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Security of supply - desynchronizing Baltics from Russia and backing generation adequacy in the Nordic-Baltic area. Beyond BEMIP and way forward in regional cooperation on energy infrastructure

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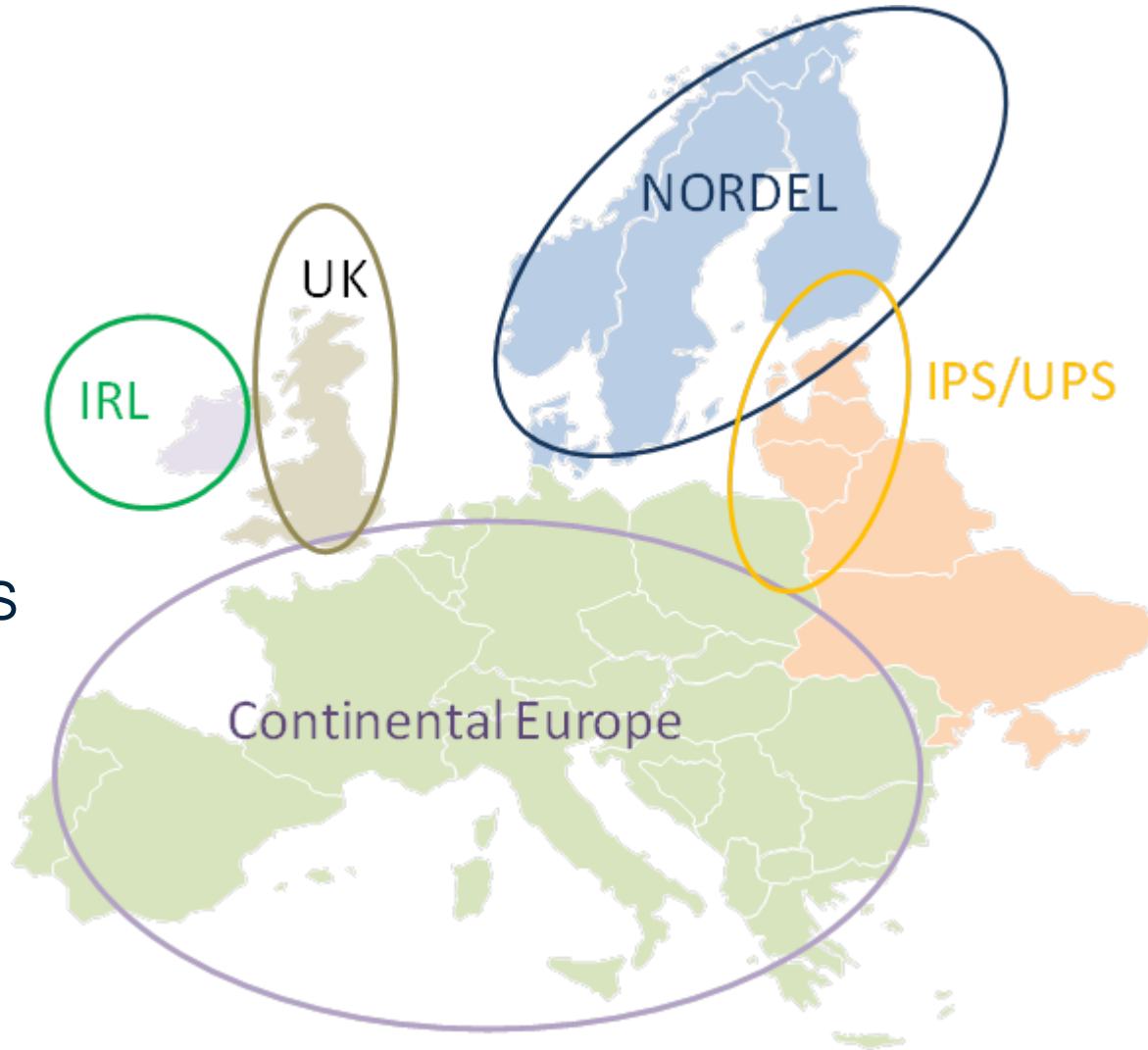
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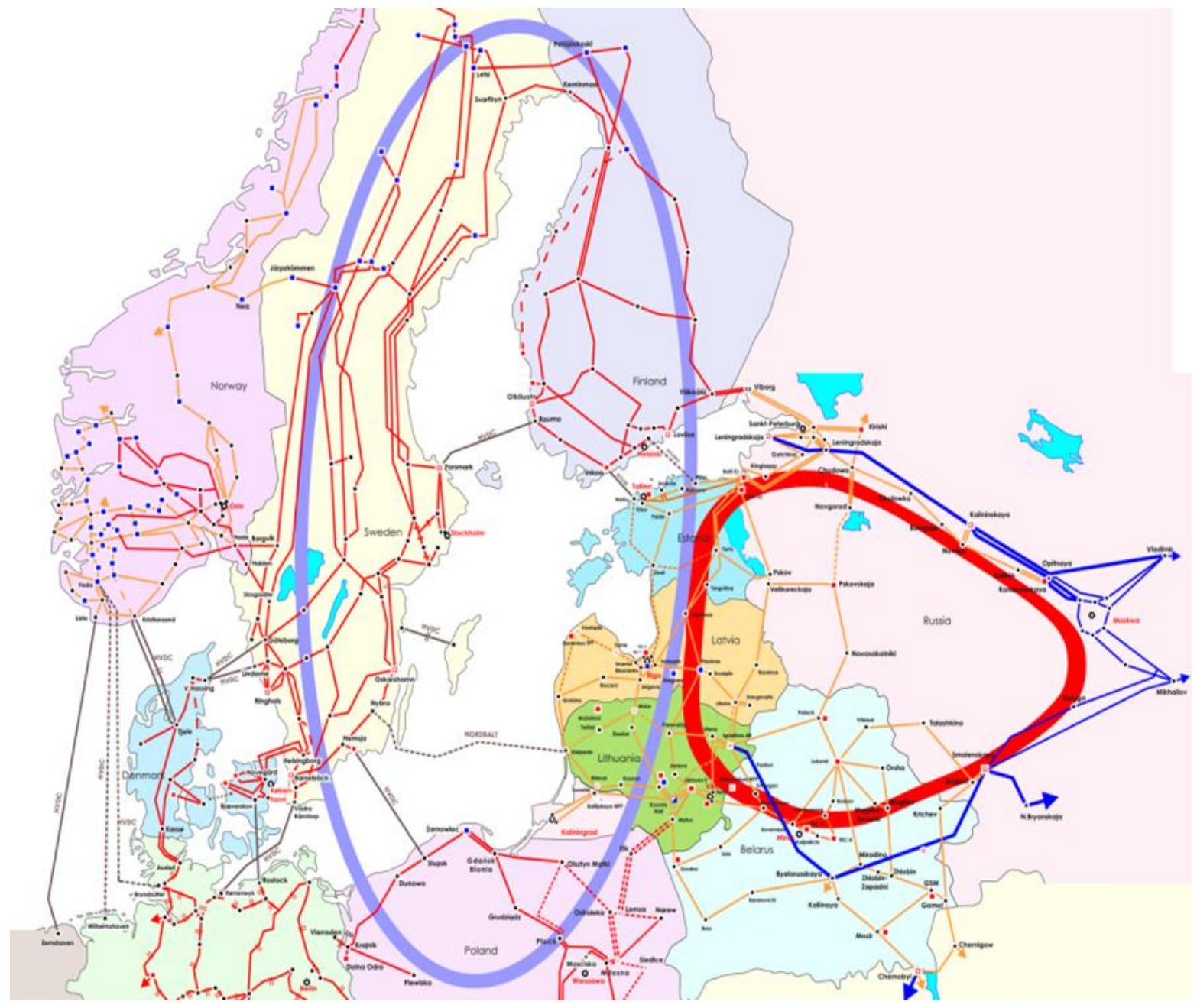
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Background

Today EU covers 5 synchronous areas.

- ❖ Baltic system historically inherited energy infrastructure heavily integrated in the IPS/UPS synchronous area, influencing market and operation

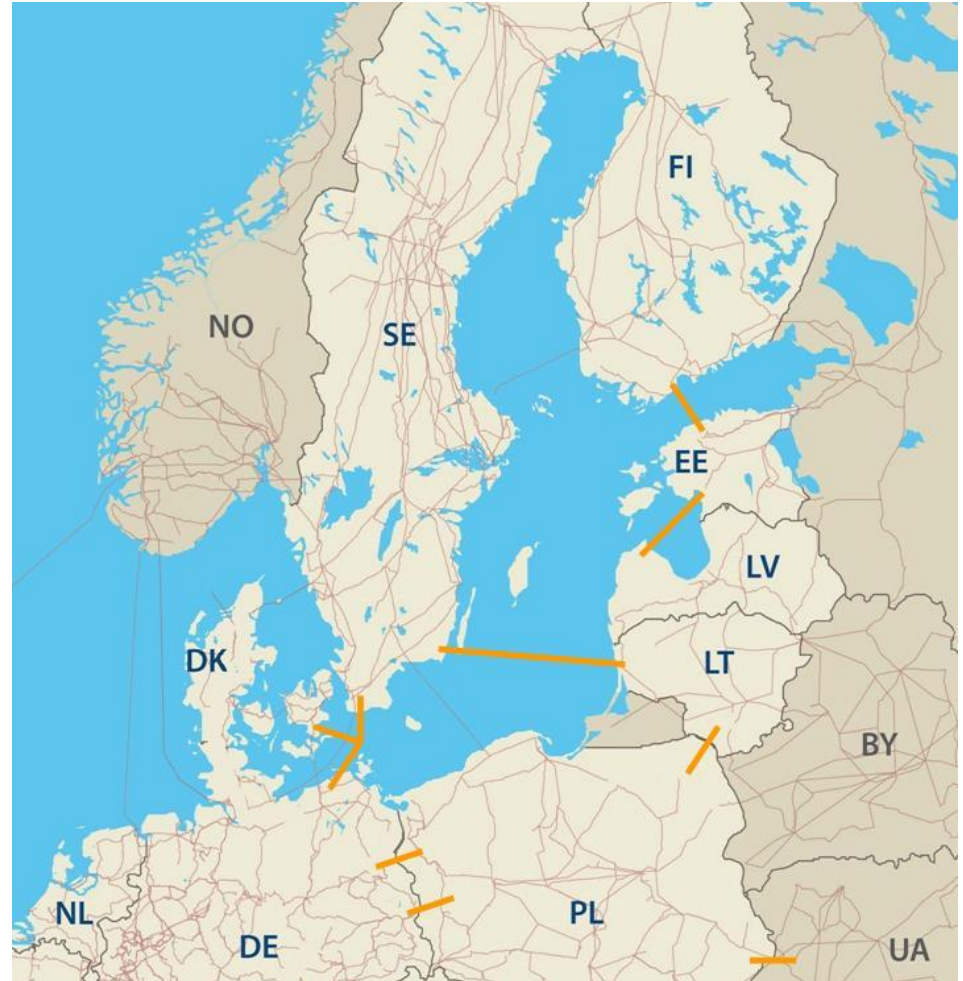




BEMIP - is on the way

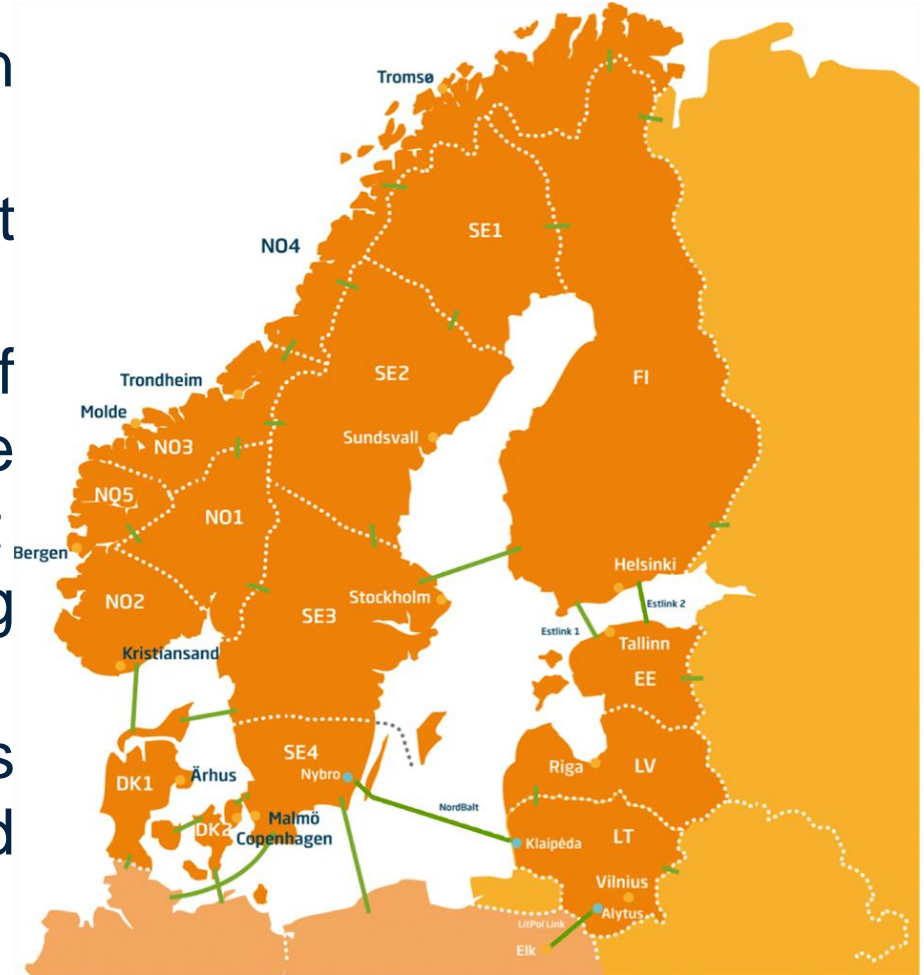
Main goals:

1. Ensure functioning of the market
2. Interconnection development to support market integration
3. Generation development to ensure the adequacy and expected power flows



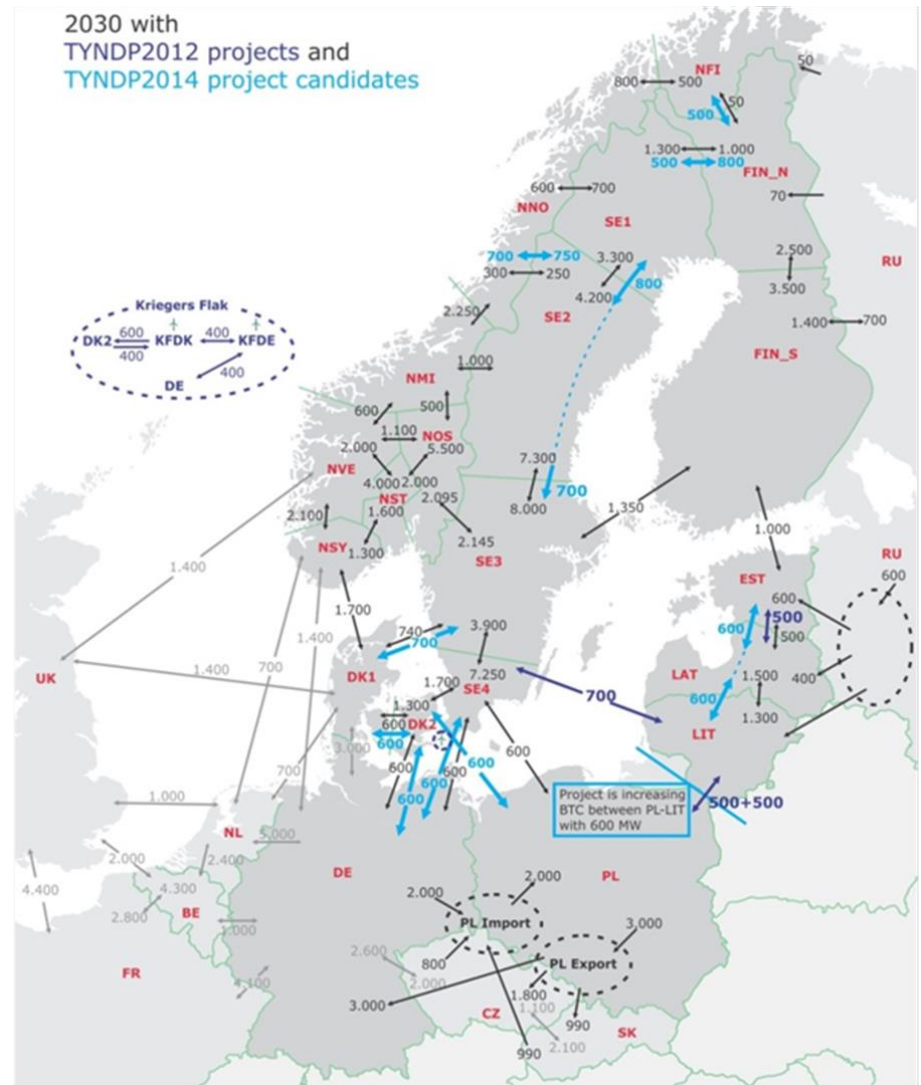
1. Baltic electricity market

- 2010 April 1st Estonian bidding are opened
- 2010 October – Elbas market in Estonia
- 2012 June 18th operation of Lithuanian Power Exchange taken over by Nord Pool Spot
- 2013 June 3rd Latvian bidding area opened
- 2013 December – Elbas market in Latvia and Lithuania



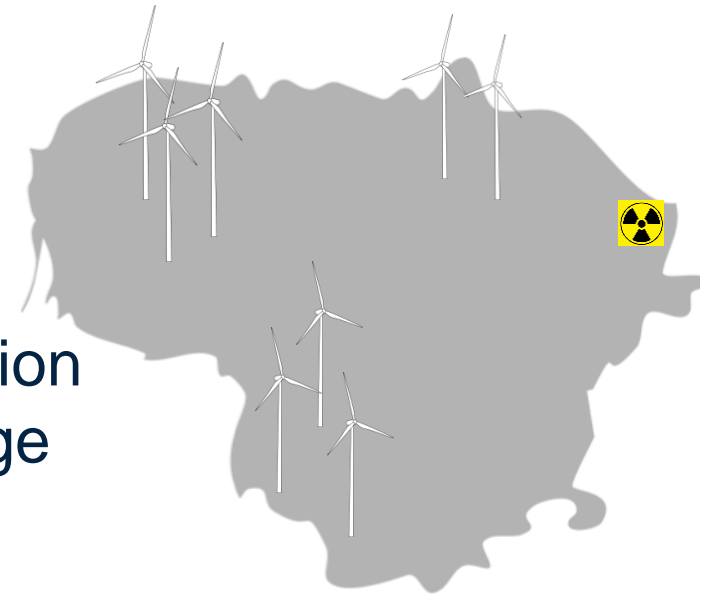
2. Baltic interconnections

- Est Link 1 and 2 – completed (1000MW)
- LitPol Link – 1st stage ready in 2015 (500MW)
- Nordbalt – ready in 2015 (700MW)
- Interconnection Lithuania-Poland development until 2020

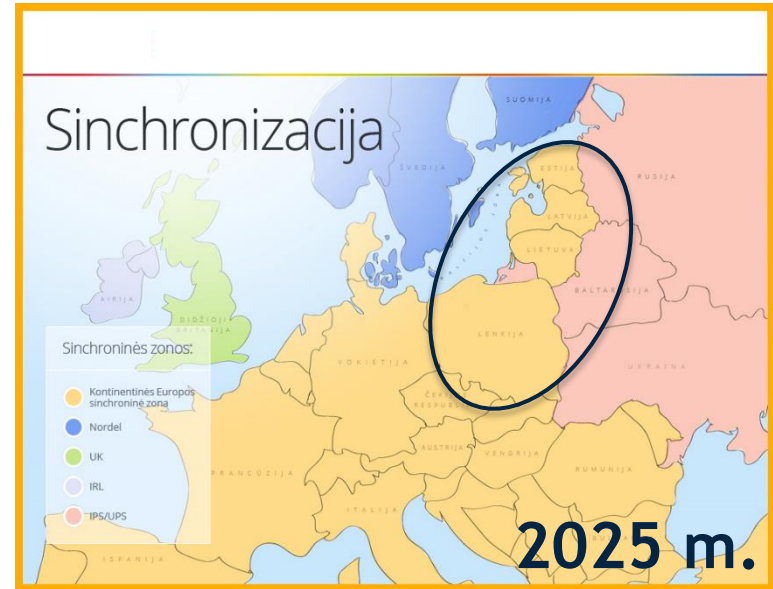


3. Generation development

- Adequate generation development
- Major projects:
 - ✓ RES (wind/biomass) integration
 - ✓ New NPP project in Lithuania
 - ✓ Flexible conventional generation capacity (hydro-pump storage / gas?)



Baltic States system's synchronous operation with CEN



Transition from IPS/UPS to CEN synchronous area

First step towards synchronisation

- Baltic states TSOs implemented study for integration variants of the Baltic states systems with CEN in 2013.
- The study analyzed technological, legal and socio-economic aspects of integration variants.
- Main conclusions:
 1. Technically Baltic States synchronous operation with Continental Europe is feasible
 2. No legal obstacles are identified for desynchronisation form IPS/UPS and synchronisation with CE
 3. Project is not economically viable and huge investments are necessary. The European Union support is crucial

Necessary and optional interconnections and reinforcements



Support for synchronization

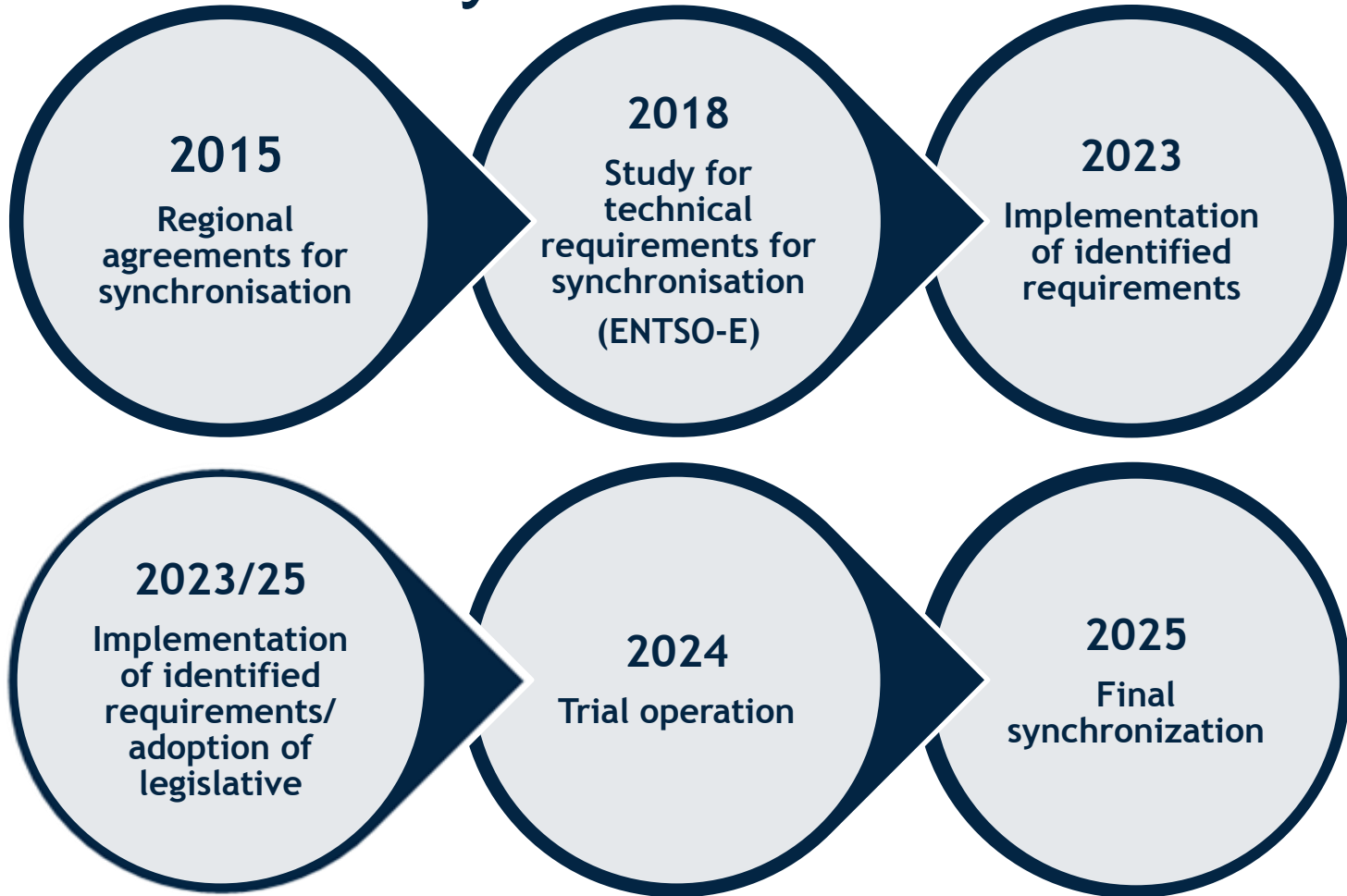
Regional Legislation:

- 11/06/2007 the Prime Ministers of the Baltic States signed the Communiqué 08/11/2013 Agreement of Baltic States Prime Ministers to discuss at cross-governmental level issues on generation, energy market and synchronisation.
- 05/12/2014 Baltic States Prime Ministers have recognized the importance to synchronize Baltic networks with the network of Continental Europe by 2025 through direct interconnections between Lithuania and Poland.
- 14/01/2015, Baltic States ministers responsible for energy have signed a joint “Declaration on Energy Security of Supply of the Baltic States” where synchronous operation with Continental Europe power grids is the main goal for Baltic States.

European Legislation:

- 14/10/2013 Project of common interest (first list).
- 28/05/2014 European energy security strategy.
- 23/10/2014 conclusions of European Council.

Actions starting 2015 for implementing Baltic States synchronization with CEN



BEMIP future

**Successful regional cooperation should continue
beyond 2020**

BEMIP

**Synchronisation of
Baltic system with
CEN**

**Benefits from fully integrating Baltic States into the
Continental Europe will ensure security of supply to
the region and also allow to finalize the idea of
Integrated European Market**



Thank you



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