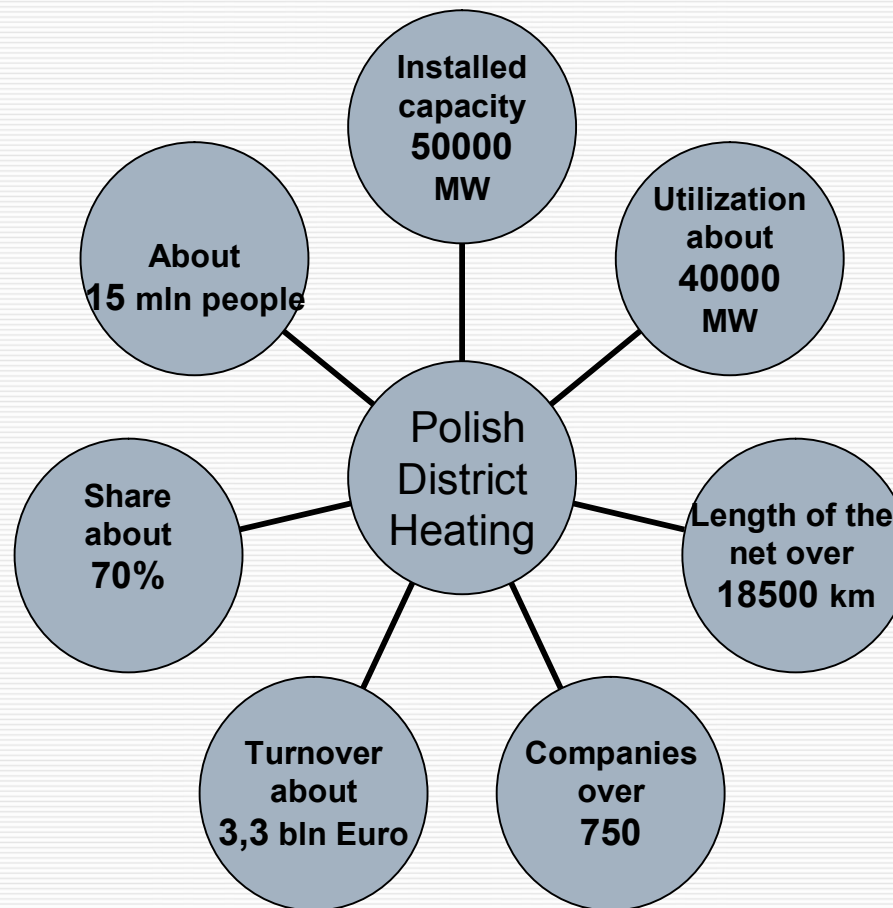

District heating in Poland - the chosen basic information

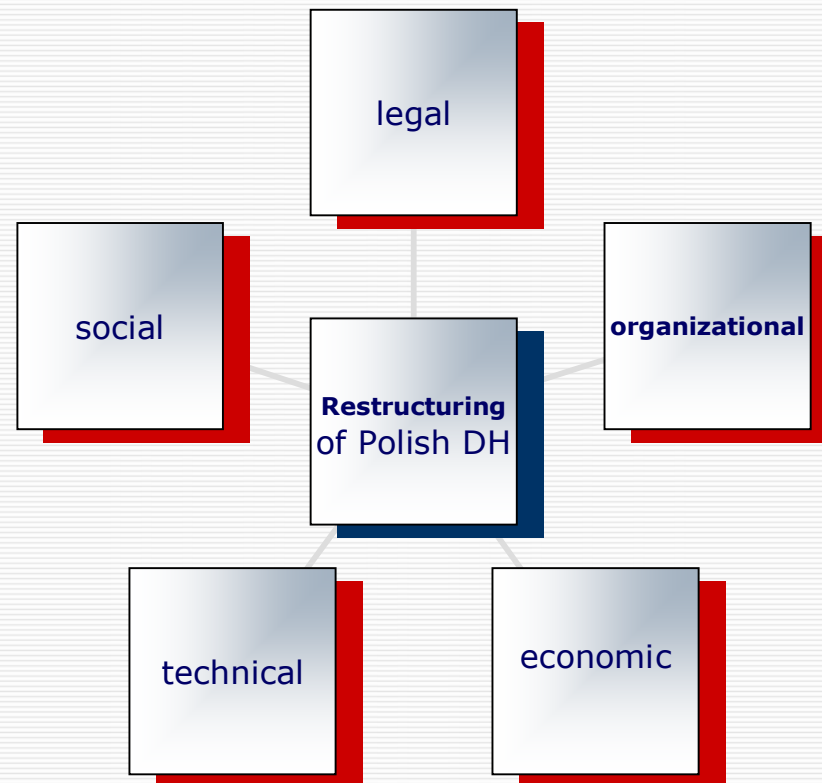
CHAMBER OF COMMERCE
POLISH DISTRICT HEATING

District heating potential in Poland

/ as of 2005 /

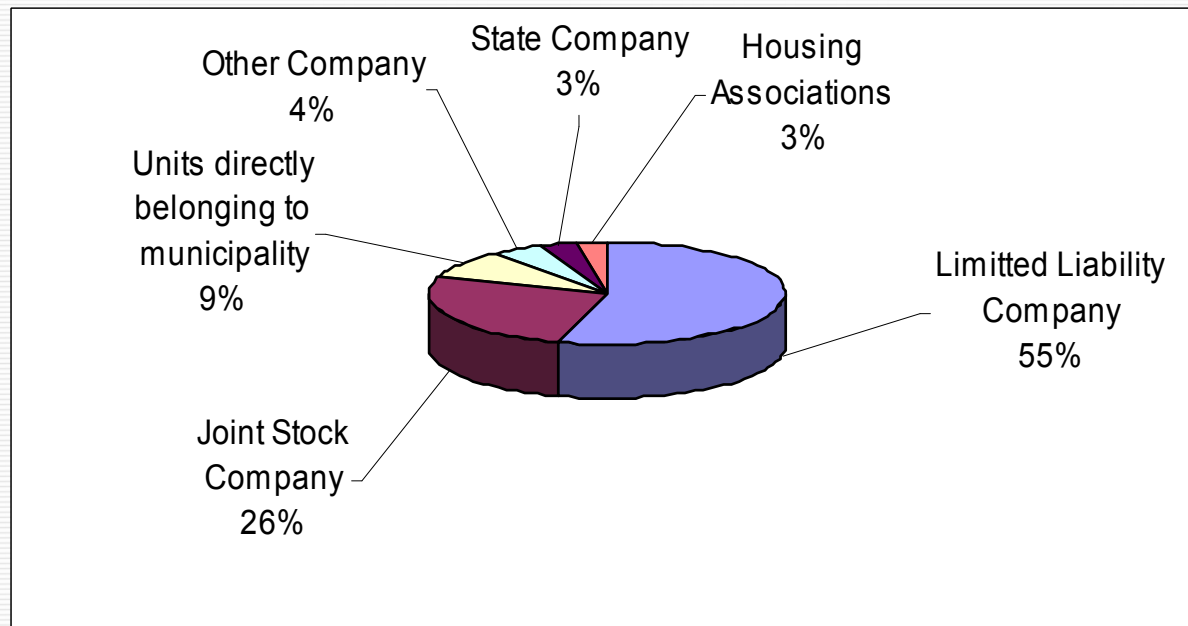


Restructuring processes



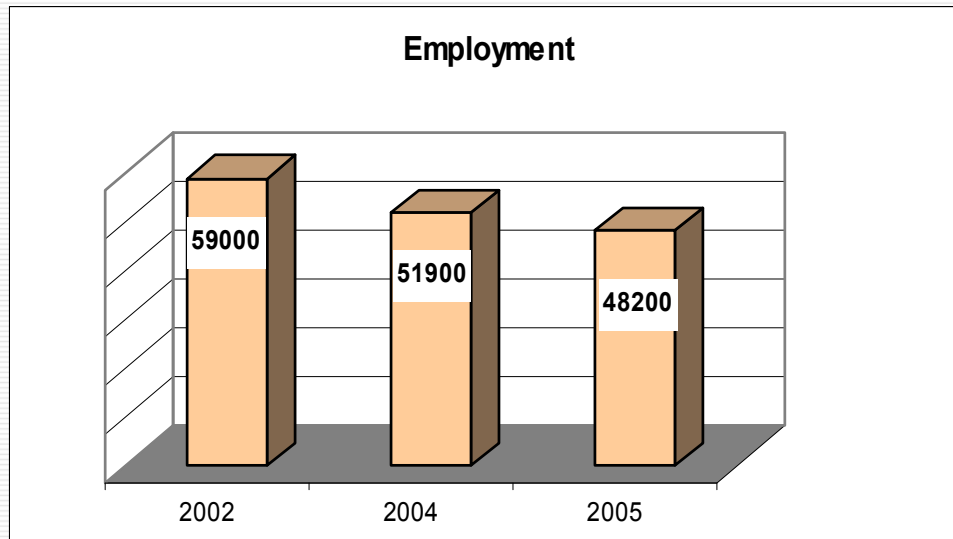
Restructuring the legal and organization structures in the companies

/ as of 2005 /



Currently 23% of LLC and JSC are privatized

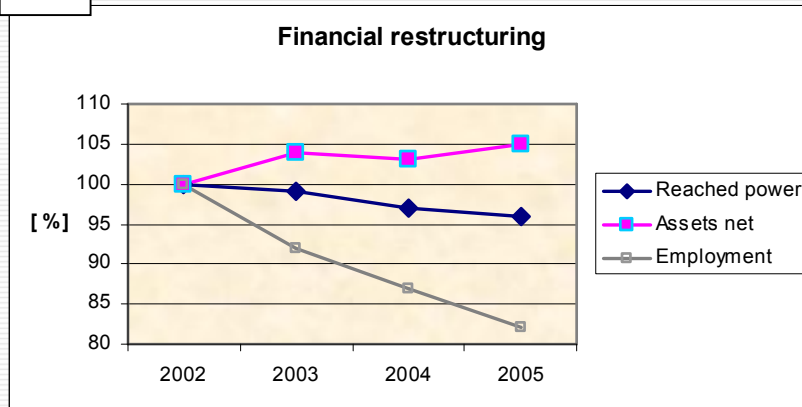
Restructuring the employment



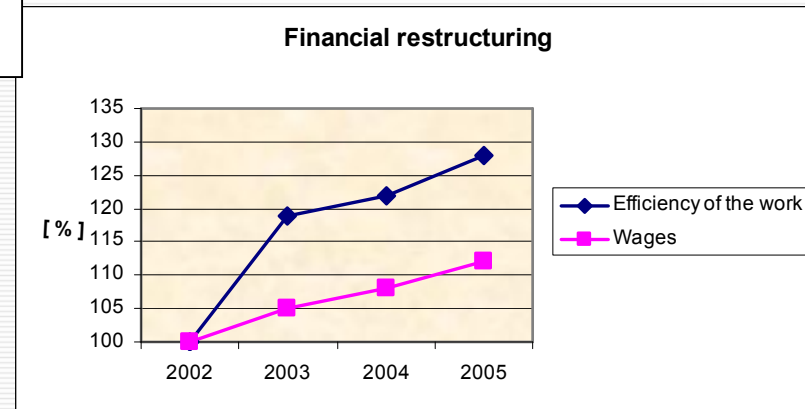
Employment
decreased
almost 18%

Financial restructuring

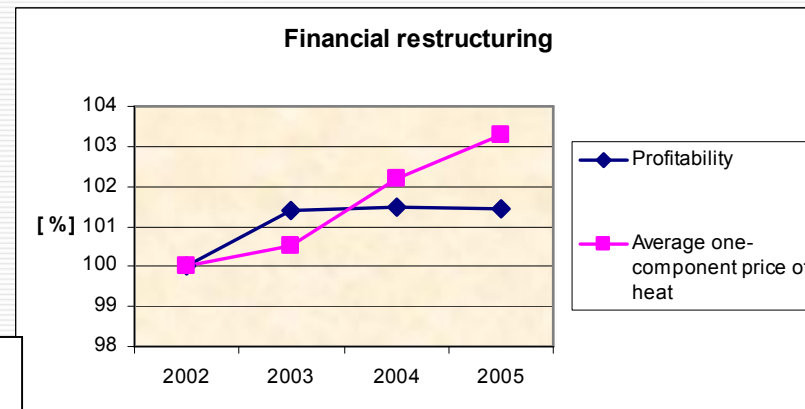
A



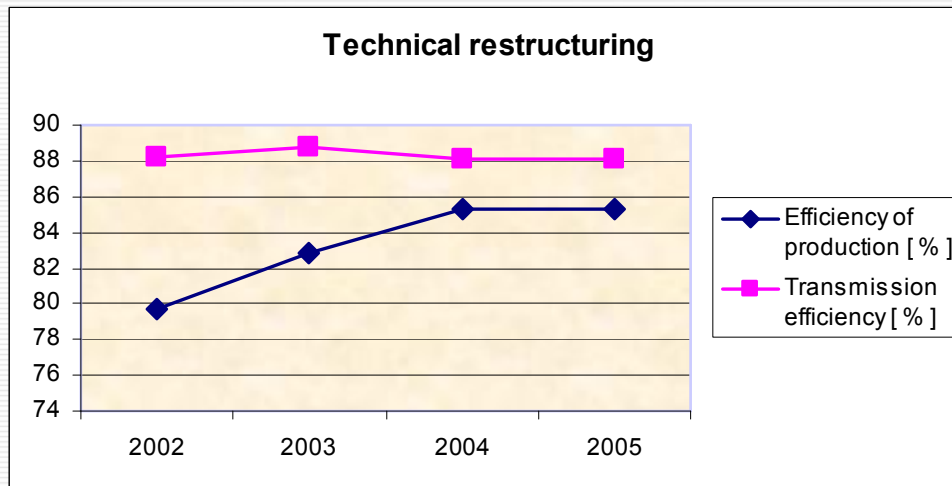
B



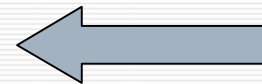
C



Technical restructuring

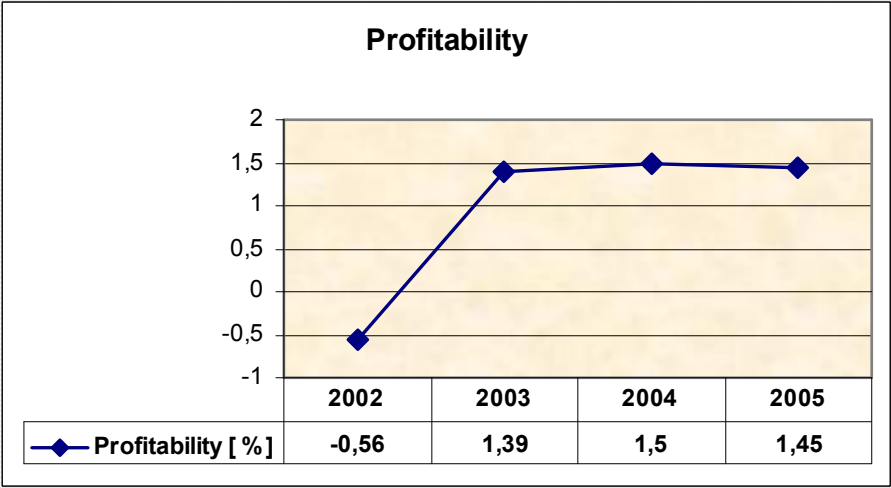


Efficiency of production increased about 7%



Efficiency of transmission stays on the unchanged level

Profitability



← The profitability level is still too low

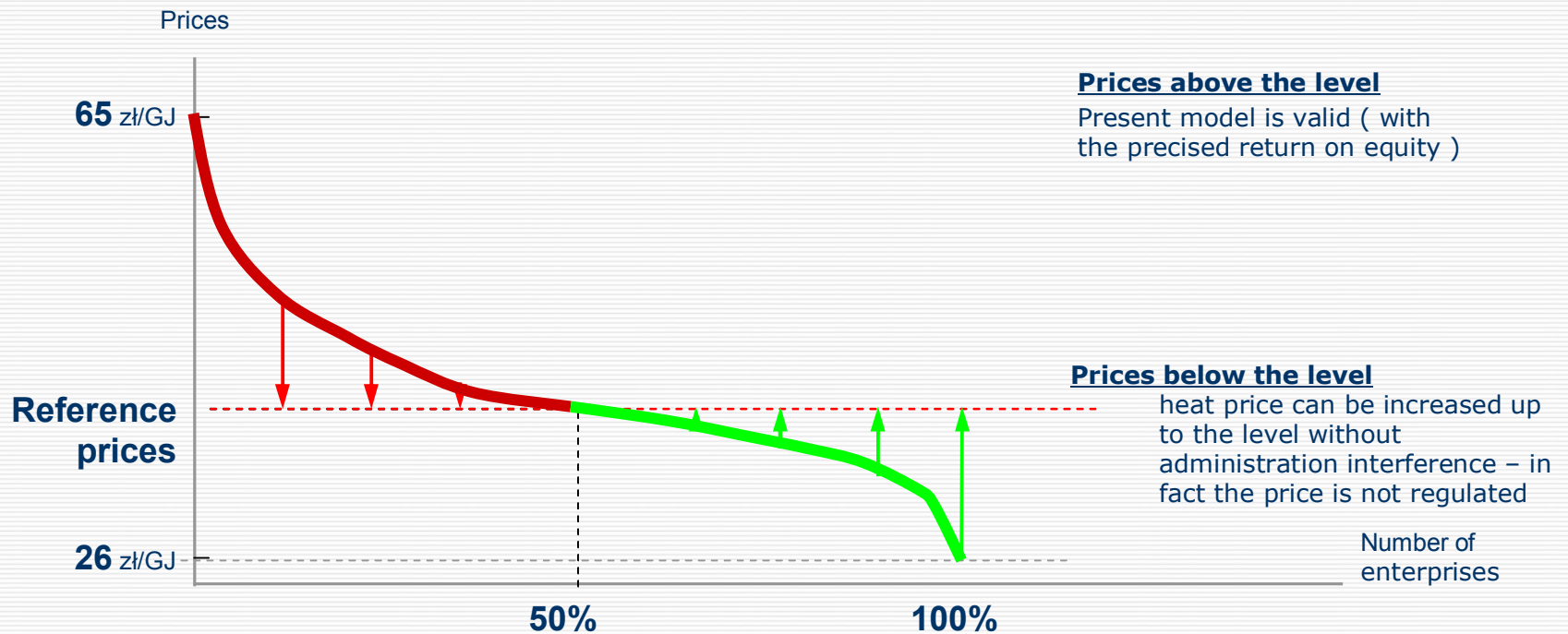
The need to change the regulation model in district heating

- The body responsible for regulating fuel and energy management is the President of the Energy Regulatory Office (ERO)
 - Energy enterprises prepare tariffs and ERO accepts or rejects them
 - Heat prices are set individually for every company operating in the heating sector as a function of justified costs and plans of investments
 - This model does not motivate to reducing business activity costs, because lower costs results in lowering prices by the regulator
 - For several years because of Polish Energy law all heating companies were deprived functioning with profit. As a consequence the President ERO did not allow to include profits in heat tariffs
 - This regulatory model does not function well in conditions of Polish district heating industry
-

Main idea of the new regulatory model

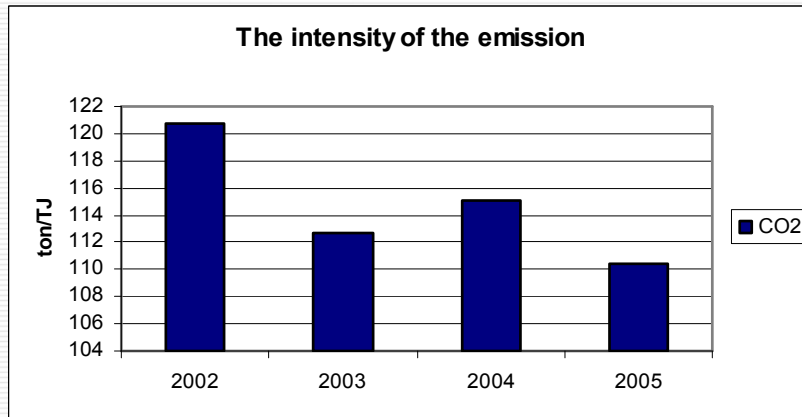
Reference prices (reference levels)

Reference price is calculated on the basis of statistical average, one -component prices depending on the number of enterprises that are included in the given price range

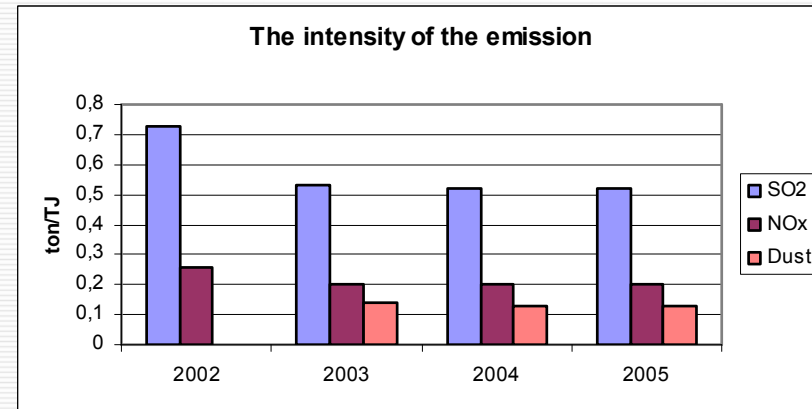


The reference prices established in the above mentioned manner will be in force for three years, however in the following years they will be subject to valorization according to the accepted formula. After three years a new reference prices' statistical average is calculated below which there will be 70% of enterprises

Environment protection

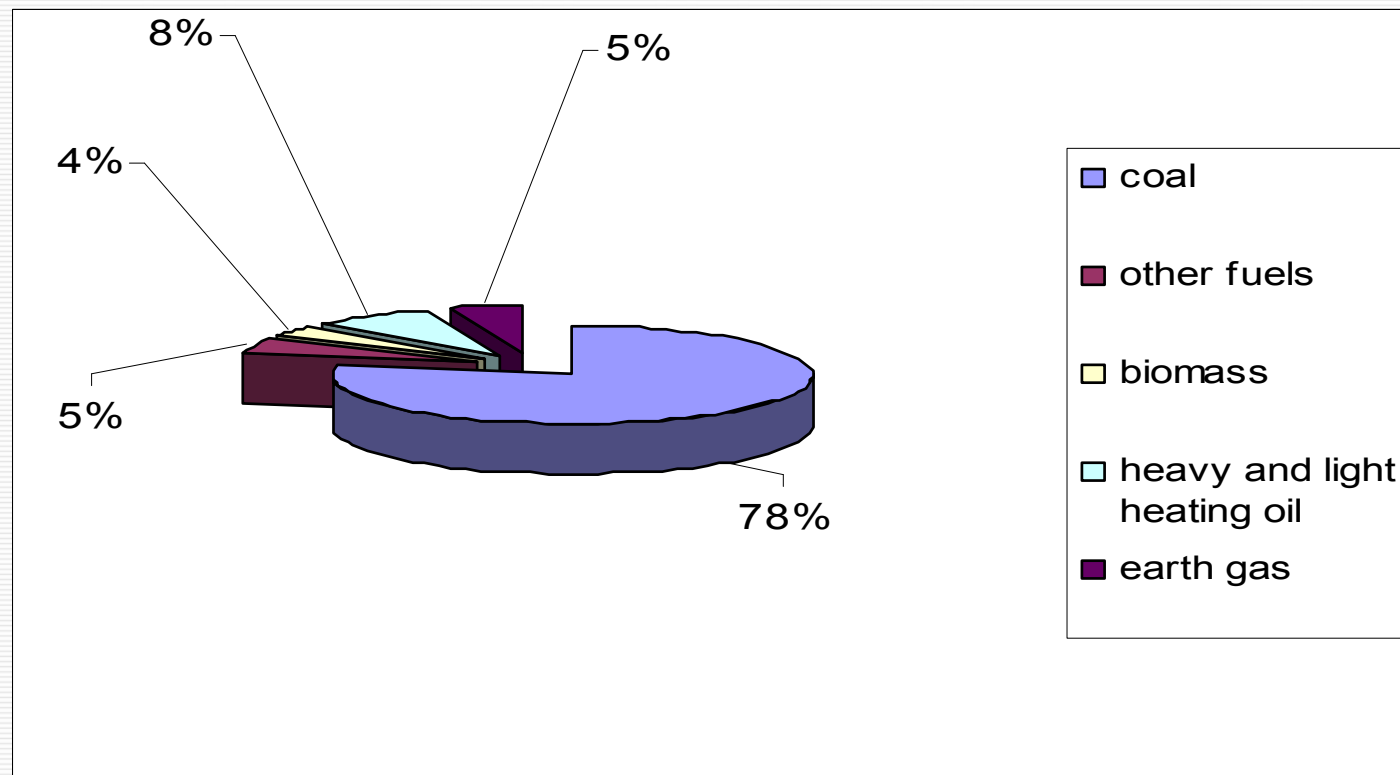


CO₂ – emission limitation by 9%



SO₂ – emission limitation by 40%
NO_x – emission limitation by 44%
Dust - emission limitation by 7%

Fuel use structure in district heating sector in Poland



Thank you for your attention

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