



**NATIONAL CONTROL COMMISSION
FOR PRICES AND ENERGY**

>ELECTRICITY



>GAS



>HEATING



>WATER



>TRANSPORT



UPDATES ON THE LATEST DEVELOPMENTS IN LITHUANIA

Diana Korsakaitė

Chair, National Control Commission for Prices and Energy,
Lithuania

15th Baltic Electricity Market Mini-Forum
10th May 2013, Vilnius



LEGISLATION AMENDMENTS

Law on Electricity passed on 17/01/2013:

- Provisions on simplified issuance of generation permits and permits on development of generation capacity

Law on Natural Gas passed on 12/06/2012

- Provisions on balancing responsibility, EC notification, elimination of permits and other

Law on Renewable Energy Resources passed on 01/02/2013:

- Provisions on quota allocation, new definition of the small producers, changed connecting to the grid compensation for small producers, changed the moment of the feed-in tariff fixation, tariff and the support period for the surplus energy producers

Law on LNG draft

- Provisions on elimination of 25% rule, priority purchase for energy companies

Law on Energy draft

- Provisions on NCC competence extension related with EC Regulations



NCC main decisions



Ownership unbundling: electricity

TSO unbundling

- Documents' submission by TSO 30th SEPT 2012
- Meeting COM and NCC 21st FEB 2013
- Initial NCC decision 26th APR 2013
- Decision's submission to COM 8th MAY 2013

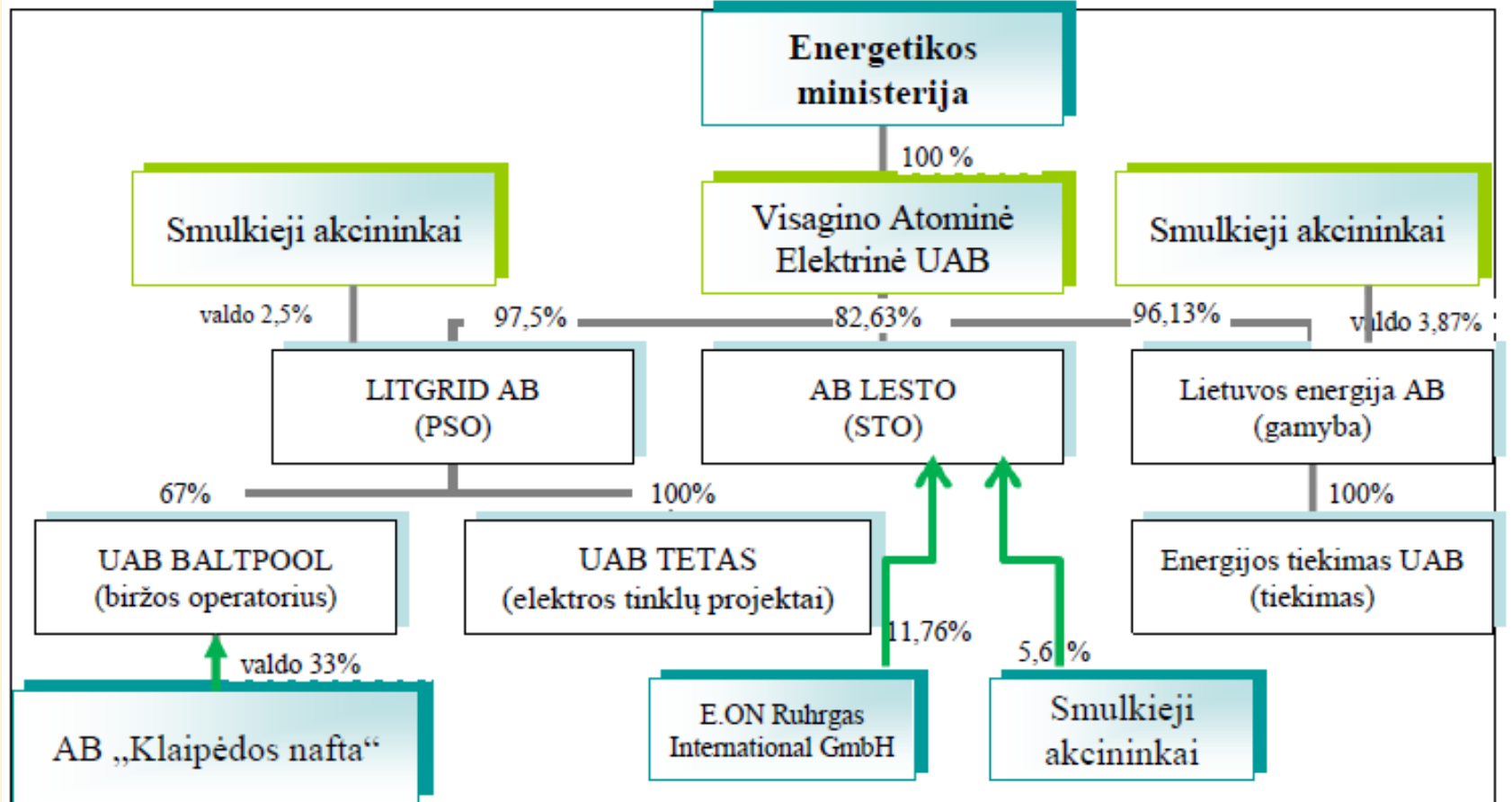
DSO unbundling

- Documents' submission by DSO 30th JUN 2012
- NCC decision 27th JUL 2012



Ownership unbundling: electricity

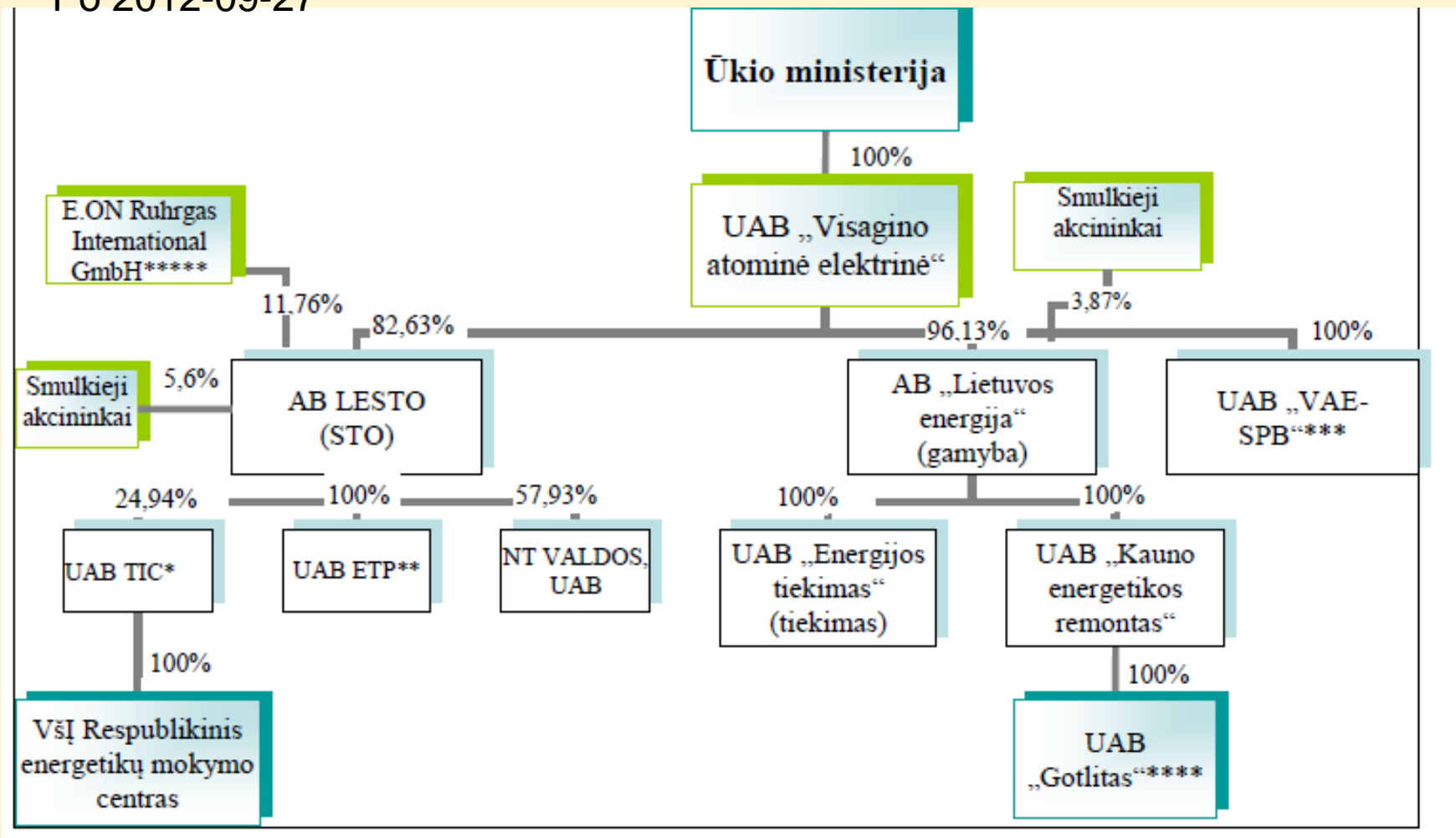
Iki 2012-09-27





Ownership unbundling: electricity

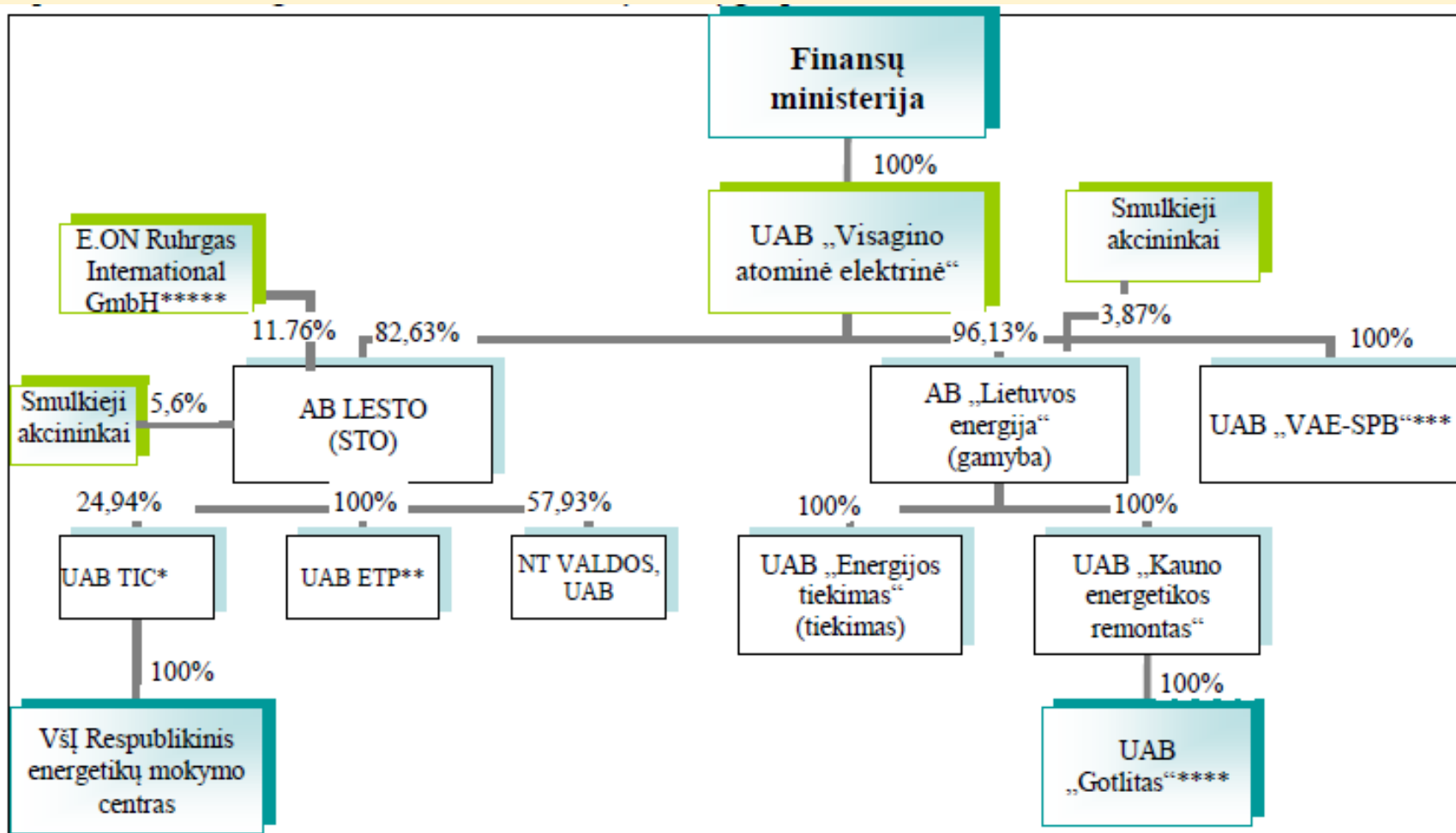
Po 2012-09-27





Ownership unbundling: electricity

Po 2013-02-07





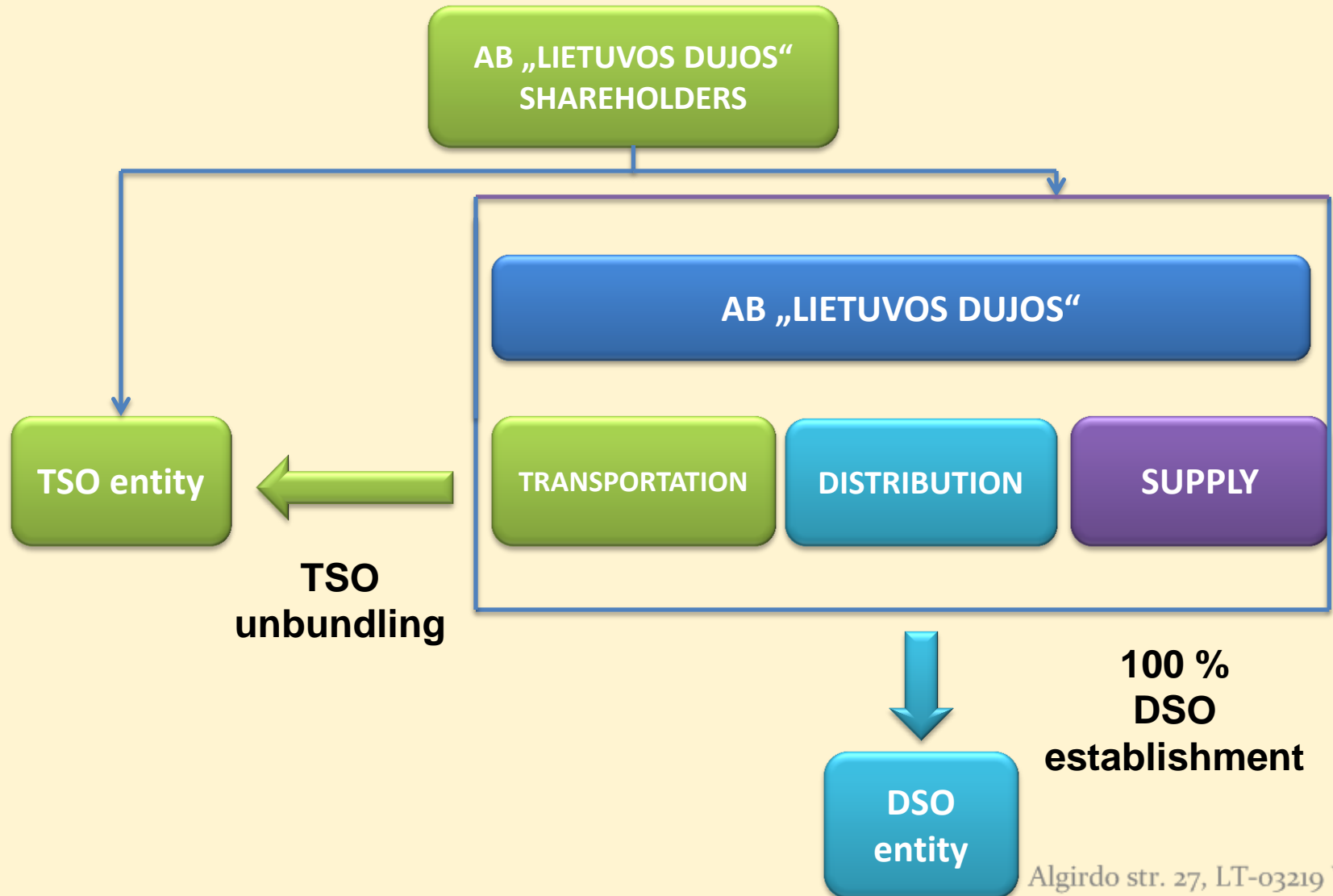
Ownership unbundling: gas

TSO unbundling

- NG Law 1st AUG 2011
- Plan submission by LD 31st MAY 2012
- NCC approval on the Action Plan 15th JUN 2012
- NCC approval on LD investment related to unbundling 9th OCT 2012
- NCC approval on LD unbundling terms and conditions FEB 2013
- *Legal unbundling until 31st JUL 2013*
- *Ownership unbundling until 31st OCT 2014*



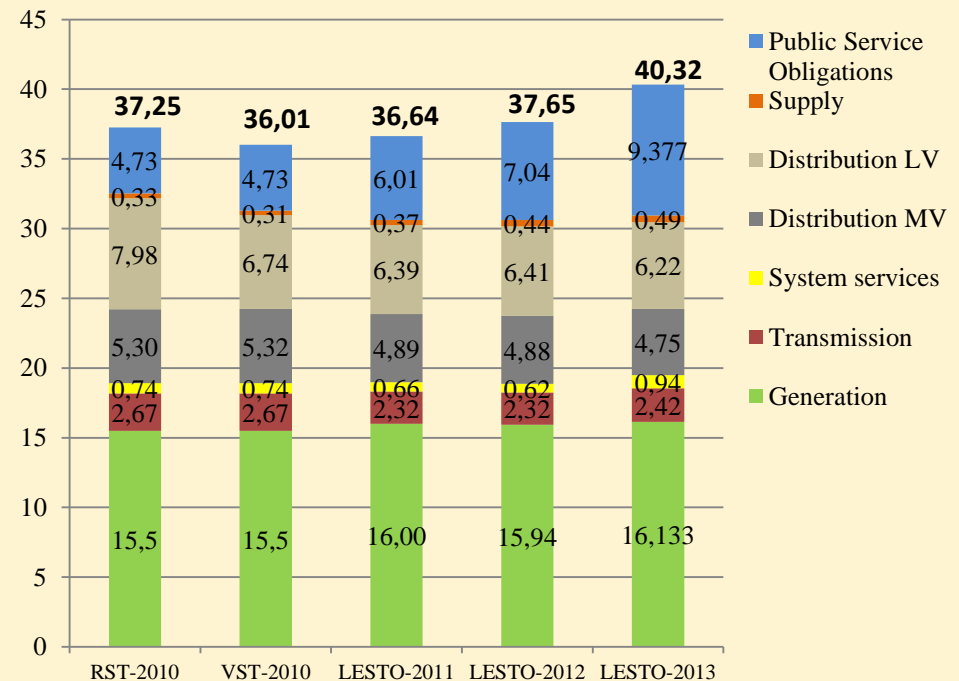
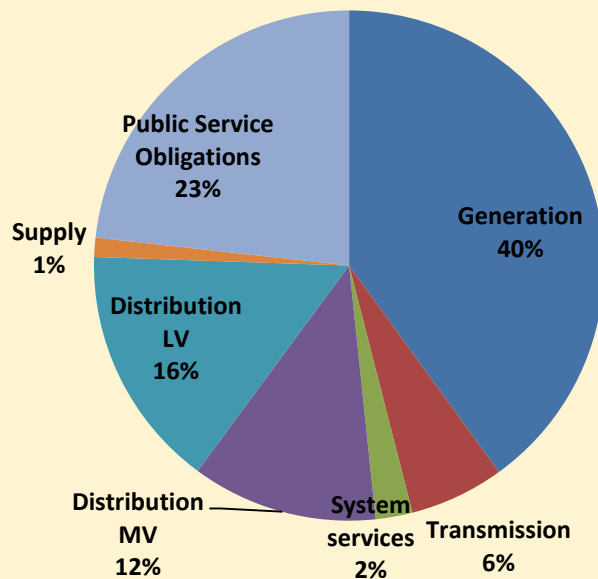
Ownership unbundling: gas





Pricing Decisions: electricity

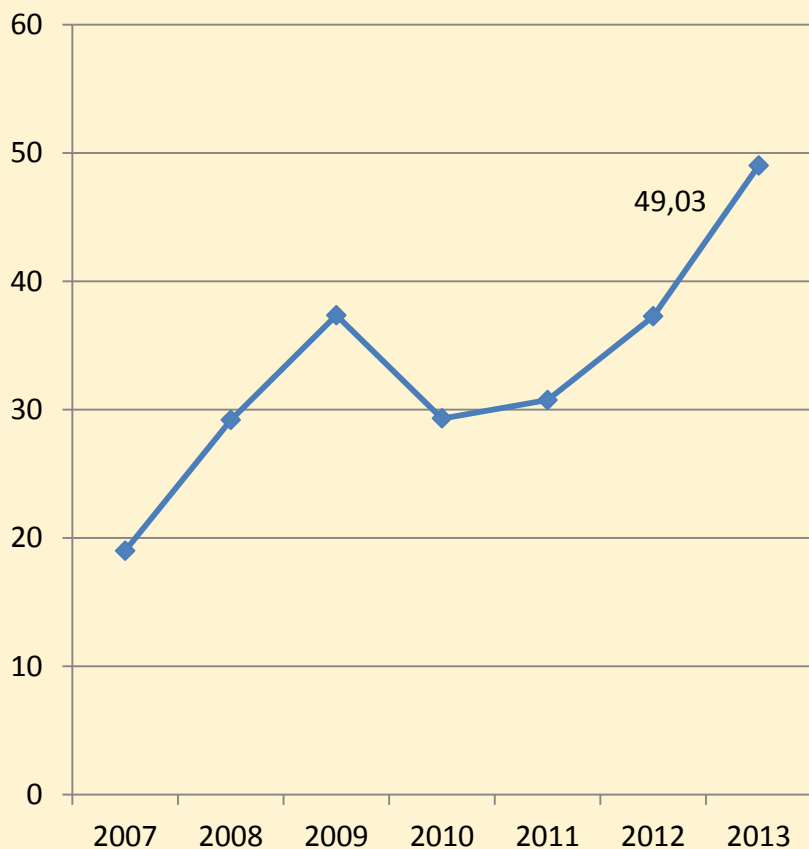
- All components increased, except distribution price - reduction by 3% due to the elimination of Public Service Obligation (PSO) and system service cost from the losses cost;
- In total regulated end-user price increased 7%;
- The major 33% increase was of PSO price due to the higher natural gas price;
- Pre-tax WACC increased from 5% to 6.13%;





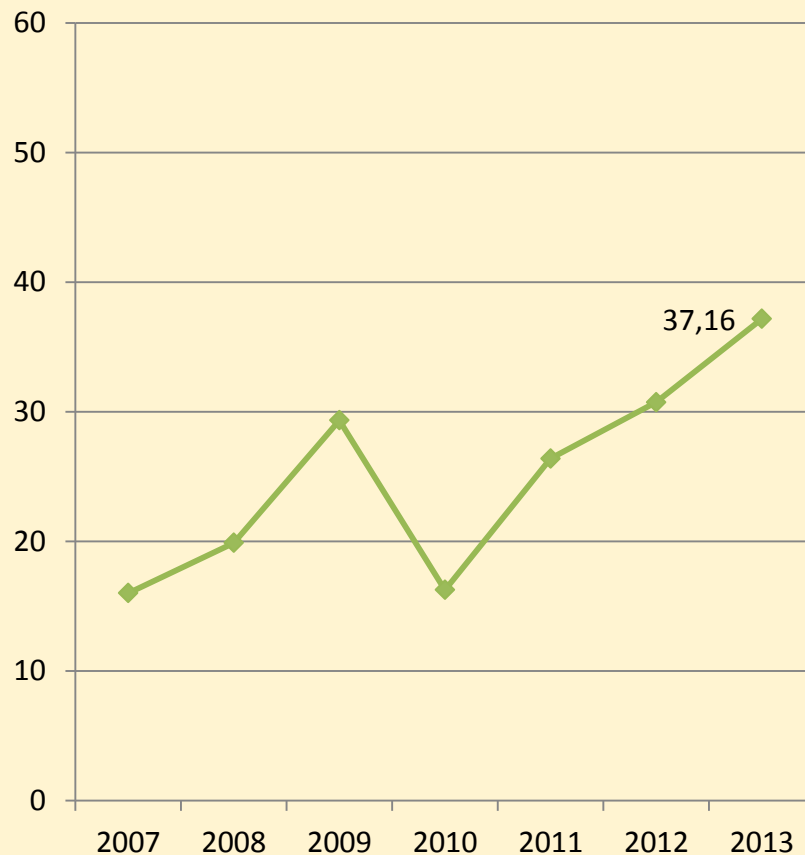
Pricing Decisions: electricity (conventional fuel)

Kaina, ct/kWh be PVM



Lietuvos energija

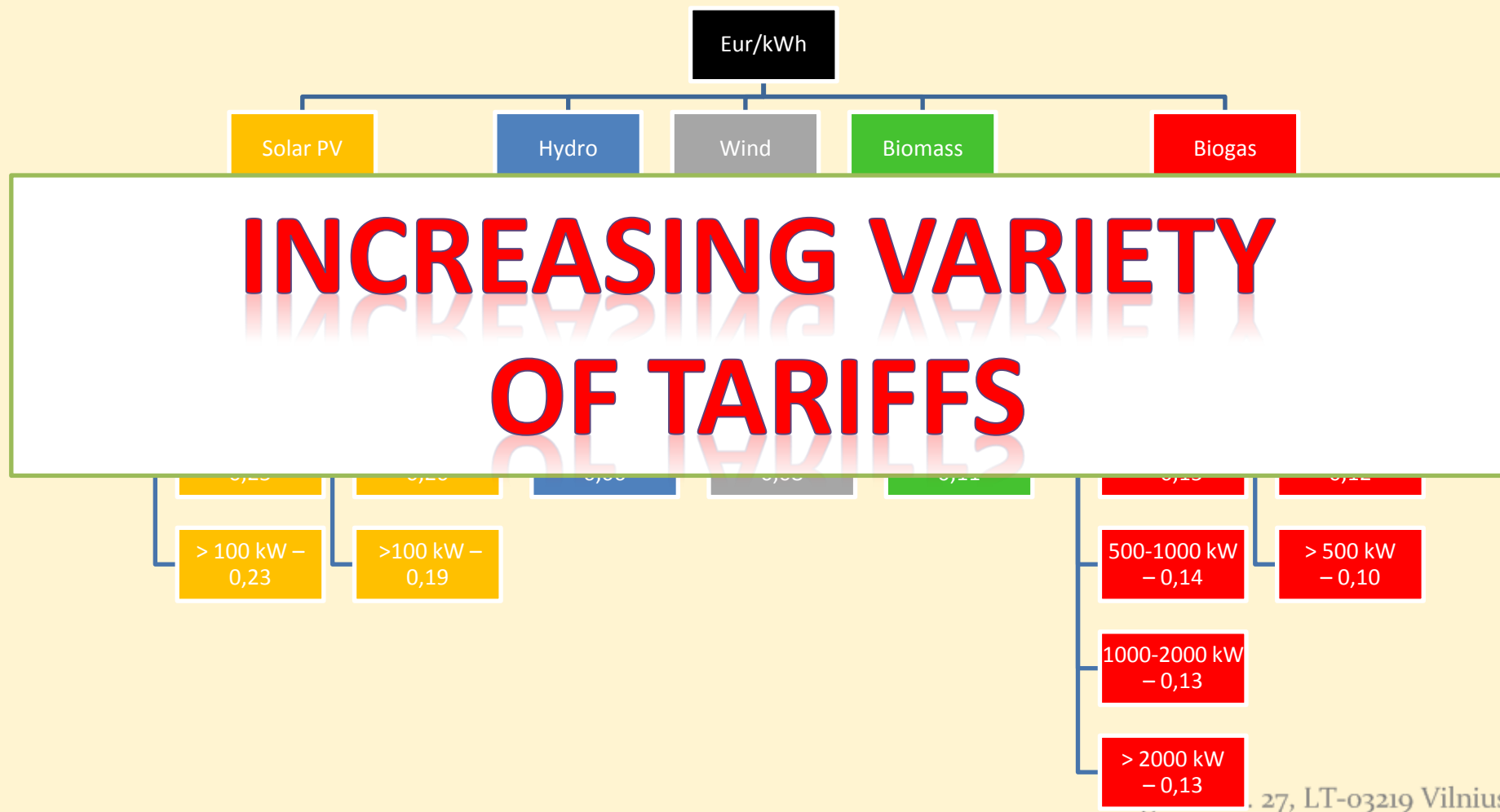
Kaina, ct/kWh be PVM



Viena iš Termofikacinių elektrinių



Pricing Decisions: electricity (renewables)



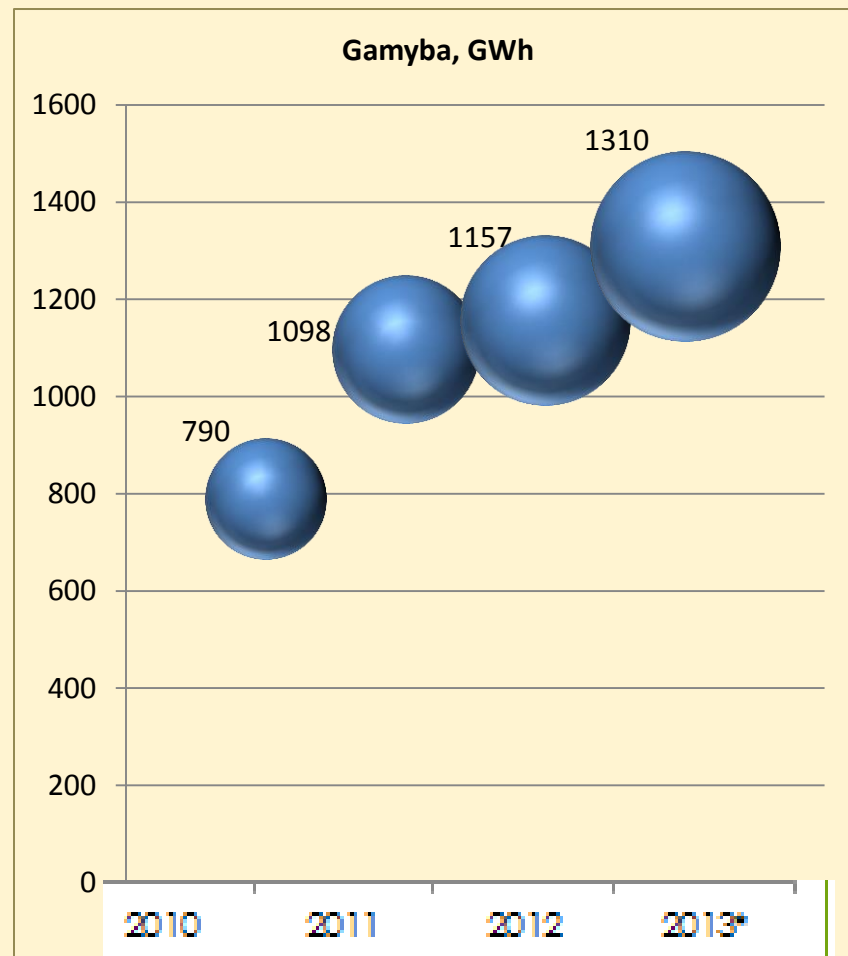
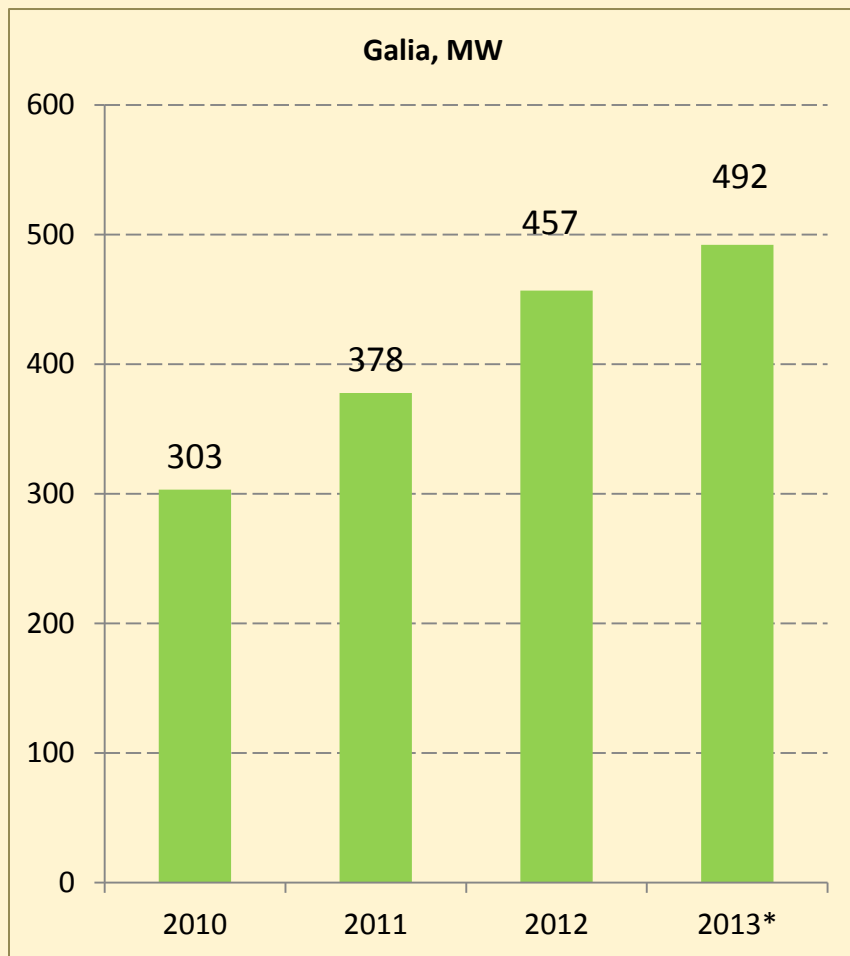


Pricing Decisions: electricity (renewables)



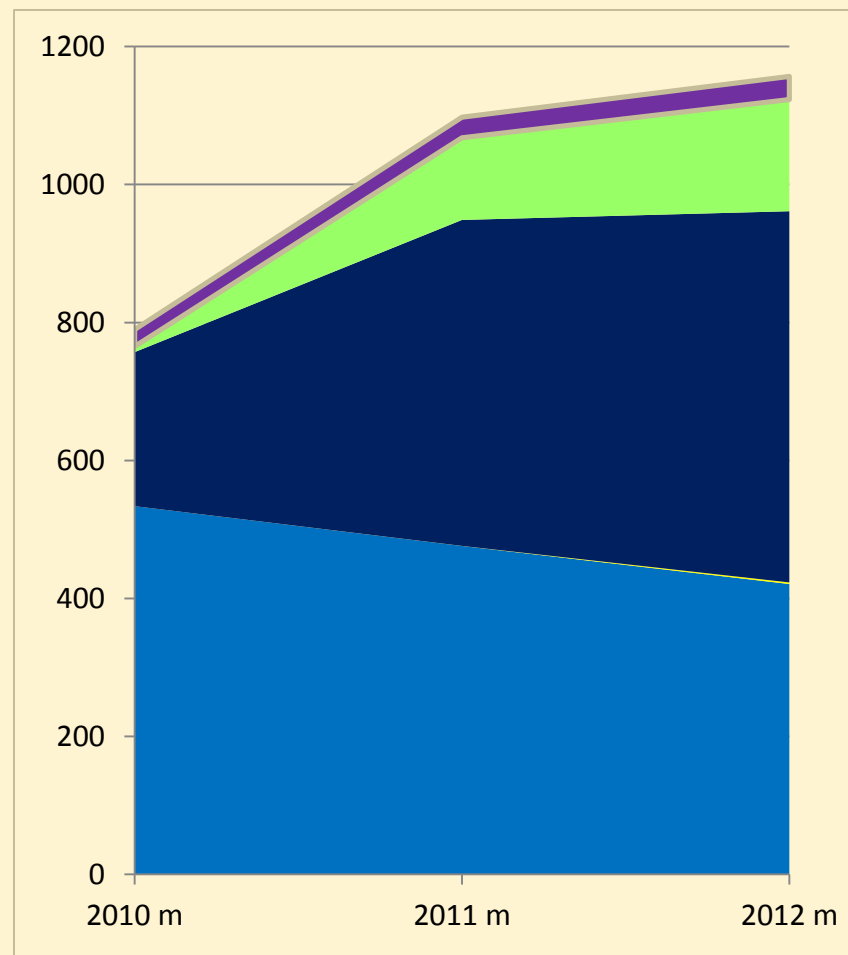
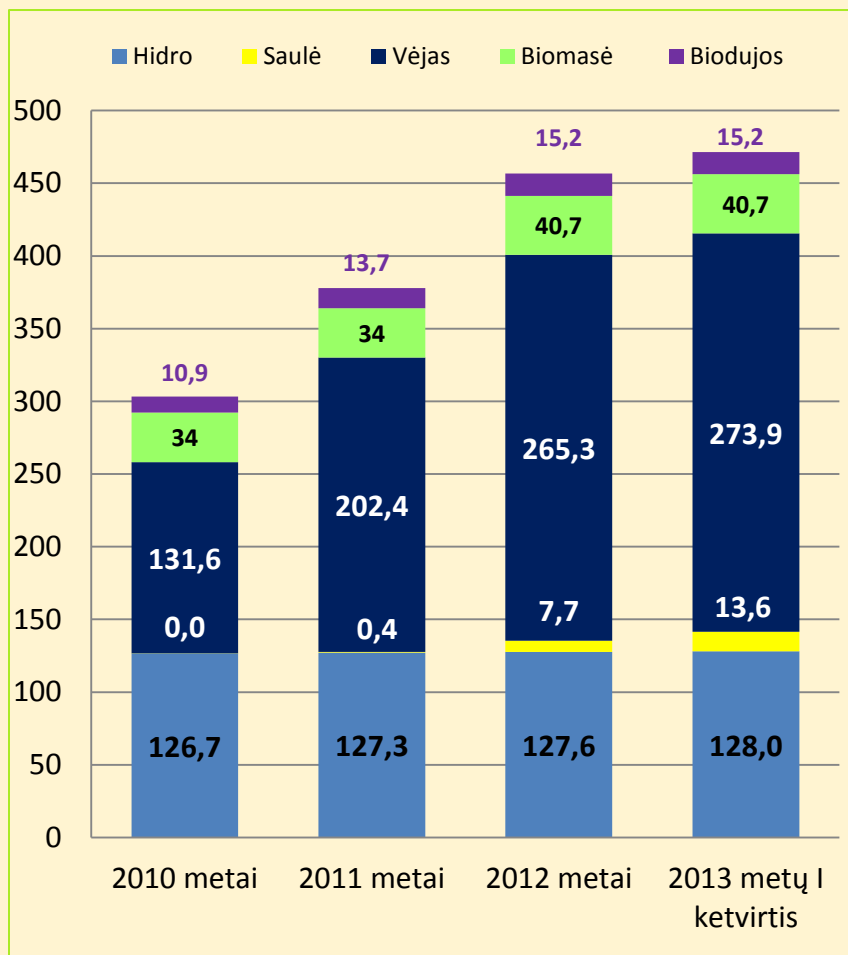


Pricing Decisions: electricity (renewables)





Pricing Decisions: electricity (renewables)



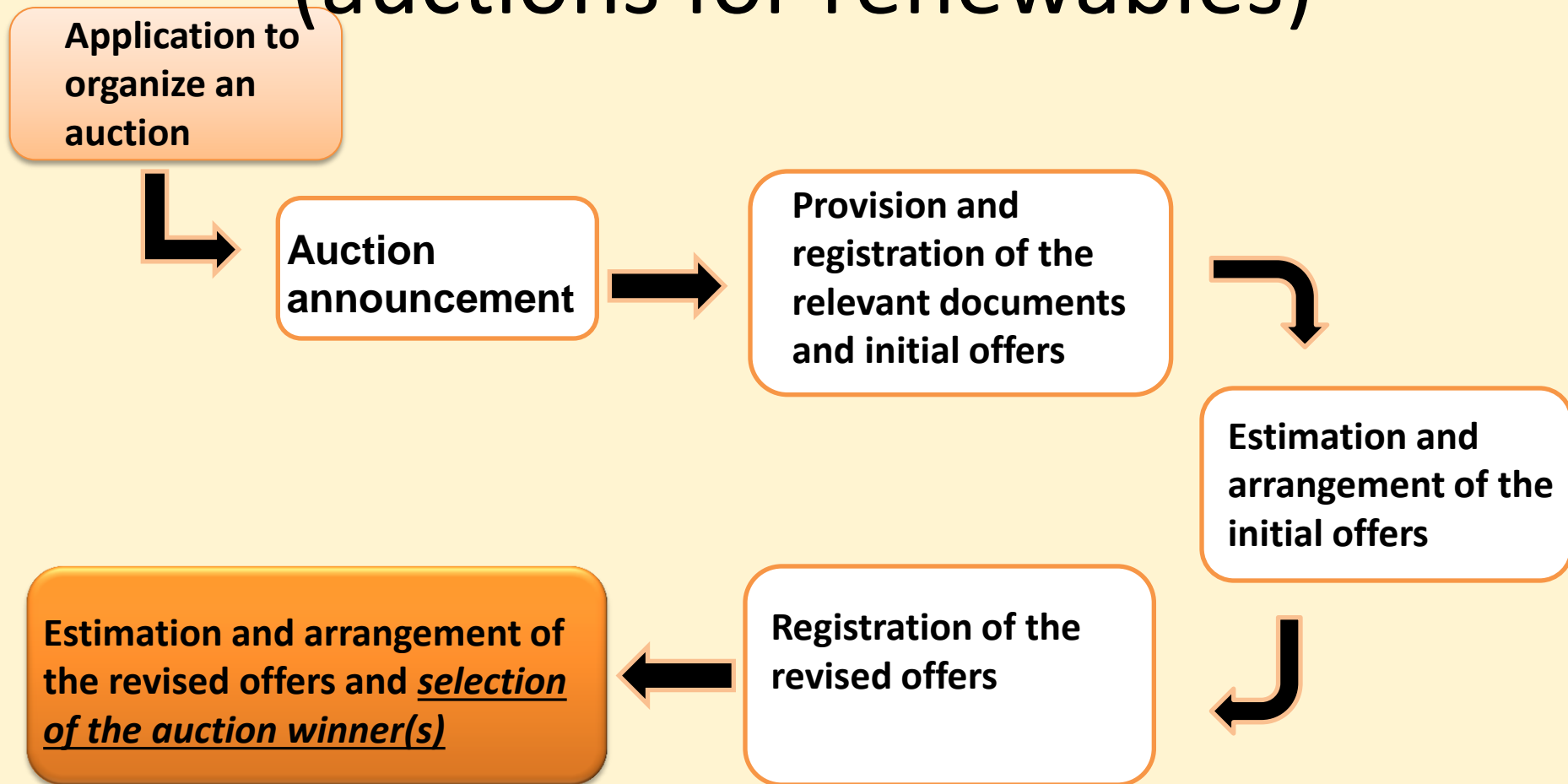


Pricing Decisions: electricity (auctions for renewables)

- ✓ Maximum term - 180 days;
- ✓ Different auctions for the different technologies and different installed capacities;
- ✓ Auction participants –
 - ✓ producers with installed capacity over 10 kW;
 - ✓ Seeking for feed-in tariff for 12 years' term;
- ✓ Auctions are two-staged –
 - ✓ Participants provide their price proposals 2 times
- ✓ 17 auctions can be organized at the same time being ...



Pricing Decisions: electricity (auctions for renewables)





Auctions closed

Number of the winners, units.	Maximum price of the auction, eur/kWh	Winner's tariff, eur/kWh	Change, percent.	Allocated quota, MW
Wind power plants connected to transmission grid (over 350 kW)				
3	0,081	0,071	12,5	150
Biogas plants (up to 1000 kW)				
18	0,168	0,136	18,97	17,1
Wind power plants connected to distribution grid (up to 350 kW)				
15	0,104	0,104	0	4,83
Wind power plants connected to distribution grid (over 350 kW)				
3	0,081	0,072	10,71	2,8



Open auctions

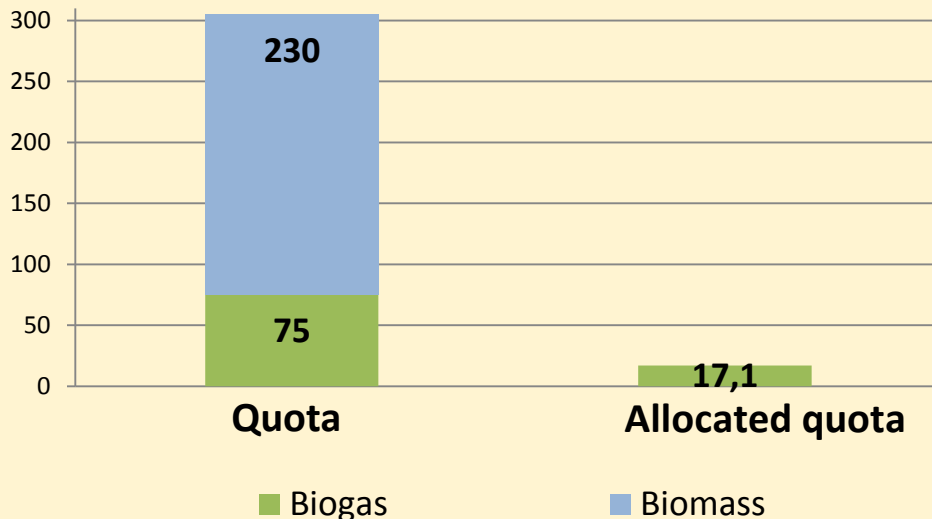
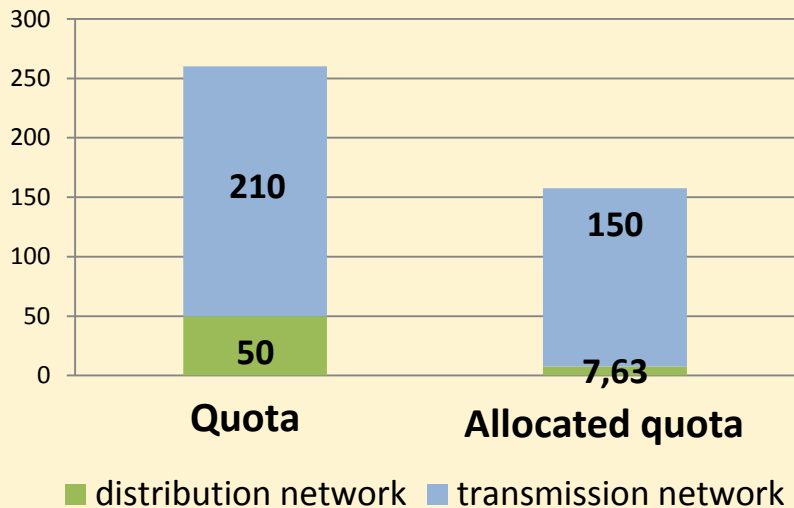
Technology and installed capacity		Maximum price of the auction, eur/kWh	Available quotas, MW
Biomass	Installed capacity from 30 kW to 5000 kW	0,130	230
	Installed capacity over 5000 kW	0,110	
Biogas	Sewage gas. Installed capacity from 10 kW to 500 kW	0,148	57,9
	Sewage gas. Installed capacity from 500 kW to 1000 kW	0,139	
	Sewage gas. Installed capacity from 1000 kW to 2000 kW	0,133	
	Landfill gas . Installed capacity from 10 kW to 500 kW	0,119	
Wind	Connected to distribution grid. Installed capacity from 10 kW iki 350 kW	0,093	42,37
	Connected to distribution grid. Installed capacity over 350 kW	0,075	
	Connected to transmission grid. Installed capacity over 350 kW	0,075	60
Hydro	Installed capacity up to 1000 kW	0,078	14



Pricing Decisions: electricity (auctions for renewables)

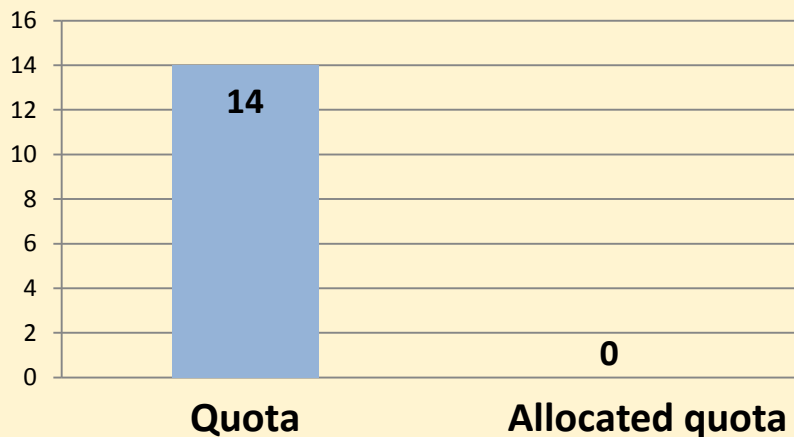
Wind

Biomass



Hydro

Solar

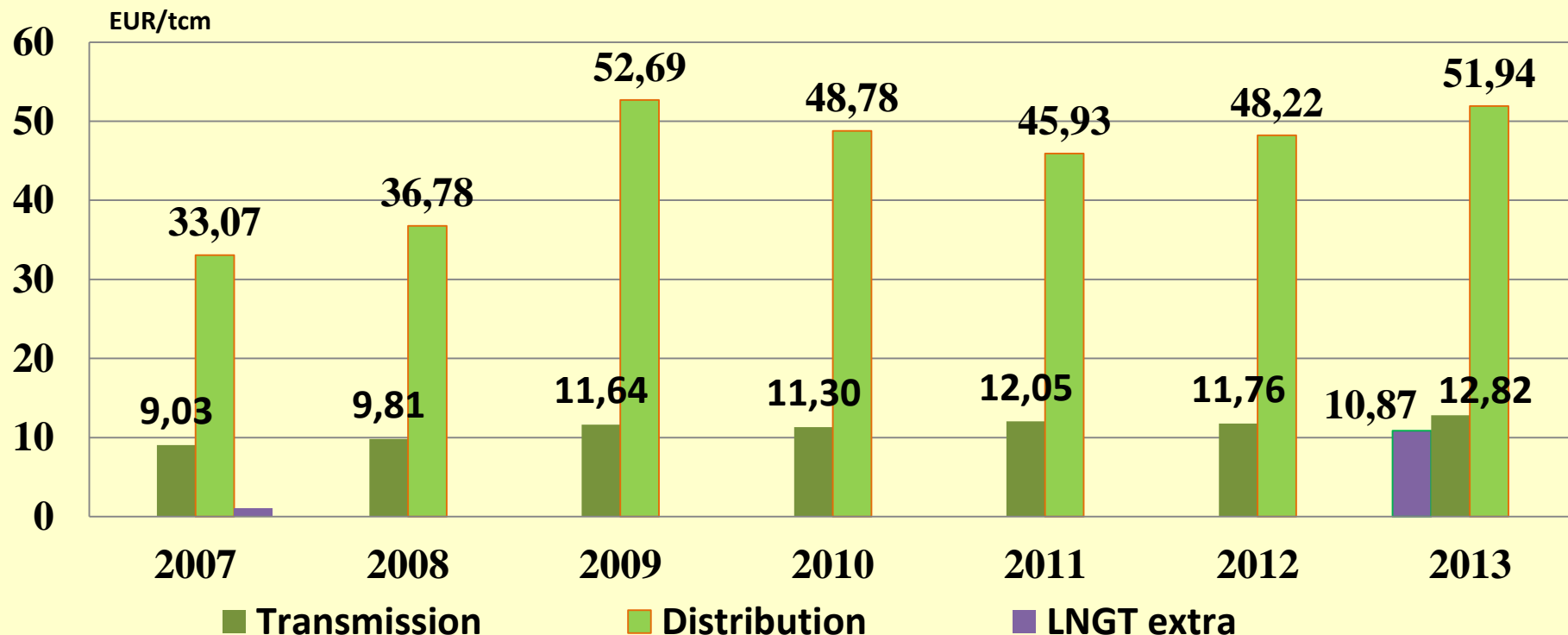


No auction allocation !!!

Category	Value
Quota	0
Allocated quota	0



Pricing Decisions: natural gas



By Law on Natural Gas NCC sets the price caps once per year, taking into account the changes of inflation, import prices, volumes, taxes, other legal requirements, investments approved with NCC and other indices set in the methodology



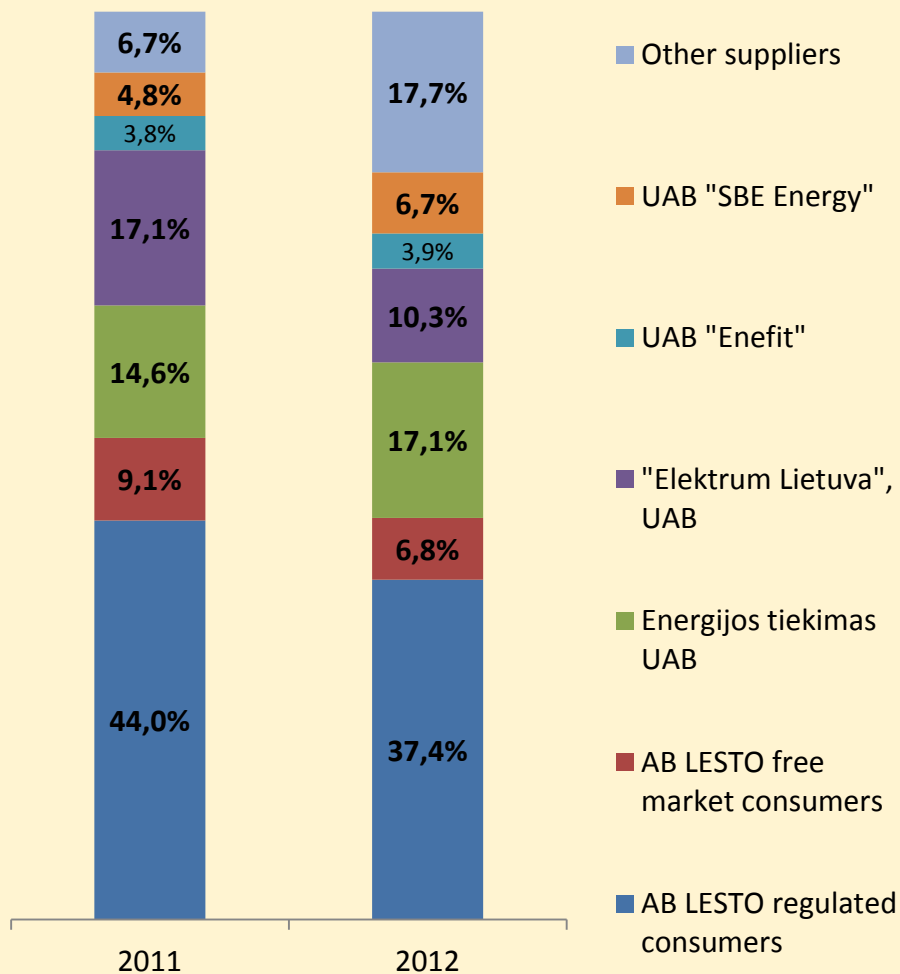
MARKET INDICATORS



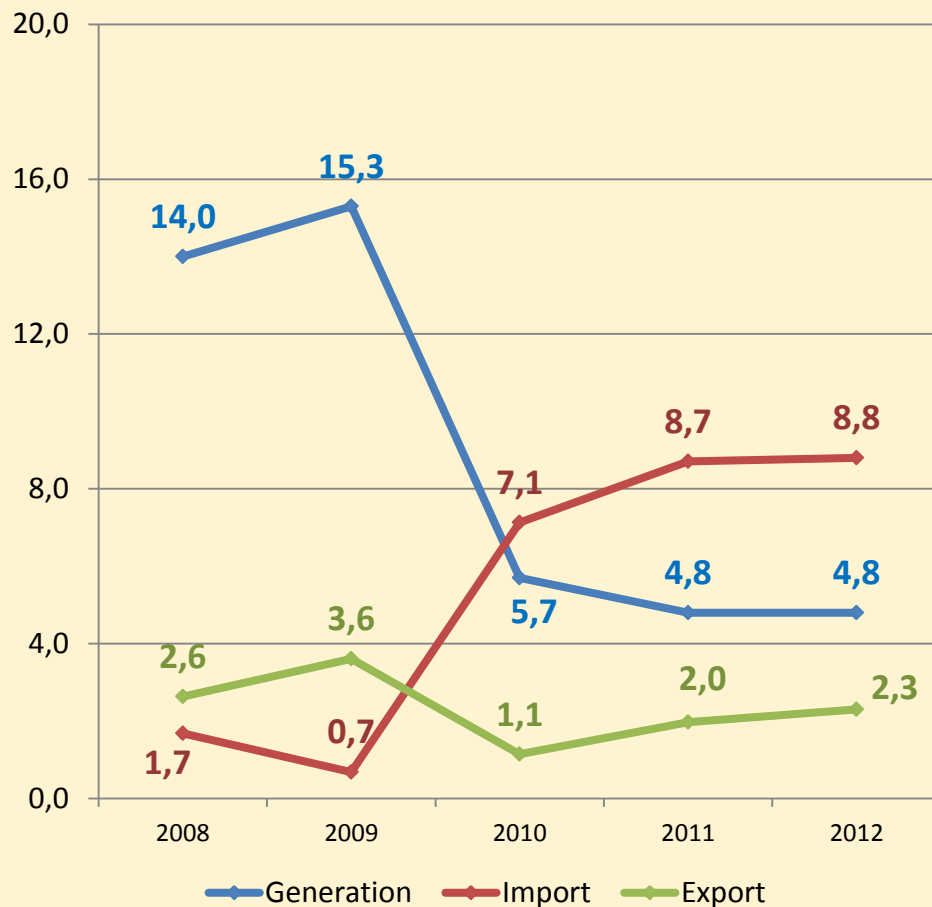
MARKET INDICATORS

ELECTRICITY

Structure of the retail market



Generation, import and export in Lithuania, TWh

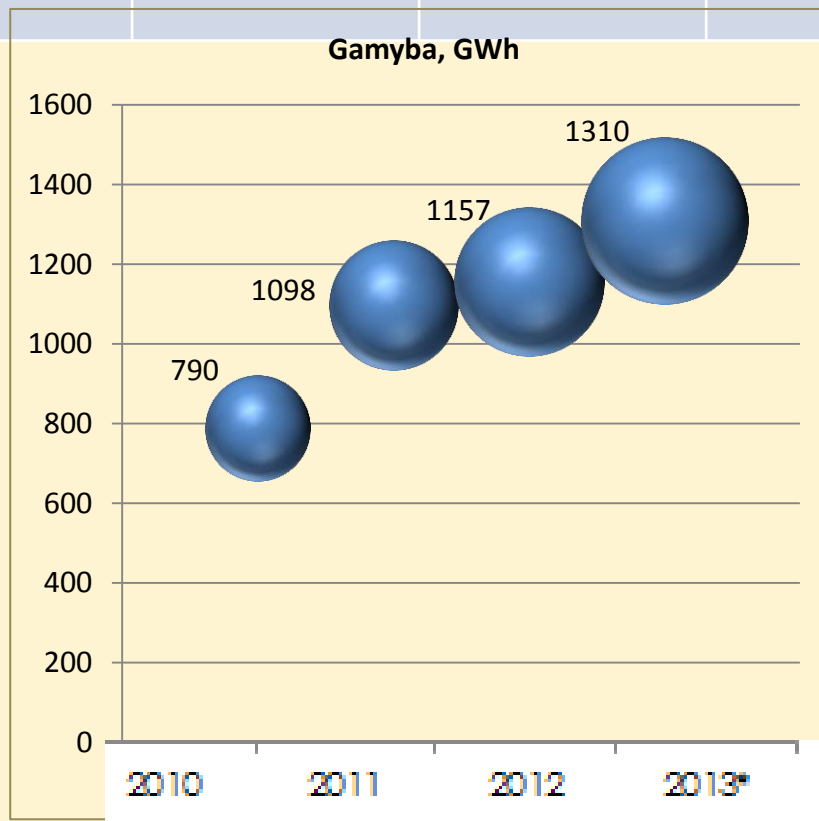




MARKET INDICATORS

ELECTRICITY

Gamintojas	2008	2009	2010	2011	2012
LEL	779.7	859.7	1.894.4	1.098.7	1.422.7
VE	586.5	599.9	755.6	755.8	664.8
Kauno TEC	616.8	546.7	437.3	36.9	320.7
Kiti gam.	185.8	288.8	253.3	321.6	190.3
VISO:	2.168.8	2.295.0	3.341.0	2.213.0	2.598.5

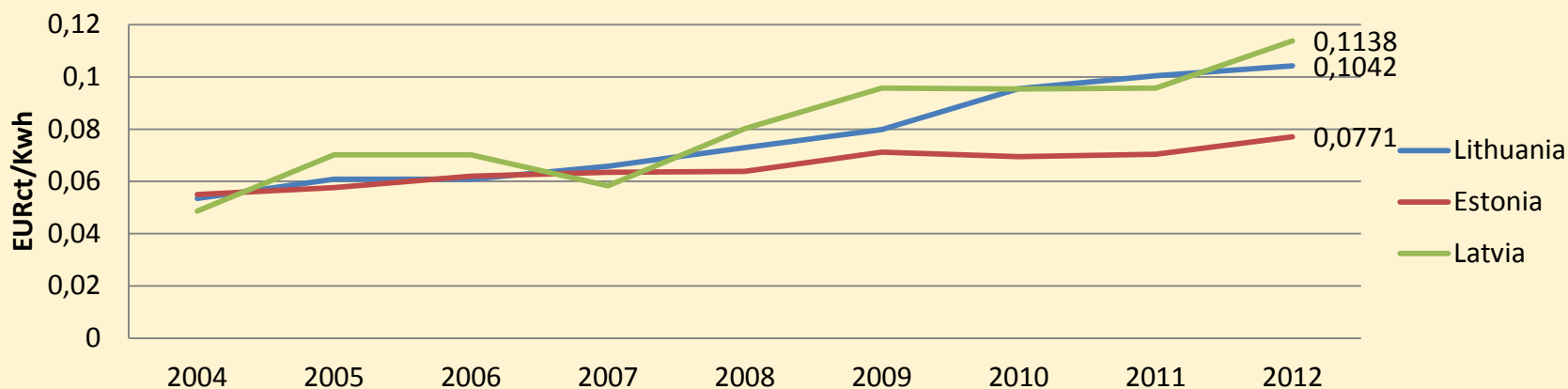




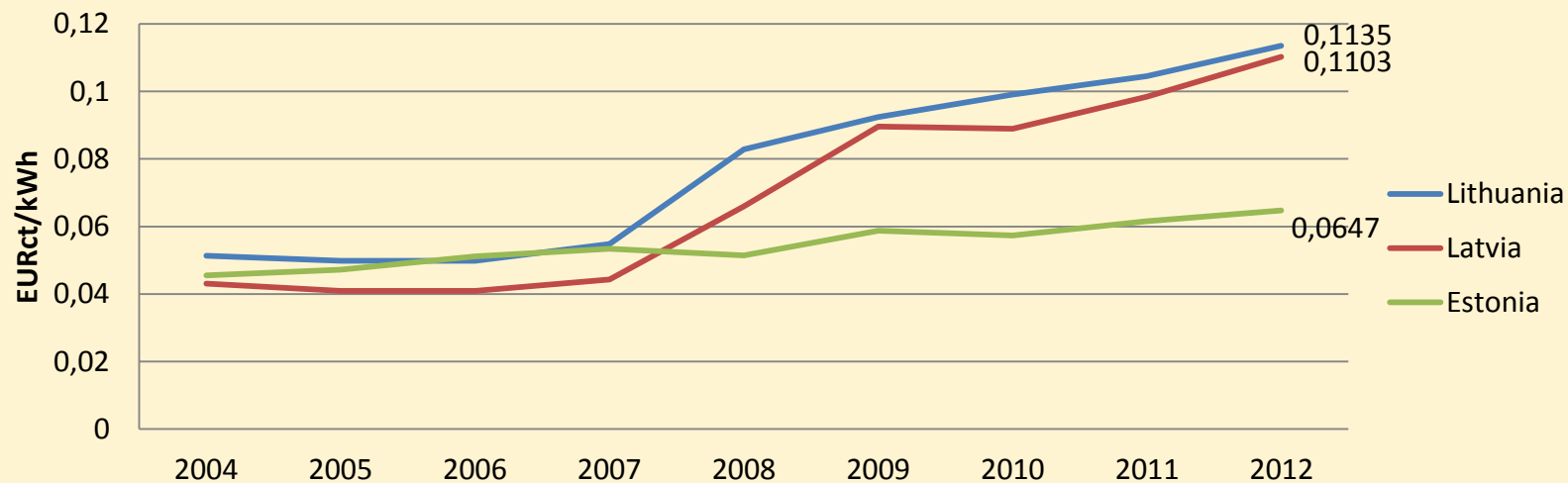
MARKET INDICATORS

ELECTRICITY PRICES IN BALTIC STATES, 2012

Average electricity prices for households



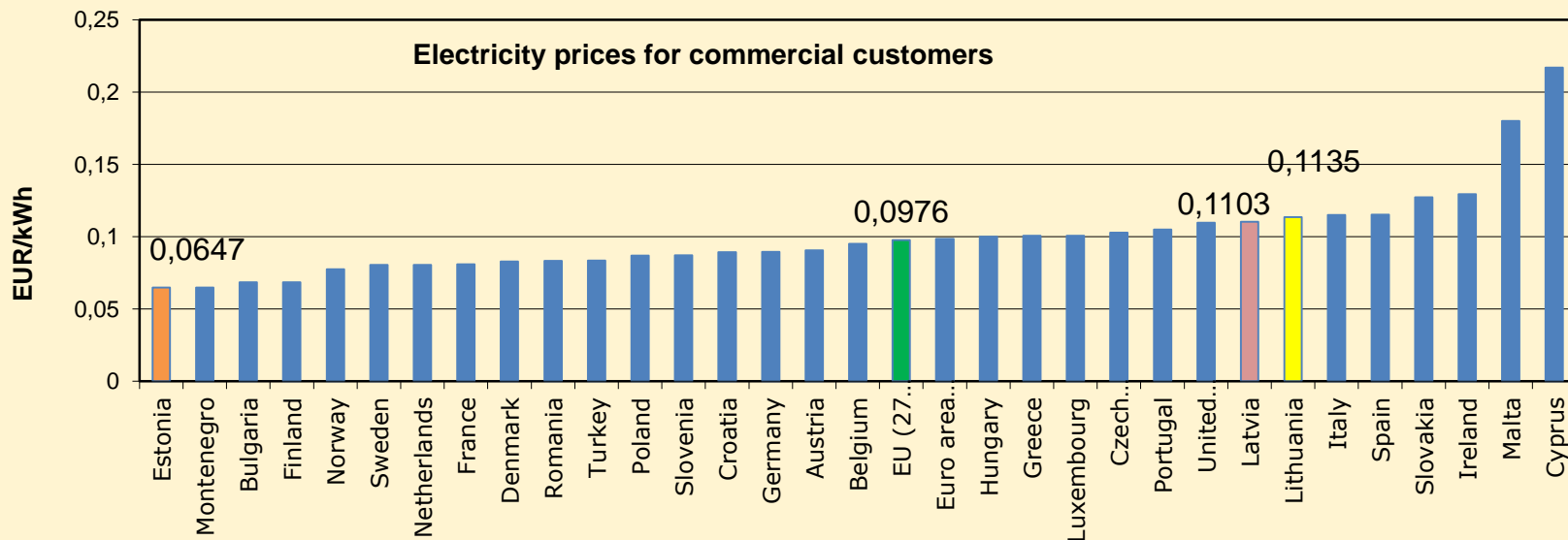
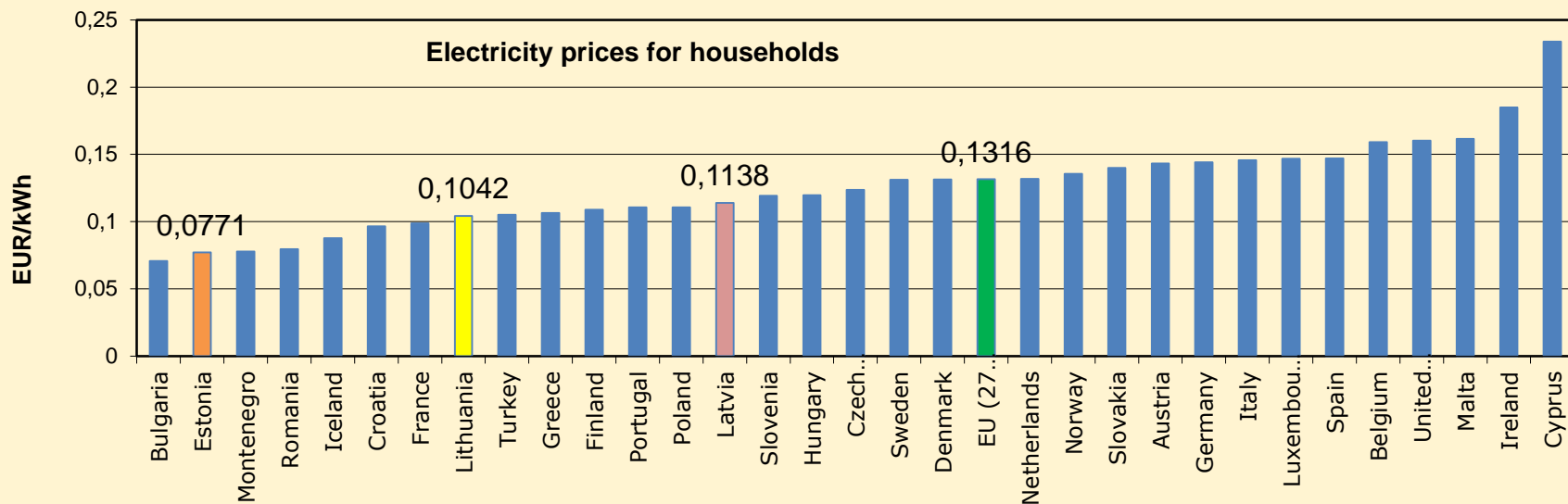
Average electricity prices for commercial customers





MARKET INDICATORS

ELECTRICITY PRICES IN EU, 2012



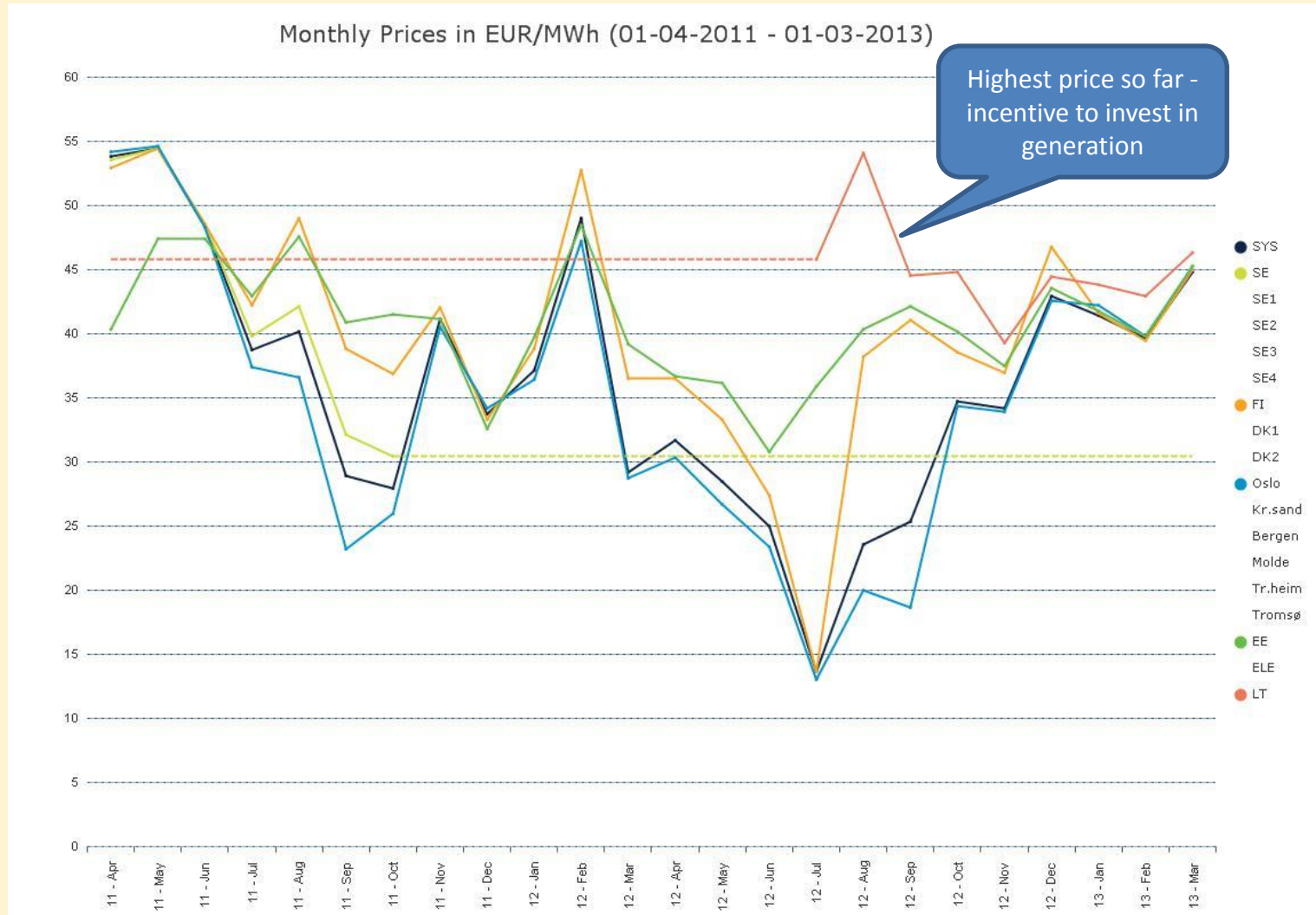
Source: Eurostat

Algirdo str. 27, LT-03219 Vilnius



MARKET INDICATORS

NPS PRICE IN THE LAST 2 YEARS

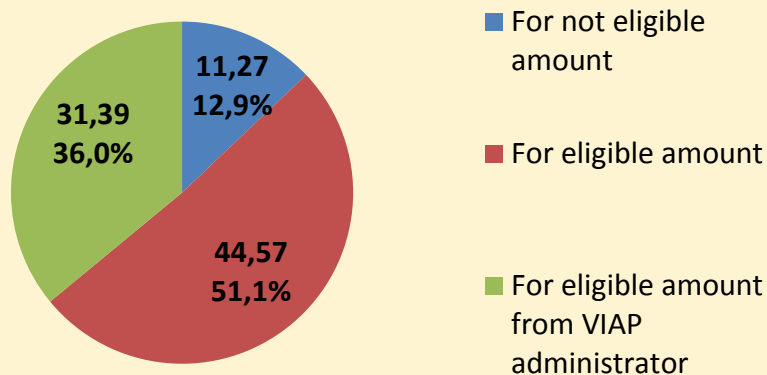




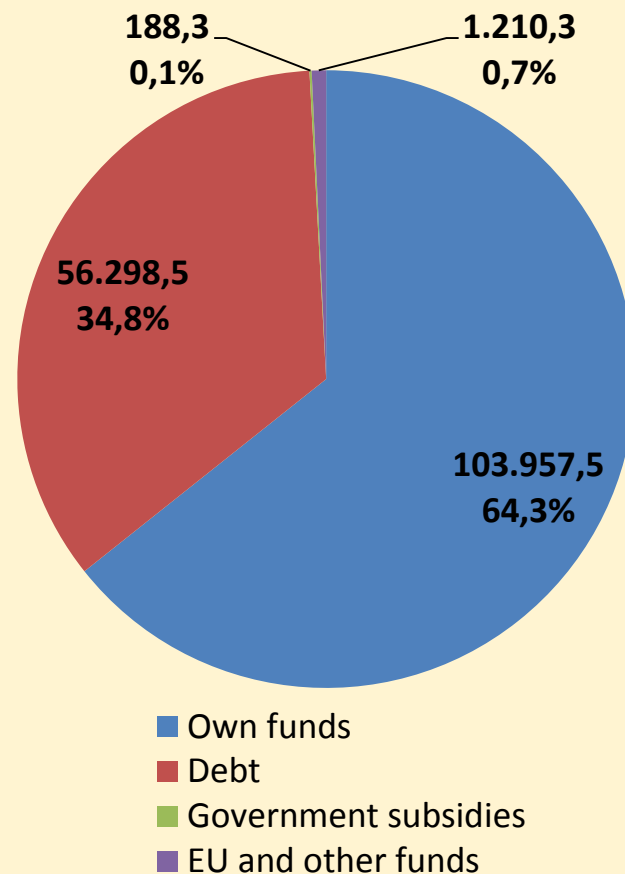
MARKET INDICATORS

RENEWABLE ENERGY

Incomes, mill EUR and %, 2012



Investments according to sources, thou EUR, 2012



RES production permissions and manufacturers, 2010-2012

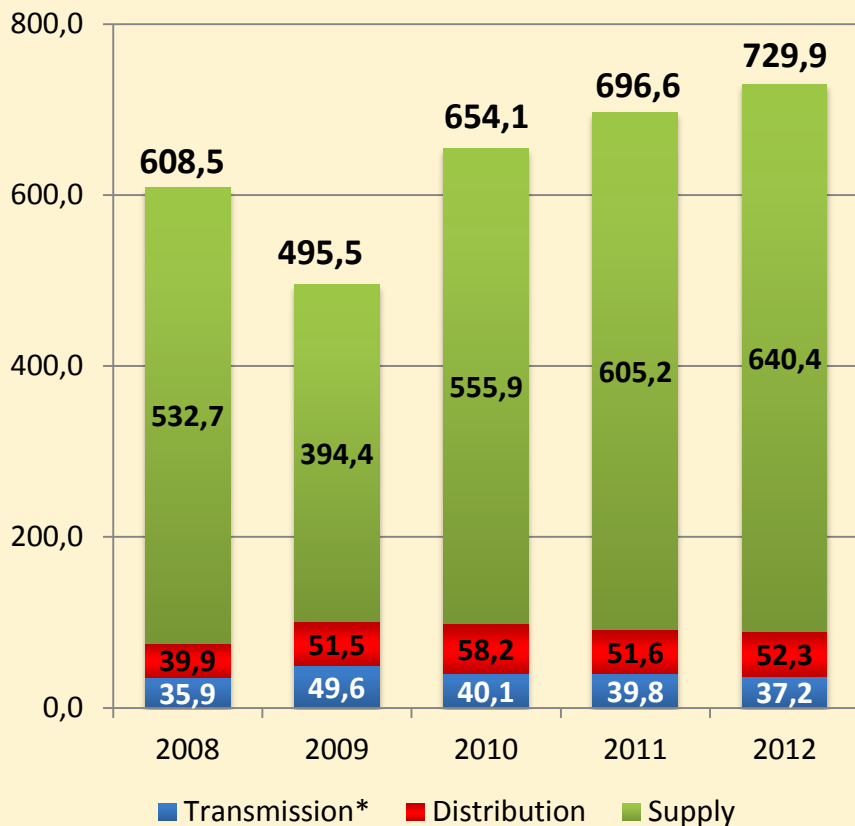




MARKET INDICATORS

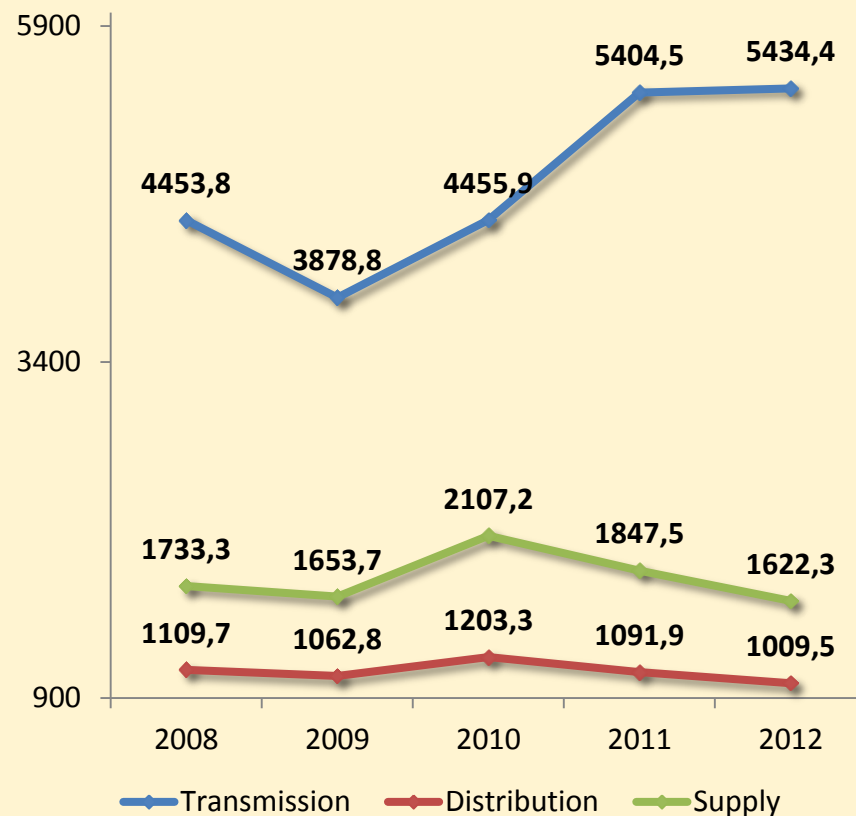
NATURAL GAS

Revenue from the gas sector, mill EUR



*without revenue for transit

The quantities of natural gas, million m³

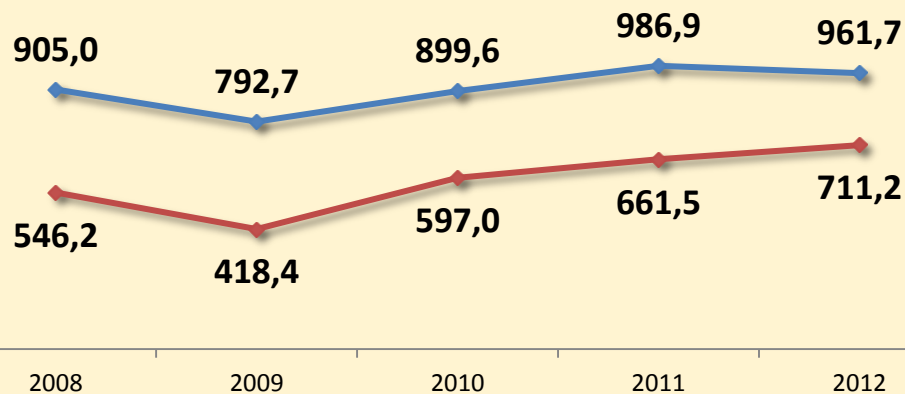




MARKET INDICATORS

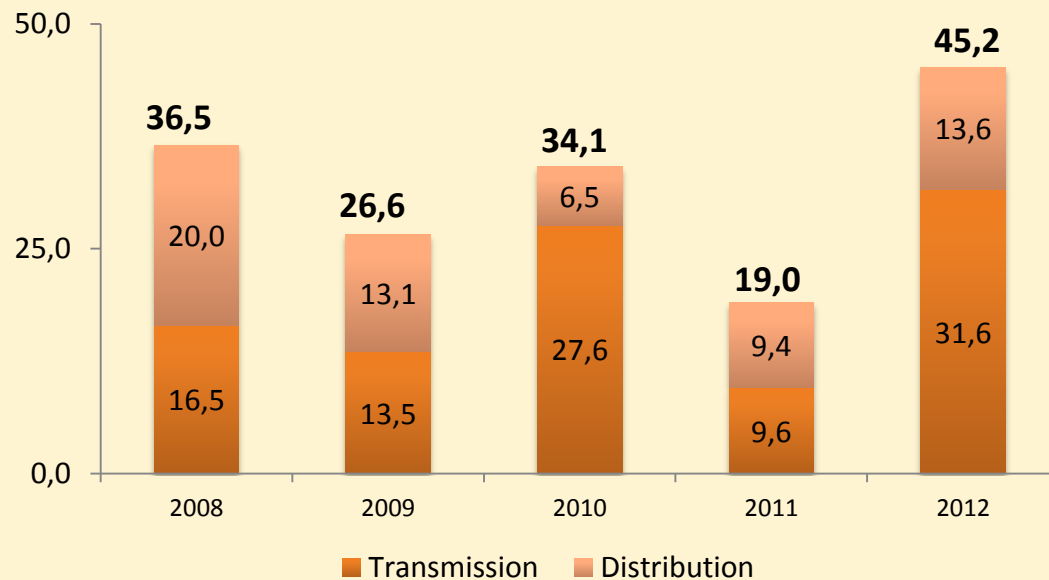
NATURAL GAS

Quantities and expenditure of imported gas,
mill m³, mill EUR



*without expenditures of AB „Achema“

Investment to natural gas transmission and
distribution infrastructure, mill EUR





ONGOING PROJECTS BY NCC...



ONGOING AND FUTURE STUDIES

- **Electricity:**
 - LRAIC model for RAB optimization and valuation
 - Report on network and power system reliability
 - Cost audit of main generator
- **Gas:**
 - Entry-exit pricing model
 - Smart metering cost-benefit analysis
- **District heating (DH):**
 - Rules on usage of DH system
 - Max on DH consumption normatives in the blocks of flats
 - Method on DH allocation to customers
 - Pricing on technological DH losses
- **Information&trainings:**
 - Data base system
 - System on documents' management
 - Accounting system
 - Benchmarking system
 - On REMIT
 - Natural gas regulation
 - Other



The banner features a map of the Baltic region with labels for 'BALTIC SEA', 'ESTONIA', 'LATVIA', and 'LITHUANIA'. To the right of the map, the text reads: 'September 16-17, 2013 Tallinn, Estonia'. Further right, it says '12th ERRA Energy Investment and Regulation Conference'. Below this, the ERRA logo is visible. At the bottom of the banner, the text 'I will be there! Why don't you join?' is written in red.

THANK YOU FOR YOUR ATTENTION

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MAIN PROJECTS

NATURAL GAS MARKET INVESTMENT PROJECTS (1)





MAIN PROJECTS:

NATURAL GAS MARKET INVESTMENT PROJECTS (2)

LNG terminal (NEIS) (it is planned to build and launch until December, 2014)

Pipeline Jurbarkas – Klaipėda (NEIS) (2013)

Enhancement of Capacity of Pipeline Klaipėda – Kiemėnai (NEIS, PCI) (2017)

Enhancement of Latvia – Lithuania interconnection (NEIS, PCI) (2013)

Gas Interconnection Poland – Lithuania (NEIS, PCI) (2020)

Research of Shale gas (NEIS) (2020)

Research of Storage (NEIS) (2013)
