



The Estonian Issues Monitor 2024 map reconfirms the nations devoted movement towards energy transition and climate neutrality goals as well as the geopolitical issues arising from the war against Ukraine.

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h\Y`Zcfa`Yf`egj`Yg'A`cb]hcf`a`UdgcZ`&\$`%`Ub`X`&\$`&`z` ;`Ycdc`]h]W`j`k`Ug` h\Y`hcd`W]h]W`'i`bW`fh]U]bhm`H`]gm`Y`Uf`z`ck`Yj`Yf`z` ;`Ycdc`]h]W`'ggj`Yg` \`Uj`Y`g`]zh`Y`Z`f`ca` `hcd`W]h]W`'i`bW`fh]U]bhm`hc`hcd`UW]cb`df]cf]m`f`]g`_` hc`DYUW`]g`Vt`bg]X`Yf`YX`Vm`far`as`the`most`impactful`action`priority`on`the`map.`Due`to`the`geographical`location`of`Estonia`sharing`a`border`with`Russia`,`there`is`no`doubt`that`Estonia`must`act`to`avoid`any`type`of`risk`to`the`energy`security`in`specific`and`peace`in`general.`To`address`energy`security`concerns`,`since`2007`,`the`Baltic`states`have`been`working`on`desynchronizing`the`electricity`grid`from`the`BRELL`area.`In`the`same`period`,`local`traders`in`Estonia`imported`only`a`proportion`of`natural`gas`from`Russia.`Russian`natural`gas`imports`were`restricted`in`a`few`months`after`the`attack`on`Ukraine`and`thereafter`the`natural`gas`supply`relied`solely`on`liquefied`natural`gas`(`LNG`)`sources.`Also`,`the`deadline`for`desynchronizing`the`electricity`grid`was`brought`forwards`by`a`year.`

9g`hcb]U`Ug`Ua`V]h]ci`g`W]a`U`h`[`c`Ug`Z`Ub`X`h\Y`Parliament`has`adopted`a`law`that`,`by`2030`,`100%`of`annual`national`electricity`consumption`must`be`generated`locally`from`renewable`energy`sources.`To`achieve`the`goal`,`substantial`investment`is`needed`into`**infrastructure**`,`including`renewable`energy`sources.`Moreover`,`the`harsh`weather`conditions`have`put`the`distribution`grids`to`the`test`and`highlighted`the`need`to`invest`in`more`weather-proof`grid`lines.`Implementing`measures`to`mitigate`risk`factors`is`key`to`securing`the`required`**investments**`.`

Maintaining security of supply and energy security under high geopolitical risk is expensive. Finding the right balance between all the **Trilemma indicators** is an ever more important action priority to maintain the competitiveness of the economy.

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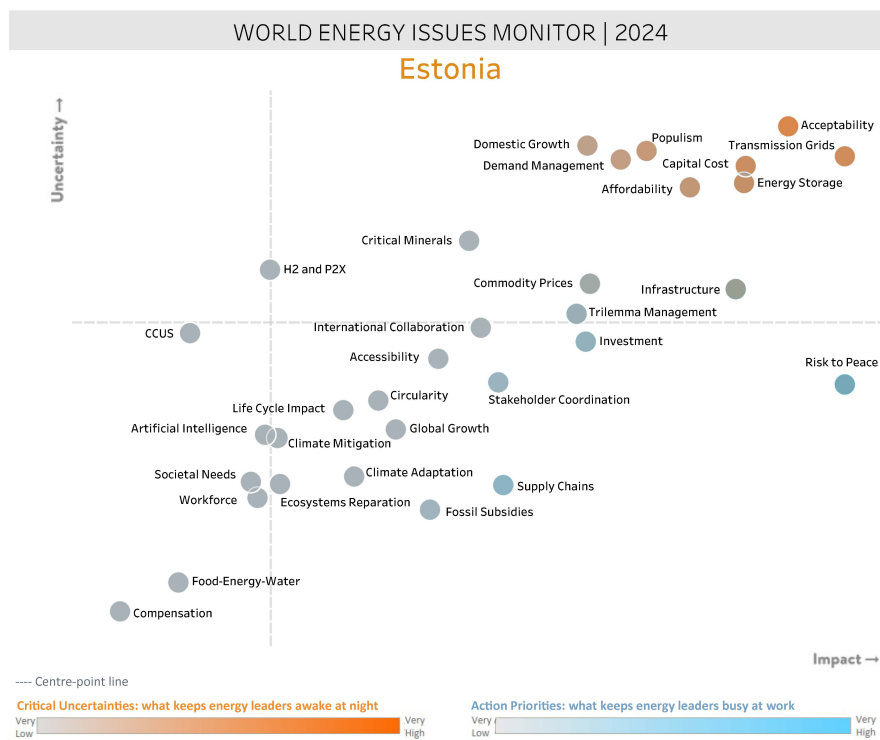
5`h\Y`g`f`Y`Z`Y`W`h\Y`i`bW`fh]U]bh]Yg`g`f`fci`bX]b[`9g`hcb]Ug`YbYf[m`hf`U`b`g]h]cb`"6i`]X]b[`bYk`c`Z`g`c`f`Y`c`f`c`b`g`c`f`Y`k`]b`X`d`U`f`g`c`f`g`c`U`f`d`U`f`g`f`Y`i`]f`Y`g`5W`V`d`H`U`]`]m`Z`f`ca` `c`W`V`t`a`a`i`b]h]Yg` Estonia`has`adopted`a`compensation`scheme`regulation`for`local`communities`which`has`brought`some`clarity`and`relieved`the`tension`but`nevertheless`leaves`the`developers`open`to`litigation`from`local`communities`and`to`the`risk`of`the`entire`project`being`halted`for`years.`

Large scale renewable electricity installations often need strengthened or new **Transmission Grids** which take a long time to plan and come with a high cost. Similarly, renewable energy developments are long-term financial allocations, and their economic feasibility depends on the **Capital Cost**. Given the competition among



states for new investments and Estonia's geographical challenges, it is evident why capital cost is a critical uncertainty. To achieve the national climate targets and to overcome the risks described, it could bring about national subsidy schemes which put **Affordability** at risk for many years to come. On the other hand, there has been an exponential growth of solar energy with the maximum solar capacity already occasionally exceeding the demand load resulting in zero or negative electricity prices in the region during sunny summer days. **Energy Storage** would be a gamechanger to balance the market and the price volatility but currently still a little too expensive for an extensive roll-out to take place.

In conclusion, the 2024 Estonia Energy Issues Monitor map reflects the current trends and movements of the energy sector. Energy transition and geopolitics are the key words and directly lead way for the action priorities and critical uncertainties.



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