

Merging Markets and Security of supply in the BALTREL countries

Position Paper of BALTREL Task Force 1 (TF-1)

Security of supply is a fundamental issue. Merging markets of the BALTREL countries need to develop appropriate rules to ensure security of supply at the level of the region and manage the benefits of trade. Such measures as common technical codes, reliability rules, congestion management principles, network access, transit issue, market models and legislation, uncertainties of reciprocity and market transparency, challenging environmental policies and targets, and etc. need to be agreed and harmonised at the regional market level at least. The impedimental barrier to merge markets is absent of physical interconnections between some BALTREL countries.

To have real effect of regional markets adequate interconnection capacities are needed. Existing interconnections capacities aren't sufficient enough and creates the effect of concentration of national markets. There are plans to build up to 13 new transmission lines on cross borders (except Russia) between Baltrel countries to ensure more efficient cross border trade, and in the the same to strenght internal network bulding up to 42 new internal transmission lines (except Russia). Investments in cross borders lines developments will reach aproximety 2,5 bilion €, in internal transmision network aproximety 3,3 bilion €. Russian government aproved plans to invest in the transmission segment over 2006-2010 about 19 bilion € and to build new transmision lines.

Generation adequacy assessment consists in investigating the ability of the generating units to match the system load evolution and possibilities to export surplus electricity to the deficit countries. The load forecast in this analysis is based upon the assumption of normal climatic conditions, and in addition, the peak load is estimated. The most important indicator in this case is remaining capacity (the capacity that the system needs to cover the difference between the peak load of each country and the load at the synchronous reference time and, at the same time to cover exceptional demand variations). Not all BALTREL countries will be able to cover national load in 2020-2025 time frame, what means needs of import from other countries, and needs to have strong integrated and developed regional market.

BALTREL countries remaining capacities without exchange in 2020-2025 time frames:

Country	deficit (-) / surplus(+), MW	
	Winter	Summer
FINLAND	+300	+2000
SWEDEN	+1300	+5500
NORWAY	+970	+14250
DENMARK	<i>No data</i>	<i>No data</i>
POLAND	+2300	+2200
LITHUANIA	+3070	+1570
LATVIA	-500	-385
ESTONIA	-340	+390
RUSSIA	<i>No data</i>	<i>No data</i>
BELARUS	+900	+900
Total	-840 / +8840	-385 / +26810

The objective of generation adequacy is to provide early warning signals concerning system security and opportunities to invest in generation, transmission and market-based demand response. Forecasts of cross-border exchanges are not taken into account in the power balance.

Integration and liberalisation of the BALTREL countries market is a continuing and gradual process to an uncertain end point.

Now there is the only one strong internal integrated regional market recognisable in BALTREL countries area – Nordel (Finland, Sweden, Norway, Denmark). It should be mentioned that “Baltrel area” has not been so far regarded as a market region in the EU documents/papers.

The Baltic regional market is still only a vision. The merging markets of the BALTREL countries is quite challenging, first of all because they comprise of 3 different power systems and Russia and Belarus are not the members of EU, and the EU directives aren't obligatory in these countries.

To merge markets around the Baltic Sea, political, environmental and technical consensus on general guidelines should be devised between EU and CIS. In order to do that, wider analysis, perhaps coupled with European Commission and national governments advice, is needed.