



**BALTIC ELECTRICITY MARKET MINIFORA**  
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# **Updates on Latest Developments in Lithuania**

Jurga Baršauskienė  
Deputy Head of Licensing department  
**National Control Commission  
for Prices and Energy of Lithuania**



# Market Opening

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- **From 1 July, 2007** all consumers have a right to choose an independent electricity supplier
- Due to the full market opening the new Electricity Trading Rules and Rules for Trading at Auction are under discussion -> main changes: the introduction of balance provider and obligation to choose it
- This creates the preconditions for the competition in the balancing market (TSO can provide this service as well)
- Licensed independent suppliers - 17
- Active independent suppliers - 5
- Real market opening - 9% of final consumption (Ist half of 2007)



# National Investor

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- Law on Nuclear power-station came into effect in **10 June, 2007**
- The national investor will be composed of three national companies: TSO (Lietuvos energija AB) and 2 DSOs ("VST" AB and Rytu skirstomieji tinklai AB)
- It should be created till the end of this year
- The Government should have not less than **51%** shares
- Shares will be evaluated till the end of October, 2007 and perhaps this number will increase
- Plan -> new nuclear power-station (max 3400 MW) will start to operate in **2015**



# Pricing

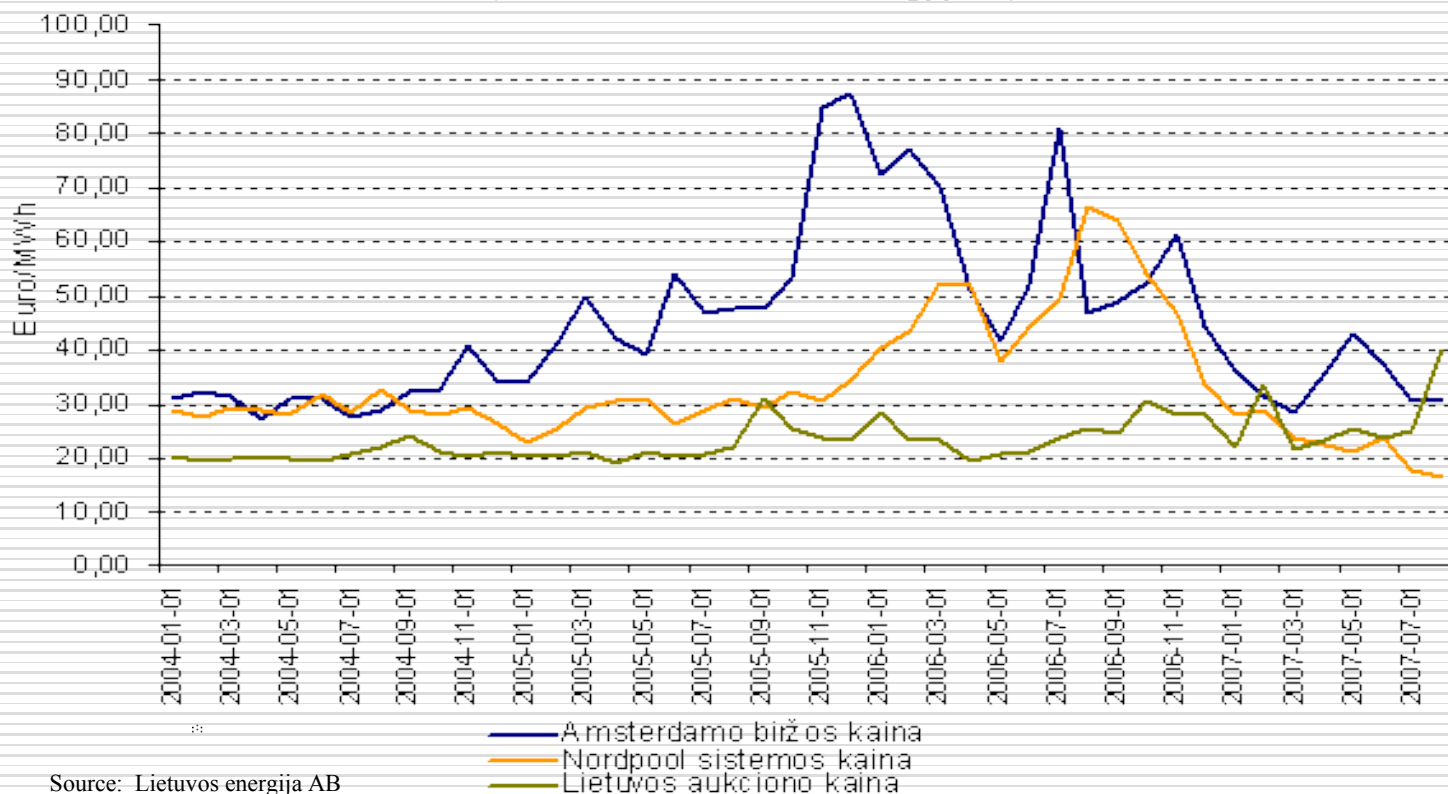
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- **New regulatory period -> 2008-2010**
- 3-year price cap for transmission service has increased almost 70% (concrete tariff for the first year - ~30%). Main reason – depreciation expenses and normative profit have risen because of re-evaluated asset. Transmission price is ~10% of the final electricity price
- This time the expenses of public service obligations (PSO) will be included in the transmission service price as a separate component (new PSO methodology)
- Electricity tariffs for final customers will be published at the end of November and will become effective from 1 January, 2008



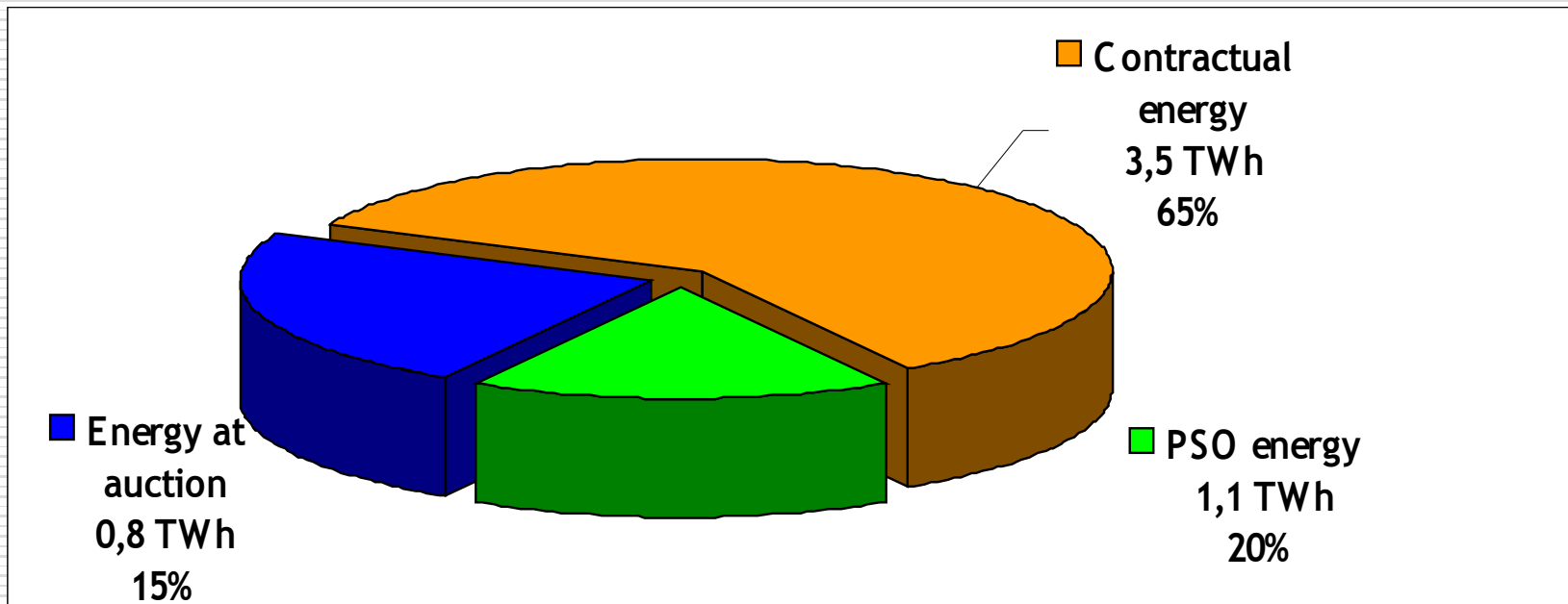
# Average monthly electricity price in the spot market (Jan 2004 - Aug 2007)

Vidutinės mėnesinės kainos (spot), Euro/MWh  
(2004 m. sausis - 2007 m. rugpjūtis)





# Types of energy (I half of 2007)





# Quality regulation

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- Licensing rules of the activities in the electricity sector (approved by the Government) -> the Ministry of Economy sets the quality requirements for the activities in the Electricity sector (15 July, 2005); the NCC monitors the quality requirements
- Minimum level of continuity of supply will be set according to the average continuity indicators for period **2005-2007**
- The change in the level of continuity of supply will be evaluated by establishing price caps for electricity transmission and distribution services in accordance with the procedure laid down by the NCC



# New Chairman and Commissioners

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- New Decree of President (effective from 25 September, 2007) -> new chairman and 4 commissioners
- Two commissioners were appointed for 3 years period and three commissioners - for 5 years period (on purpose to implement a rotation)
- Law on Energy regulator (?)



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**Thank you for your attention!**

e-mail: [lic2@regula.is.lt](mailto:lic2@regula.is.lt)