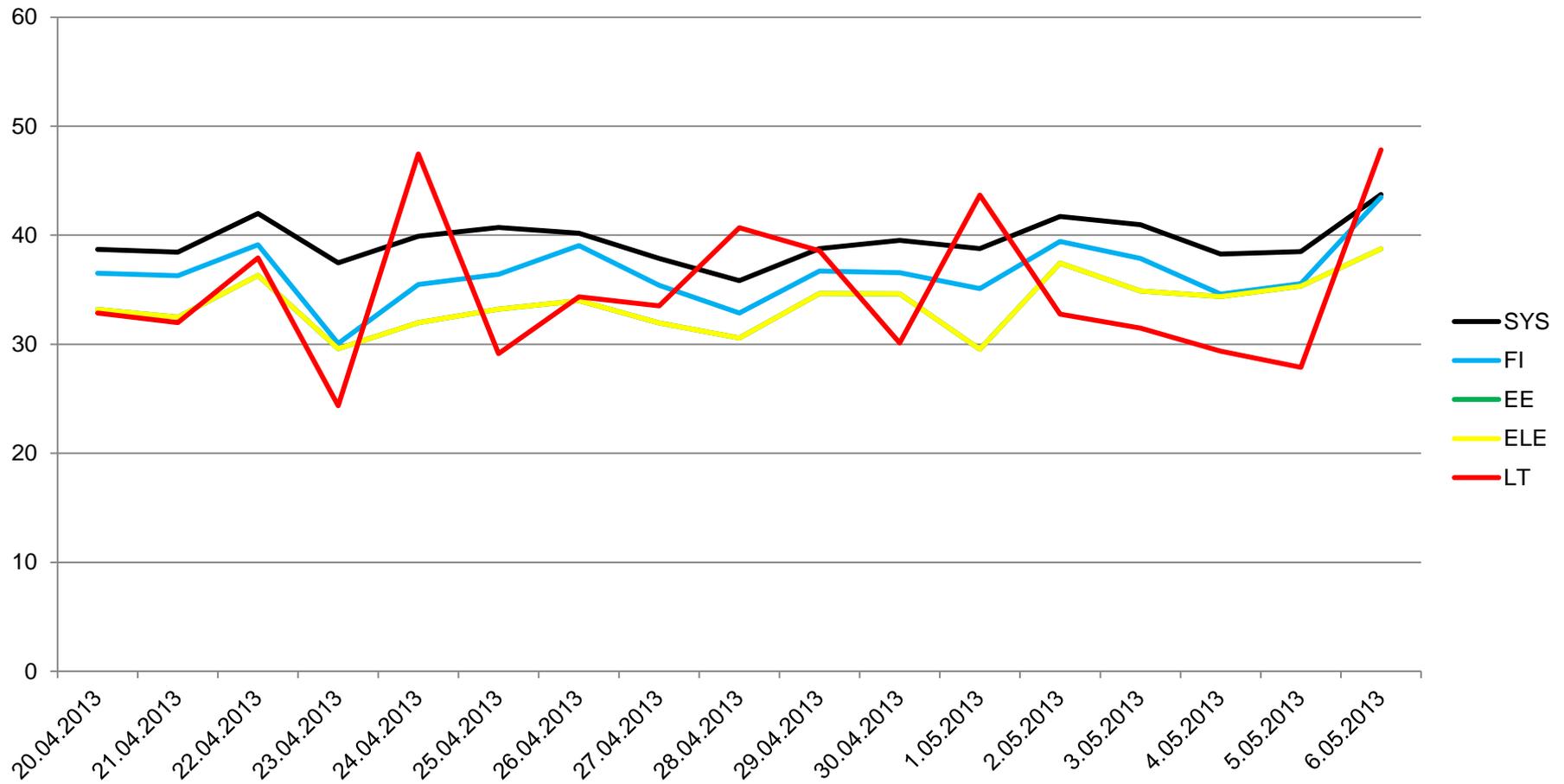


***2013 4 months traded volume in Baltics: 7,3 TWh**

How it works after June 3rd

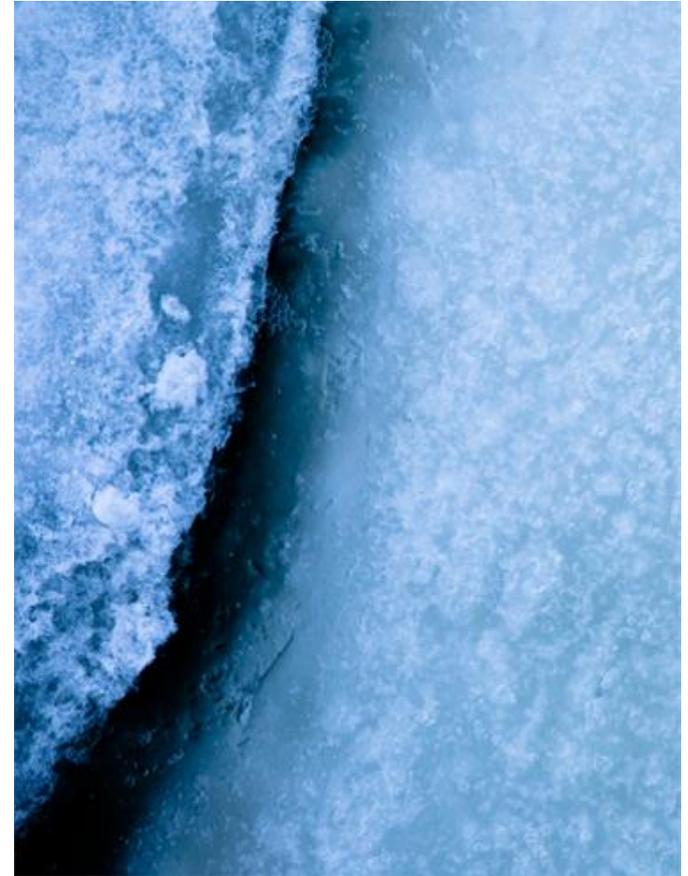


Price dynamics 20.04-06.05.2013



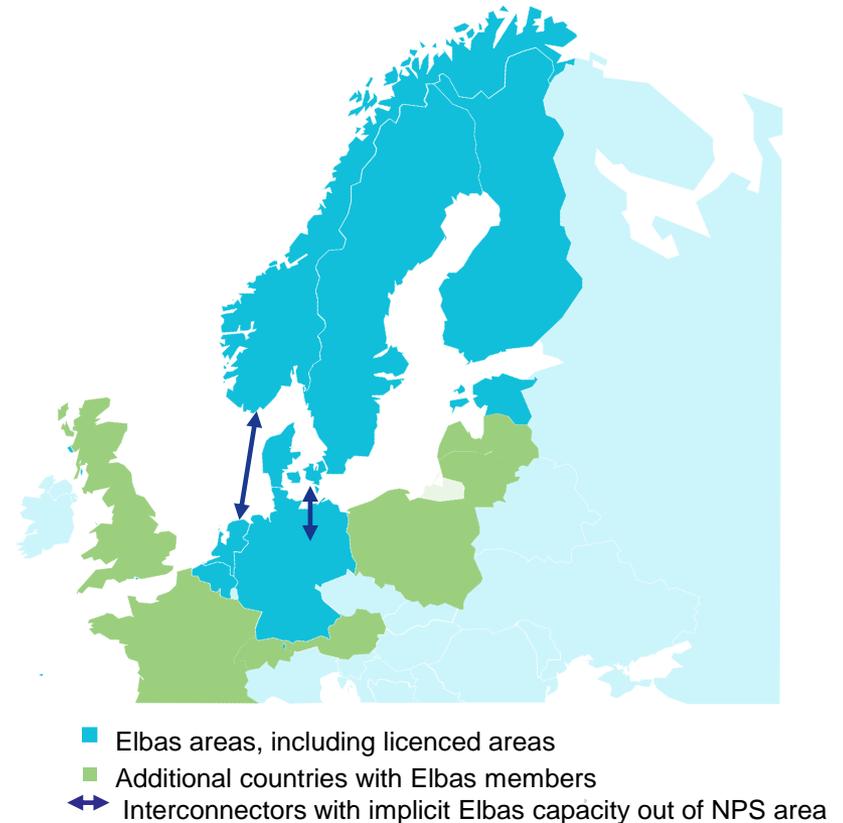
Baltic TSO's 15.03.2013 agreement

- All EE/LV/RU cross section capacity will be allocated on EE-LV implicit auction
- EE/RU and LV/RU cross border capacity will be declared 0 MW
- All available 3rd countries/Baltics capacity will be allocated on LT/BY border (except Kaliningrad)
- Electricity from 3rd countries can be traded only via Nord Pool Spot auction
- This agreement is valid up to the end of 2013



Elbas in Baltic region

- Elbas is already in place in Estonia
- Nord Pool Spot has ambitions to introduce Elbas also in Lithuania and Latvia
- Baltic stakeholders are of the view that a well functioning day-ahead Elspot market and a proper capacity allocation mechanism between the Baltic countries need to be in place before an Elbas market is introduced.



Further challenges in Baltic's

- Latvian bidding area opening: target date set **June 3rd, 2013**
- Common cross border capacities calculation principles (TSO's)
- 3rd countries border handling mechanism (2014)
- Intraday market start up in Baltics; common balancing energy price calculation principles (2013/2014)
- Further training of market participants (bidding behaviour, UMM's etc.)
- Improving the quality of the market in co operation with NRA's and TSO's
- Financial market opening in Baltics – Nasdaq OMX

THANK YOU!

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nord **pool**
spot

