



*PERSPECTIVES AND CHALLENGES OF EU
ELECTRICITY-ENLARGEMENT*

**TOWARDS REGIONAL MARKETS IN CENTRAL
AND EASTERN EUROPE**

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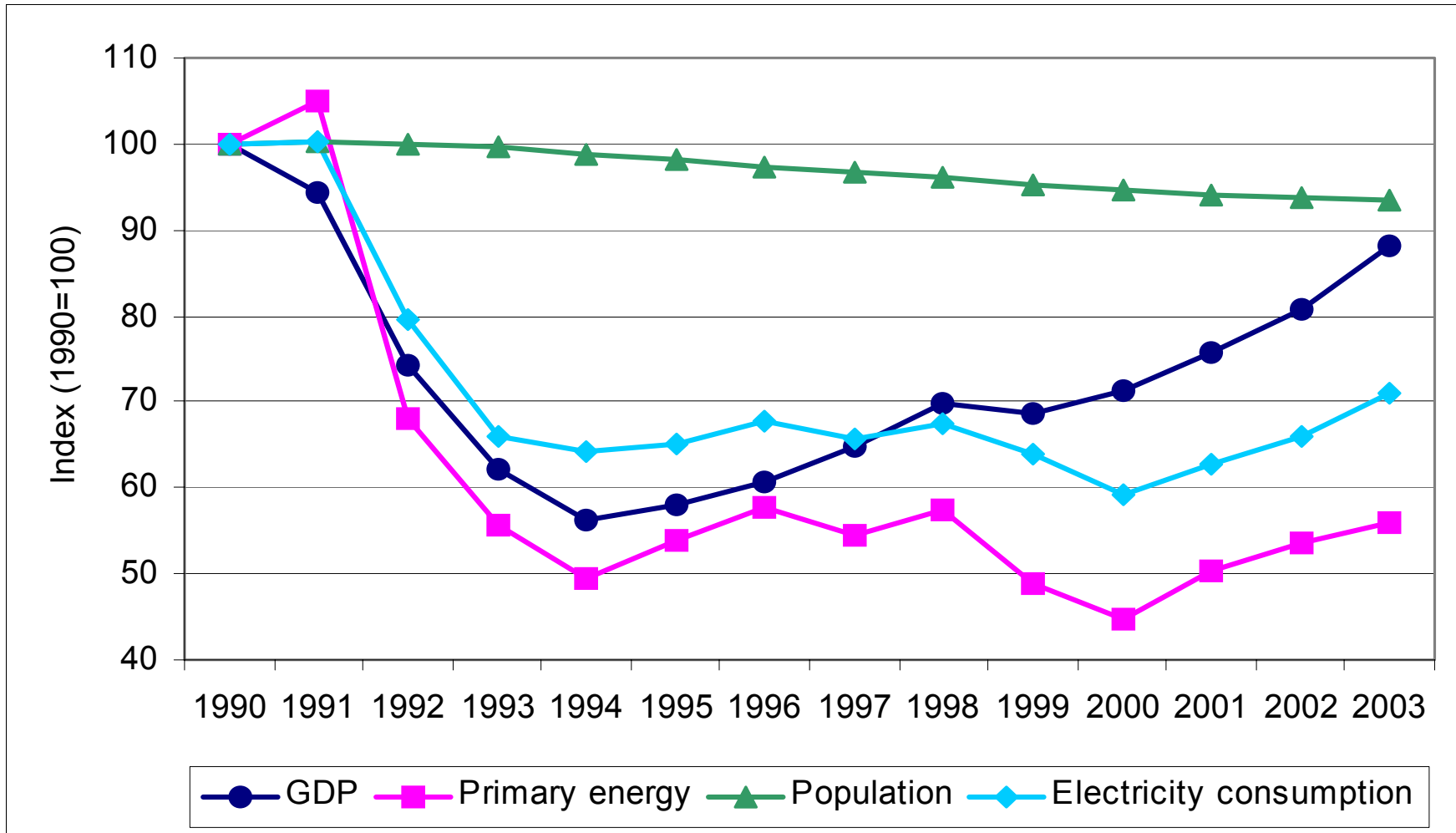
BERLIN, 8-10 DECEMBER, 2004



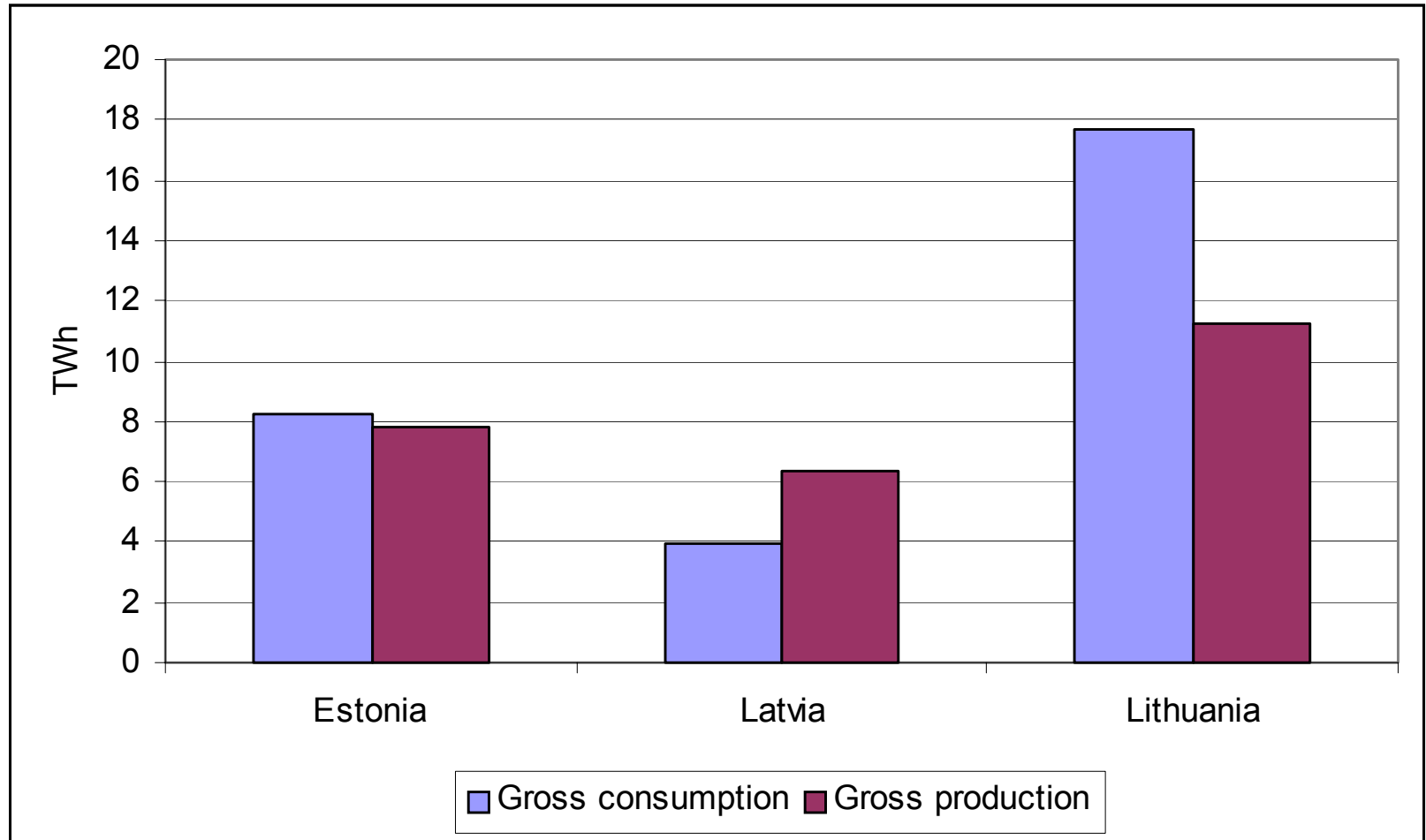
Presentation plan

- **Introduction;**
- **Current status of economies and energy sectors;**
- **Specific features of power systems in the Baltic States;**
- **Towards creation of Baltic electricity market;**
- **Market opening and integration into EU electricity market.**

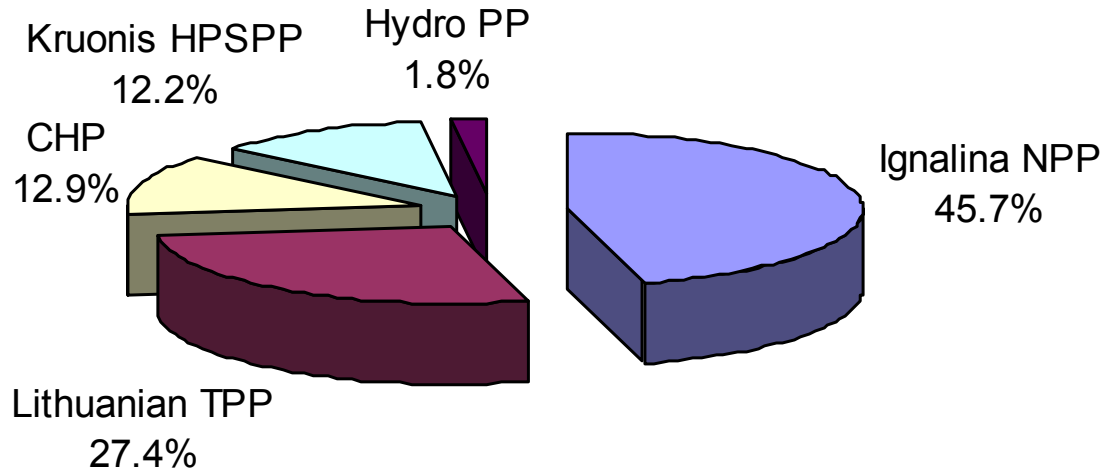
Changes in GDP growth, population and energy consumption



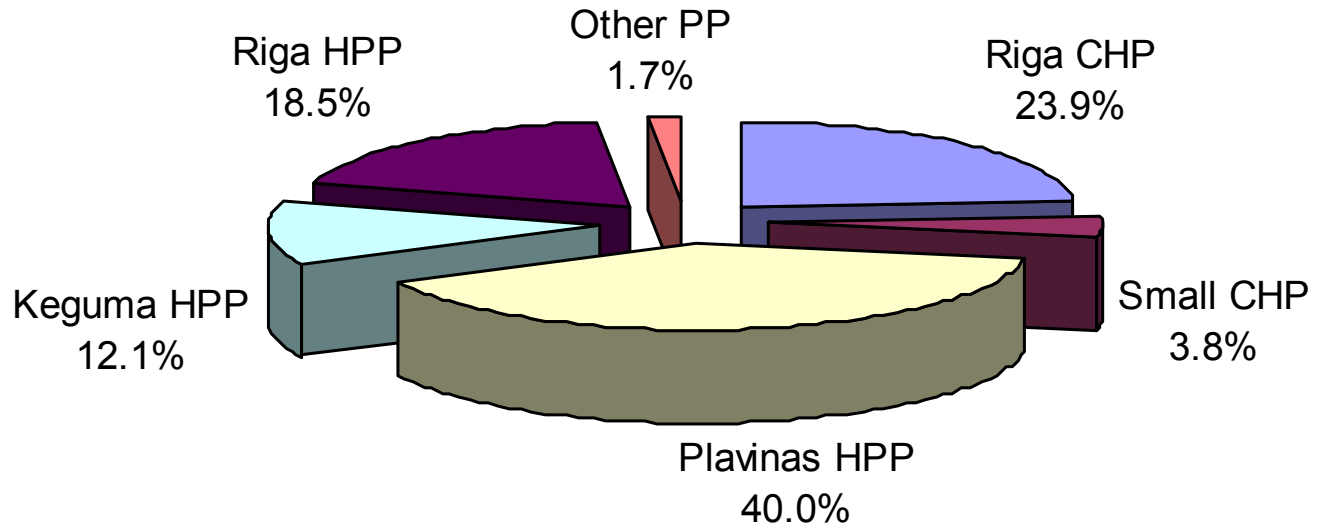
Electricity production and consumption in Baltic States in 2000



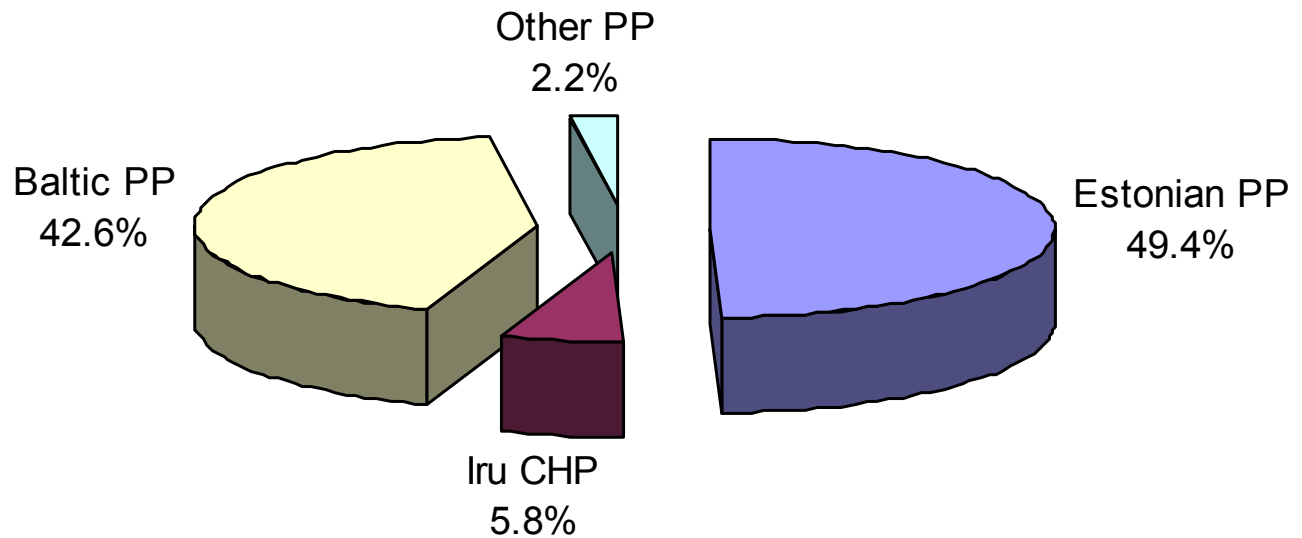
Structure of capacities in Lithuania



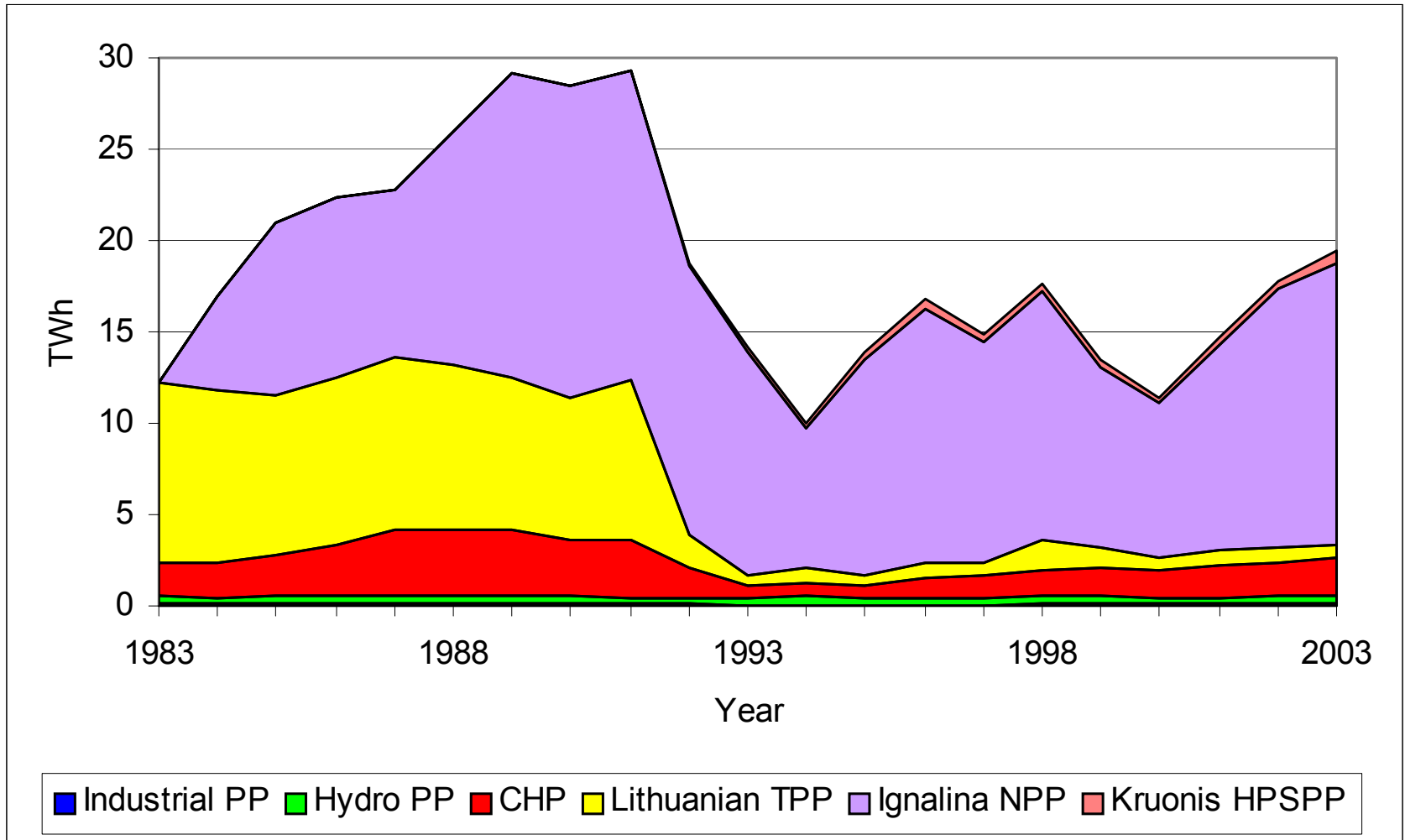
Structure of capacities in Latvia



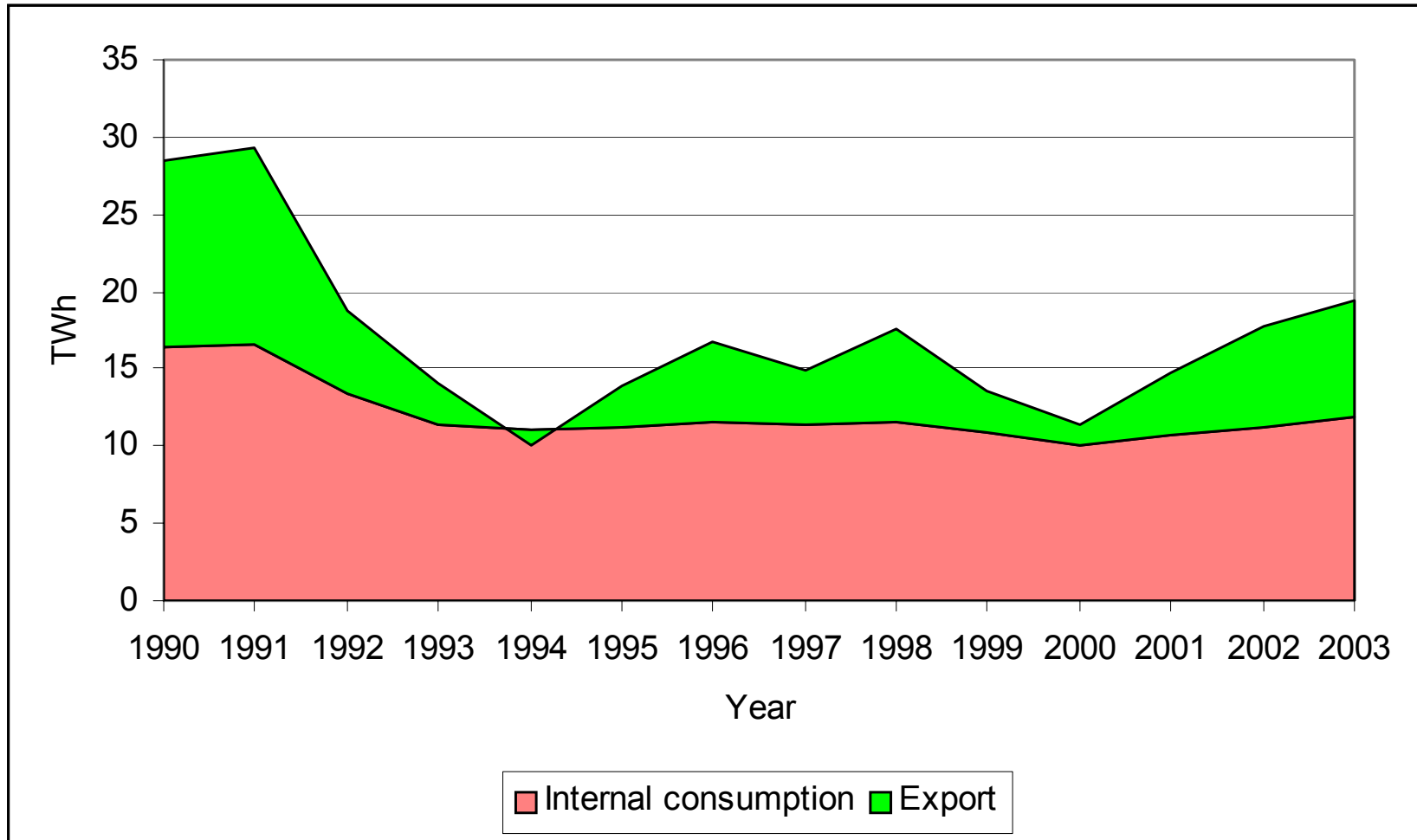
Structure of capacities in Estonia



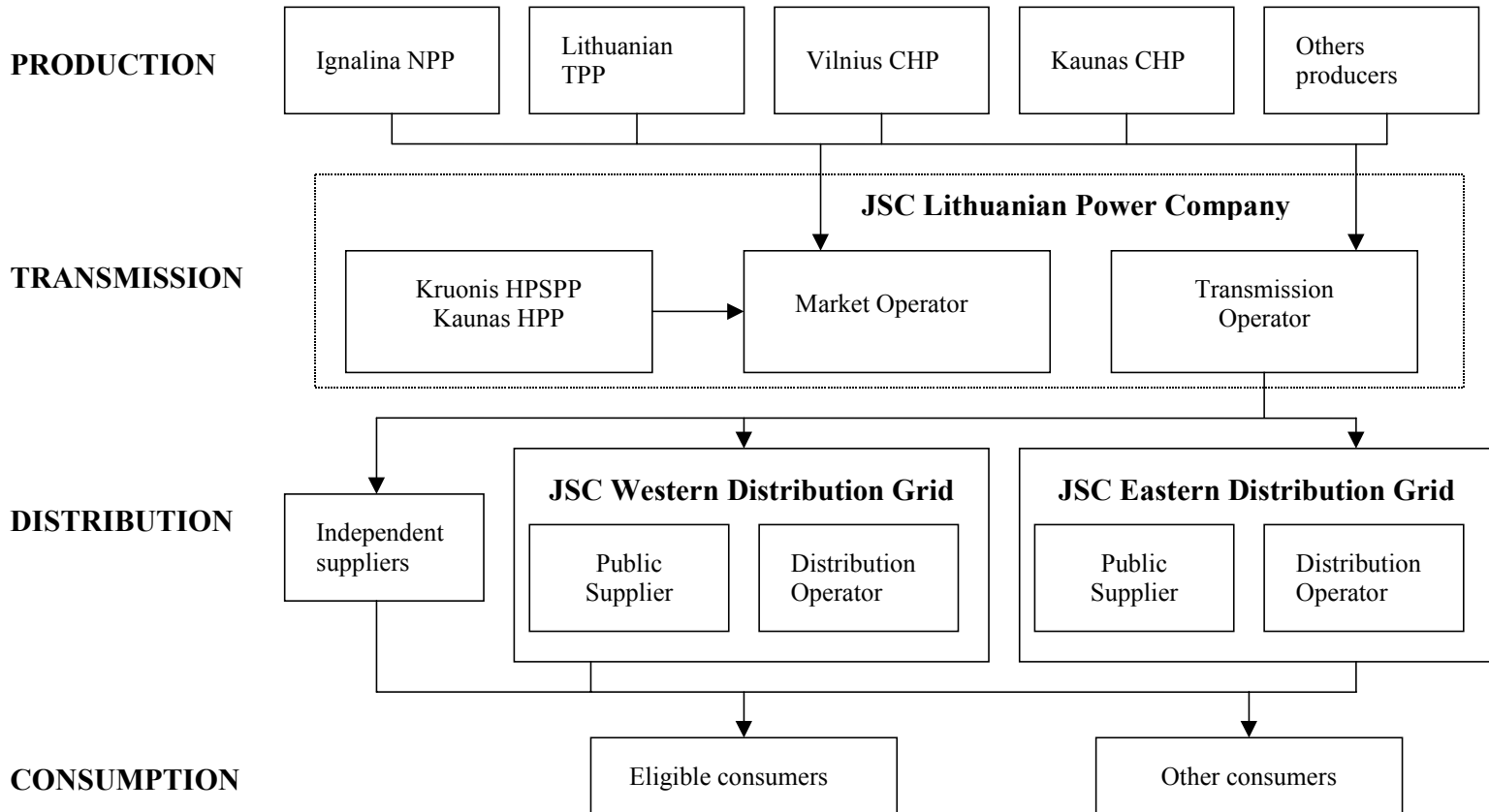
Electricity production in Lithuania



Electricity production and consumption in Lithuania



Current structure of Lithuanian power sector





Main achievements

- **Separation of generation, transmission, distribution and sales;**
- **Transparent cost reflection in activities;**
- **New price setting principles are defined (application of incentive regulation – price caps for electricity transmission and distribution services);**
- **Electricity market operation has started operating in 2002.**



Market opening in Lithuania

- **Year 2002 – 16% (eligible customers with more than 20 GWh);**
- **Year 2003 – 26% (eligible customers with more than 9 GWh);**
- **Year 2004 – 40% (eligible customers with more than 3 GWh);**
- **Year 2003, since July 1 – 70% (all non-household customers can choose supplier);**
- **Year 2007 – 100%.**



Electricity market in Lithuania, 2004

- **Hour-to-hour balancing for electricity export;**
- **Implementation of the automatic energy accounting system;**
- **SC “Lietuvos Energija” – TNO, MO, exporter/importer;**
- **3 public suppliers;**
- **8 wholesalers;**
- **17 independent suppliers.**



Market opening in Baltic States

- **Legal market opening:**
 - Year 2003 – Latvia 41%, Lithuania 26%, Estonia 12%**
 - Year 2004 – from 1st July all non households in Latvia 82% and Lithuania 70%**
- **100% opening: Latvia and Lithuania till 2007, Estonia till 2013, (35% till 2009).**



Problems of common Baltic market creation

- **Politicians agree on necessity of such market;**
- **Regulators have signed Memorandum concerning creation of common market in November 2002;**
- **Estonia is granted a transitional period till the end of 2008;**
- **Law on electricity market in Estonia since July 2003 has restricted electricity import;**
- **Electricity import in Lithuania is restricted by quotas and permissions.**

Links of Lithuanian power system with neighboring countries





**THANK YOU VERY MUCH
FOR YOUR ATTENTION!**