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To newsrooms

## **New submarine cable between Finland and Estonia confirmed**

**Fingrid Oyj, the electricity transmission system operator in Finland, has confirmed the construction of the EstLink 2 submarine cable within an expedited schedule. In the spring, Fingrid announced that the investment on the submarine cable is subject to the functioning of the Estonian electricity market and to the subsidy of 100 million euros from the European Union for the project. Fingrid now considers that these conditions have been met, and the submarine cable of 320 million euros will be built in co-operation with the Estonian transmission system operator Elering.**

The capacity of the planned connection will be 650 megawatts. The new transmission link will raise the total electricity transmission capacity between the two countries to approx. 1,000 megawatts, thereby integrating the Baltic electricity market into a single market within Baltic Sea region. The new connection will also increase the security of supply in the region. The goal is that the new link will be brought to commercial operation at the beginning of 2014.

The Nordic electricity exchange Nord Pool Spot opened the new Estlink price area in early April. According to Nord Pool Spot, the Estonian electricity market has started off actively, and the launch of the market has been a success. Elspot electricity already accounts almost for 40 per cent of the electricity consumption in Estonia.

The market has utilised almost the full transmission capacity made available to Elspot trading. Fingrid and Elering first rented 250 megawatts of the transmission capacity of the Estlink 1 cable in the spring, and from 20 September the full capacity of 350 megawatts of the connection has been available to the market.

In fact, the demand for the capacity has exceeded the supply: the transmission link between Estonia and Finland has been one of the most congested cross-border connections within the Nordic electricity exchange area. The prices in Estonia and Finland have differed from each other for approx. 50 per cent of the time, which shows that the new EstLink 2 connection is really needed.

The Commission of the European Union considers the transmission connection between Finland and Estonia as very important, which is why it granted an EU subsidy of 100 million euros for the EstLink 2 connection in July 2010.

The permit applications related to the project were delivered to the authorities in the spring of 2010, and inquiries for quotations for all the main components and services for the project have been submitted. The goal is to sign related contracts already by the end of the year. Earthwork at the Anttila substation near city Porvoo in Finland will commence in the autumn of 2010 so that the targeted schedule can be kept.

Further information:

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