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The Wholesale Electricity Market and Regulatory Challenges

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Public Utilities Commission of Latvia

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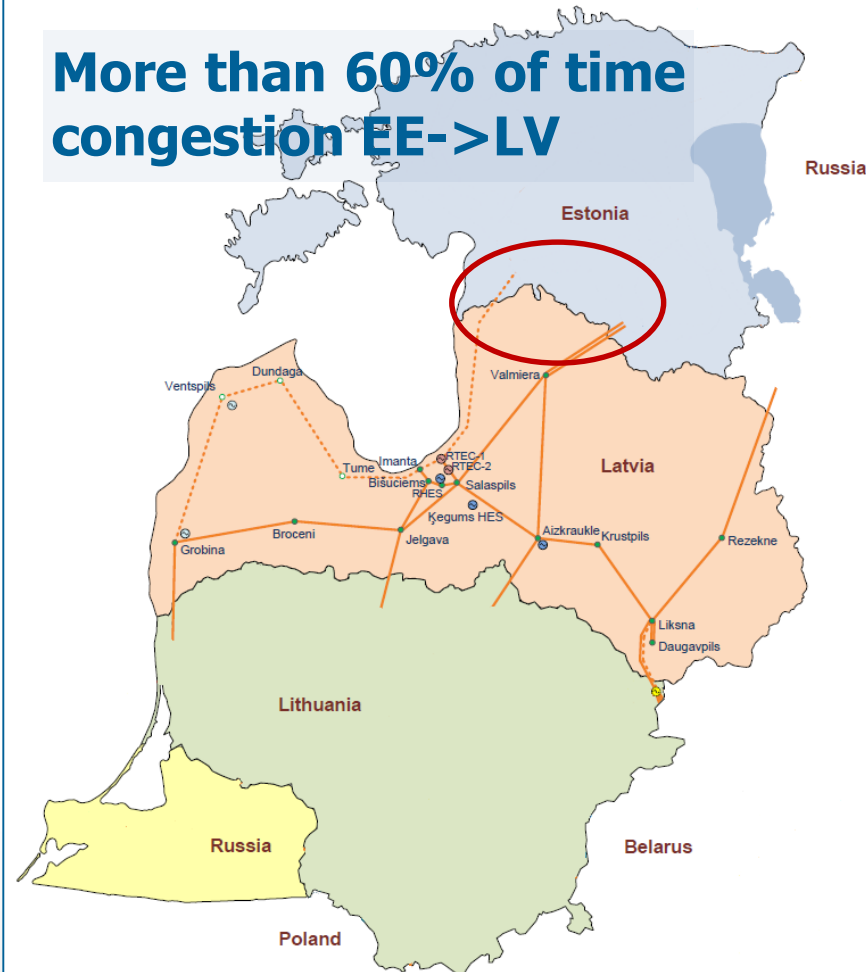
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 - NordBalt Interconnection
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Interconnections

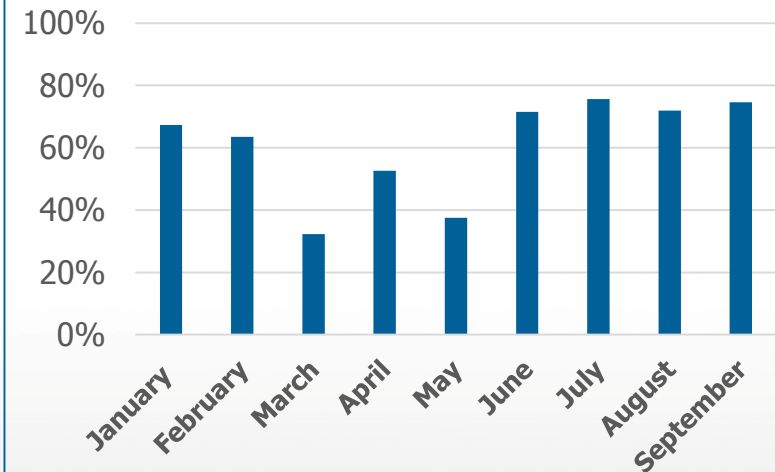
More than 60% of time congestion EE->LV



Interconnections:

- EE-LV = 2 interconnections
- LV-LT = 4 interconnections
- LV-RU = 1 interconnection
- EE-FI = 2 interconnections

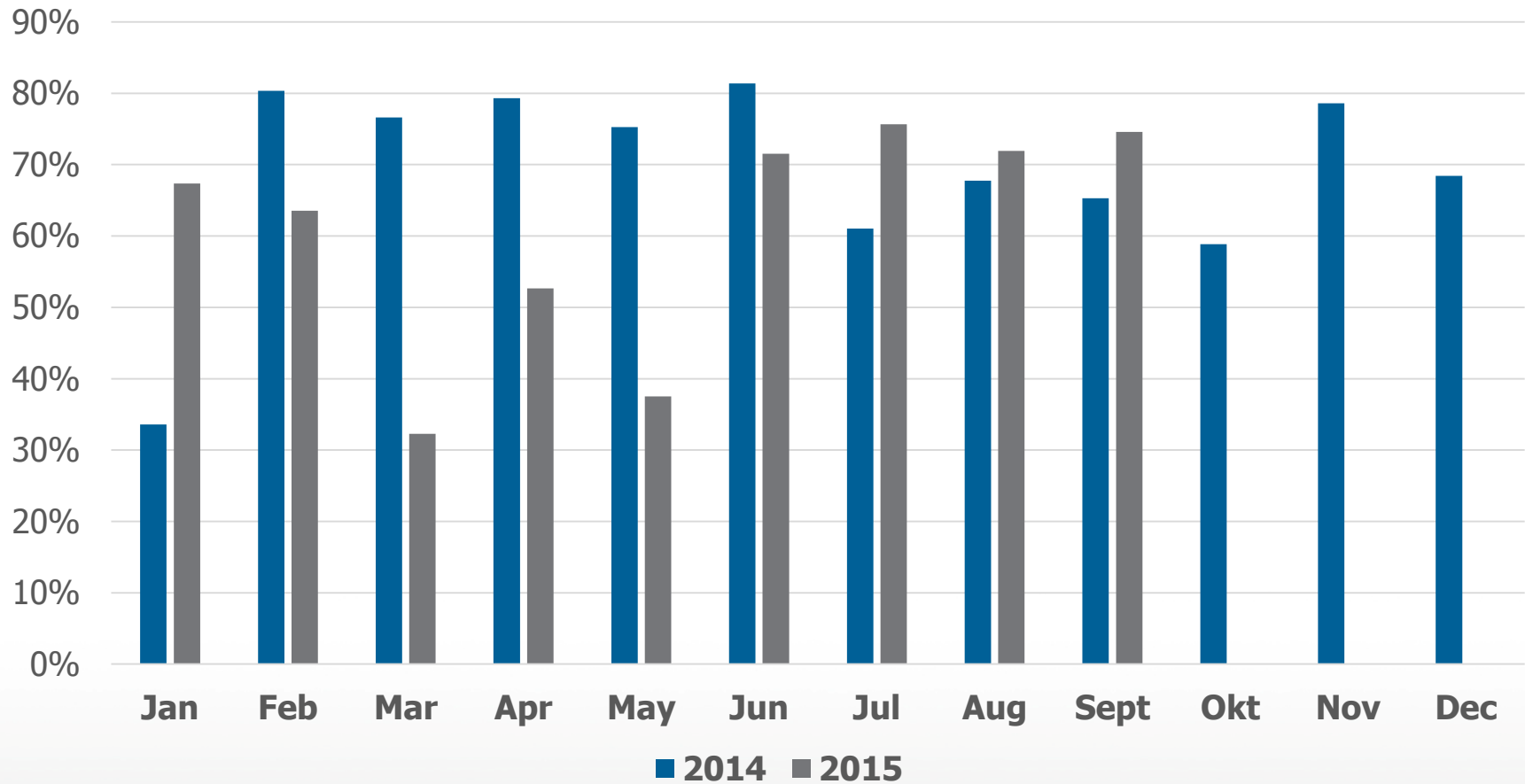
Congestion EE->LV, 2015



Congestion on EE-LV border



Congestion time from EE to LV, % of total



Projects of Common Interests (PCI)



- **On 14 October 2013, the European Commission has adopted the first list of 248 PCIs, and the list of PCIs will be updated every two years**

PUC decisions regarding the allocation of investment costs:

- PUC decision on April 9, 2014, No.77 on Internal Line between Ventspils, Tume and Imanta (LV)
- PUC decision on April 23, 2014, No.90 on Interconnection between Kilingi–Nõmme (EE) and Riga TEC 2 Substation (LV) and Internal Line between Harku and Sindi (EE)

In accordance with CEF :

- 3rd EE-LV interconnection received financial support of 65% of total costs
 - 3rd Stage of Kurzeme Link received financial support of 45% of total costs
- **Second PCI list will be accepted at the end of 2015, additionally there are included projects from «Baltic corridor» for increase of capacity of 600MW:**
 - Internal line Rīgas TEC2 - Rīga HES as reinforcement of 3rd EE-LV interconnection
 - Replacement of 330kV interconnection lines Tartu(EE) – Valmiera (LV) and Tsirgulina (EE) – Valmiera (LV)
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Independent electricity system operator ISO – TSO certification

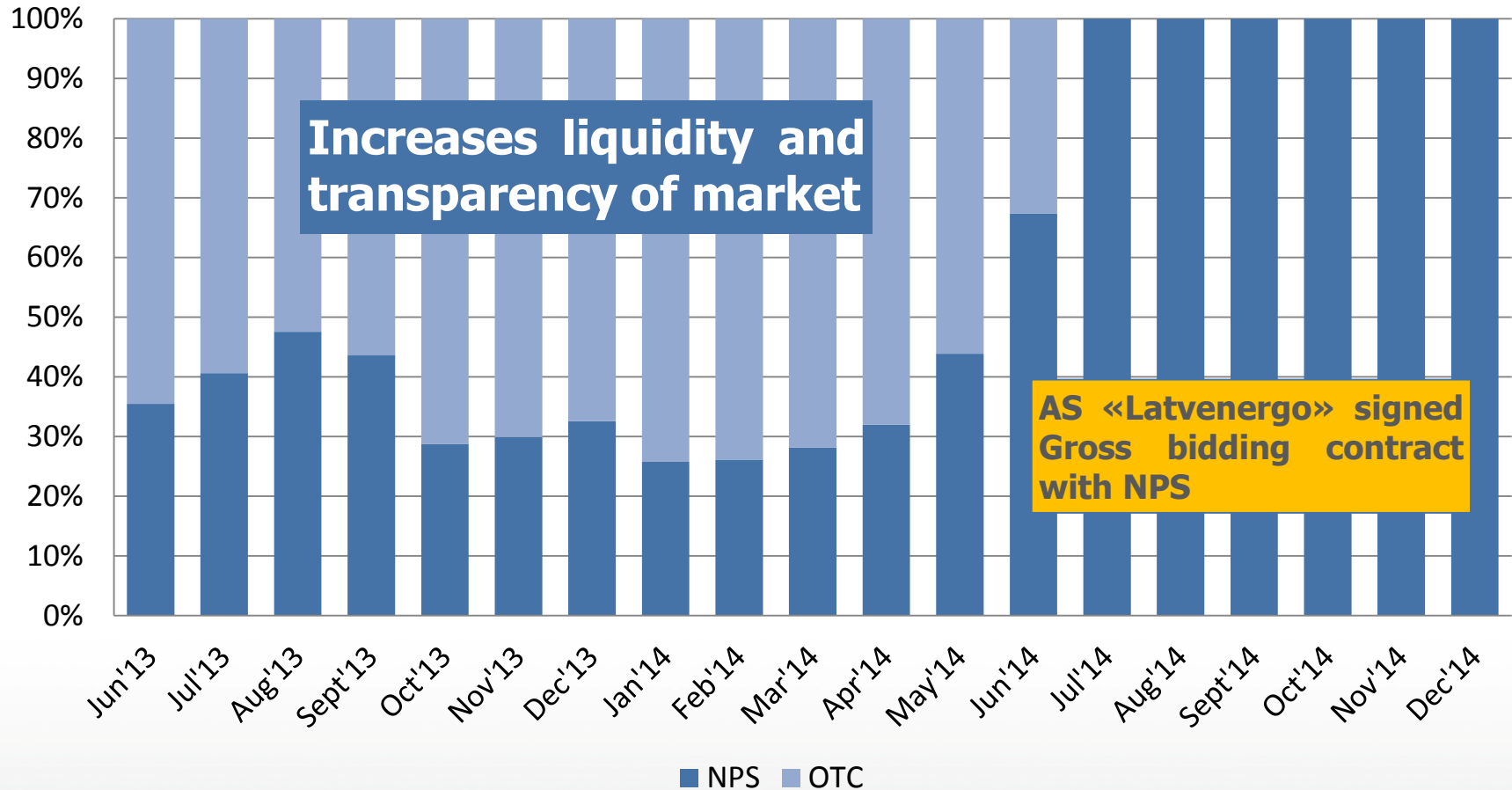


- On January 30, 2013 PUC completed a certification of an independent electricity system operator ISO - JSC “Augstsprieguma tīkls” (TSO)
 - On February 1, 2015 JSC “Augstsprieguma tīkls” completed all conditions of certification decision, and TSO has taken over the following functions of commercial activity from JSC „Latvijas elektriskie tīkli”:
 - Service and maintenance of transmission system assets;
 - Development of transmission system, construction of new networks, rebuilding and refurbishment of existing networks.
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Elspot traded volumes since NPS started operation in Latvia



Electricity bought from NPS vs OTC traded amounts





Number of investigated cases:

- **in 2013: 1**
 - **in 2014: 2**
-

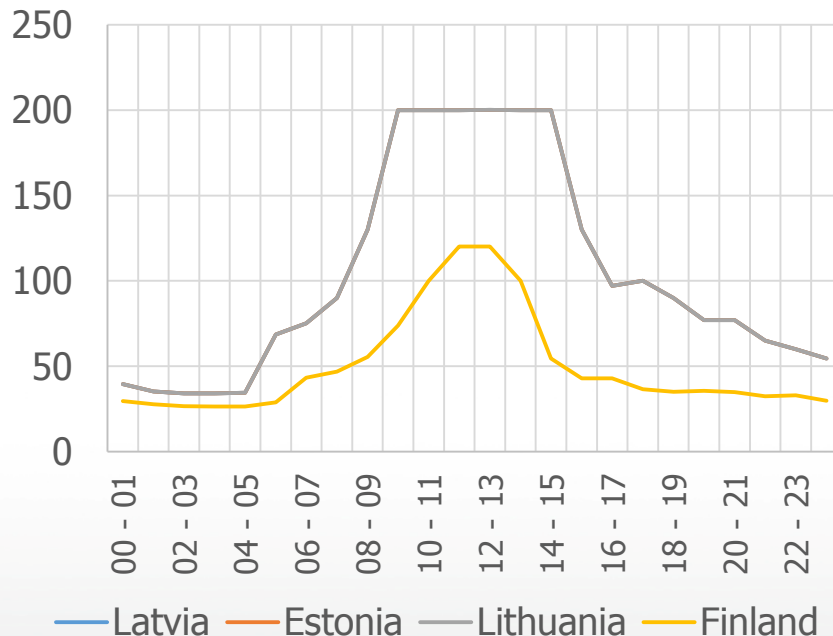
Market surveillance in 2013



Number of investigated cases in 2013: 1

Case subject: Case relates to high price peaks in all Baltic countries

Elspot hourly prices in EUR/MWh. June 25. 2013

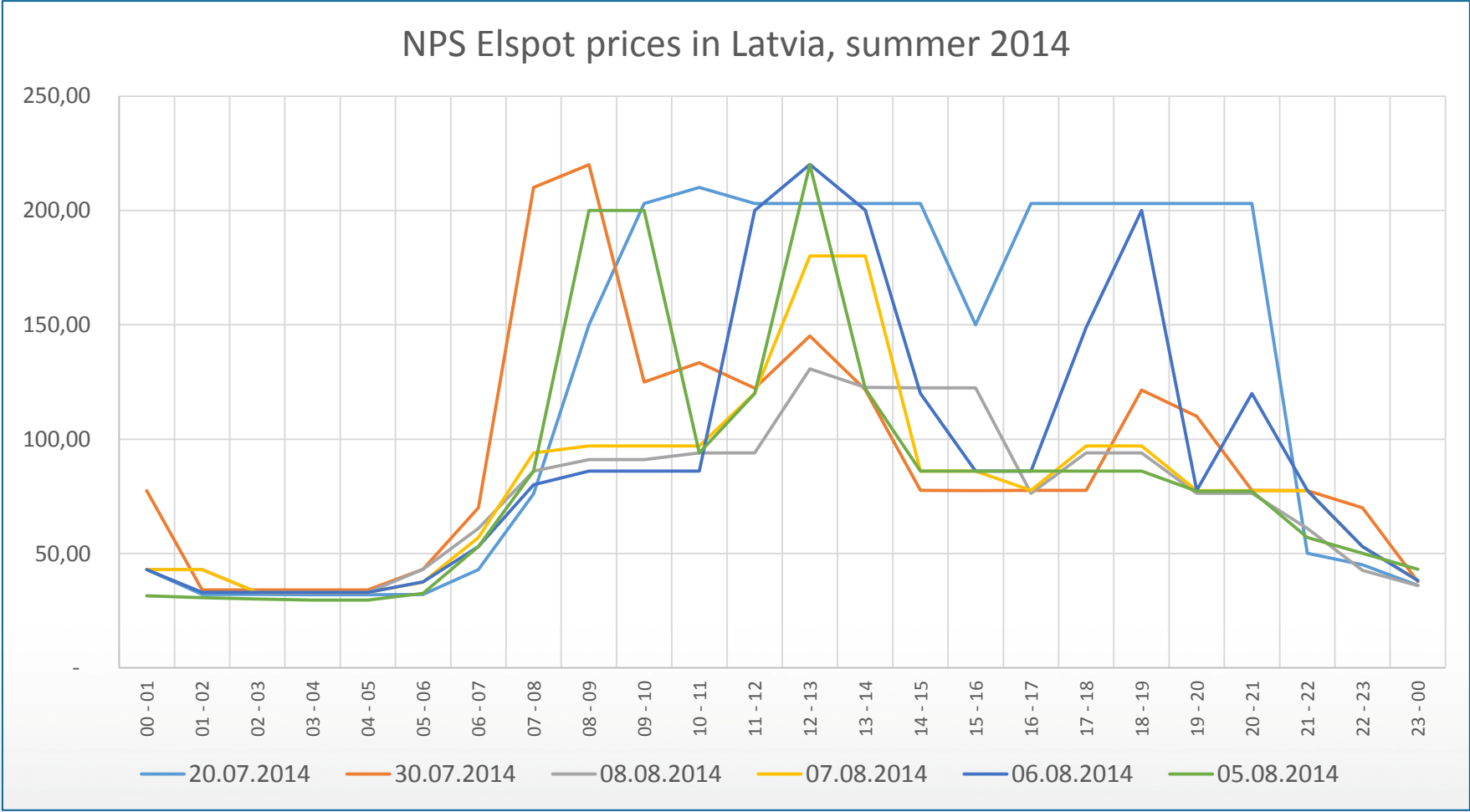


PUC conclusion: Coincidence of technical circumstances simultaneously in all three Baltic countries, Russia and Belarus. As a result – **lack of capacity** and high price peaks

Market surveillance in 2014 (1)

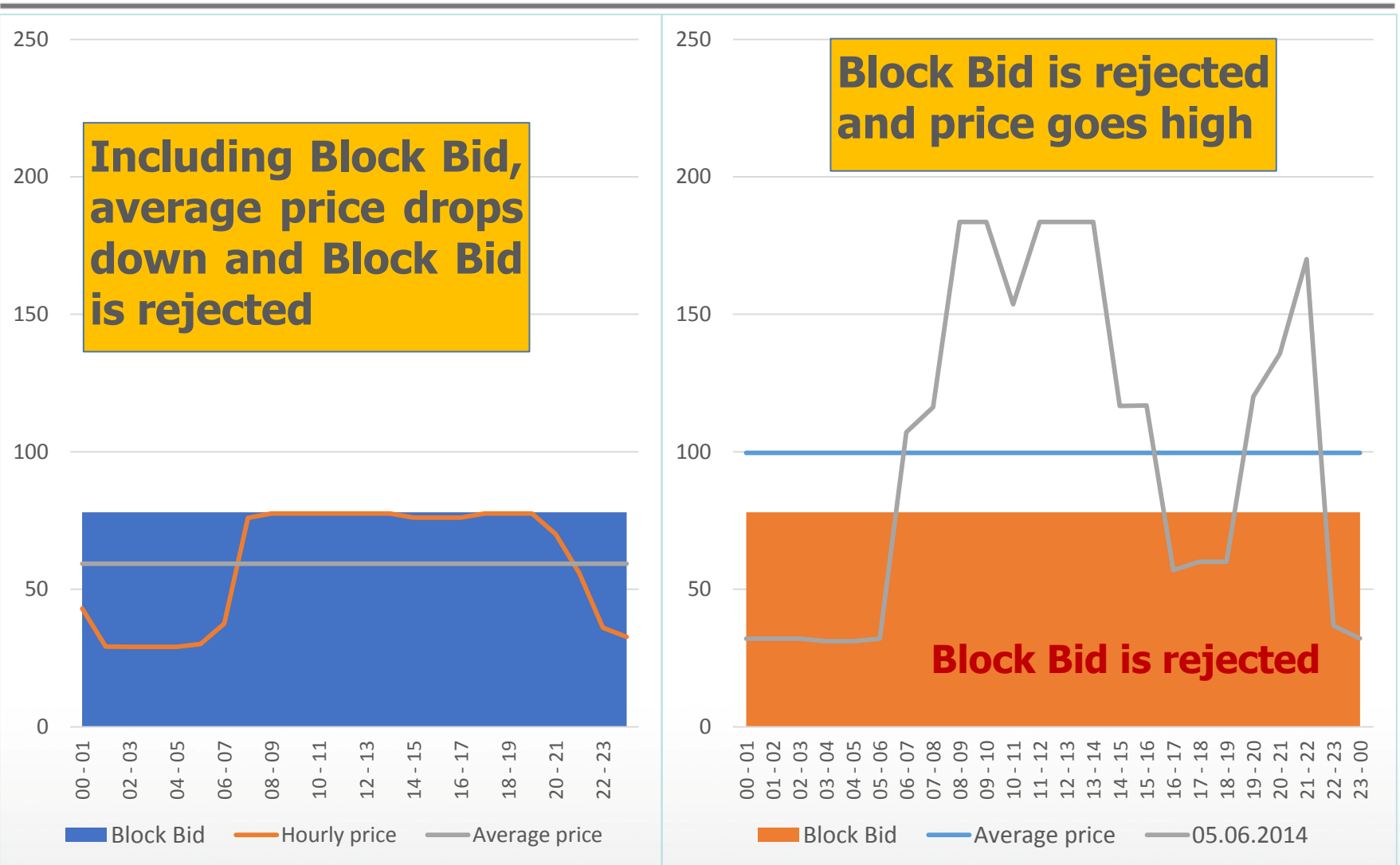


Case No.2: Case relates to high price peaks during July and August, 2014



Source: Nord Pool Spot

Market surveillance in 2014 (2)



Market surveillance in 2014 (3)



PUC conclusion: Price peaks appeared because of phenomenon called «**Paradoxically rejected block bid**»

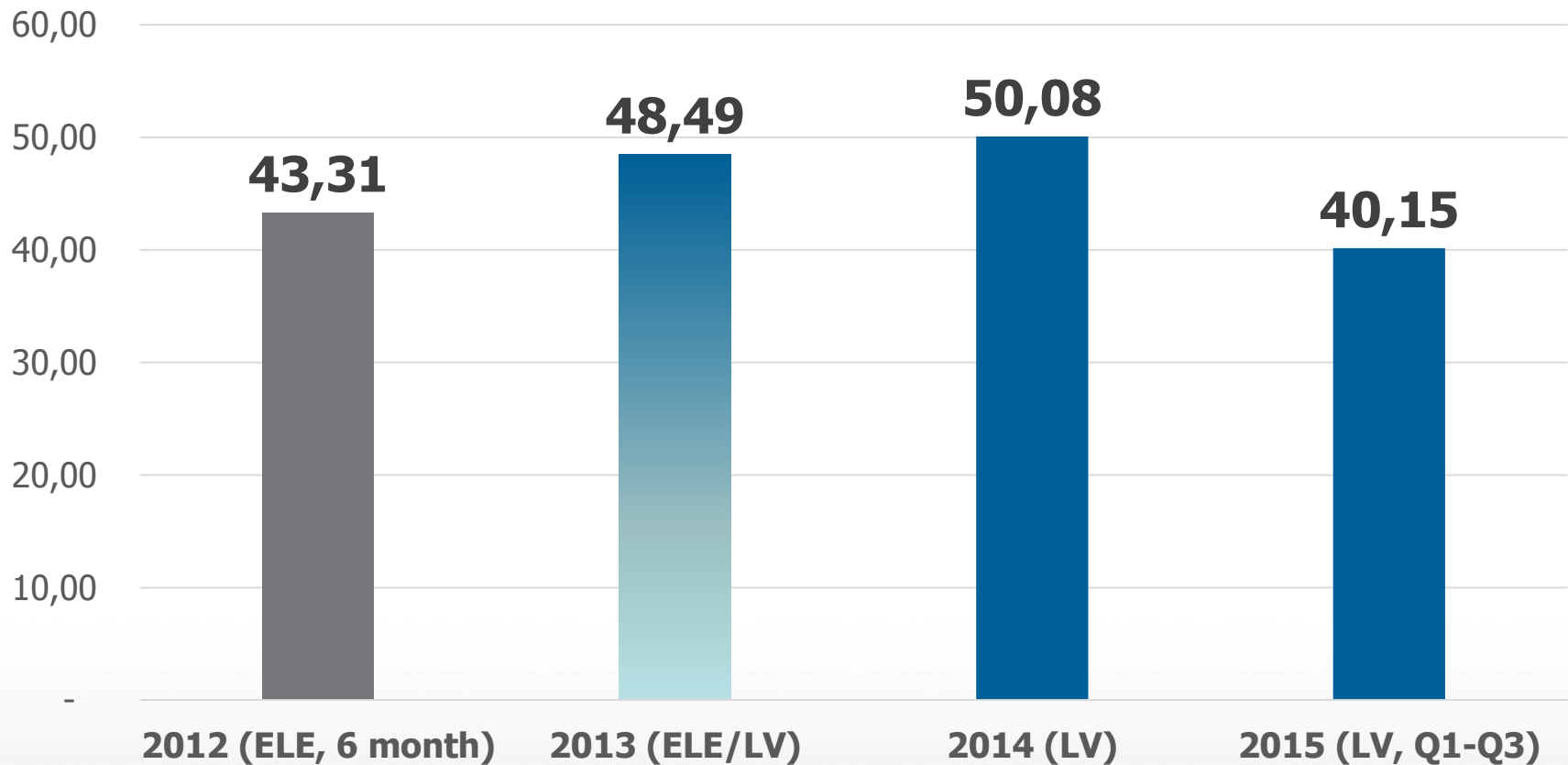


- **CEREMP registration status: 14 MP registered**
 - **October 7, 2015: data collection started (ACER)**
 - **NRA co-operation:**
 - Nord Pool Spot Regulatory Council
 - Market Monitoring Expert Sub-group of Nord Pool Spot Regulatory Council
 - Nord Pool Spot Regulatory Council Fundamental Transparency Regulation expert Subgroup
 - Common Nordic-Baltic Wholesale Market monitoring and common UMM monitoring
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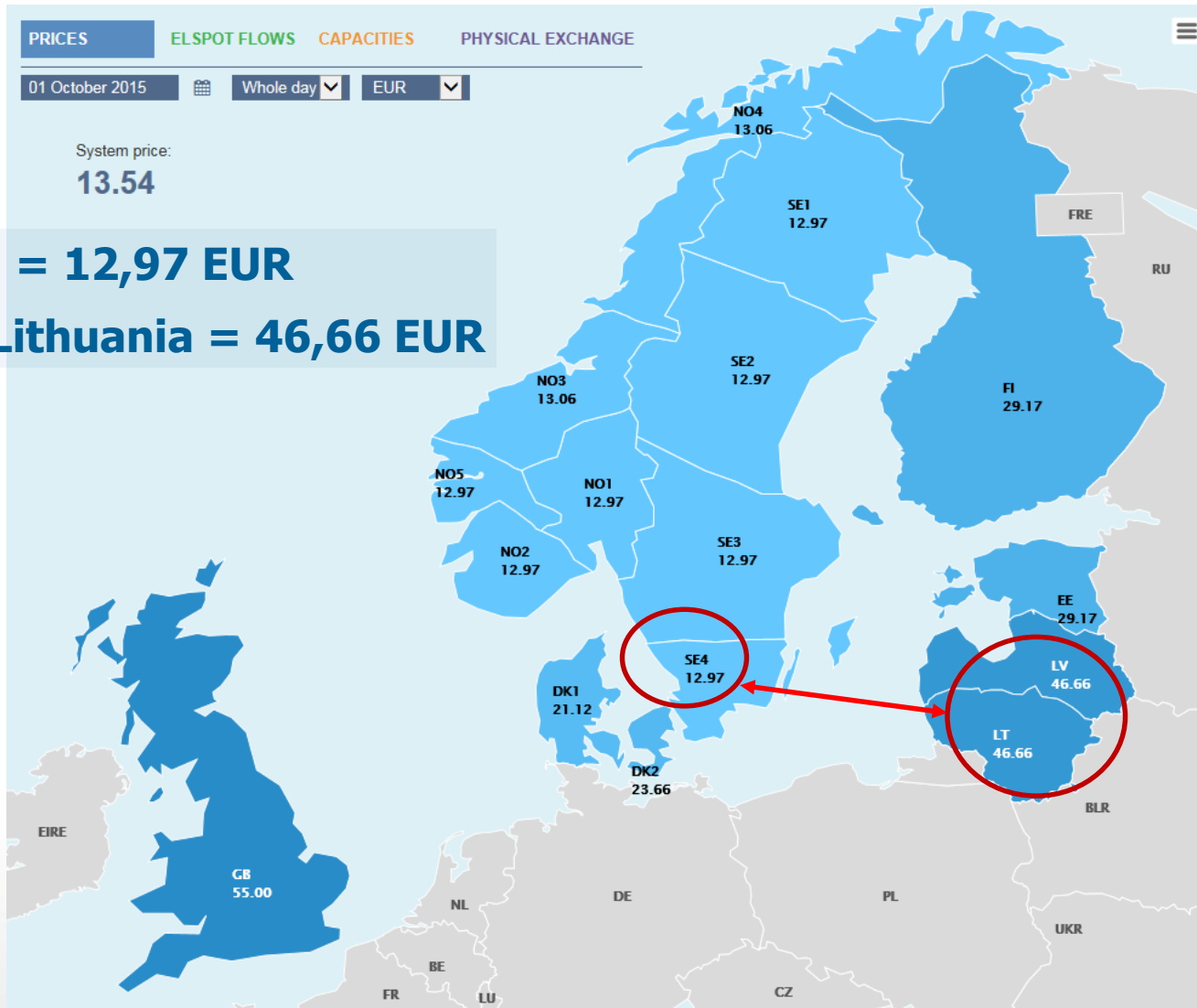
Electricity prices before and after NPS Latvia bidding zone opening



Electricity wholesale market price in Latvia,
EUR/MWh



SE-LT interconnection – hope for price drop in Latvia



Sweden = 12,97 EUR

Latvia, Lithuania = 46,66 EUR



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THANK YOU !

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