

Delays Seen in Power Exports From Finland to Russia

By [The Moscow Times](#)

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Plans to start power exports from Finland to Russia could be delayed for several years due to unresolved differences in market rules, the head of Finnish grid operator Fingrid said.

Finland is a part of the Nordic power market where producers get paid only for electricity, while in Russia they also get capacity payments on top, giving them incentive to invest in new generating capacity.

"I don't see [power exports to Russia] happening next year, maybe only in five years," Jukka Ruusunen, Fingrid's President and CEO, said on the sidelines of the Baltic Energy Summit in Helsinki on Thursday.

Fingrid has said exports to Russia could start at earliest in 2014, after successfully testing a cross-border line to send up to 350-megawatt power to the east.

Ruusunen said export capacity could be increased to 500 megawatts in future, but no trade was possible without the harmonization of market rules.

"This is a lesson to Europe what can happen with power flows if you introduce capacity payments. They could disturb or even stop the flows, like in case with Russia exports," he said.

Britain has already decided to introduce capacity payments, and Germany, which trades power with the Nordic market, is considering such a move in order to have gas-fired capacity available to provide a backup to volatile renewables.

Currently Russia only exports power to Finland through the transmission lines with a combined capacity of 1,300 megawatts but its exports fell sharply after capacity payments were introduced.

While wholesale Russian spot prices are lower than in the Nordics, the price for exports during the peak hours, when capacity payments are applied, could double.

Meanwhile, exporters from the Nordic market are not entitled to capacity payments in Russia, reducing incentives to trade.

A Finnish subsidiary of Russia's power export monopoly Inter RAO said it was ready to start exporting power from Finland to Russia if capacities were available next year.

"We are prepared to do that, but it would not be very profitable to sell for many hours," Marja Rasi-Kurronen at RAO Nordic Oy, said.

Officials at Fingrid also said power exports to Russia were now less likely as Moscow decided to freeze tariffs on state-regulated services including gas and electricity in 2014, keeping the existing spot power price low.

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