



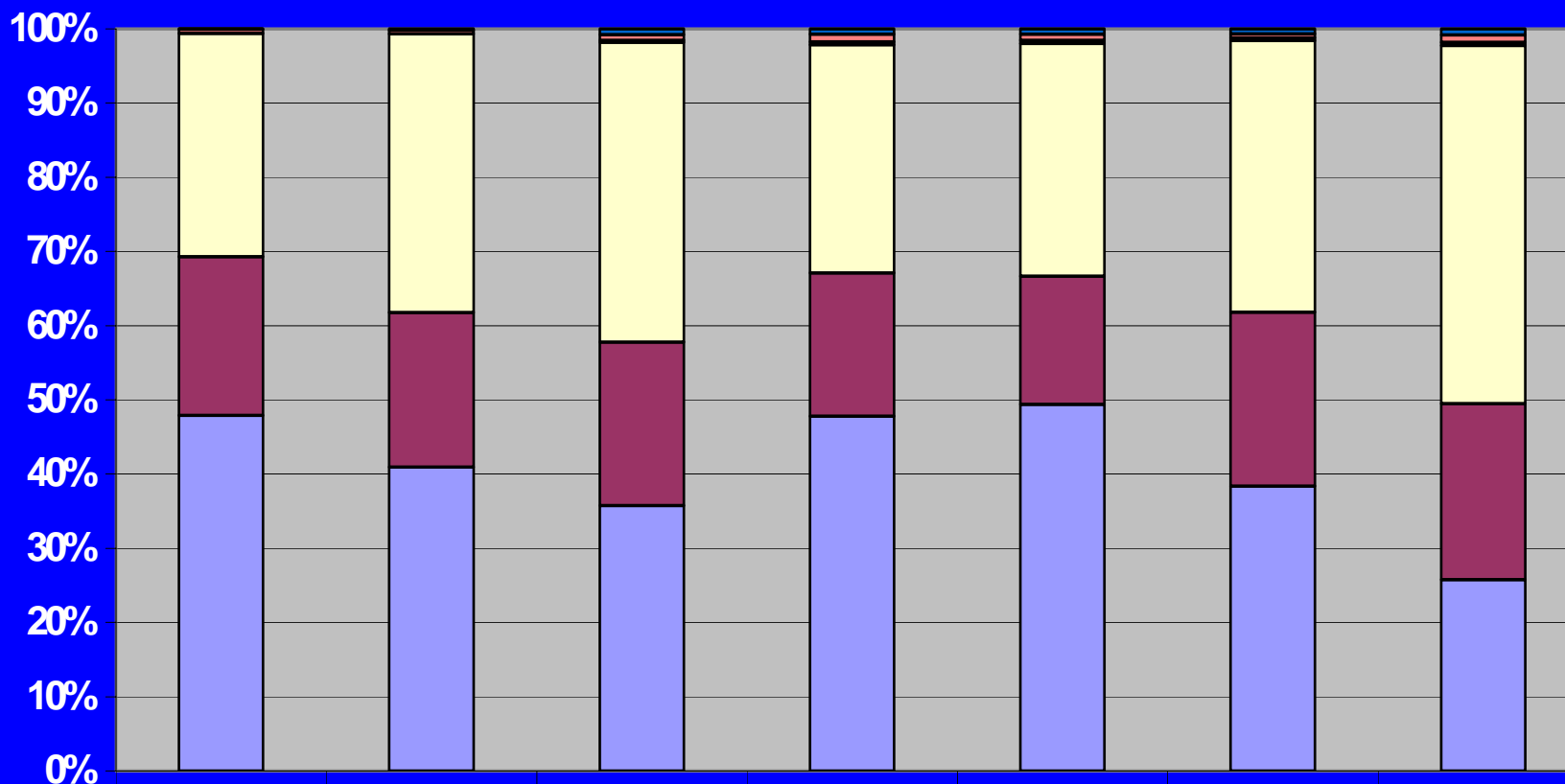
RES-E support mechanism in Latvia

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Vilnius, Harmonisation and Coordination of European RES-E support mechanisms

Electricity supply



	2001	2002	2003	2004	2005	2006	2007
Wind mills	0.0%	0.2%	0.7%	0.7%	0.7%	0.6%	0.8%
Small HPP	0.5%	0.5%	0.8%	1.0%	0.8%	0.5%	0.9%
Biomass/biogas CHPP	0.0%	0.0%	0.3%	0.4%	0.4%	0.4%	0.4%
Import	29.5%	36.4%	39.1%	29.9%	30.7%	34.1%	45.1%
Latvenergo CHP1, CHP2	20.9%	20.2%	21.4%	18.7%	16.9%	21.8%	22.2%
Daugava HPP	46.9%	39.7%	34.6%	46.4%	48.4%	35.8%	24.1%



Legislation

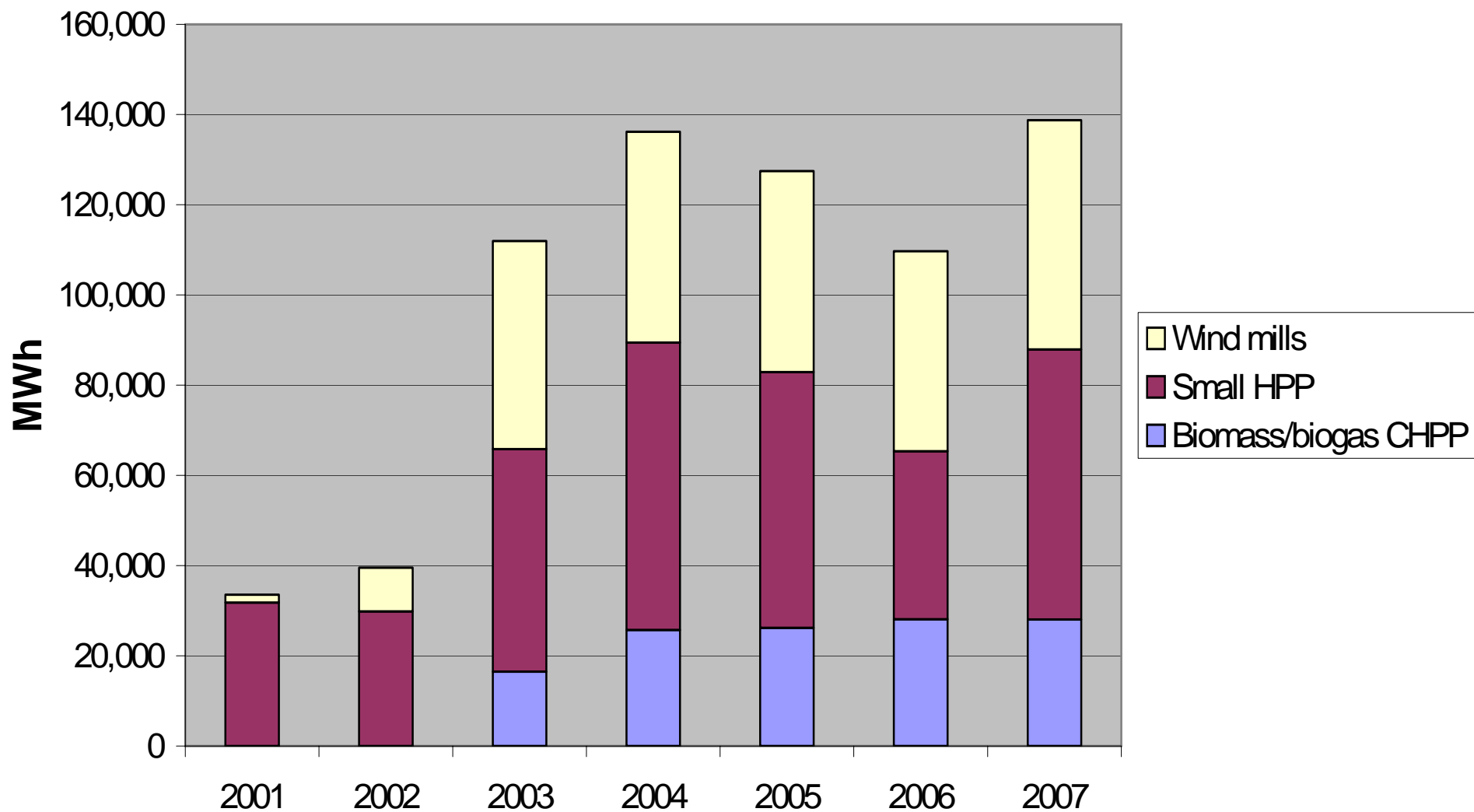
- Electricity market law
- Regulations on Electricity Production from Renewable Energy Resources
- Regulations on electricity production in cogeneration
- Tariff setting methodology for CHPP with installed capacity more than 4MW
- Till the year 2010 the RES-E should cover 49,3%



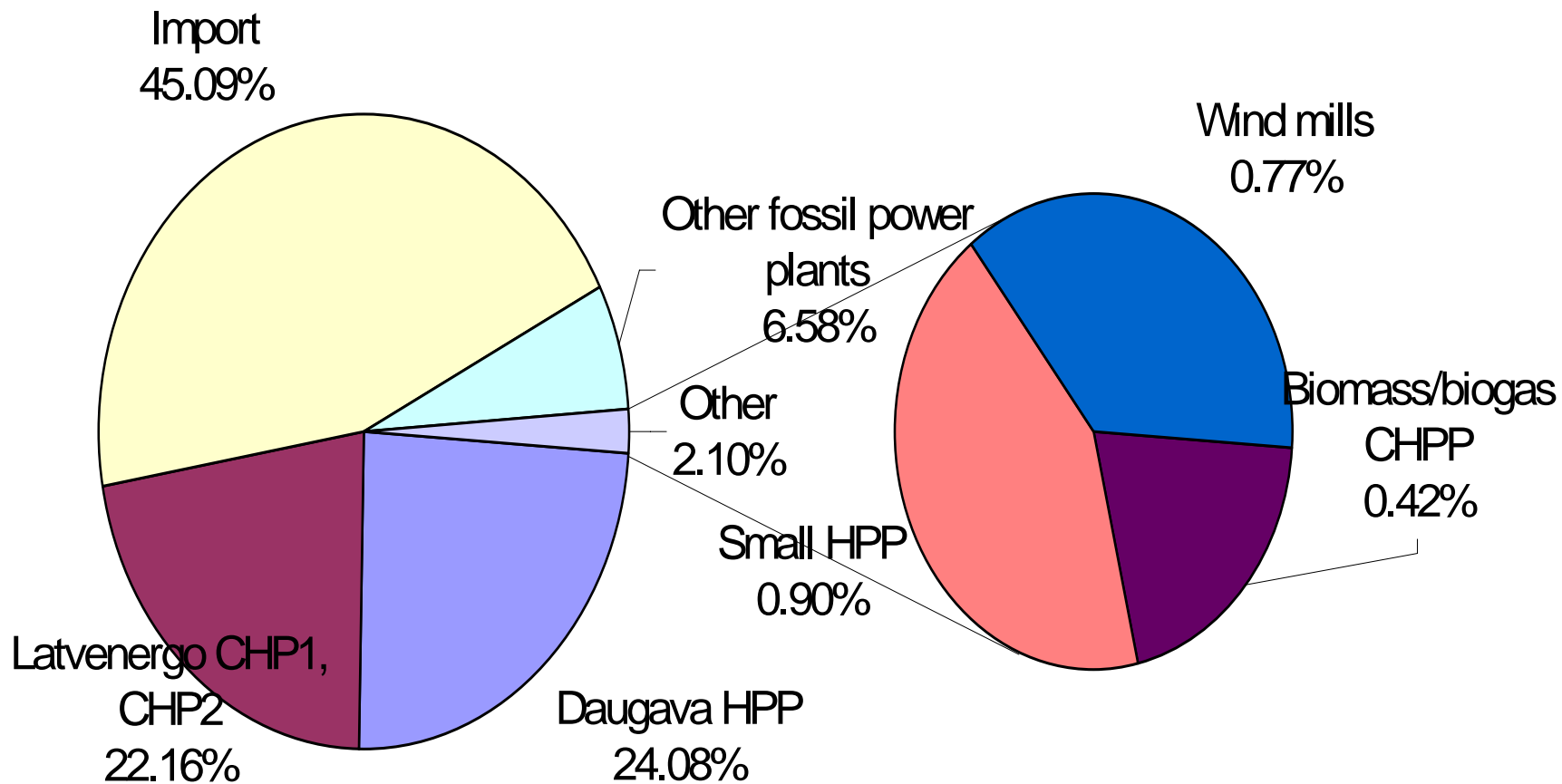
Obligation to purchase electricity

- The public trader has an obligation to purchase electricity from RES-E and CHPP
- The costs of obligation to purchase the electricity are divided between all electricity consumers in accordance with the methodology accepted by regulator
- Electricity purchase price from CHPP with installed capacity less than 4MW defined by Cabinet of Ministers
- Electricity purchase price from CHPP with installed capacity more than 4MW is set by regulator in accordance with methodology
- Electricity purchase price from RES-E defined by Cabinet of Ministers

Development of small RES-E production in Latvia years 2001 - 2007



Electricity production/import Latvia year 2007





RES-E in a year 2010

- HPP > 5MW – 2663 GWh
- HPP < 5MW – 83 GWh, ~28MW
- Wind mills – 404 GWh, ~135MW
- Biogas/biomass – 559 GWh, ~90 MW
- Totally RES-E production 3709 GWh



Pricing of RER-E wind mills, biomass

- Price formula - price depends on gas price and capacity
- Wind mills till 0,25MW – price from 81 – 74 LVL/MWh 10 years, after from 60 – 55 LVL/MWh
- Wind mills >0,25 MW – tender, the start price 56 LVL/MWh
- HPP < 5MW - – price from 81 – 63 LVL/MWh
- Biomass PP till 4MW – price from 105 – 81 LVL/MWh 10 years, after from 78 – 60 LVL/MWh
- Biomass >4MW – regulator accepts the price



The component for obligation to purchase RES-E

- The costs of RES-E and CHPP over market price plus administrative costs plus balance energy costs divided by the consumed electricity in Latvia
- Accepted:
 - RES-E component 0,9 LVL/MWh
 - CHPP component 5,2 LVL/MWh, including Latvenergo CHPP with onstalled capacity more than 100 MW LVL/MWh
- In average RES-E support - 1,5% of average sales tariff
- The households will pay 1,3 % for the support of RES-E