



# Local fuels & tariffs

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# National Energy Strategy

- Security of supply
- Price
- Environment

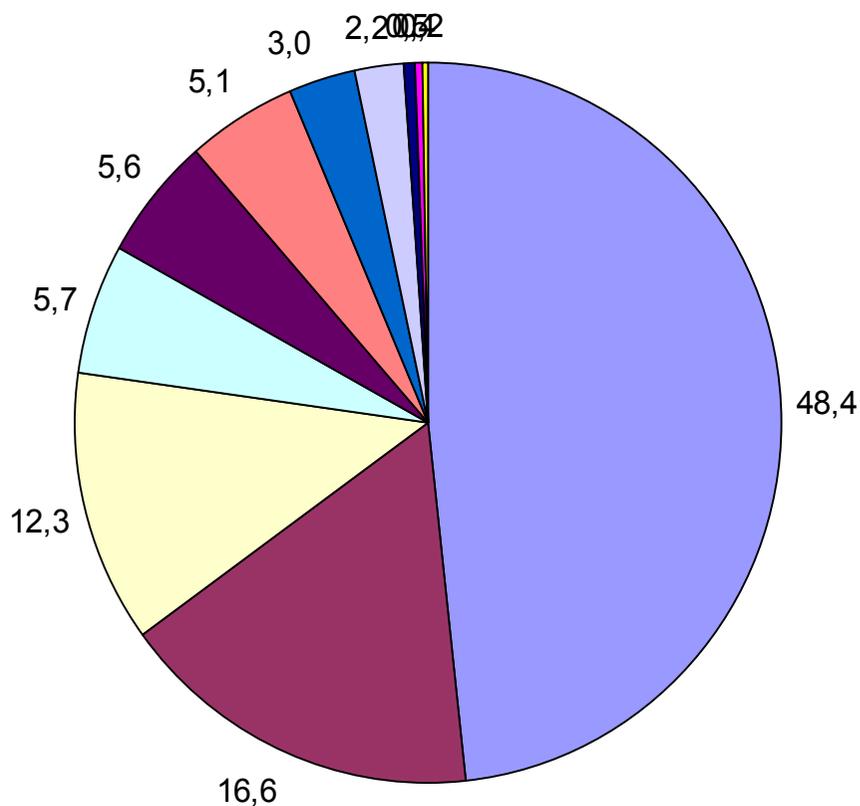
Purpose is to ensure steady supply of energy with reasonable price

## How are heated

- 70% of the heating is district heating
- 30% of the heating is local heating: wood, gas, electricity, oil, heat pumps, etc.
- Different fuels used for district heating
- The majority of the fuel and energy prices are formed in free market
- Administratively adjustable: oil shale and electricity
- District heating prices are coordinated by the local government, or by the Estonian Competition Authority (ECA)



# Fuels used for district heating %



Natural gas	48,4
Wood	16,6
Oil shale	12,3
Oil shale gas and biogas	5,7
Shale oil	5,6
Peat	5,1
Light fuel oil	3,0
Renewable	2,2
Heavy fuel oil	0,5
Coal	0,4
Electricity	0,2

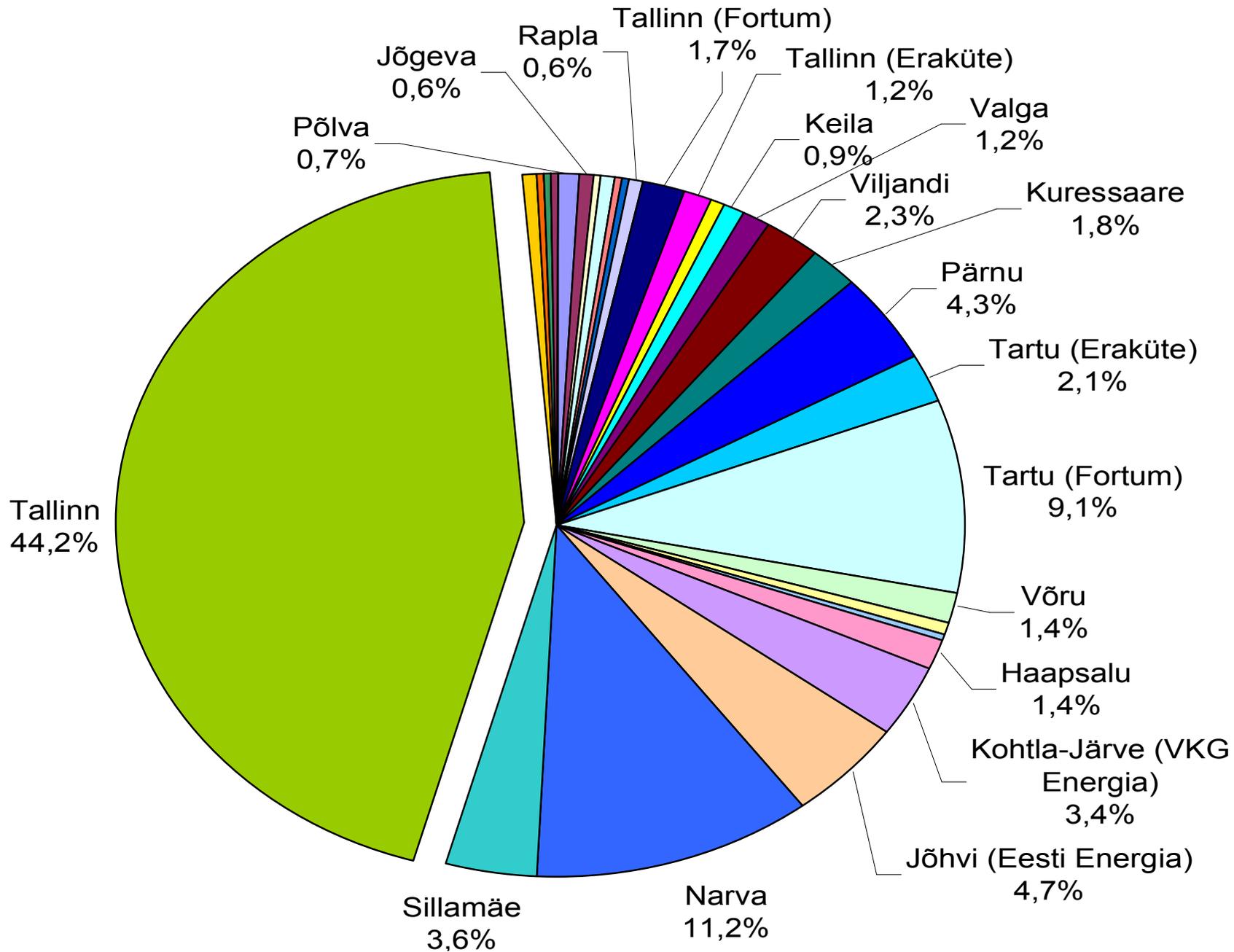
# District heating

- Heat usually represents the largest share of consumer utilities
- Local governments have the right to establish district heating areas
- Each district heating area has a separate price
- The ECA shall confirm the prices of companies
- One of the objectives in using district heating is CHP production or using fuel that can not be used for residential heating plants (oil shale, peat, wood chips, waste, garbage)

## Prices depend on the fuel used for heat

- Narva, Kohtla-Järve, Sillamäe – Oil shale
- Jõgeva, Põlva, Rapla etc. – Natural gas
- Tallinn, Tartu, Valga, Võru, Viljandi, etc. – peat, wood and + gas or liquid fuel
- Current situation:
  - The most advantageous price for the oil shale-fired district heating systems
  - The most expensive natural gas or oil plants used

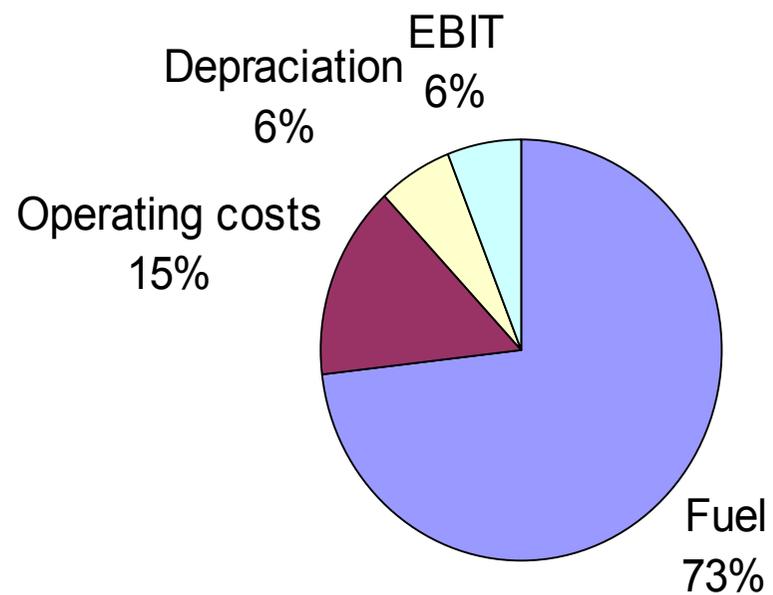
# Different cities share



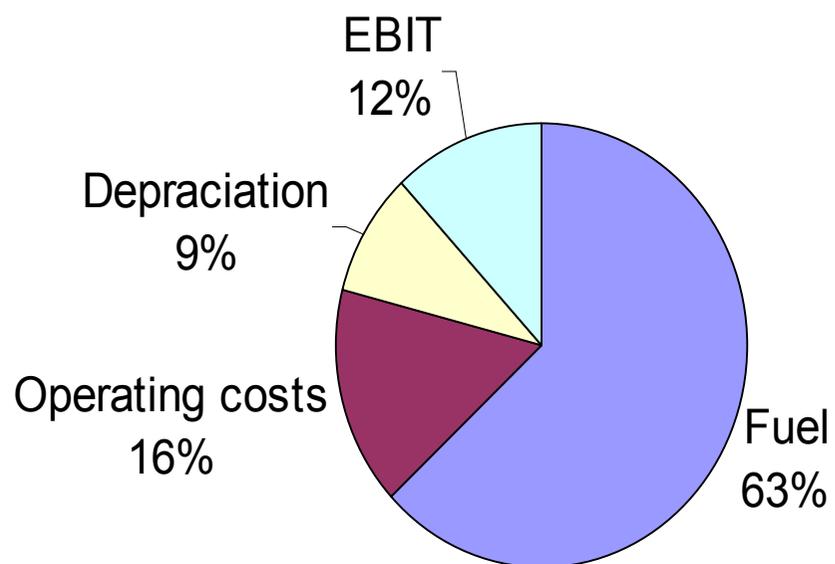
## What makes up the price of heat ?

- The heat price consist of most of the fuel component, regardless of what fuel is used
- The fuel component accounted for 63% in Tallinn (75% natural gas)
- In Võru 55% (90% wood)
- In Rapla 73% (100% natural gas)
- In Kohtla Järve 28% (100% oil shale gas)

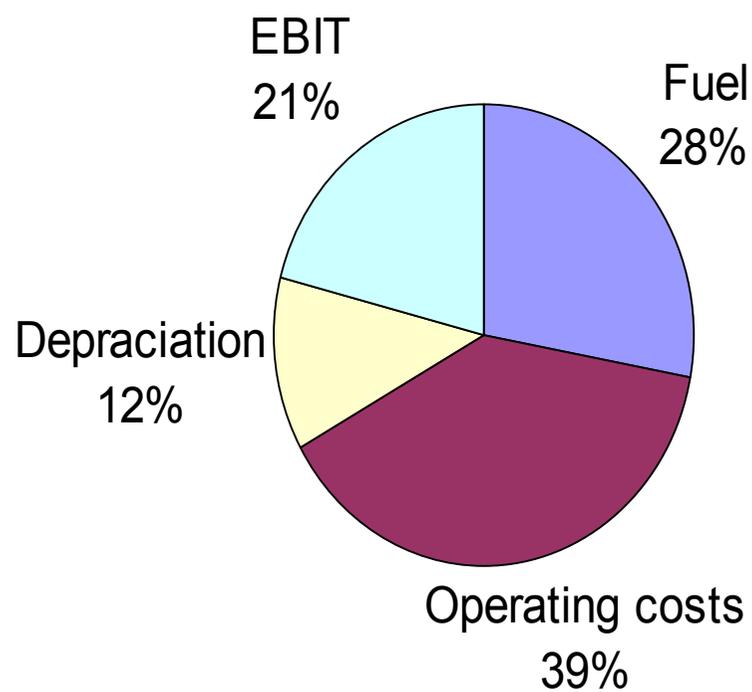
# Rapla € 64,81



# Tallinn € 56,90



# Kohtla-Järve € 34,60



## How prices of various fuels are formed

- Oil shale - administratively adjustable, price shall be confirmed by ECA
- Natural gas, liquid fuel - depends directly on the world oil price
- Wood, peat - comply with the international oil price
- The only regulated prices is for oil shale, the rest of the market conditions evolve

## Why is it expensive to heat ?

- Heat consumption is equal to the price of heat consumed multiplied with the heat quantity
  - It is estimated that Estonia's residential energy consumption can be reduced at least 25%
  - This would reduce heat consumption by 25%
- To save energy is the best way to save money

## Conclusion

- The best solution is energy saving
- Developed countries have policies aimed at energy saving and environmental protection
- In Europe also strict greenhouse gases policy
- In Estonia still usage of firewoods in furnace remains cheapest heating form
- Switching to alternative heat system should be carefully considered, better to invest into energy saving



**Thank you**