NATIONAL CONTROL COMMISSION FOR PRICES AND ENERGY

UPDATES ON THE LATEST DEVELOPMENTS IN LITHUANIA

Darius Liutkevičius
Head of Electricity Department, NCC, Lithuania

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PRIMARY LEGISLATION

- Amendments on Electricity Law presented for the Parliament
  Main changes:
  - 3rd Energy Package provisions
  - Supplier of Last Resort
  - Power Exchange implementation on the regional basis (NPS)

- Renewable Energy Law came into force
  - Goals for RE sector till 2020 (Quotas: wind – 500 MW; PV – 10 MW; hydropower – 141 MW; biofuel – 350 MW. Producers up to 30 kW for all technologies will get feed-in tariff and purchase obligation)
  - Feed-in tariff will be defined for 12 years at auction, maximum will be defined by NCC

SECONDARY LEGISLATION

- **Approved:**
  - Rules for Public service obligation administration
  - Amendments of the Methodologies for calculation of the public prices and T&D price caps according to the Law on Electricity
  - CHPP price calculation rules

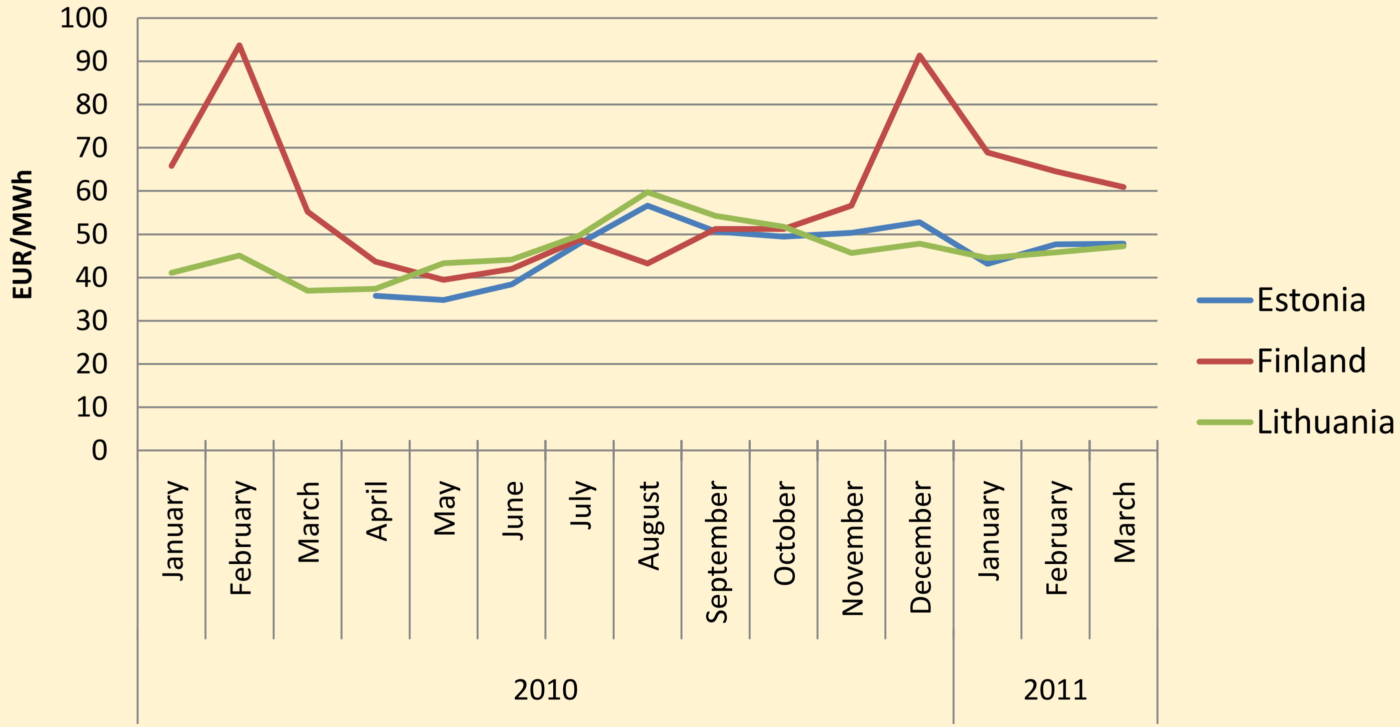
- **To be approved:**
  - Public service obligation price calculation methodology
  - Market Monitoring rules
  - Information submission rules
  - Capacity reserves methodology
  - Connection to T&D network rules / Network usage rules for RE
  - Feed-in tariff calculation for renewable energy purchase methodology
  - Market price calculation methodology

MARKET OVERVIEW Q1/2011

- 3,46 TWh – electricity production (43%) plus import (57%)
- 3,11 TWh – total country electricity consumption
- 2,35 TWh – electricity supplied for end-users
- 60,5 % of end-users electricity consumption supplied by non-regulated prices
- 38 % les electricity production compare to Q1/2010
- Currently 20 active Independent Suppliers of 60 licensed
- New 31,03 MW RE power plants started operation
- Transmission network operator LITGRID AB, from 1st of January, 2011 started operation as fully separated entity by following 3rd Energy Package provision
- Distribution network operator AB LESTO after merge of two operators started operation as new entity from 1st of January, 2011 in whole country

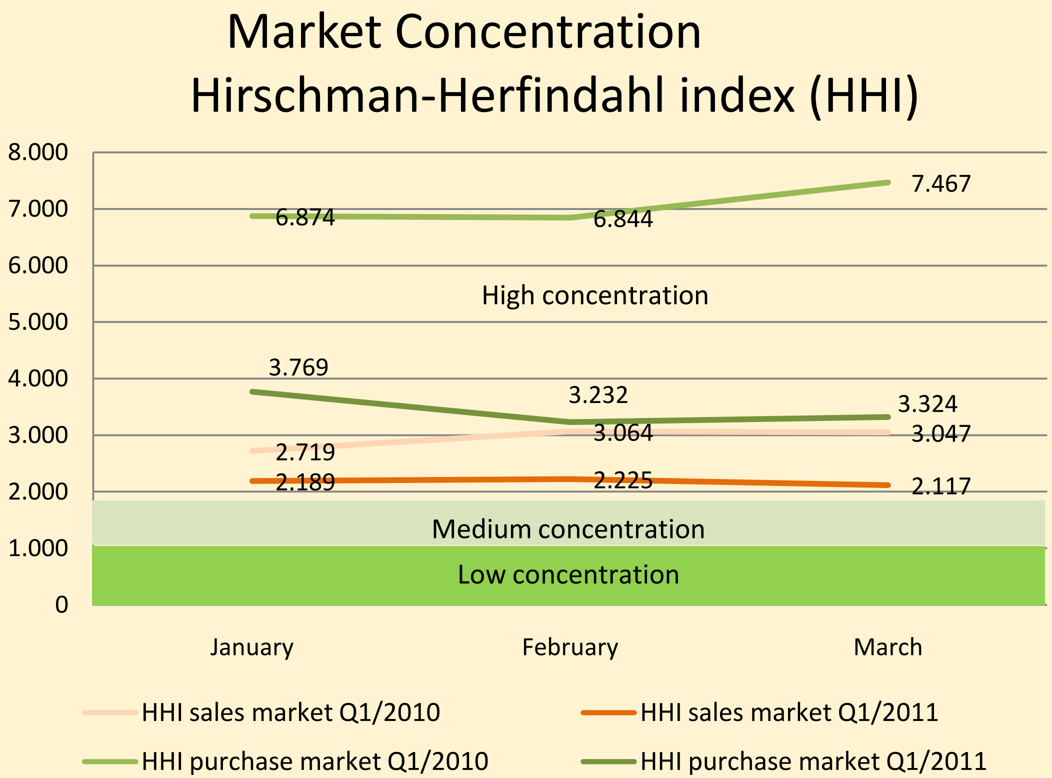
MARKET OVERVIEW Q1/2011

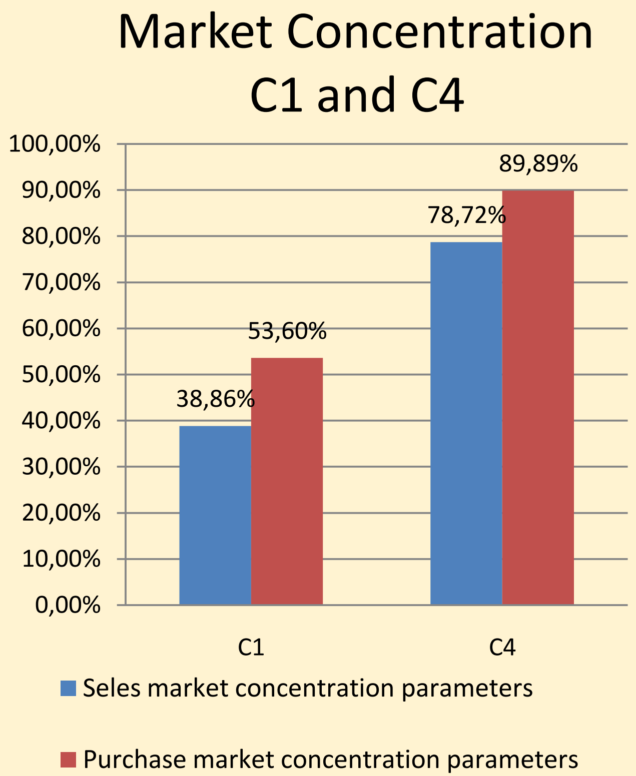
Lithuanian Power Exchange – most stable price in the Baltic Region



MARKET OVERVIEW Q1/2011

Concentration in electricity power exchange still very height but slightly decreasing





CURRENT WORKS

- Latest NCC resolutions
  - Announced new electricity supply for end-users quality requirements for T&D network operators
  - Electricity market observation report on regular basis
  - Profit shearing mechanism removed from T&D operators regulation

- In progress
  - Feed-in tariff calculation for RE
  - Auction rules (zones, technologies, frequency, etc.)
  - Amendments of the secondary acts

MAIN CHALANGES

1. 3rd Energy package implementation
2. EE-LV interconnection issue
3. Security of supply and infrastructure issues
4. Affordability and consumer issues
5. Renewable energy integration issues
6. Financial services and energy trading
7. Regional market integration
8. External relations with 3rd countries
9. Political and financial independence

THANK YOU FOR YOUR ATTENTION

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