In-Depth energy Policy Review of Estonia

Maria van der Hoeven
Executive Director

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The in-depth review process

- IEA conducts In-Depth Reviews in member countries:
  - Every 5-6 years
  - Based on the 3 Es
  - Comprehensive appraisal of policy formulation and application

- Peer review process:
  - member country experts
  - Key institutions (e.g. EU)
  - IEA experts
  - Evidence-based

- Estonia review visit took place in December 2012
Energy security concerns

- Overall energy import dependency is 13%
- Largely self sufficient for power and heat needs
- Share of renewable energies in TPES is 24%
- Fully dependent on imported gas

* Negligible.
World’s most developed oil shale industry

Oil shale dominance in energy mix

Carbon footprints and mining limits
  - Currently capped at 20 Mt per year

Decreasing oil shale dependency
  - Reducing share of oil shale in electricity and heat generation
  - Replacing aged pulverised combustion boilers with fluidised-bed combustion technologies

Pioneering technologies for shale oil production

Plans for developing two oil refineries in Estonia
Decarbonising with demand-side measures

- Balance between carbon concerns and energy security
- Diversification of natural gas supply
- High share of renewable energies; Forecasted rise
- Energy efficiency and district heating concerns
- National Energy Efficiency Action Plan (NEEAP)

*Energy intensity in Estonia and in selected IEA member countries*
Regional electricity market

Electricity Market

- Strong regulatory framework
- Electricity market is open to full retail competition since January 2013
- Eesti Energia dominant generation and distribution

Electricity Generation 2012

Regional Integration

- Part of Nord Pool wholesale electricity market
- Developing new interconnection
  - Estlink II between Estonia and Finland
- Long term goal to synchronise with the Central European electricity system

Electricity trade 2000-2011

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Natural Gas Market

- Regulatory framework
  - Strong and independent regulator
  - Competition Authority
  - Fully transposed EU acquis
  - Liberalised markets

- Domestic gas market
  - Full gas market opening is due by 2015
  - Eesti Gaas dominant in transmission and distribution

- Baltic Energy Market Interconnection Plan (BEMIP) projects:
  - BalticConnector pipeline between Finland and Estonia
  - Shared LNG terminal in the Eastern Baltic region
Investing in the future (RD&D)

- Clear and coherent energy RD&D policy
  - in 2011 total spending on RD&D rose to 2.41% of GDP
  - oil sector accounts for one-third of public R&D
  - stronger focus required for efficiency related RD&D

- Deployment of efficient oil shale technologies

Government RD&D budgets in Estonia and IEA member countries, 2011

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Shaping energy policy

Key challenges for Estonia

- Reduction of carbon intensity/emissions
- Maximising energy efficiency gains
- Diversifying gas supply sources
- Strengthening regional gas market

Key opportunities

- Energy Strategy to 2030, with outlook to 2050
- Liberalised electricity market, regional interconnections
- Full opening of the gas market. Regional LNG terminal
- Decarbonising oil shale industry and increasing shale oil production
Key recommendations

- Prioritise policy actions enabling efficient investments
- Place a priority on securing long-term energy supply by reducing carbon intensity in the energy mix
- Continue promoting a cost-efficient regional natural gas and electricity infrastructure developments
- Consolidate existing energy efficiency activities into a single body with policy making authority
- Upgrade district heating systems and the existing buildings stock
- Continue support to regional interconnections and energy policy coordination
International Energy Agency

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The European Commission also participates in the work of the IEA.

Thank You
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