



**FURTHER NORDIC – BALTIC
COOPERATION IN ENERGY
SECURITY AND SECURITY OF
SUPPLY**

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BALTIC CONNECTOR

Agreement between Prime Ministers of Estonia and Finland on completion of Baltic Connector by 2019.

Project will be submitted to CEF by end of 2016.

Finland has to submit LNG support application to Connecting Europe Facility by end of 2016. If not, Estonia has right to submit its own Project.

Clearly need to marine LNG terminal.

Separation of ownership of natural gas main grid from Estonian Gas completed

FUTURE OF NATURAL GAS ?

Further need for natural gas in Estonia is unclear. Significance declining.

Completion of further CHP plants in Tallinn (Vöö 2 76/21 MW and Kadaka) will reduce demand by 2017 means 80% of Tallinn heating is on biomass and waste burning.

Reduction of NG demand by 100 mln m³. Reduction of heat cost (at current gas prices) ca 20%.

Future price of NG ? 200 per 1000 m³ in 2015? 2020 ?

Action plan for biomass in Lithuania and Latvia?

POWER SUPPLY

Key strategic issue is and will increasingly be power supply given Latvian/Lithuanian deficit of 6-8 TWh and production from natural gas.

Stress factors in 2015-2025

- Closure of oil shale generation capacity by 1000 MW in 2023
- Reduction of Polish coal capacity
- Closure of German NPPs
- Carbon pricing
- Renewable still subsidized
- Power prices in EU in 2020 60€/MWh ?

VISAGINOS OR LONGER TERM OPTIONS

Eesti Energia has clearly expressed that investing into oil shale oil development is financially more attractive than current nuclear options.

In Estonian public there has been 0 discussion on Visaginos NPP.

It does not seem that there is progress on Visaginos NPP.

If a large NPP is not an politically and financially viable option, is it possible to wait until 2020 and choose smaller, economical new generation reactors like SMRs, HTR-PM, Molten Salt Reactors ?

TRANSPORTATION FUELS

Diesel fuel from Estonian oil shale technically and economically feasible 300 000 to 600 000 tons per year.

Oil shale reserves 2-3 billion tons. 1 billion mined in 100 years.

Increase in electric vehicles, but still marginal.

Biofuels unlikely to be significant.

NG as transportation fuel- clear potential in public transport and utility vehicles.