

UPDATES ON THE LATEST DEVELOPMENTS IN LITHUANIA

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LEGISLATION

- No changes in the primary legislation, but - in the secondary legislation:
 - Draft of methodology for calculation of the transmission, distribution, public supply and public price caps. Main changes:
 - Expanded profit sharing mechanism;
 - Correlation between depreciation and investments;
 - Quality factors evaluation and other
 - Rules for calculation of the purchase price of the combined heat and power plants (CHP) – compensation of natural gas price increase
- Discussion on the export and import rules

CHANGES IN METHODOLOGY - 1

- **Expanded profit sharing mechanism**
 - Net profit, including retained earnings from revaluation and other reserves, also share capital decrease in form of financial means
- **Correlation between depreciation and investments**
 - Evaluation of the difference between the 2 years average of the actual depreciation costs and 2 years average of the actual investments, with possible 10% correction
 - Investments efficiency
 - Subsidies and other not included

CHANGES IN METHODOLOGY - 2

- **Quality factors evaluation**
 - Price caps reduced:
 - 0,5 %, if one quality index is lowered from 1 to 10% comparing with minimal level (average 2005-2007)
 - 1 %, if one quality index is lowered more than 10% comparing with minimal level
- **Other:**
 - Losses (TSO – 2.9%, DSO – 5.6% MV and 7% LV)
 - Differentiation specifics
 - Other

NEW NPP AND LINKS

- **Visagino NPP** (www.vae.lt)
Max planned capacity - 3400 MW (1300 MW LT)
I block opening in 2018-2022
Investments – 4 milliard EUR
- **LitPol** – in operation 2015-2022,
investments – 96 million EUR
- **SwedLit** – in operation 2018-2022
Investments – 319 million EUR
- **UCTE integration** – 521 million EUR

MARKET OPENING

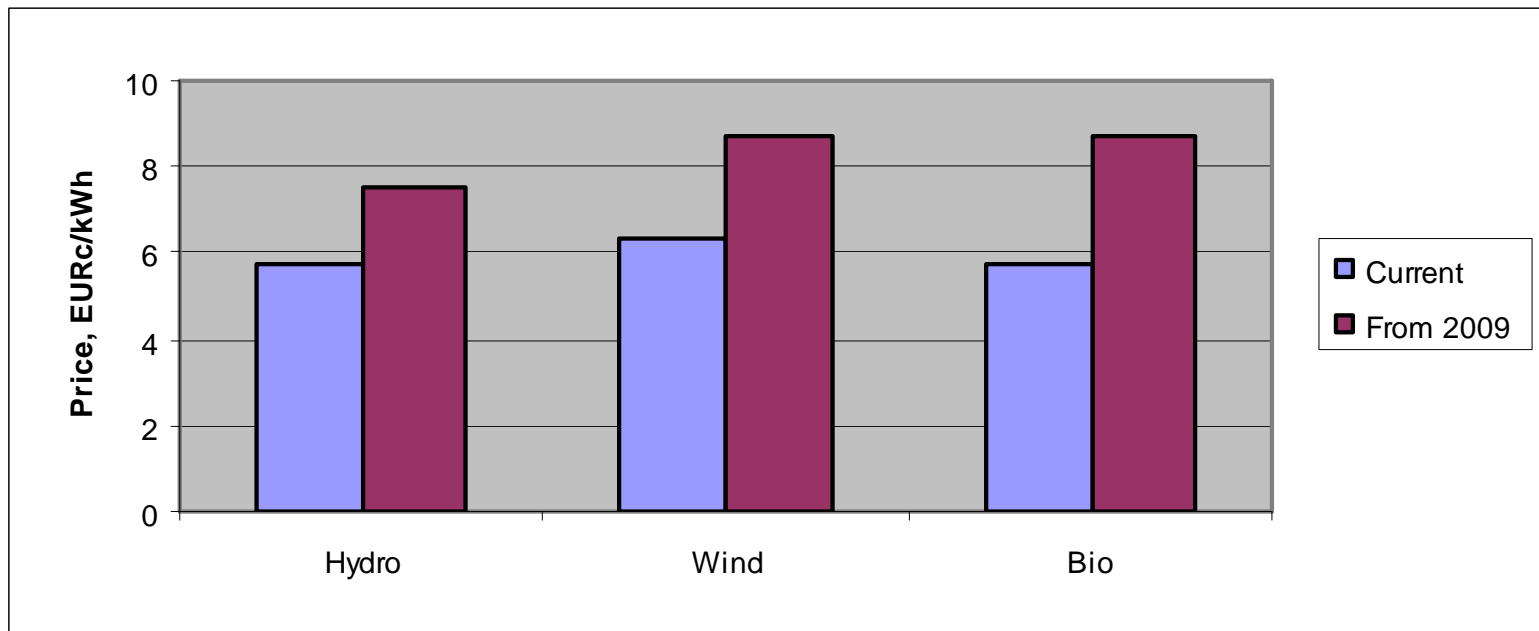
- Declared market opening – 100%
- Real – 12%
- Currently 19 Independent Suppliers
(1 license under approval)
- 5 of 19 – active in the electricity market

ELECTRICITY PRICE AND COMPONENTS

- Possible change by components in 2009:
 - Generation – ~24%
 - Transmission – ~58% ?
 - Distribution (MV) – ~4%
 - Distribution (LV) – ~4%
 - Public Supply - same
- At the end of November the final results

RENEWABLE ENERGY PRICE FROM 2009

- Wind – 8.69 EURc/kWh
- Hydro – 7.53 EURc/kWh (to be approved) – higher 30%
- Bio - 8.69 EURc/kWh (to be approved) – higher 50%



ONGOING WORKS AND PLANS

- New Methodologies (CHP and T/D)
- New price caps and tariffs for 2009
- Cross-border trading issues
- Other

THANK YOU FOR YOUR ATTENTION

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