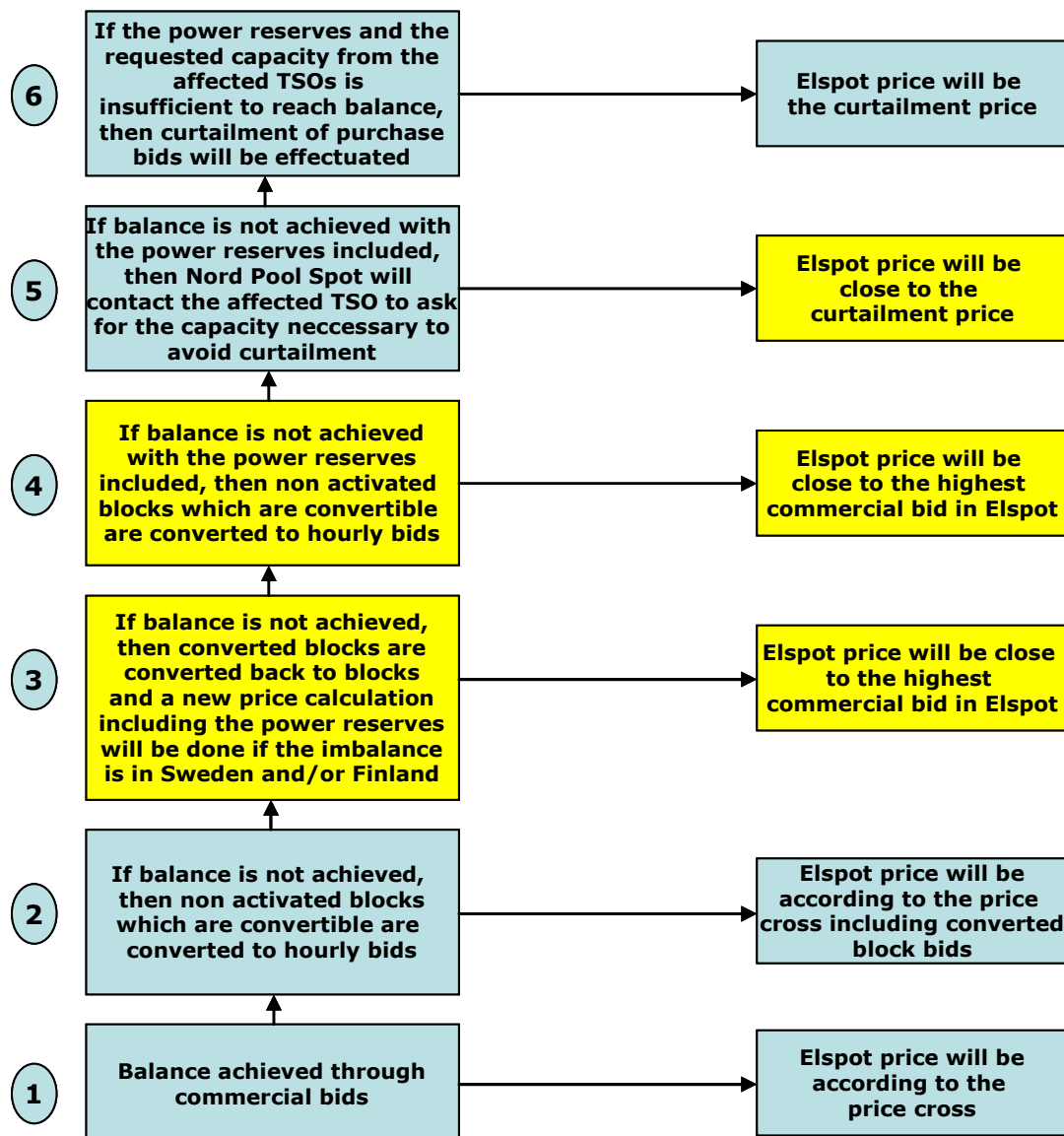


The following is a description of the procedure Nord Pool Spot will use if necessary to activate the power reserves in Finland and Sweden

The background to the activation of the reserves in Elspot can be found in Exchange Information no. 02/09 Peak power reserves in Finland and Sweden to be made available for Elspot from 19 January 2009 published 7 January 2009.

The power reserves in Sweden and Finland will be activated as hourly bids in Elspot only if there is a curtailment situation in Sweden or Finland after all ordinary steps in the price calculation has been carried out. The power reserve shall be activated in the Elspot market through a normal price calculation process, and before Nord Pool Spot as a last resource asks the affected TSOs if there are more cross-border transmission capacity available for Elspot.



The power reserves in Sweden and Finland will only be activated if balance is not achieved in Sweden and/or Finland. Item 3 and 4 are only applicable for Elspot area Sweden and Finland.

If balance is not achieved in Norway or Denmark after the conversion of block bids (item 2), then Nord Pool Spot will ask the affected TSO for the capacity necessary to avoid curtailment (item 5)

The following is a description of the procedure of how the power reserves will be priced if it has to be activated through the Elspot market.

Pricing of the power reserves in Finland and Sweden will be based on the highest commercial bid in Elspot area Finland or Sweden. These power reserves should in general not compete with commercial bids. The highest commercial bid in this respect means the highest bid with a volume change caused by either an increase in sales or decrease in purchase among Finnish and Swedish hourly bids in the Elspot market.

The power reserve bids will be submitted with the smallest possible price step in the Elspot market of 0,1 EUR/MWh to minimize their effect on the market.

Below are three examples on pricing of the power reserves in different situations. In examples 1 through 3 bids A, B and C respectively are the highest commercial bids in each price calculation. Example 3 shows a situation where the power reserves "minimi" price will influence the Elspot bidding.

Example 1

Bid A

	0	1 500	1 501	2 000
Hour X	0	0	-50	-50

Power reserve bid

	0	1 501	1 501,1	2 000
Hour X	0	0	-2 000 SE -600 FI	-2 000 SE -600 FI

In *Example 1* bid A is the highest bid with a volume change, i.e. the highest commercial bid is 1 501 EUR/MWh. The power reserve bid is submitted as a volume change between 1 501 EUR/MWh and 1 501,1 EUR/MWh.

Example 2

Bid B

	0	1 500	2 000
Hour X	0	0	-50

Power reserve bid

	0	1 999,9	2 000
Hour X	0	0	-2 000 SE -600 FI

In *Example 2* bid B has a volume change up to 2 000 EUR/MWh, i.e. equal to the technical maximum price in Elspot¹. When commercial bids are using the whole price range up to the technical maximum price then there is no additional price step to use for the power reserve. The power reserve bids will then be submitted as a volume change between 1 999,9 and 2 000 EUR/MWh.

¹ Technical maximum price in Elspot is Nord Pool Spots system technical maximum price for the Elspot price calculation. The technical maximum price is not fixed and can in certain situations be changed for the following days bidding.

Example 3

Bid C

	0	500	501	2 000
Bour X	0	0	-50	-50

Power reserve bid

	0	700	700,1	2 000
Hour X	0	0	-2 000 SE -600 FI	-2 000 SE -600 FI

If the highest commercial bid price is lower than the reported minimum price for the power reserves then the power reserve bids will be submitted at the minimum price.

In *Example 3* bid C is the highest bid with a volume change, i.e. the highest commercial bid is 500 EUR/MWh. The minimum price for the power reserve is 700 EUR/MWh. The power reserve is submitted as a volume change between 700 and 700,1 EUR/MWh.

The minimum price for the Swedish power reserves is the average variable cost including start up cost². In Finland the minimum price is the highest variable cost for the Finnish power reserves including start up cost³. Fingrid and SvK will report this minimum price to Nord Pool Spot. Nord Pool Spot will use the highest of the two minimum prices when activating the Finnish and Swedish power reserve.

² Start up cost in Sweden is distributed during an hour with peak load.

³ Start up cost in Finland is distributed during an hour with min load