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To newsrooms

Fingrid's capital investment decision on submarine cable link to Estonia

Fingrid, the electricity transmission system operator in Finland, has made a capital investment decision concerning the second direct current transmission link, EstLink 2, between Estonia and Finland. The capacity of the planned transmission link is 650 megawatts and the costs of the project total approx. 320 million euros. The submarine cable will be built in co-operation with the Estonian transmission system operator Elering. The execution of the project still requires that the recently-opened electricity market in Estonia starts off favourably and that the project receives an investment subsidy of 100 million euros from the European Union.

At present, there is one 350 megawatt direct current connection between Finland and Estonia. The new transmission link will raise the total electricity transmission capacity between the countries to approx. 1,000 megawatts, therefore integrating the Baltic electricity market closer to the Nordic market. The new connection will also increase the supply security of electricity in the Baltic Sea region. The goal is that the new link will be brought to commercial operation at the beginning of 2014.

Fingrid and Elering have been drawing up preliminary plans for the new submarine cable for about three years. EstLink 2 is one of the foremost reinforcements in the electricity transmission grid in the Baltic Sea region. The environmental, nature, water ecology and seabed surveys for the link have been completed for permit applications conforming to the Finnish acts on cross-border transmission lines and water construction.

The Commission of the European Union also considers the transmission connection between Finland and Estonia as very important, which is why it has proposed an EU subsidy of 100 million euros for the EstLink 2 connection. The potential subsidy is part of a broader recovery package of the EU, aiming to stimulate economic activity in the Union and also support the strategic energy policy objectives. The EU's final subsidy decision is expected in the coming weeks.

Promising launch of Estonian wholesale market

Fingrid's capital investment decision requires that the Estonian wholesale market for electricity functions well. The Nordic electricity exchange Nord Pool Spot opened the new Estlink price area in early April. Fingrid and its Estonian counterpart Elering rented approx. 250 megawatts of transmission capacity from the owners of the present Estlink connection for use by Nord Pool Spot. The total capacity of the link is 350 MW.

The early stages of the market have been positive. Elspot electricity already accounts for over 20 per cent of the electricity consumption in Estonia. The market has utilised almost the full Estlink transmission capacity made available to Elspot trading. The demand for the capacity has exceeded the supply, and the transmission link between Estonia and Finland has been the most congested cross-border connection within the Nordic electricity exchange area. The prices in Estonia and Finland have been different from each other for approx. 80 per cent of the time, which shows that EstLink 2 cable is really needed.

Further information:

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