



SABIEDRISKO PAKALPOJUMU REGULĒŠANAS KOMISIJA

## ***UPDATE - LATVIA***

***Ainars Mengelsons***

***Public Utilities Commission of Latvia***

***Baltic ERI***

***June 3, 2011 Palanga , Lithuania***

# KEY DATA

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- ***GDP 2010 versus 2009 – decrease by 0.3%***
- ***GDP 1st quarter of 2011 versus 1st quarter of 2010 – increase by 3.4%***
  
- ***Electricity consumption:***
  - ***2010 versus 2009 – increase by 3.6%***
  - ***1st quarter of 2011 versus 1st quarter of 2010 – decrease by 2.6%***
  
- ***Gas consumption***
  - ***2010 versus 2009 – increase by 19.3%***
  - ***1st quarter of 2011 versus 1st quarter of 2010 – decrease by 7.9%***

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***Legal acts which will transpose EC 3-rd energy legislative package are in debates of Parliament commission***

- ***The amendment to the Electricity Market Law currently is in the second reading of our Parliament***
- ***Latvia has chosen unbundling model of independent system operator (ISO)***

***New company - owner of transmission assets has been established in April 4, 2011.***

***TSO – SC “Augstsprieguma tīkls” is already legally unbundled from June 1, 2007.***

***The final decision about ownership of ISO - SC “Augstsprieguma tīkls” has to be taken within this summer***

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- ***Regulatory law, which determines status of regulator will be amended to be fully in line with the requirements of EC the 3-rd energy legislative package***
- ***Regulatory law is in the review process to be submitted for 2-nd reading to the Parliament***

## ***Latest changes - heat***

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***Starting from November 1, 2009 PUC took over regulation of district heating from municipal regulators.***

***In April, 2010 new tariff calculation methodology of heat tariffs' were approved.***

***During 2010 PUC carried out activities related to collection of information about companies to be regulated and consequently issued or altered respective licenses and started to revise heat tariffs.***

***The present threshold for regulation of heat companies:***

- ***production - installed capacity above 1 MW***
- ***trade – volume 5 000 Mwh/annum***

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# Tariff set up

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- *From April 1, 2011 new electricity tariffs for end users are in force with average increase of ~ 21%*
- *Increase of PVN for households electricity from 10% to 22 % from January 1, 2011*
- *Increase of gas (excl. industry) excise tax by 12 LVL/1000 m<sup>3</sup> from 1 July 2011*
- *Gas tariffs alters in line with prices of oil/ oil product in the world markets*
- *set up of heat tariffs depends on the fluctuation of price of gas or wood chips*
- *Energy arrears are becoming an important issue, especially in the heating sector*

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# ***Future activities and challenges***

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***Elaboration of secondary regulation to implement provisions of the 3rd Energy package by 1 October 1, 2010***

***Carry out Certification of TSO***

***Adopt TSO investment plan***

***Work to implement a concept of universal services to protect vulnerable customers***

***How economy will cope with the predicted increase of prices of energy resources (oil/ oil products)***

***How increased taxes ( VAT, gas excise ) will impact customers behavior to pay for heating services***

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***THANK YOU  
FOR ATTENTION !***

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