



Development of Common Baltic Energy Market

Uldis Bariss, CFO of Latvenergo

Agenda

- Brief introduction of Latvenergo
- Latvenergo in Lithuania
- Shaping Baltic market – where we stand
- Price expectations in 2011

Latvenergo Group in brief

General

- Fully owned by the Republic of Latvia
- Integrated energy utility engaged in
 - Generation
 - Transmission
 - Distribution
 - Supply
 - Telecommunications & IT
- Around 5000 employees

Technological

- Installed electricity generation capacities:
 - Hydro – 1526.7 MW
 - Thermal – 806 MW
- Length of power lines
 - Transmission – 5,235 km
 - Distribution – 100,333 km

Financial

(M EUR)	2006	2007	2008	2009
Sales	415	515	677	712
Assets	923	1872	2391	2417
Investments	176	315	280	149

Customers

- Energy produced (2009)
 - Electricity – 487 127 8 MWh
 - Thermal – 237 215 1 MWh
- About 1 million customers connected

Generation&sourcing

- Latvenergo Group is one of leading electricity and thermal energy generating utilities in Baltics
- More than 75% of electricity is generated in the power plants of Latvenergo Group:
 - Daugava HPP's 1527 MW
 - Riga CHPP's 806 MW
- Latvenergo Group trades with Estonia, Russia and Finland
- The diverse energy sources ensure continuous supply of electricity

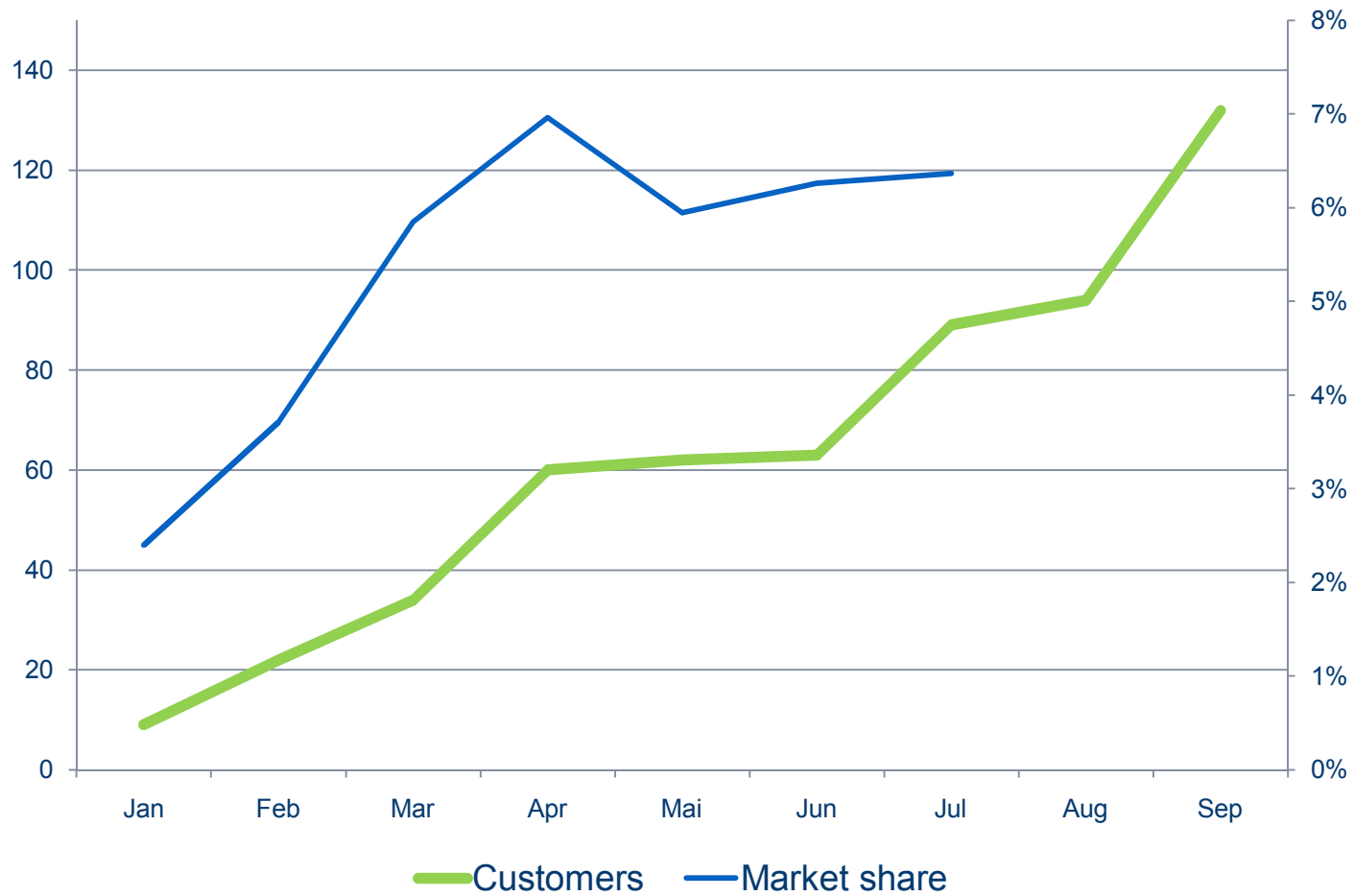


Latvenergo in Lithuania

- Latvenergo represented by Latvenergo Prekyba UAB
- Turnover: **>40M EUR** (2010 estimate)
- Share capital: 98 500 EUR
- HQ location: **Vilnius**

- Electricity sold: **>500 GWh** (2010 estimate)
- Customers served: **>130** (actual)
- Market share: **5,2%** (jan-jul, actual)

Continuous customer base growth



Some of our customers



Vilniaus oro uostas



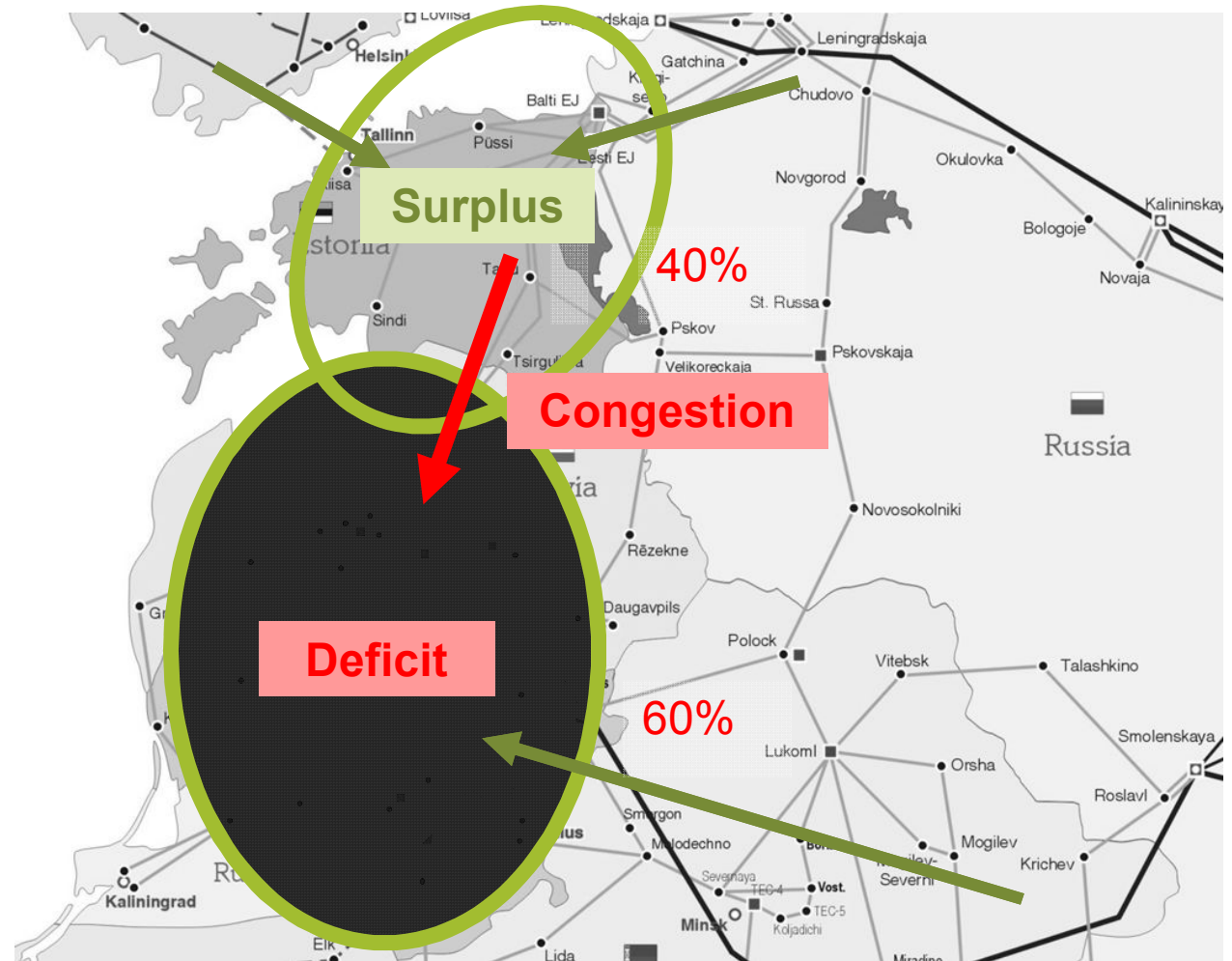
Fragmented market limits NPS participation

AS Latvenergo (LV)
AS Nordic Energy Link (EE)
Elering OÜ (EE)
Eesti Energia AS (EE)
Eesti Energia Kaevandused AS (EE)
Eesti Energia Narva Elektriijaamad AS(EE)
Eesti Pank (EE)
Enefit SIA (LV)
Enefit UAB (LT)
Latvenergo Kaubandus (EE)
Lietuvos Energija AB (LT)
Nordic Power Management OÜ (EE)
OÜ Baltic Energy Services (EE)



Unbalanced generation creates congestions during summer

- Limited EE-LV transmission capacity
- Limited generation in LT/LV
- EE-LV ATC congested in summer months

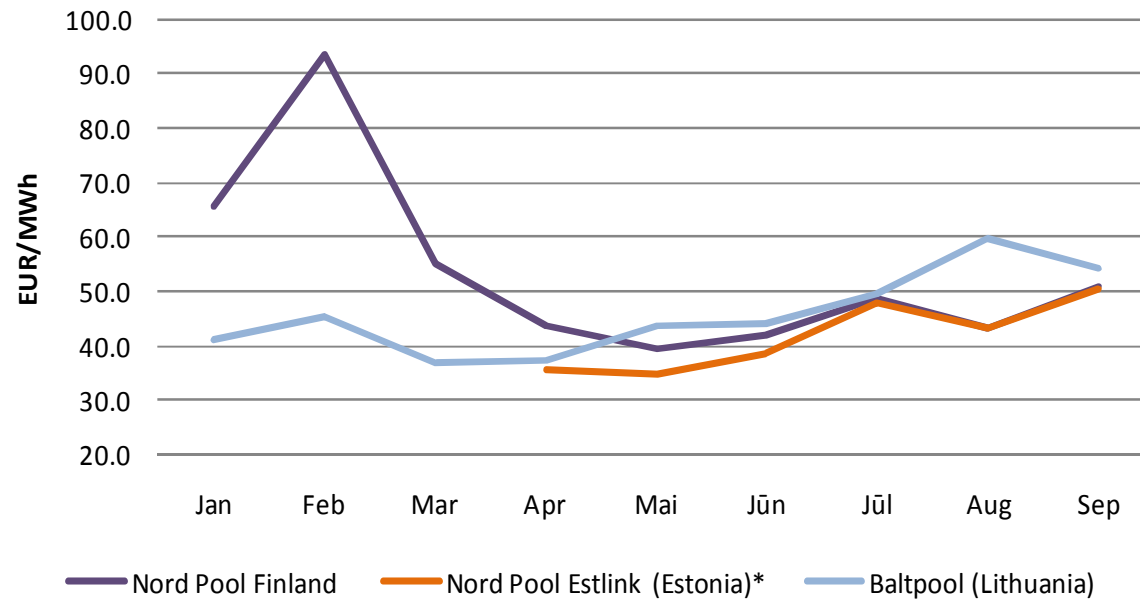


Baltic region electricity prices

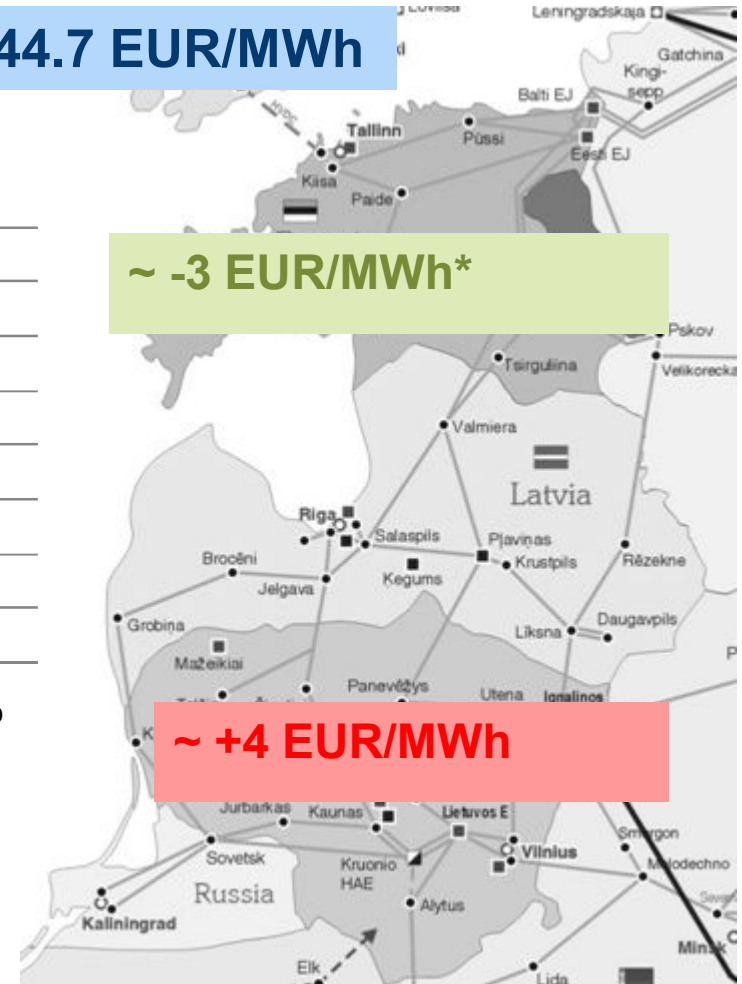
Prices from 01.04.2010-30.09.2010

44.7 EUR/MWh

Electricity prices, 2010

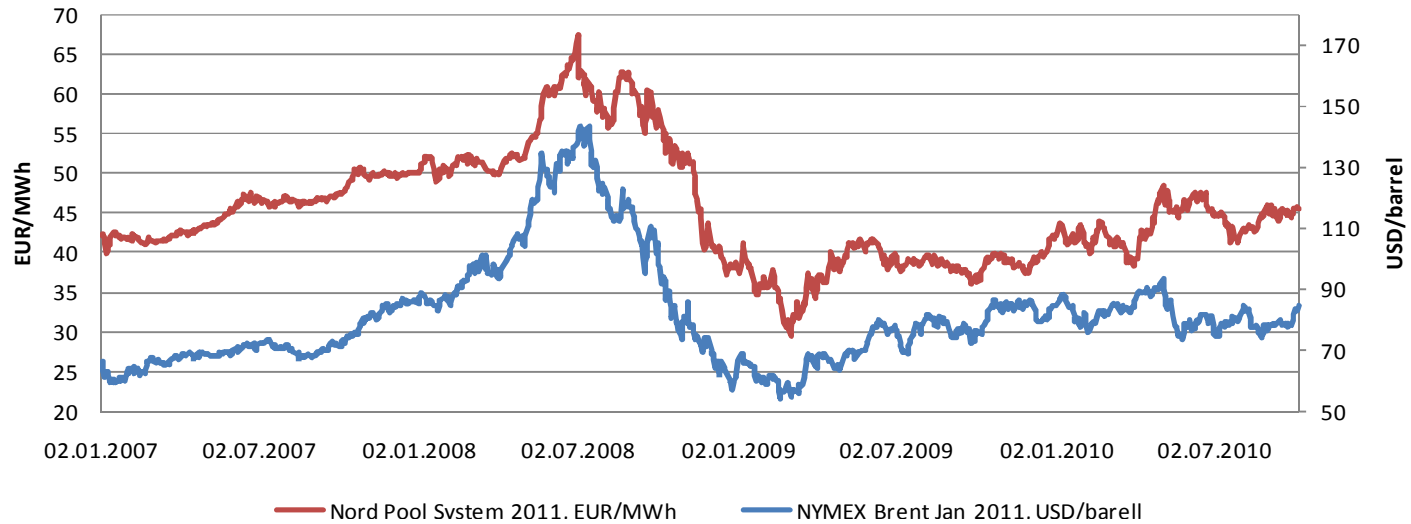


*Price without peak on 24.08.2010 (average day price 462 EUR/MWh)



Global trends affect electricity price

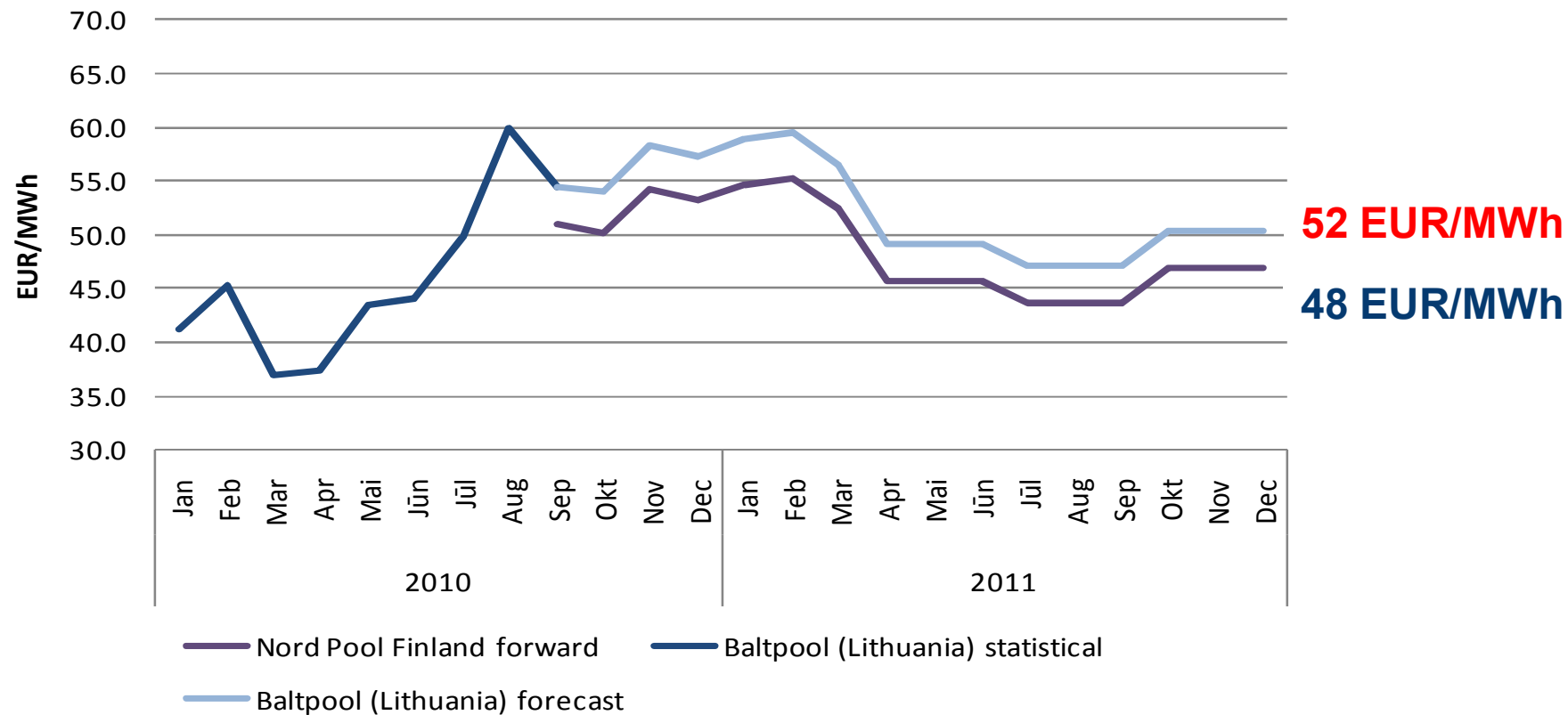
Oil and electricity prices



EUA, Dec 2011



Electricity price forecast on Nord Pool and BaltPool



Nord Pool System, EUR/MWh	46.0
Nord Pool CfD Finland, EUR/MWh	2.0
Nord pool Finland, EUR/MWh	48.0

BEMIP

- Abolish regulated prices to 35% of customer markets of 3 Baltic states (done)
- Public use of Estlink (done)
- Nord Pool Spot Estonia price area (done)

Next goals

- Pan-Baltic day-ahead and intra-day market (2011-2013)
- Full opening of the retail market (2013-2015)

Ačiū už dēmesj!

