



NATIONAL CONTROL COMMISSION
FOR PRICES AND ENERGY

>ELECTRICITY



>GAS



>HEATING



>WATER



>TRANSPORT



UPDATES ON THE LATEST DEVELOPMENTS IN LITHUANIA

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Commissioner, National Control Commission for
Prices and Energy, Lithuania

16th Baltic Electricity Market Mini-Forum
8th November 2013, Tallinn



FORESEEN LEGISLATION AMENDMENTS

Law on Electricity draft provisions on:

- Appointment of the public service obligation fund administrator
- Company creation for single purchase of RES
- Concreted pricing and approval of rules on usage of cross-border lines
- NCC recommendations on TYNDP
- Transparent, non-discriminatory and fair customer agreement's terms and conditions
- Provisions on simplified issuance of generation permits and permits on development of generation capacity

Law on Renewable Energy Resources draft provisions on:

- New definition for small producers
- Changed connecting to the grid compensation
- Changed the moment of the feed-in tariff fixation
- Tariff and the support period for the surplus energy producers
- The total installed capacity of biomass plants was reduced from 355 MW to 105 MW

Law on Energy draft provisions on:

- NCC cooperation with the related institutions under EC regulations
- NCC functions extension related with LPG market regulation
- Dispute resolution cost compensation



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
- COM conclusion on 4th JUL 2013
- Final NCC decision on 27th AUG 2013



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 31st JUL 2013, new TSO - AB “Amber Grid”
- *Ownership unbundling until 31st OCT 2014*

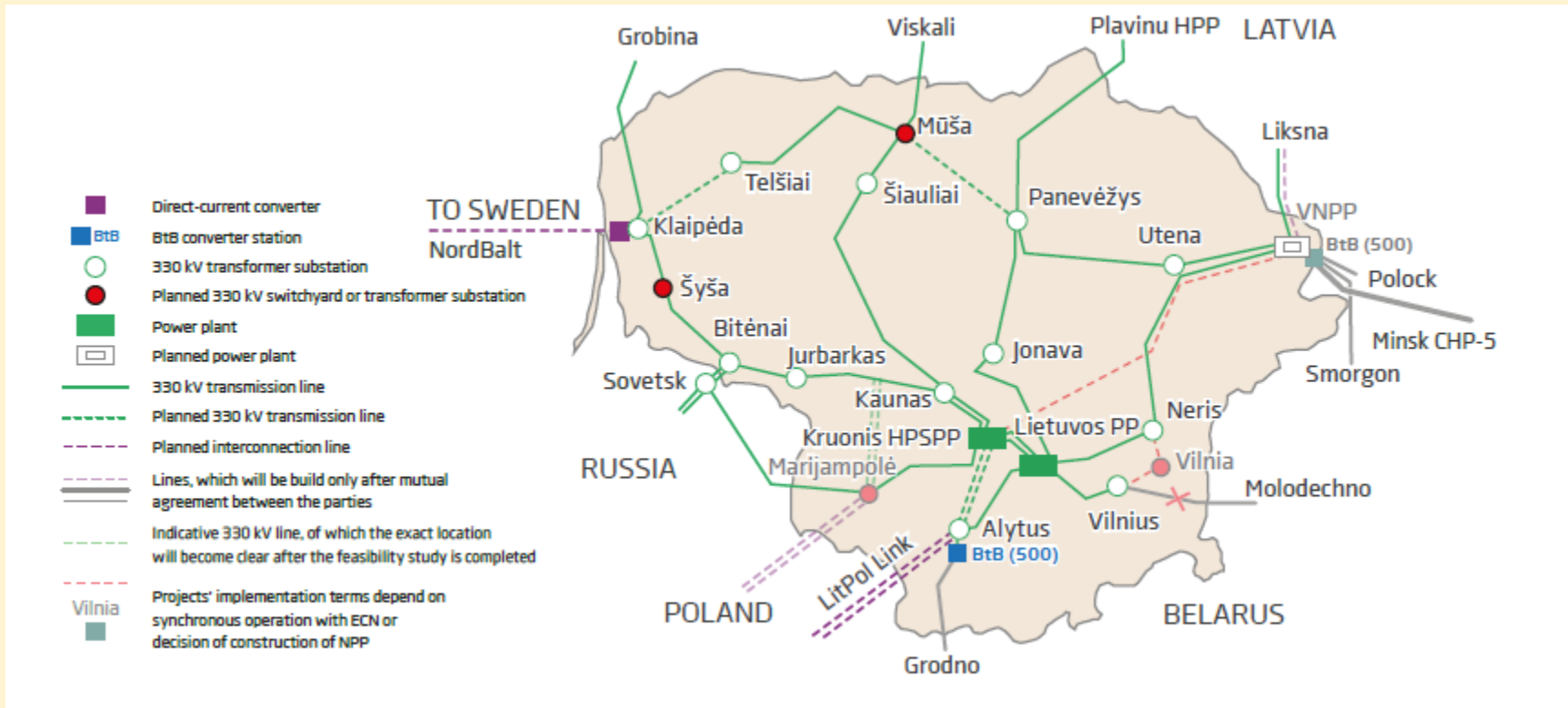


NATIONAL TYNDP (2013-2022) IN ELECTRICITY, MAIN PROJECTS:

1. Lithuania (Latvia/Estonia) synchronous interconnection with the Continental European networks, 2022 (PCI)
2. Lithuania – Poland between Alytus (LT) and Elk (PL) - LT part of interconnection between Alytus (LT) and LT/PL border – 500+500MW, 2016 (PCI)
3. Capacity increase of hydro-pumped storage in Lithuania – Kruonis (PCI) – 225 MW 5th unit, 2016 (PCI)
4. Lithuania – Sweden interconnection – 700MW, 2016
5. New NPP and related projects?



NATIONAL TYNDP (2013-2022) IN ELECTRICITY - MAIN SCENARIO





NATIONAL TYNDP (2013-2022) IN GAS, MAIN PROJECTS:

1. Gas Interconnection Poland-Lithuania (GIPL), 2014-2018 (PCI)
2. Enhancement of Lt-LV interconnection, 2015-2017 (PCI)
3. Transmission ring Jurbarkas – Klaipėda, end of 2013;
4. Enhancement of capacity of pipeline Klaipėda-Kiemėnai (PCI), 2014-2015
5. Pipeline Vilnius – Kaunas and Kaunas – Šakiai connection (second thread), 2014-2016
6. Reconstruction of pipeline Šiauliai – Klaipėda



NATIONAL TYNDP (2013-2022) IN GAS



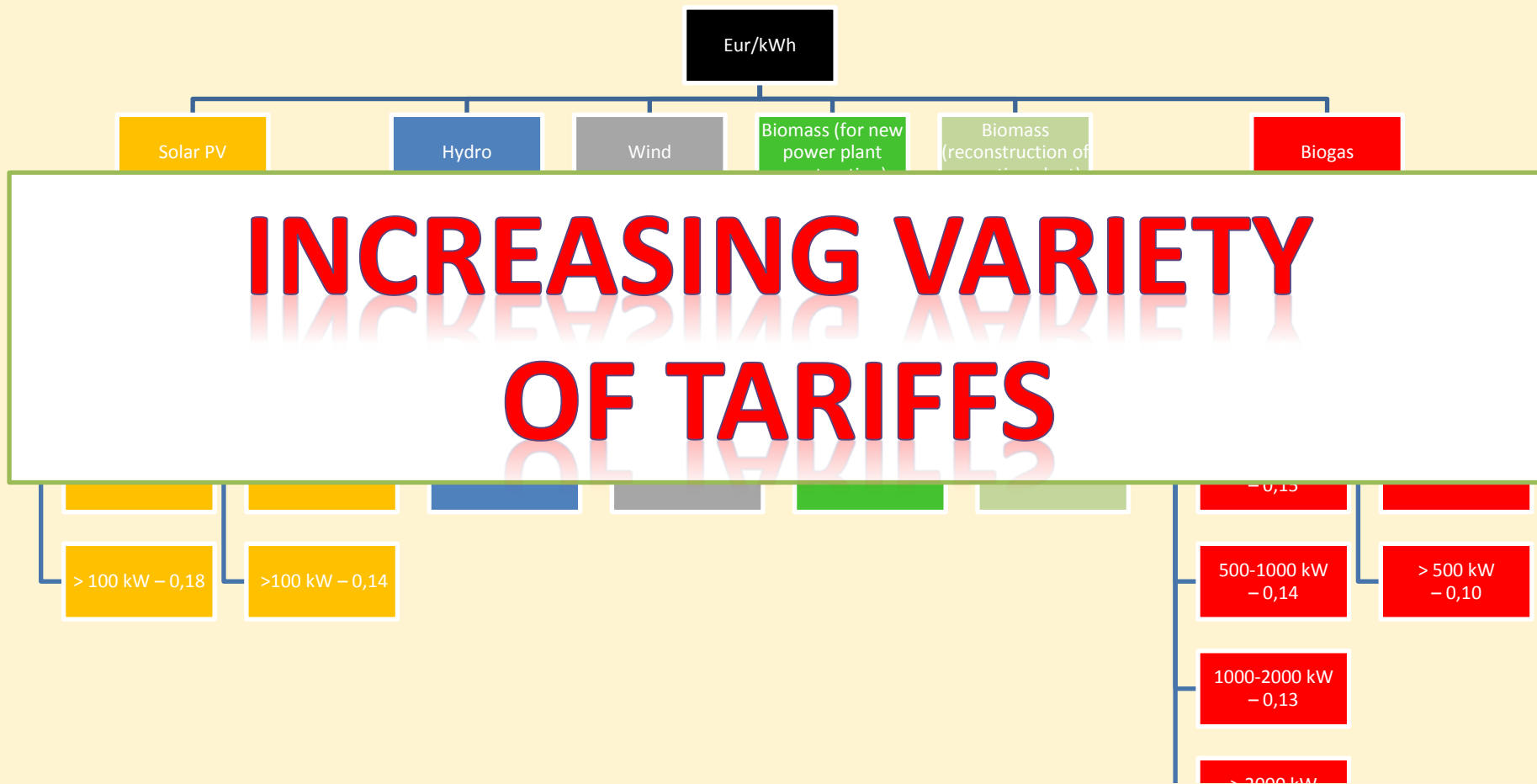


PRICING DECISIONS FOR 2014: ELECTRICITY

- Energy price and public supply price increased accordingly 1% and 6%
- Transmission, system and distribution service prices decreased accordingly 9%, 55% and 1-6% depending on voltage level
- Public Service Obligation price may decrease about 28%, if quotas are not approved – there is a need of Government decision
- The final decision is not taken yet (preliminary data in LTLC/kWh)

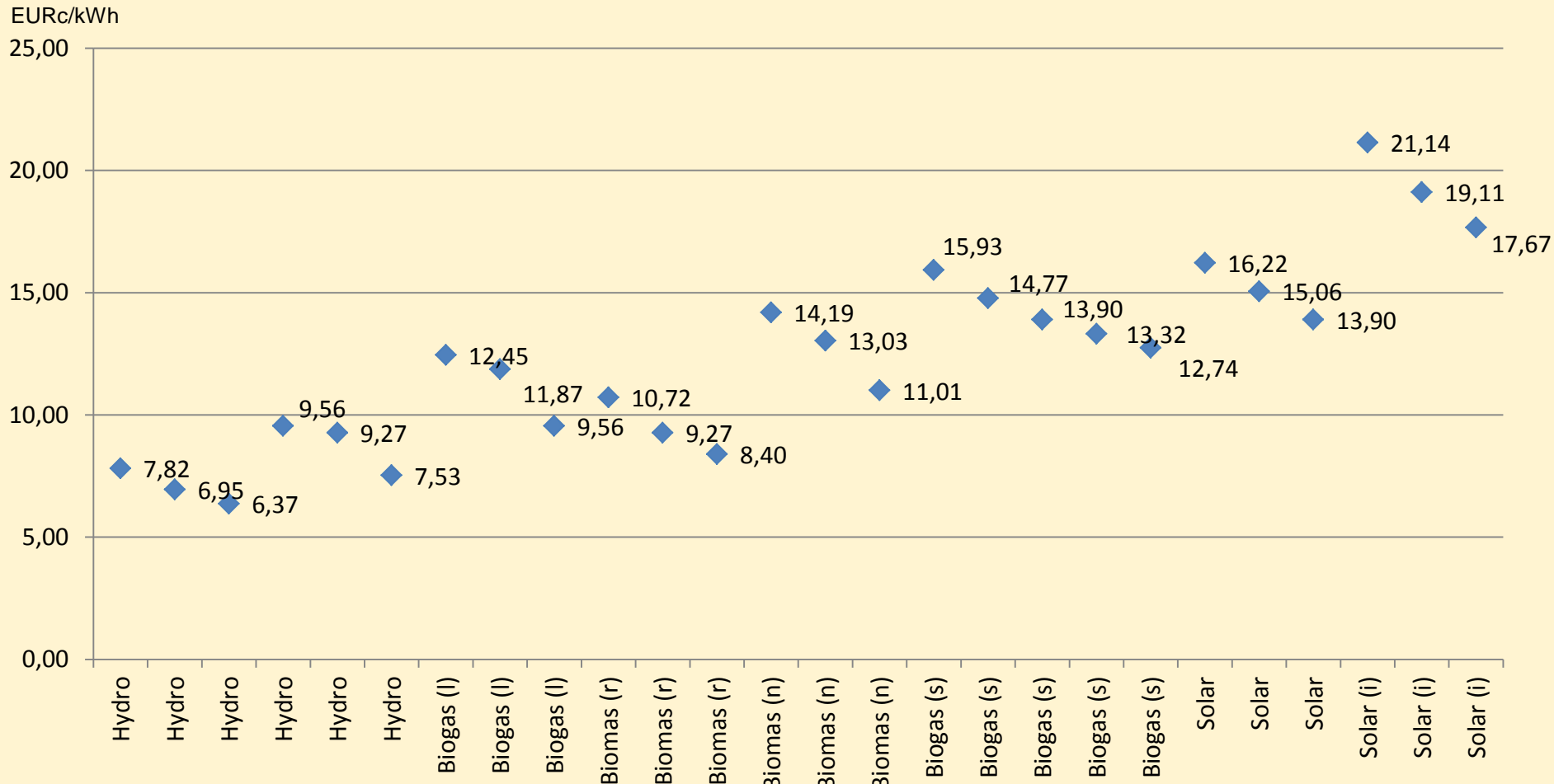


Pricing Decisions: electricity (renewables)





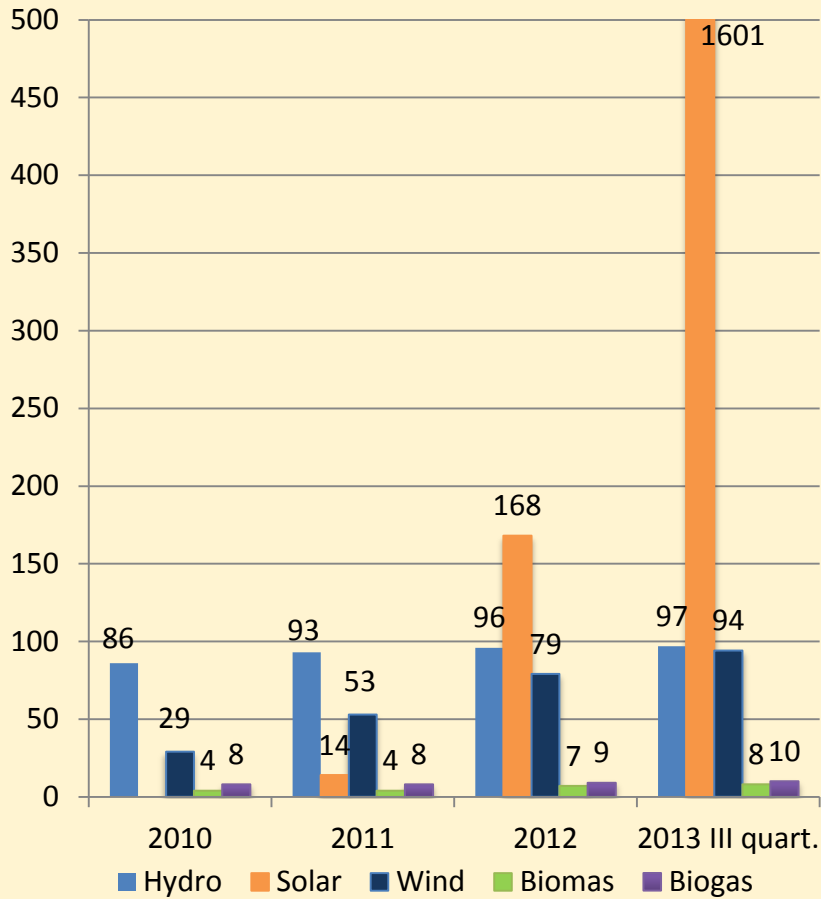
PRICING DECISIONS: ELECTRICITY (RENEWABLES) - 1



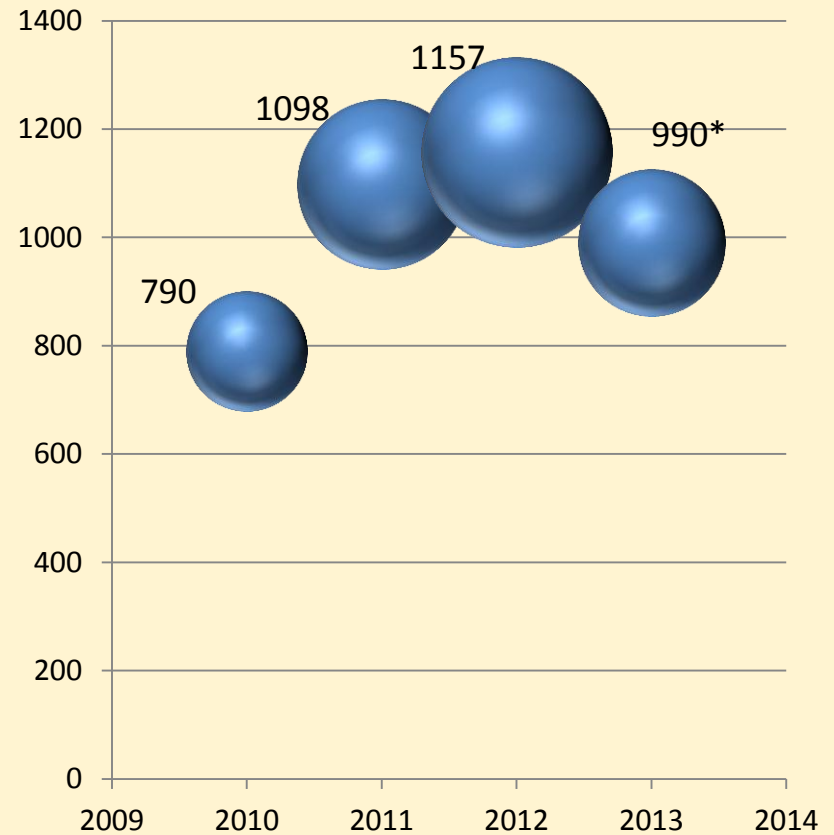


PRICING DECISIONS: ELECTRICITY (RENEWABLES) - 2

Number of producers



Produced electricity, GWh

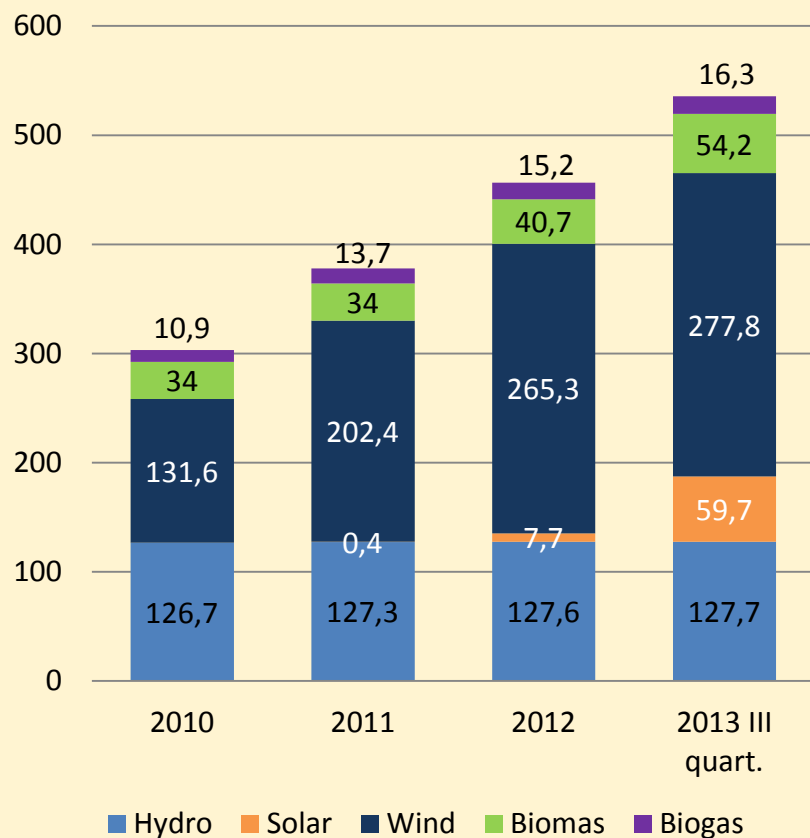


* Until 2013-10-01

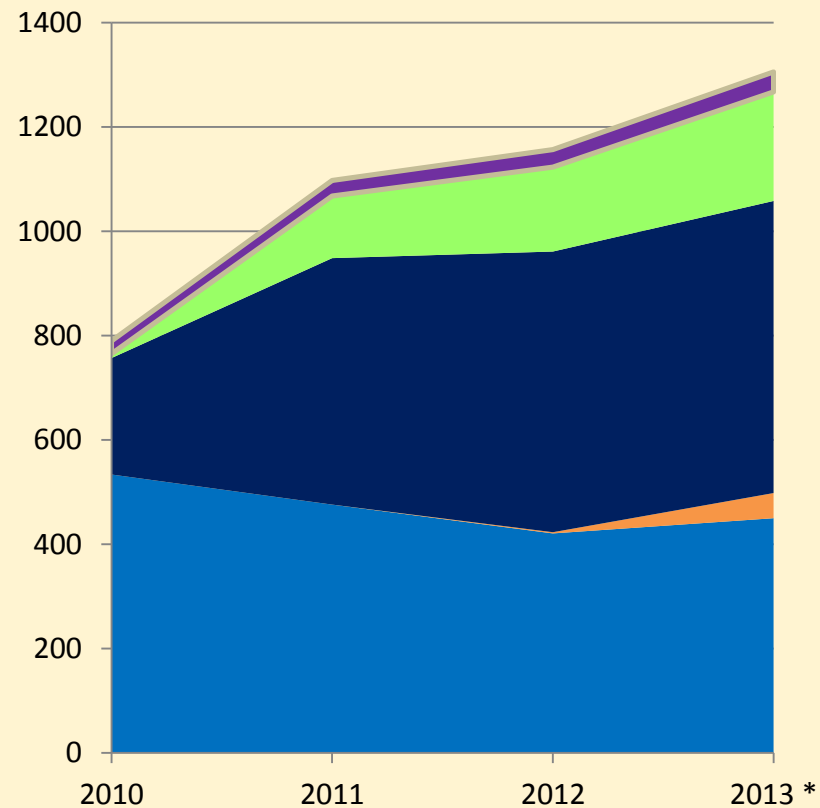


PRICING DECISIONS: ELECTRICITY (RENEWABLES) - 3

Installed capacity, MW



Produced electricity, MWh



* Forecast



PRICING DECISIONS: ELECTRICITY (AUCTIONS FOR RENEWABLES) - 1

- ✓ 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 one-staged –
 - ✓ Participants provide their price proposal 1 time
- ✓ The main principles of winner determination:
 - ✓ The lowest price;
 - ✓ The biggest installed capacity
- ✓ 26 auctions can be organized at the same time being ...



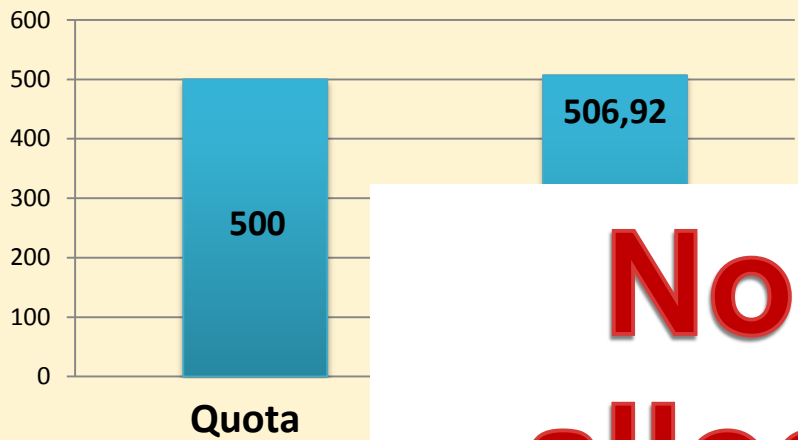
AUCTIONS CLOSED

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
Biomass plants (from 30 kW to 5000 kW)				
5	0,13	0,10	23,08	23,99
Hydro power plants (up to 1000 kW)				
1	0,08	0,08	0	0,46
Wind power plants connected to transmission grid (up to 1000 kW)				
1	0,08	0,07	12,5	60
Hydro power plants (up to 1000 kW)				
1	0,07	0,07	0	0,05

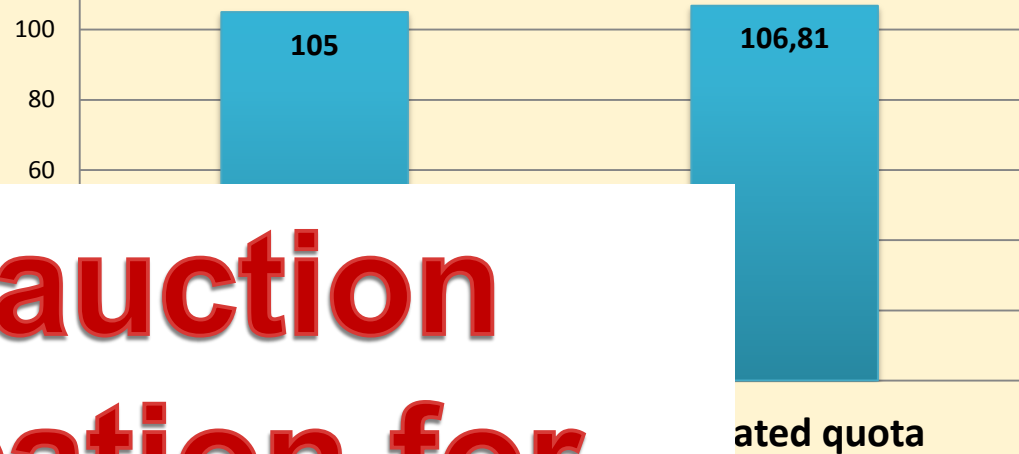


PRICING DECISIONS: ELECTRICITY (AUCTIONS FOR RENEWABLES) - 2

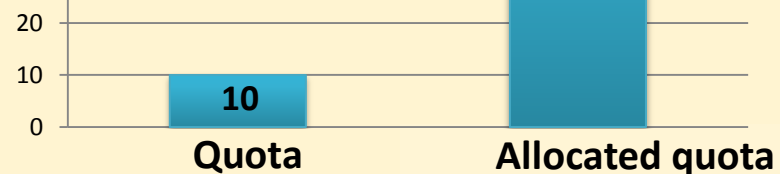
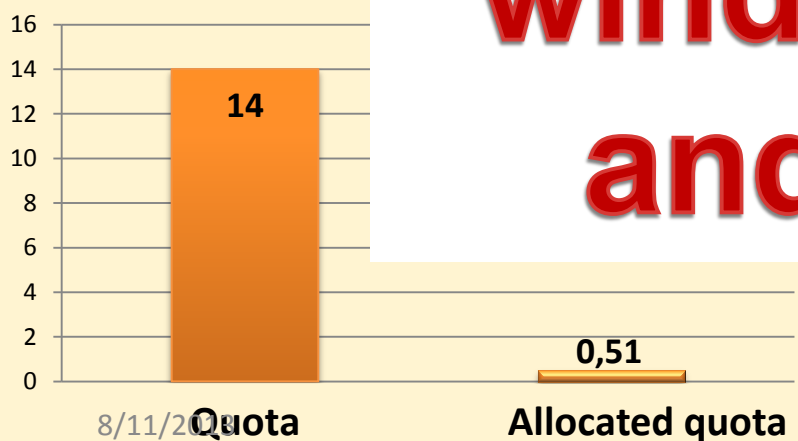
Wind



Biomass



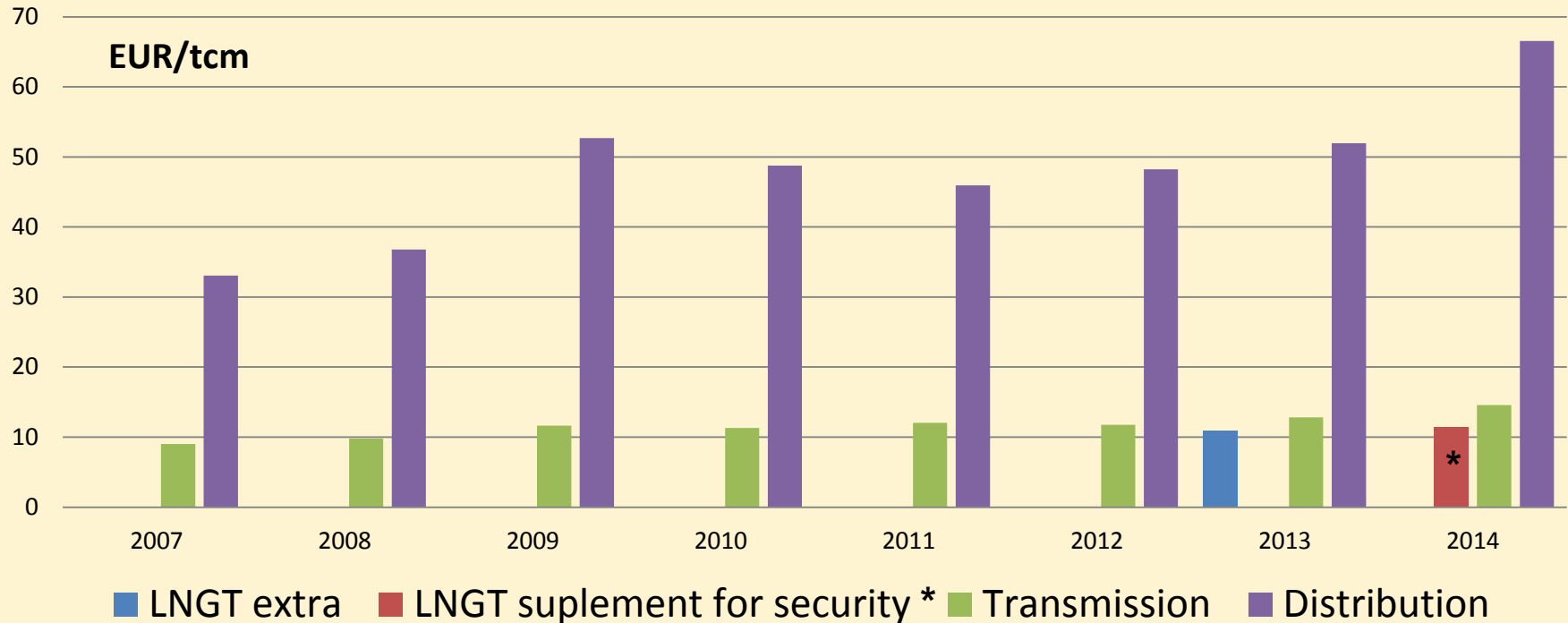
**No auction
allocation for
wind, biomass
and solar!!!**



8/11/20



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

*- collecting starts from 3rd December, 2014 (date when LNGT must be launched, according to the National Law on LNG terminal)



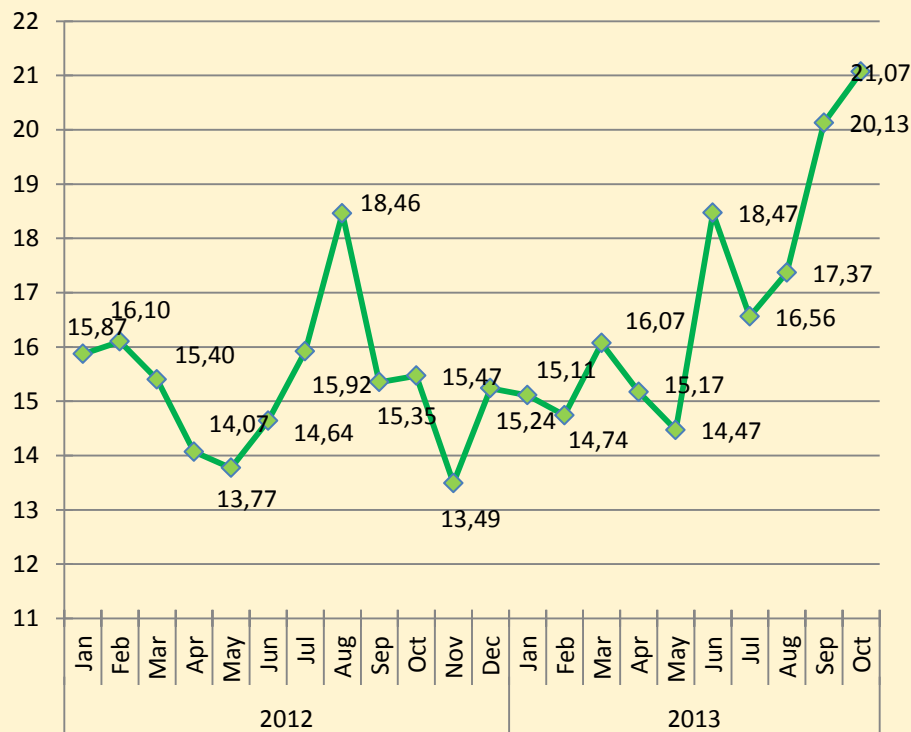
MARKET INDICATORS



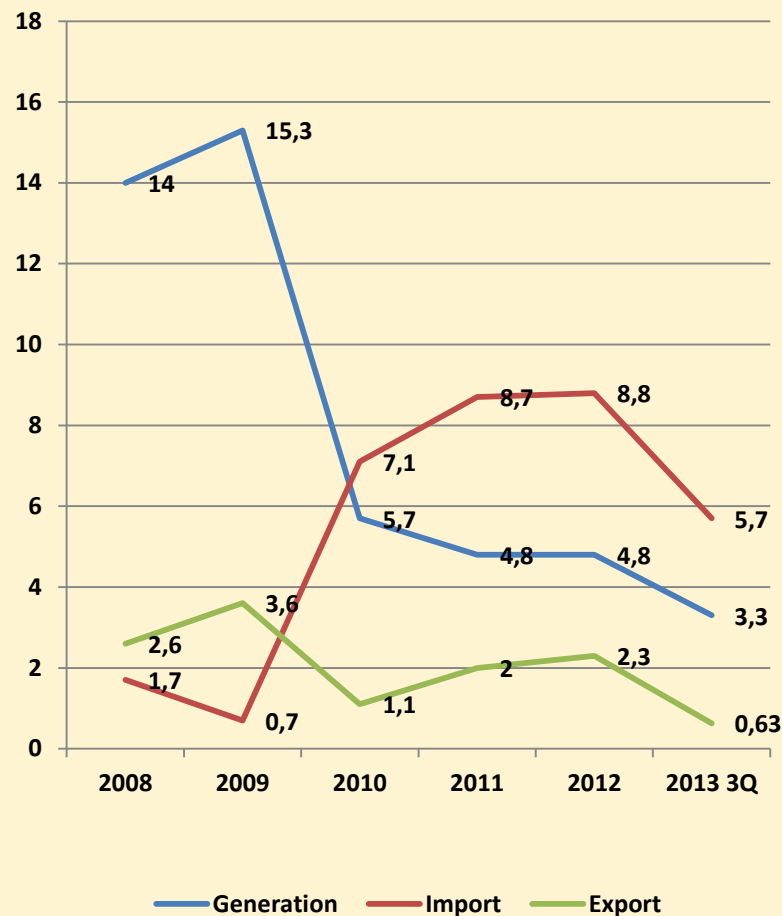
MARKET INDICATORS

ELECTRICITY

Average electricity market price, LTLC/kWh without VAT



Generation, import and export in Lithuania, TWh

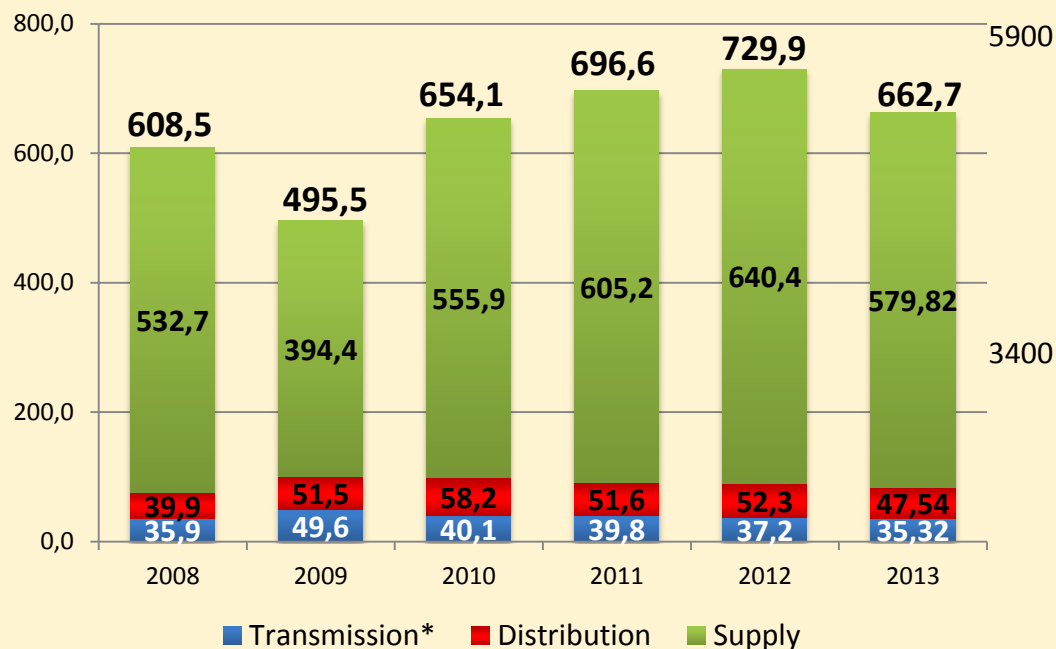




MARKET INDICATORS

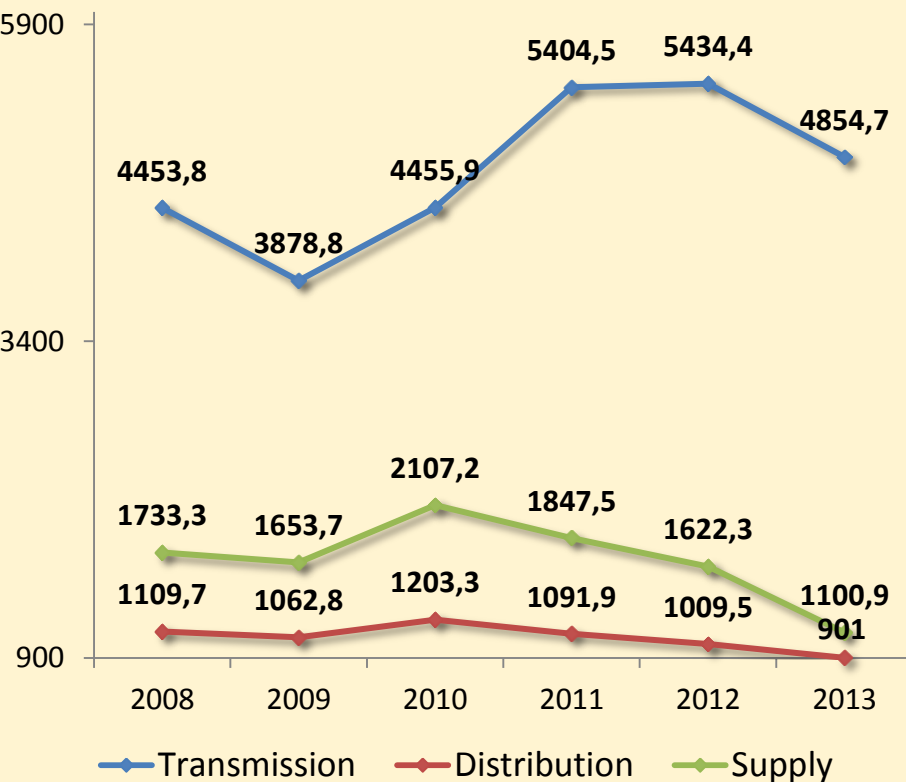
NATURAL GAS

Revenue from the gas sector, mill EUR



*without revenue for transit

The quantities of natural gas, million m³

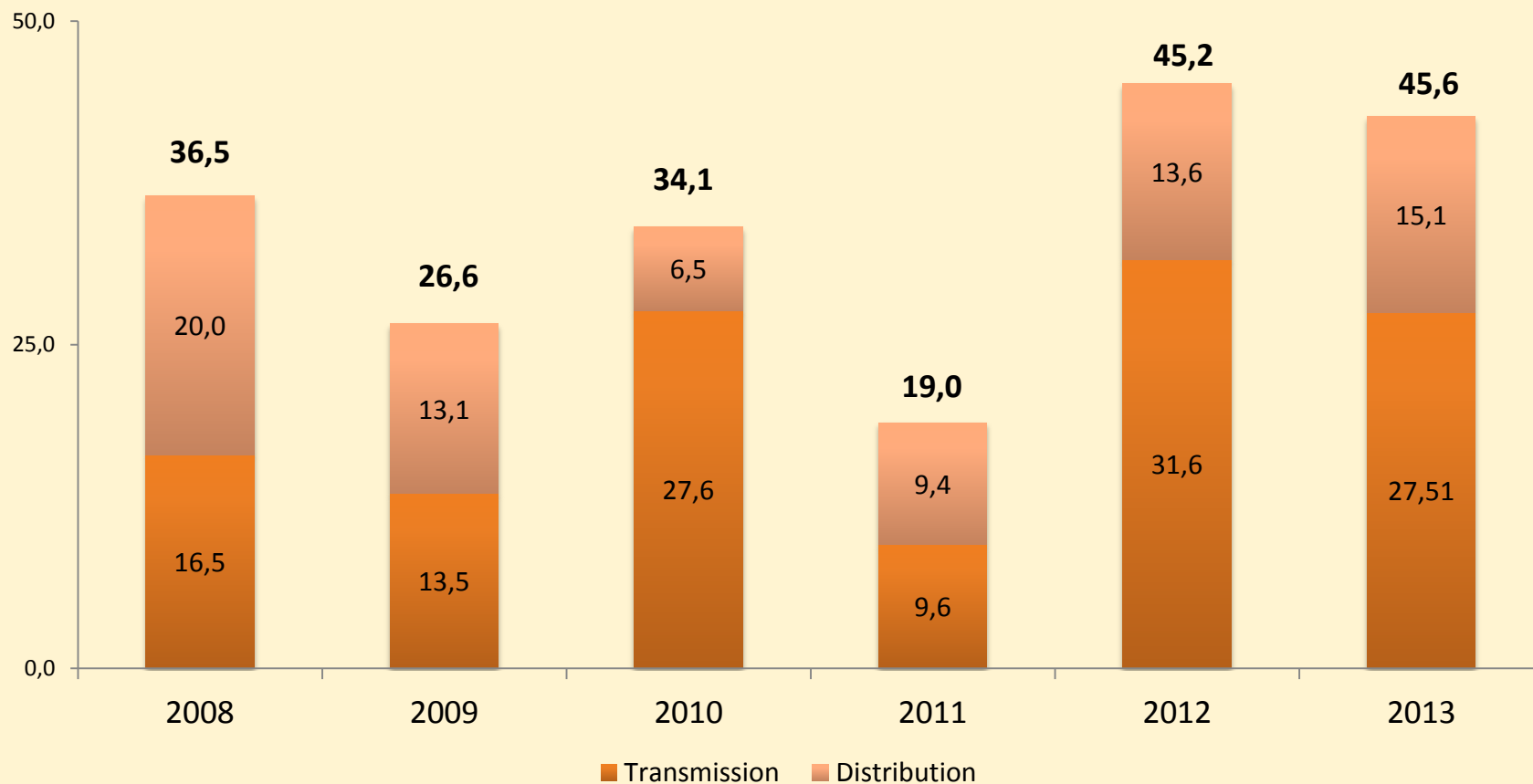




MARKET INDICATORS

NATURAL GAS

Investment to natural gas transmission and distribution infrastructure, mill EUR





ONGOING PROJECTS BY NCC IN ELECTRICITY AND GAS



ONGOING STUDIES

- **Electricity:**
 - LRAIC model for RAB optimization and valuation – submitted final data for calculations
 - Report on network and power system reliability - II phase started for annual update
 - Cost audit of main generator – almost finished
- **Gas:**
 - Entry-exit pricing model – after introduction phase, the preparation of methodology started
 - Smart metering cost-benefit analysis – in 2014 1Q economic analysis foreseen



THANK YOU FOR YOUR ATTENTION

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