



LIETUVOS NEPRIKLAUSOMŲ
ŠILUMOS GAMINTOJŲ ASOCIACIJA

INVESTMENT ENVIRONMENT IN HEATING MARKET OF LITHUANIA: PROSPECTS FOR RES

26 APRIL 2017



LIETUVOS NEPRIKLAUSOMŲ
ŠILUMOS GAMINTOJŲ ASOCIACIJA

FOUNDERS

Danpower Baltic

Aldec General

Ekopartneris

Fonas

6

cities

15

plants

300

MW

50

% market share

CREATION OF INDEPENDENT HEAT PRODUCERS

ENERGY
INDEPENDENCE



EU TARGETS
FOR RES



HIGH HEATING
PRICES



NATIONAL ENERGY INDEPENDENCE STRATEGY



MARKET LIBERALIZATION



RENEWABLE ENERGY SOURCES



PRIVATE CAPITAL



BIOMASS

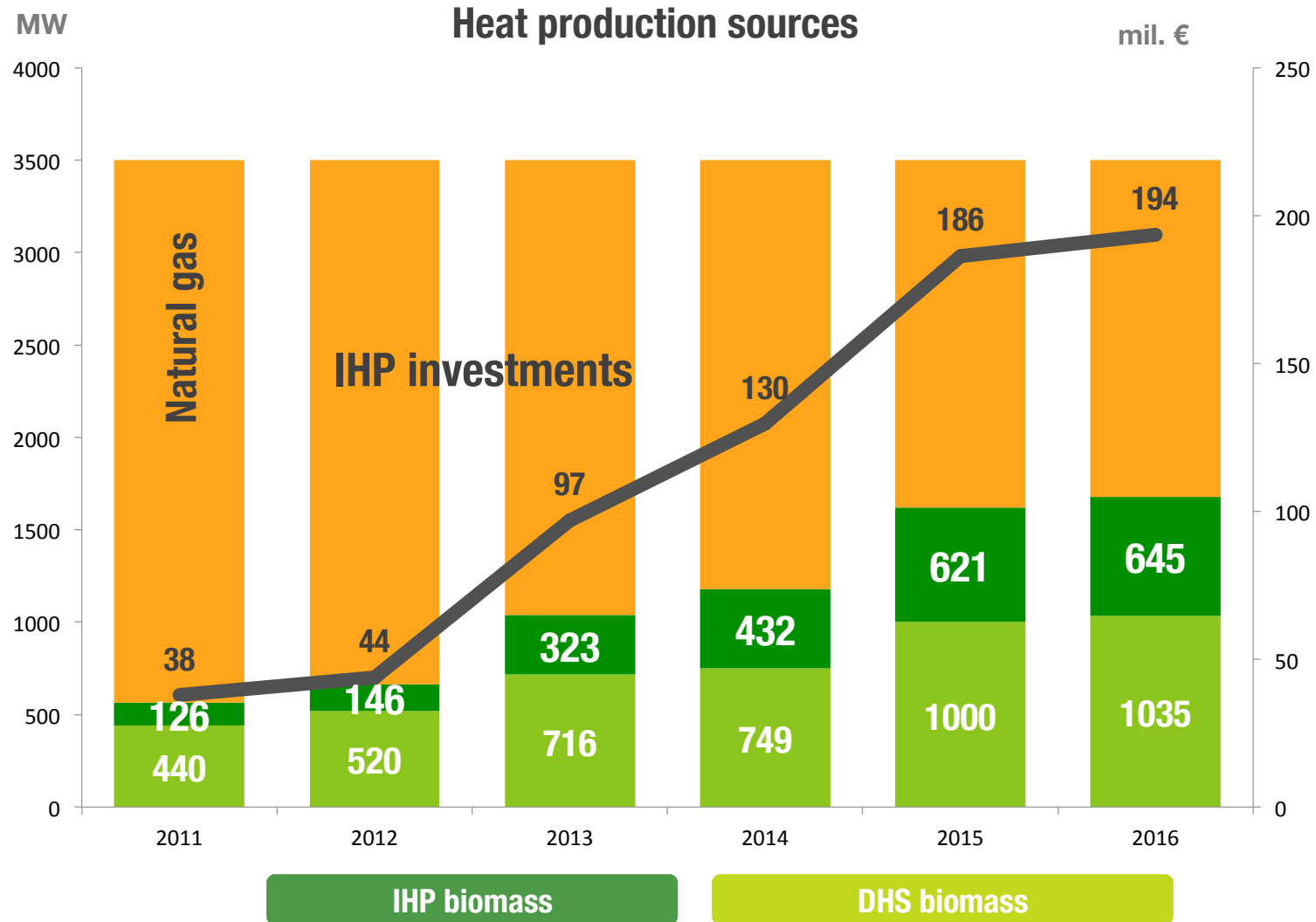


IHP

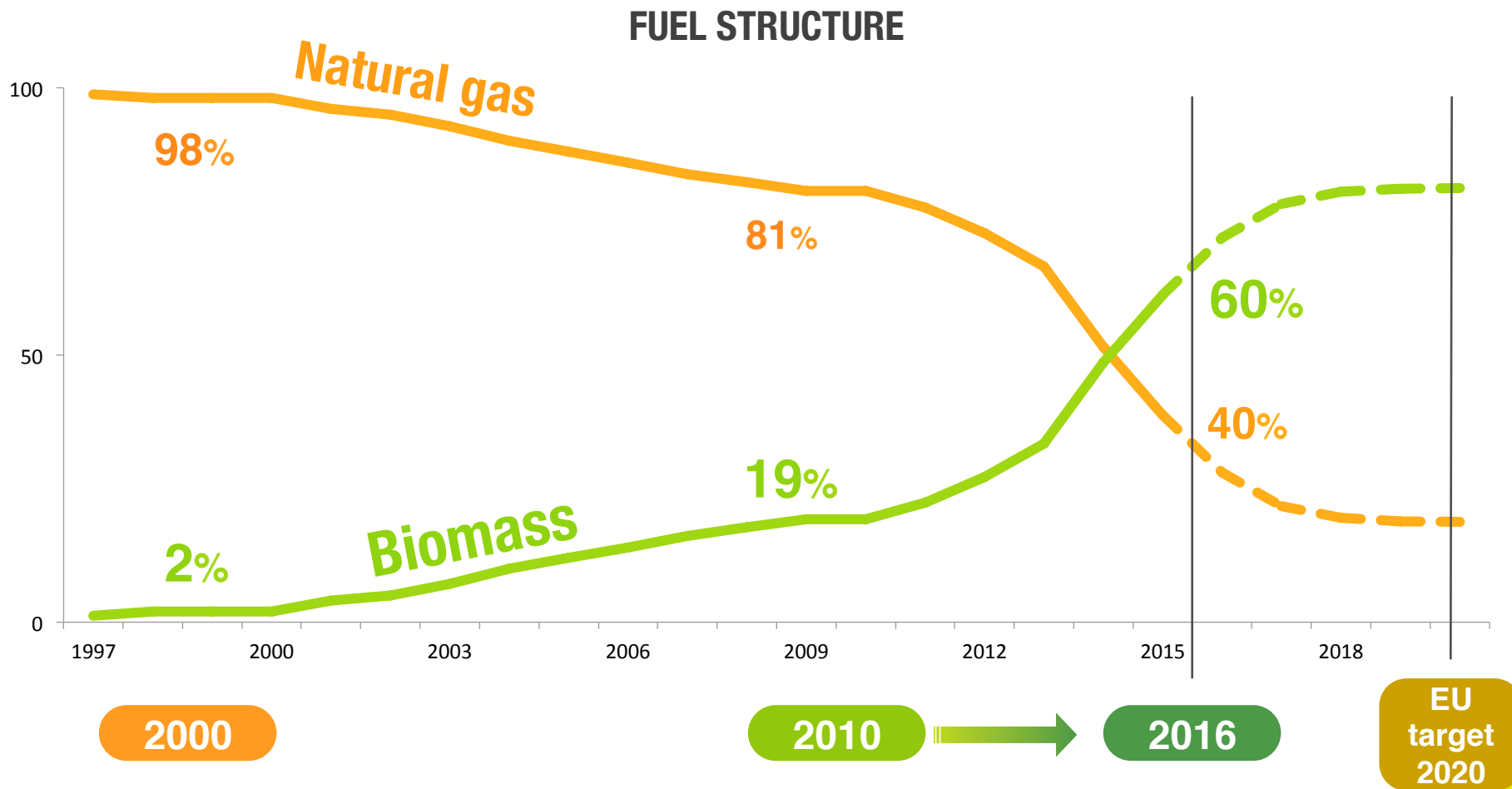


INDEPENDENT HEAT PRODUCERS

PRIVATE INVESTMENTS INTO BIOMASS CAPACITIES 200 M €



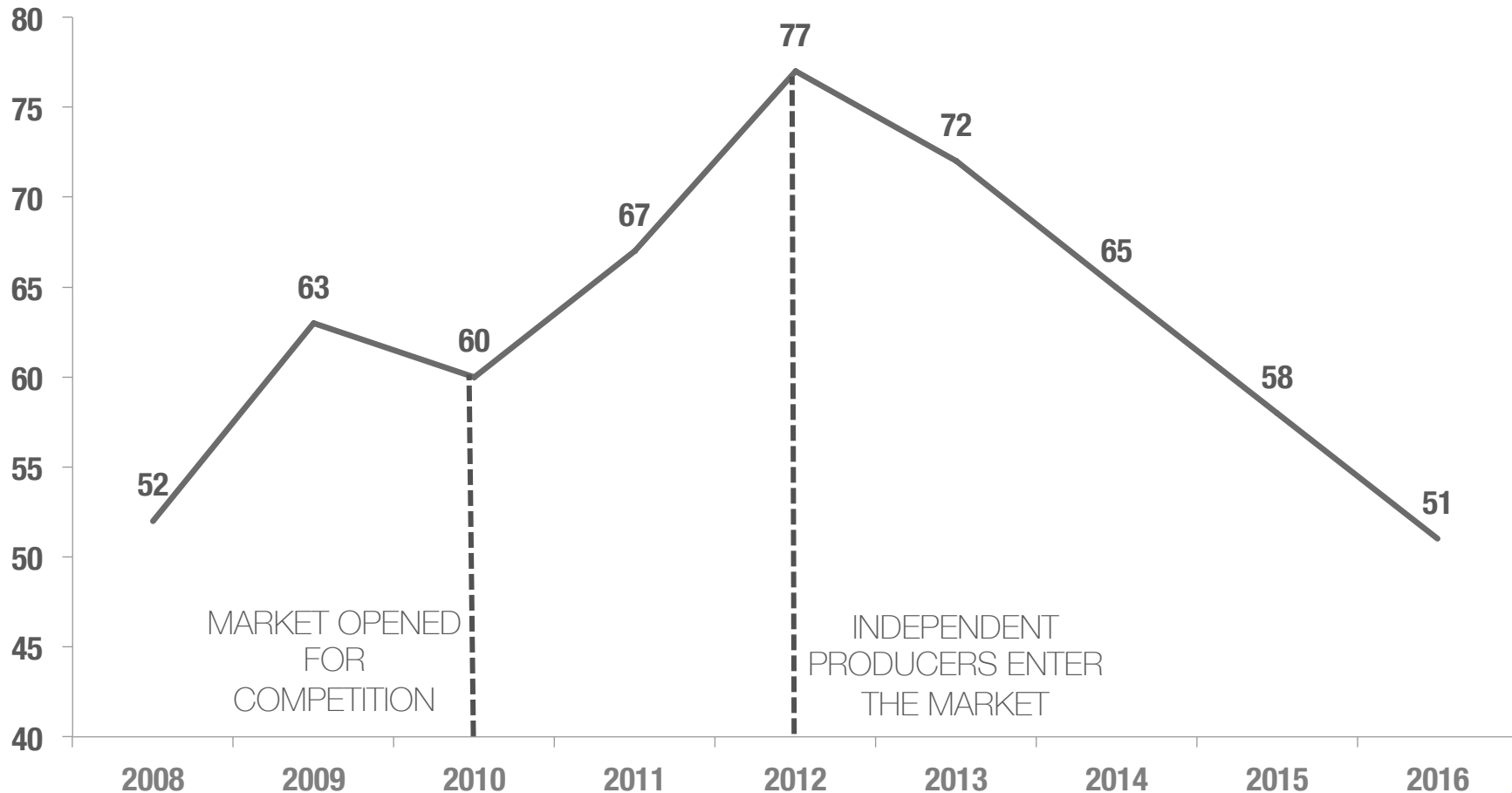
EU 2020 TARGET OF 60% HEATING FROM RES – REACHED IN 2016



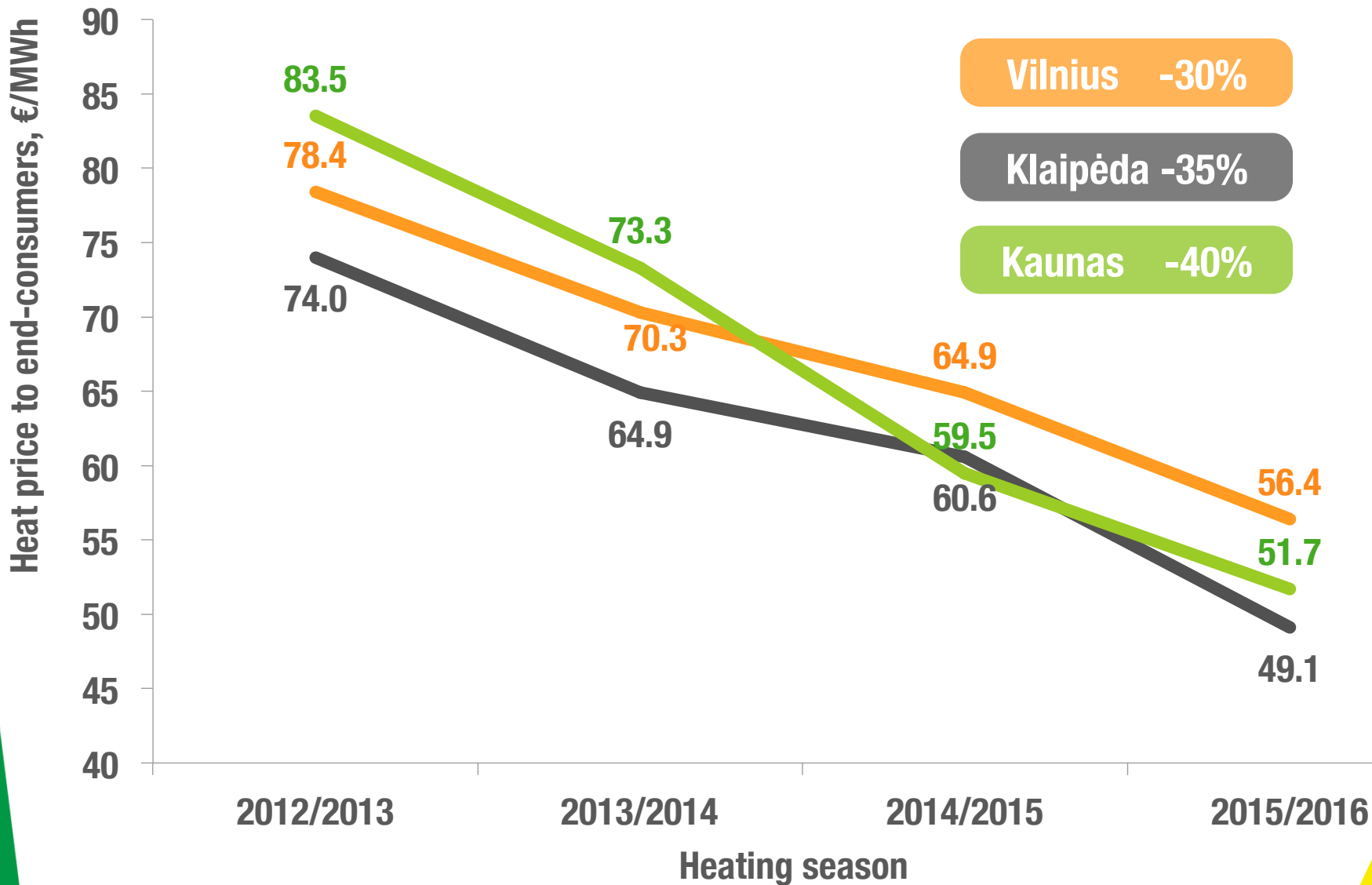
WITH INTRODUCTION OF BIOMASS AND COMPETITION PRICES IN LITHUANIA DECREASED >30%

€/MWh

AVERAGE HEAT PRICE TO END-CONSUMERS



WITH INTRODUCTION OF BIOMASS AND COMPETITION PRICES IN LARGEST CITIES DECREASED UP TO 40%



Source: National Commission for Energy Control and Prices

COMPETITION BETWEEN IHP'S AND DHP *DE FACTO* DOESN'T EXIST

DHP fixed costs are compensated by end-consumers without competition

~11 €/MWh

SALARY

REPAIRS

DEPR.
INVEST.

"Competition" at an auction

IHP's
~23 €/MWh

Fuel

Electricity
Water

Salary

Repairs

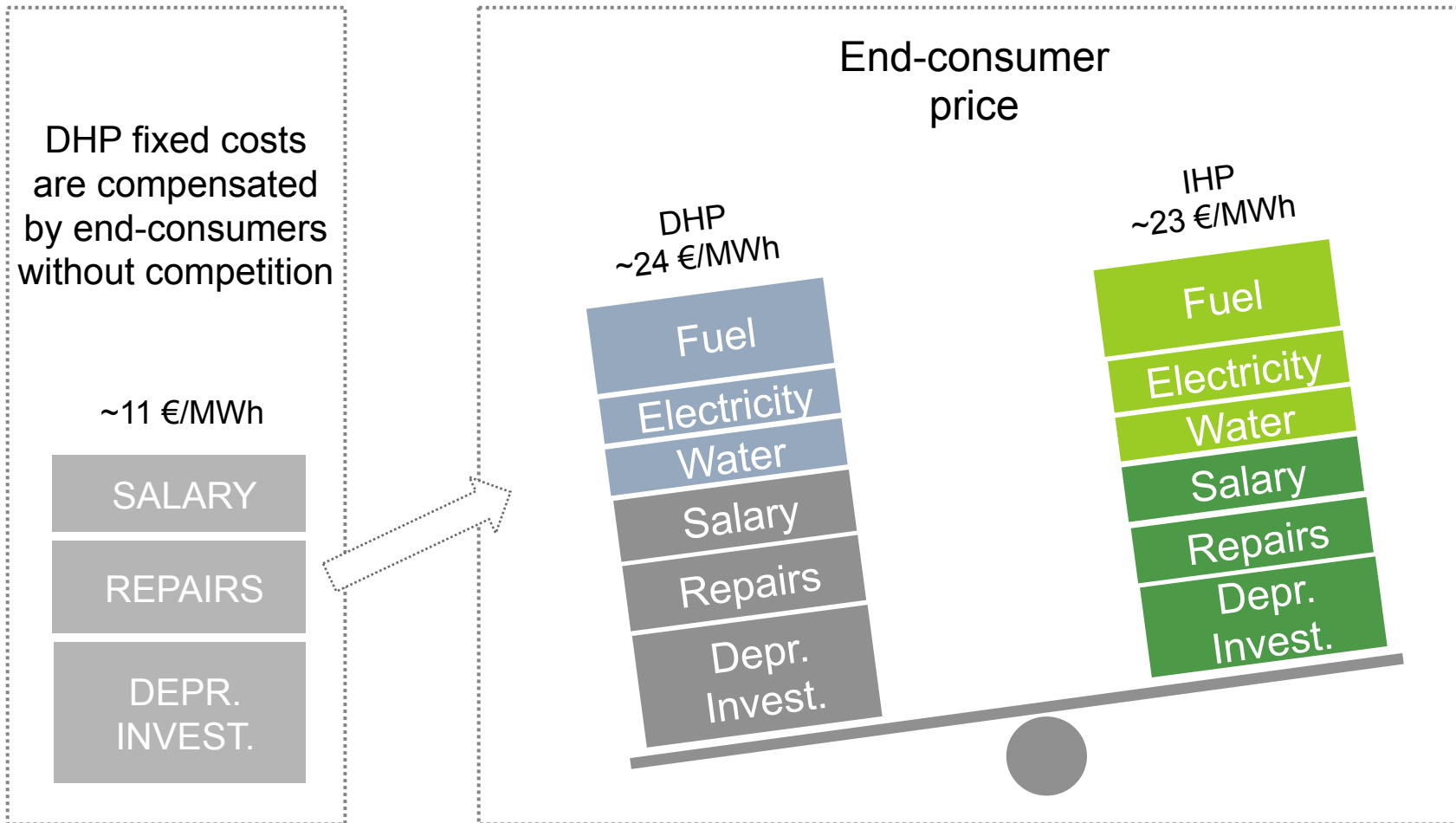
Depr.
Investment

DHP
~13 €/MWh

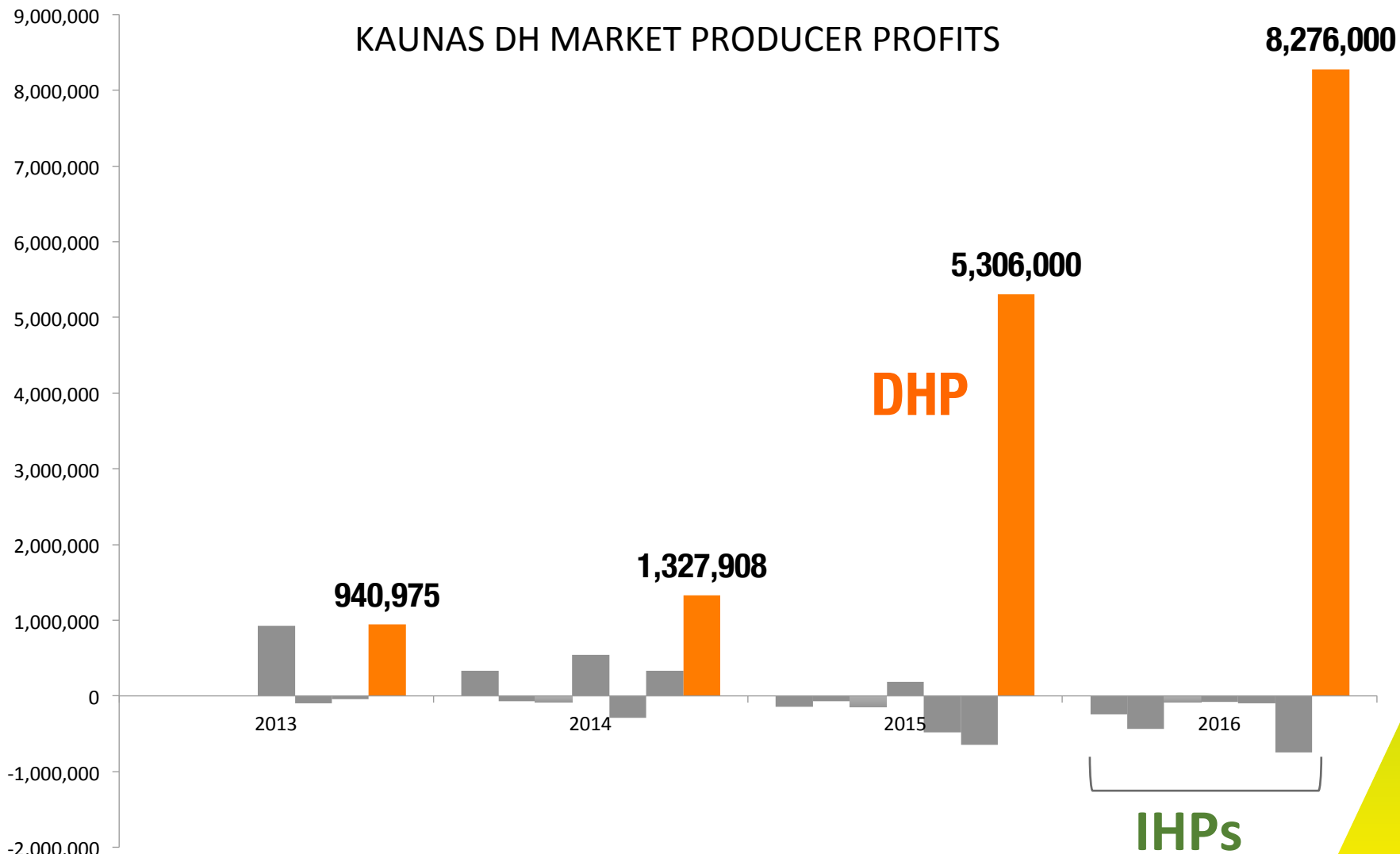
Fuel

Electricity
Water

CURRENT REGULATION DOESN'T ENSURE LOWEST PRICE TO CONSUMERS



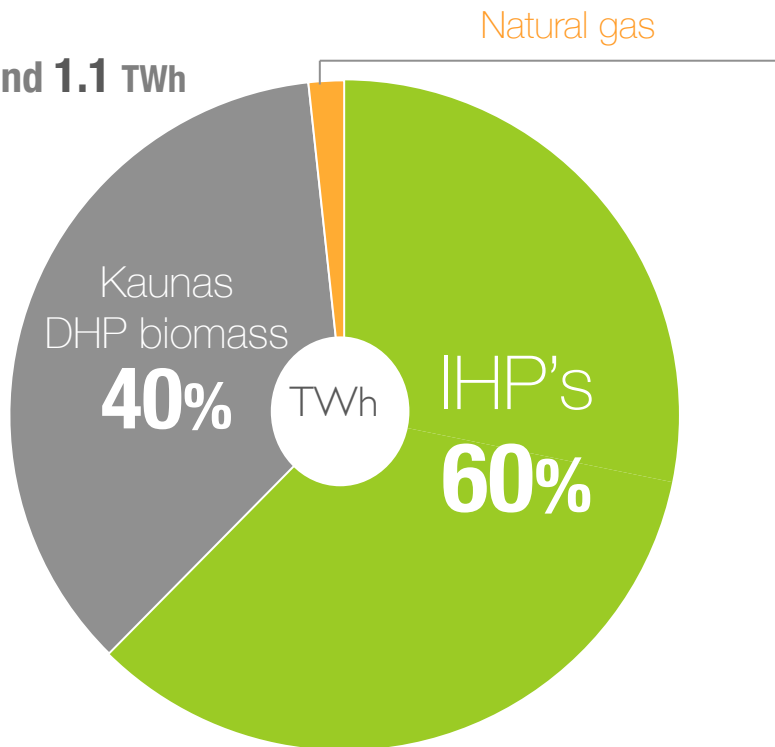
ALL IHP'S OPERATED AT A LOSS DURING 2016



Vilnius and Kaunas DH markets

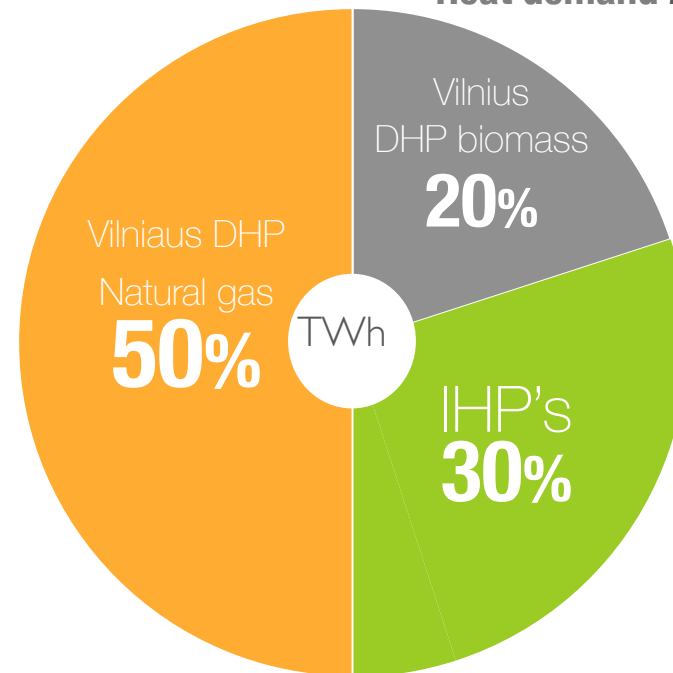
Heat demand 1.1 TWh

Kaunas



Heat demand 2.5 TWh

Vilnius



WILL LITHUANIA'S EXAMPLE BE GOOD ENOUGH FOR
OTHER COUNTRIES TO FOLLOW?

THANK YOU FOR YOUR ATTENTION