

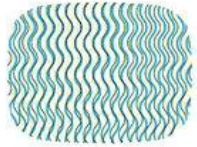
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Marekt participant LTTR experience

Presentation at LTTR implementation seminar

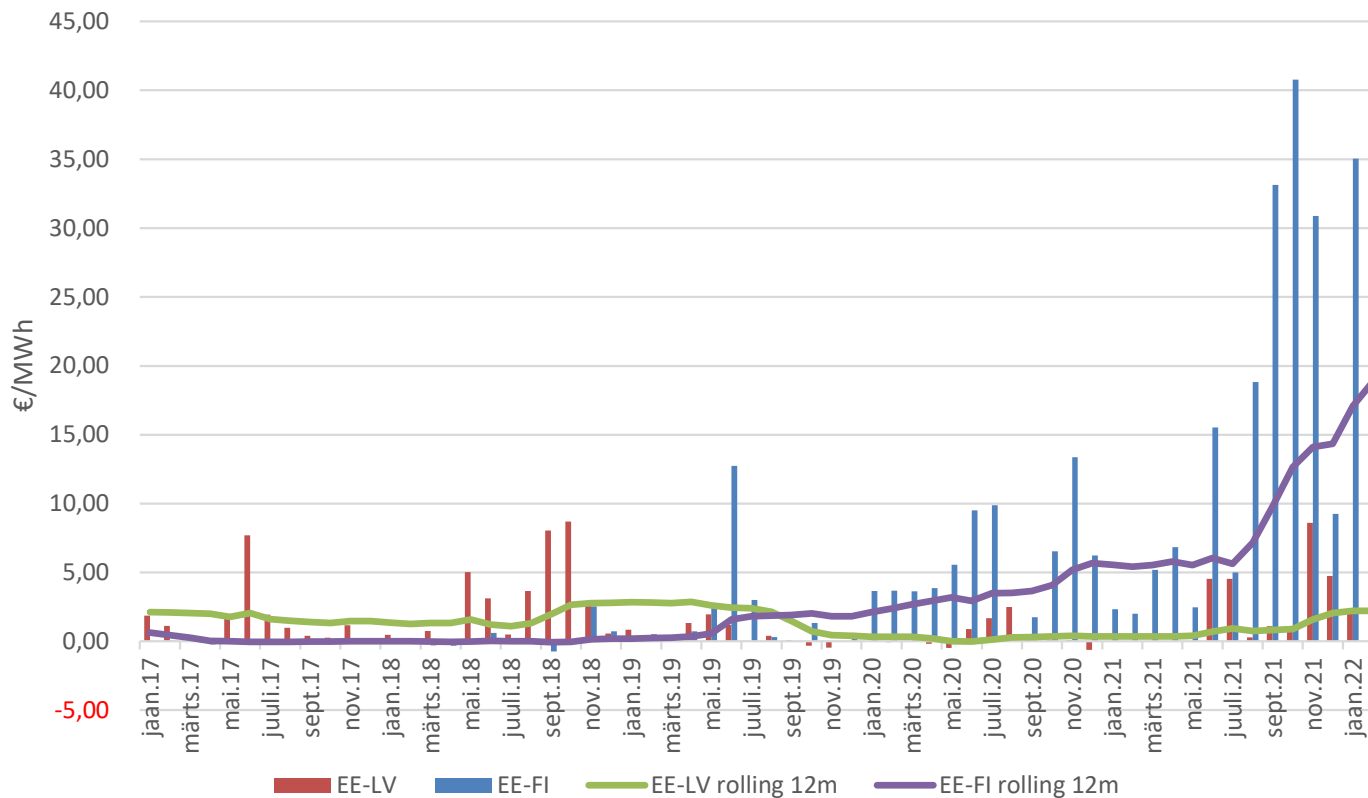
March 24th, 2022

Price differences between Estonia and Finland cannot be managed without appropriate hedge products



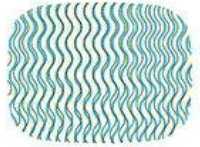
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EE-FI ja EE-LV price difference over time



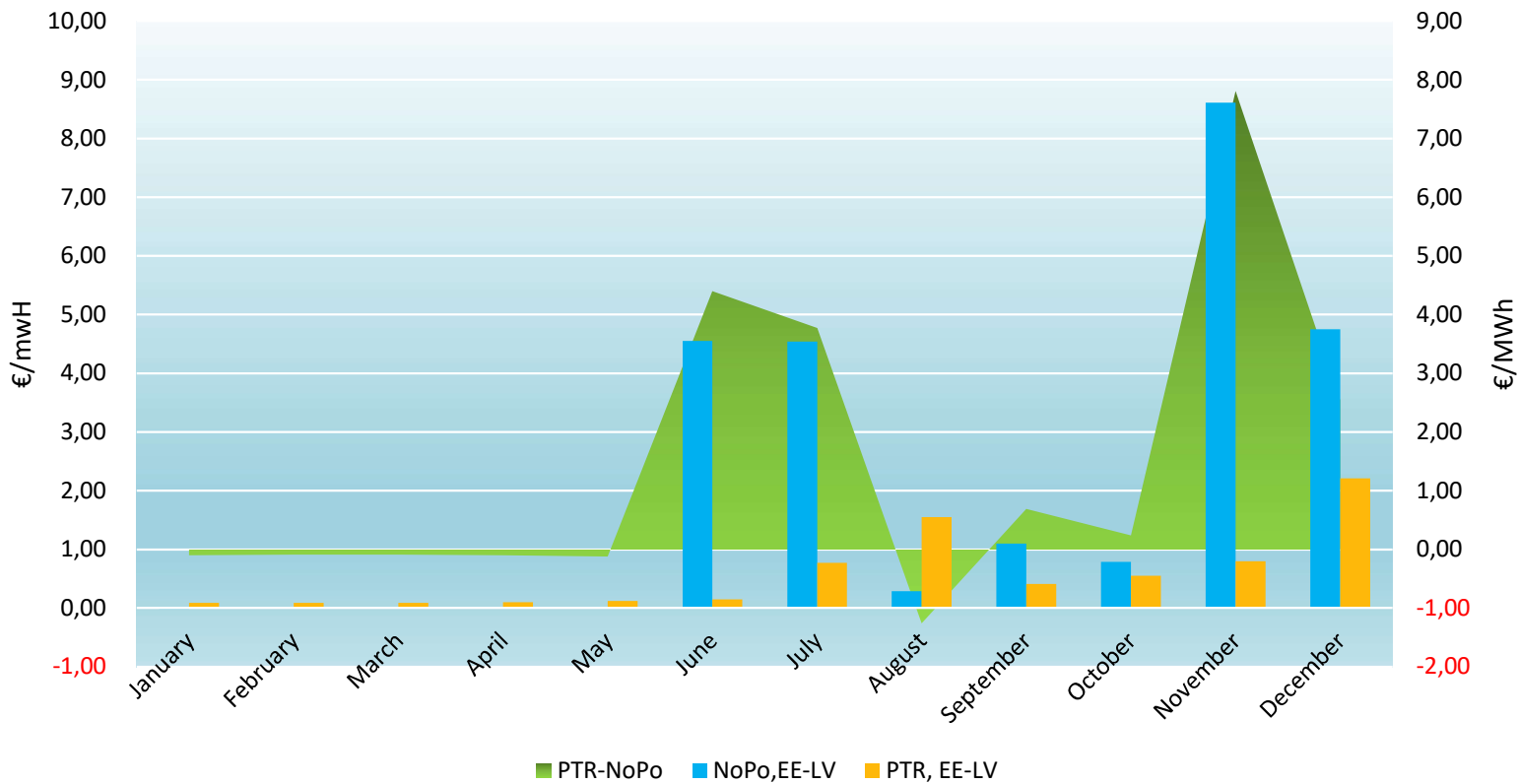
- Price difference between EE and FI has been increasing while also EE and LV price difference can be managed via existing FTRs
- Baltics market has basically no liquidity with prices at OMX calculated at fictional levels
- FI-EE LTTR would give additional liquidity to both Finnish and Baltics markets

LTTRs enable to hedge otherwise unhedgeable positions



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Value of monthly LTTRs between EE-LV in 2021



- LTTR pricing follows historical patterns taking into consideration the best understanding of upcoming limitations

Why to use FTRs between Finland and Estonia?



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Hedge positions
in the Baltics

- Estonia has no liquid hedging market and adding FTR to Finnish area price would effectively hedge Estonian (and Latvian) positions for purchasing
- Purchase system price + HEL area EPAD + FTR FI-EE (+ FTR EE-LV)

Leverage Finnish
consumption
hedge to Baltics
portfolio

- Finnish consumers have sites in the Baltics where Finnish hedges can be utilized by adding the FTR on top of Helsinki area price
- Purchase system price + HEL area EPAD + FTR FI-EE

Speculative
trading

- Depending on the market situation you can earn money by buying FTR vs actual price difference between price areas
- FTR from Finland to Estonia is basically the same as selling EPAD HELSINKI and buying EPAD TALLINN simultaneously with TSO being your counterparty

What are the practical challenges?



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AUCTION DETAILS

EE-LV-Y-BASE-----220101-01

Yearly | EE — LV ★

AUCTION TIME

22/11/2021 14:30 - 29/11/2021 14:30

DISPUTE SUBMISSION

29/11/2021 14:55 - 01/12/2021 14:55

PROVISIONAL AUCTION RESULTS

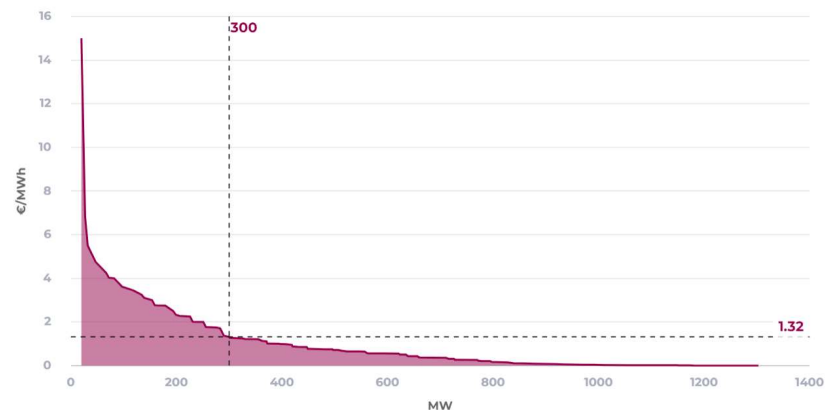
29/11/2021 14:55 - 03/12/2021 14:55

RETURN DEADLINE

AUCTION SPECIFICATIONS & RESULTS

TIMETABLE	OFFERED CAPACITY (MW)	ATC (MW)	RETURN (MW)	REQUESTED CAPACITY (MW)	ALLOCATED CAPACITY (MW)	PRICE (€/MWH)
Every day 00:00-24:00	300	300	-	1303	300	1.32

AUCTION CHART



- Availability of all information on maintenance plans, limitations etc. for the product duration period at the time of bidding
- Availability of right products in sufficient amount of capacity – at times the need for different products varies
- Need to have collaterals in place in right time as it might take time
- Timing of auctions versus potential commitments needed (month before next year; 1,5 month before quarterly auction, week before next month)