



# Energy price hikes and regulatory responses: Lithuania

ERRA Chairmen meeting

Mr Renatas Pocius, Chair

13/04/2022

# Causes of high energy prices: Europe

## Recovery from Covid-19 pandemic phase:

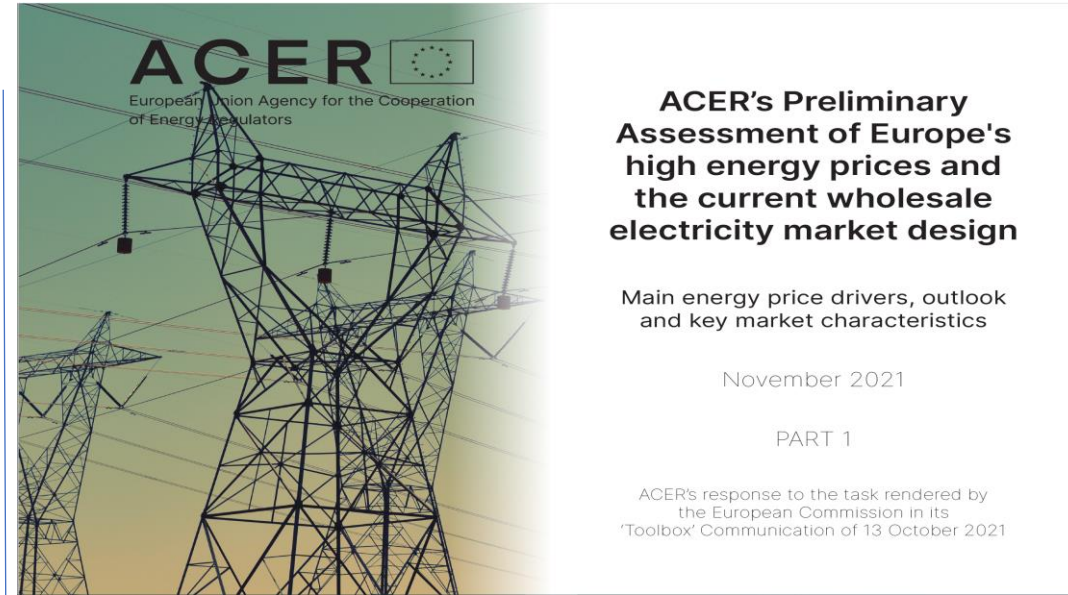
- high gas demand
- high global gas prices
- coal and carbon price increase
- low renewable generation
- declining domestic gas production
- pipeline gas supply constraints
- low level of gas storage stocks

## Period since late Feb 2022:

## Russian invasion of Ukraine

- sharp rise in gas prices
- uncertainty regarding potential supply disruption

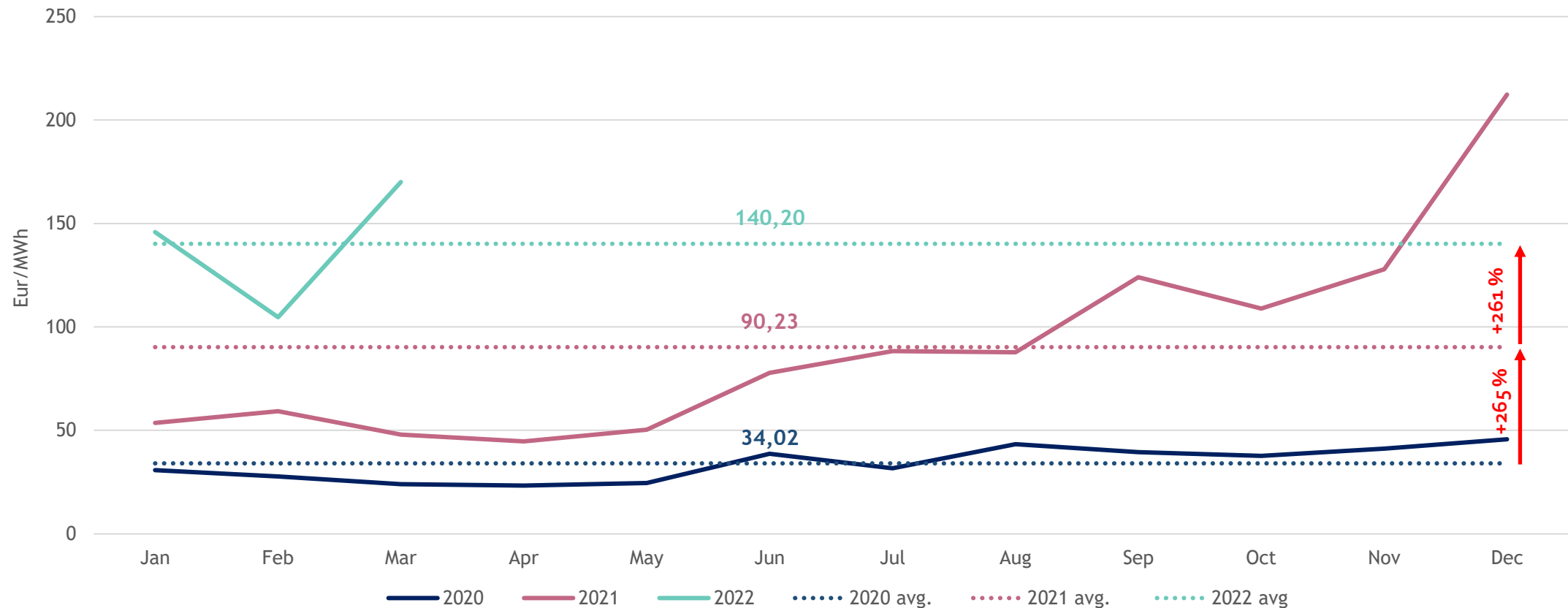
*As a result, price situation in Lithuania has been affected by the causes of high energy prices in Europe*



*ACER's final assessment will be released in late April*

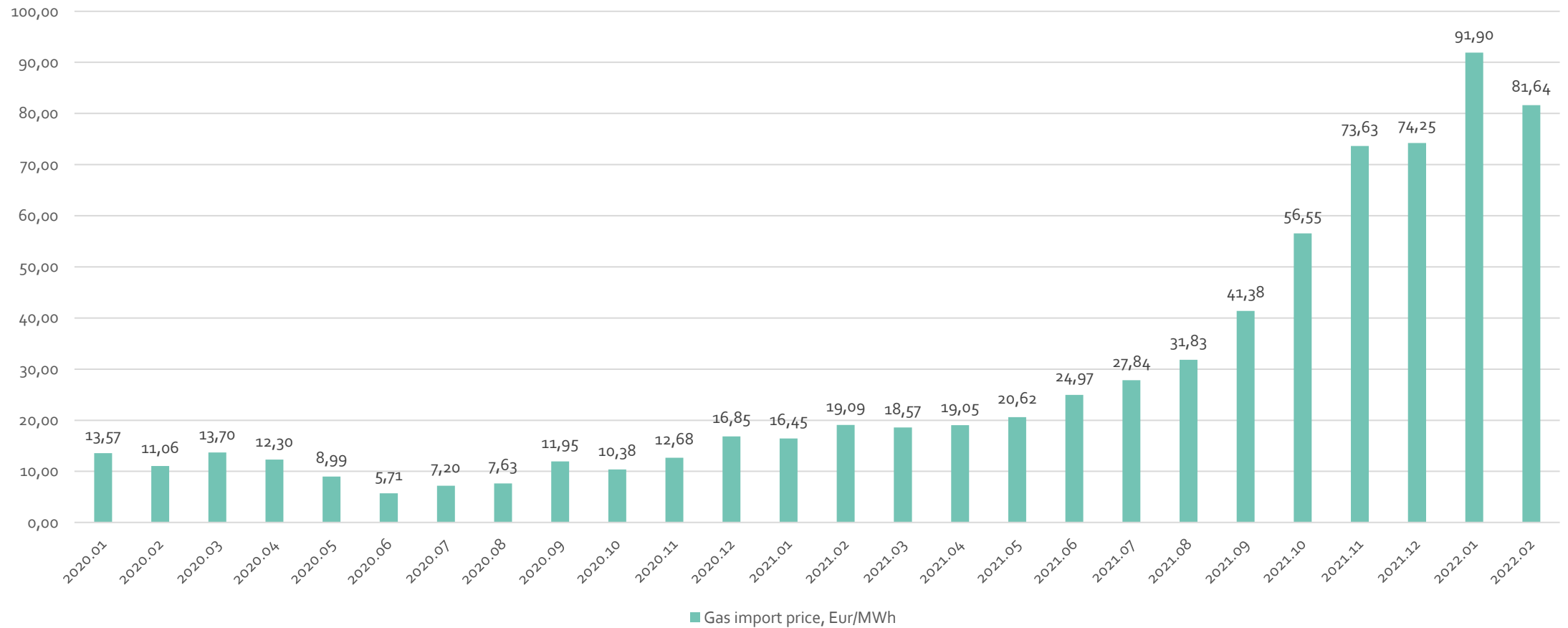


# Wholesale electricity price fluctuations: Lithuania



In 2021 average electricity price in Nord Pool day-ahead market was 90,23 Eur/MWh and has increased by 265 % compared to average electricity price in 2020 (34,02 Eur/MWh). Average electricity price of first months of 2022 was 140,20 Eur/MWh and has increased by 261 % compared to same period of 2021 (53,65 Eur/MWh).

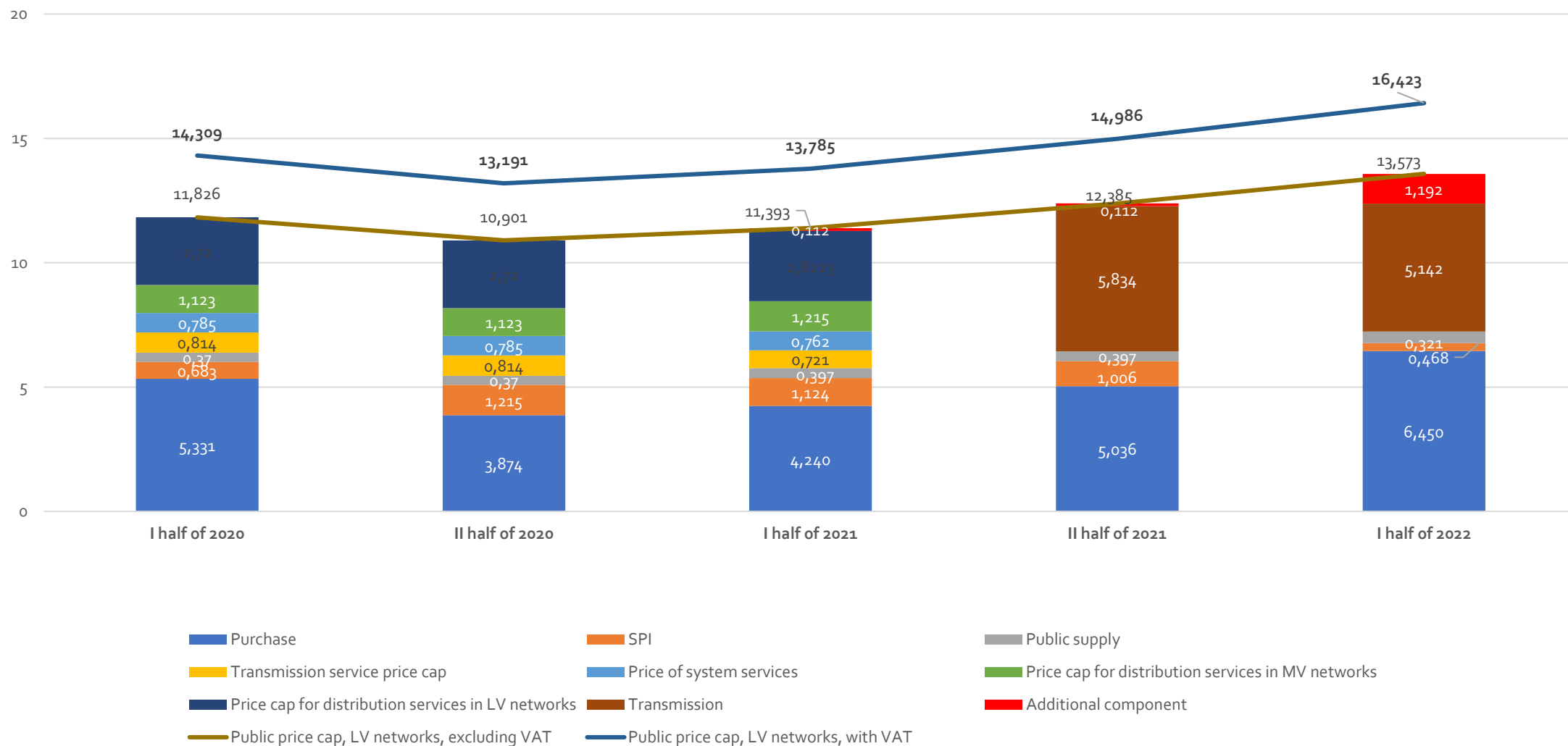
# Import gas price fluctuations: Lithuania



# Measures to accommodate price increase: 1<sup>st</sup> support scheme in 2021

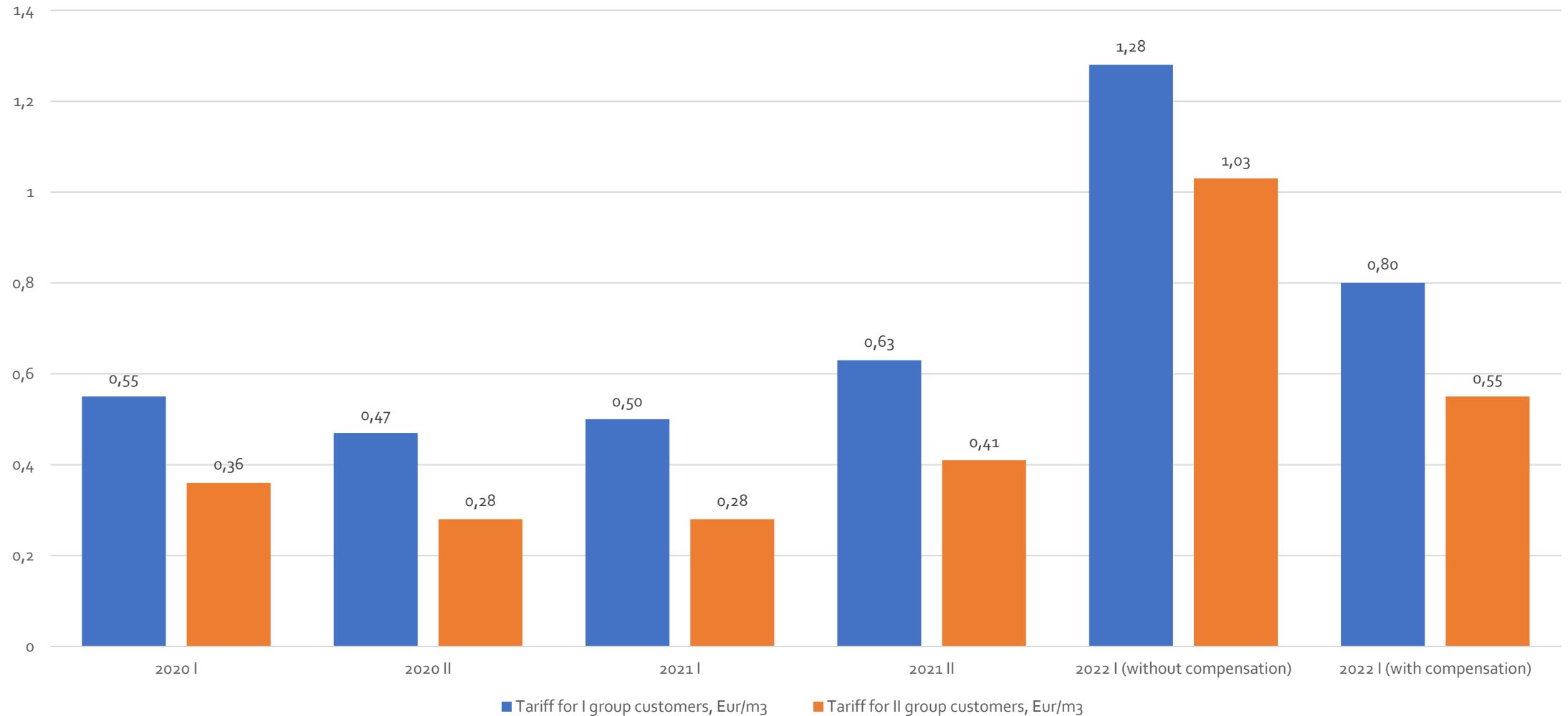
- **Amendments to the legal acts in November 2021** providing that in case regulated **electricity or gas price cap for household customers would increase more than 40%** – NERC has a right when setting the regulated tariffs **to spread the increase in wholesale prices over 5 years period**. For the postponed income the interests are applied
- **NERC** has prepared methodical changes and **used this mechanism when calculating the gas tariffs for the I half of 2022**
- **II stage of the electricity market liberalization was extended (from 1 January 2022 to 1 July 2022)**. Final date of liberalization process (31<sup>st</sup> December 2022) is not changed
- **Lower prices for distribution and transmission system services (~20%)** (for electricity consumers)
- **Aid for business** (soft loans)
- **Deferrals of payments** (on individual basis, according to the agreement with the supplier)

# Retail electricity price trends: Lithuania



# Retail gas price trends: Lithuania

Tariffs for household customers, Eur/m<sup>3</sup>, including VAT



# Measures to accommodate price increase: 2<sup>nd</sup> support scheme in 2022

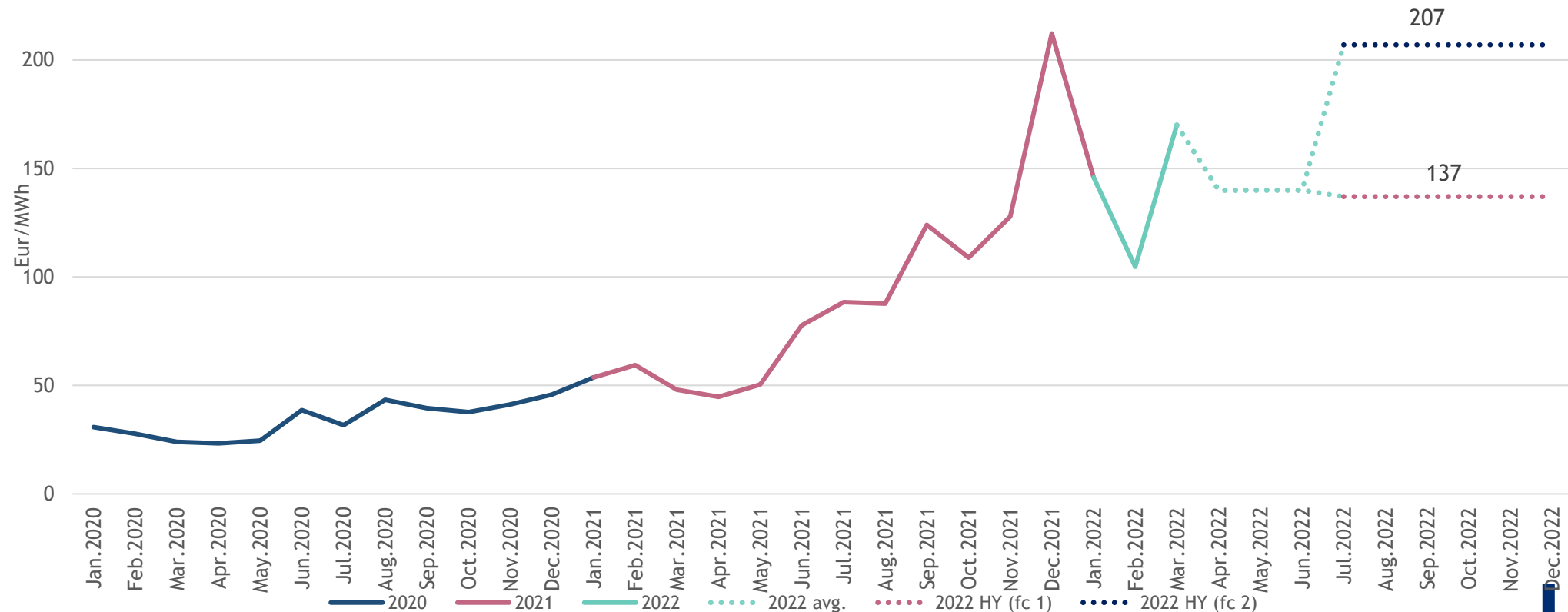
**New support package announced by the Government in April 2022** (shall have to be adopted by the Parliament in May):

- Refuses the mechanism of 2021 (i.e. spread of the increase in price over 5 years period) and foresees that the **regulated prices for natural gas and electricity** cannot increase of more than 40% with the rest of the increase being compensated from the state budget (foreseen 570 million euros)
- Establishes the price ceiling of 23 c/kWh for those consumers that have already chosen the **independent electricity** supplier

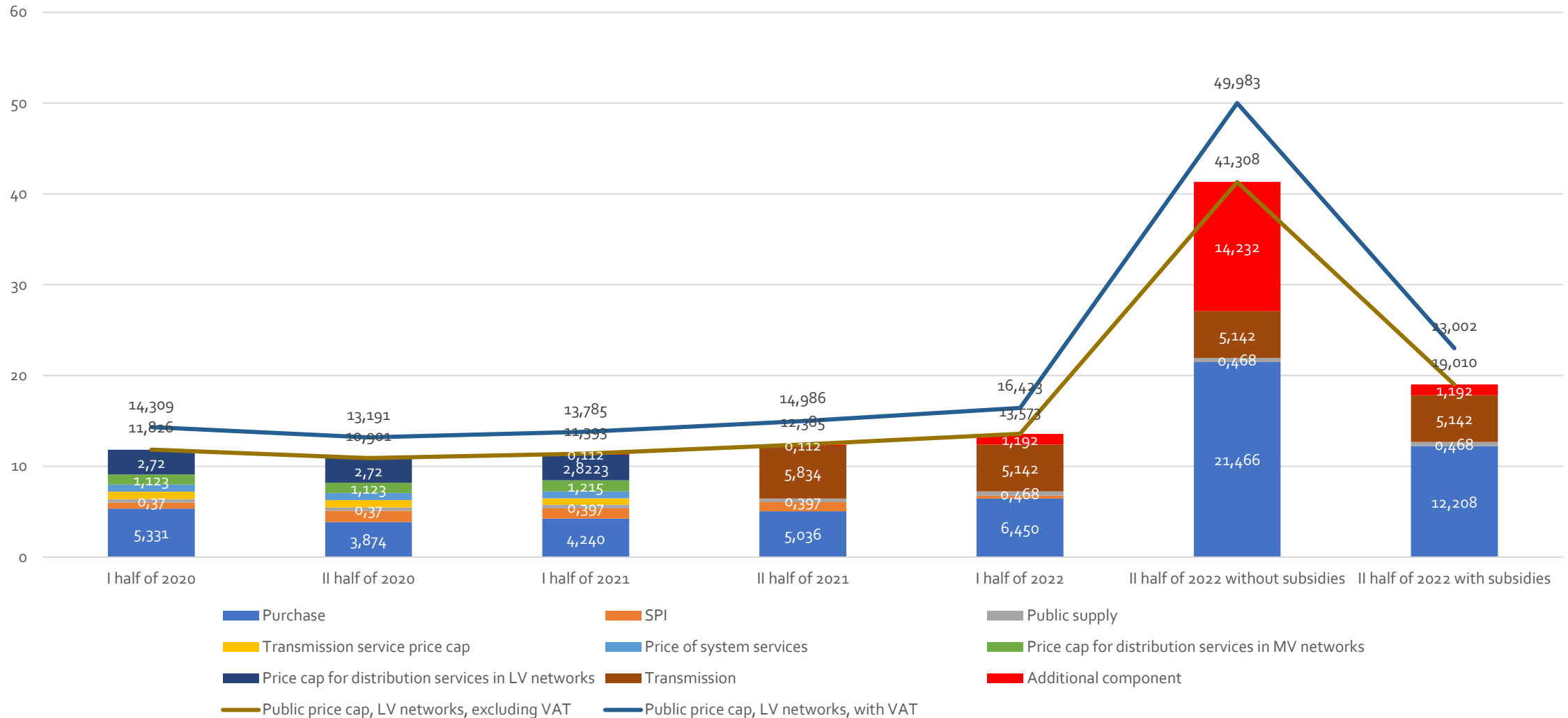


# Further changes to accommodate the price increase

- Changes in Law and Government's resolution foreseeing the price ceilings, further administrative arrangements
- Changes in the methodology when setting the forecasted electricity market price: setting level playing between regulated and non regulated liberalised consumers

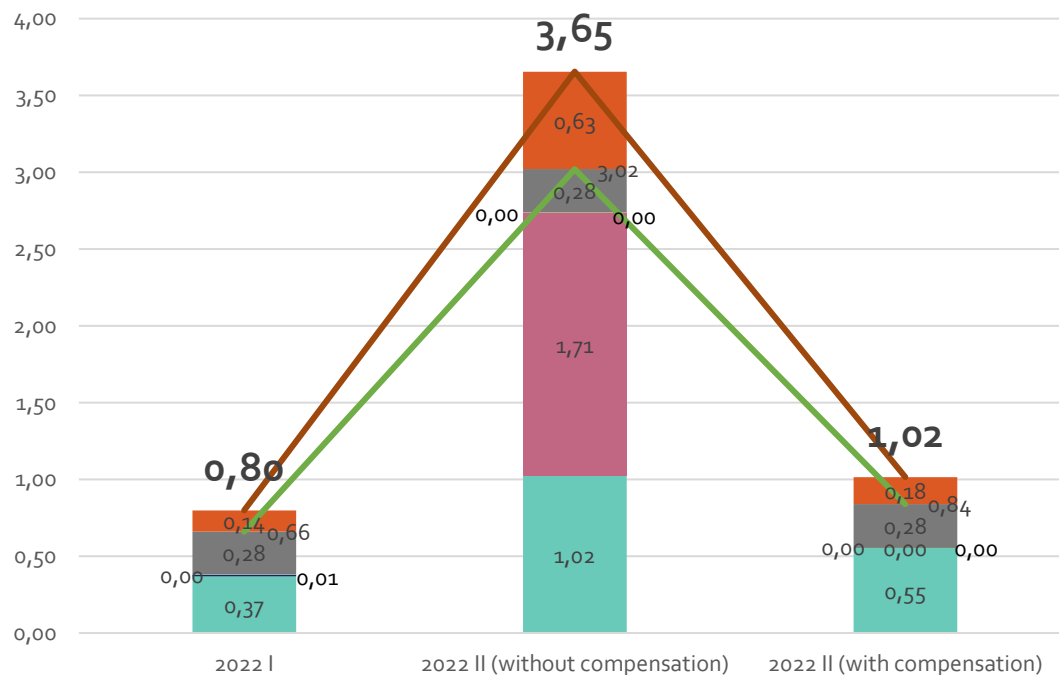


# Retail electricity price for II half 2022: Lithuania



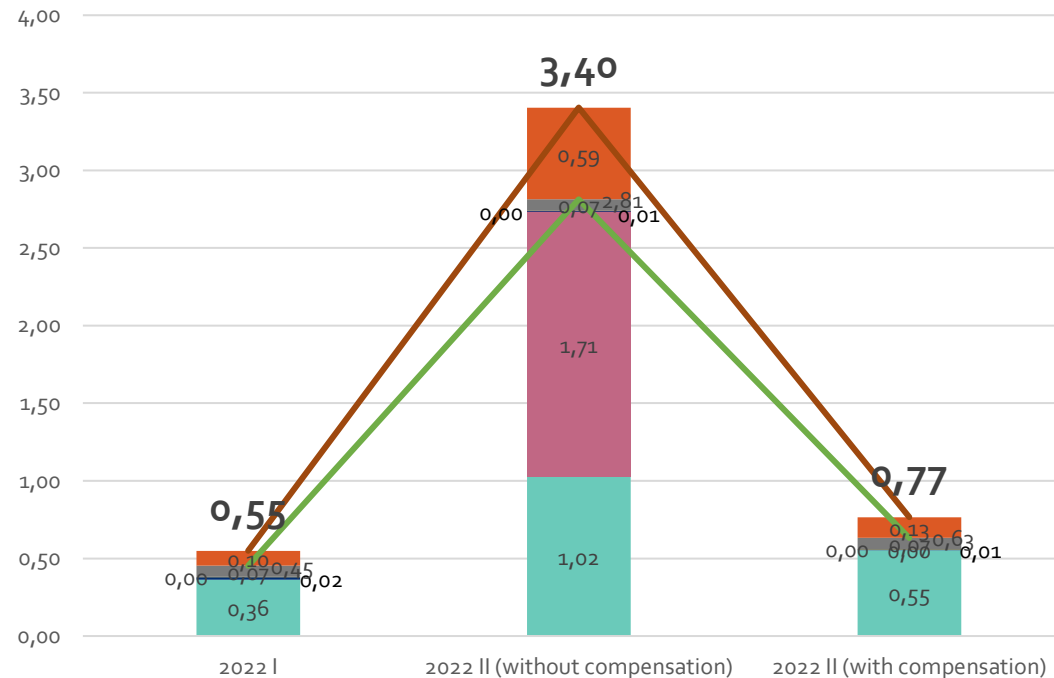
# Retail gas price for II half 2022: Lithuania

Tariffs for I group household customers, Eur/m<sup>3</sup>



■ Gas price (including supply price) 
 ■ Additional component\*  
■ Security of supply component dedamoji 
 ■ Transmission price  
■ Distribution price 
 ■ VAT  
— Tariff without VAT 
 — Tariff including VAT

Tariffs for II group household customers, Eur/m<sup>3</sup>



■ Gas price (including supply price) 
 ■ Additional component\*  
■ Security of supply component dedamoji 
 ■ Transmission price  
■ Distribution price 
 ■ VAT  
— Tariff without VAT 
 — Tariff including VAT

\*Additional component consists of the gas price difference from previous periods

Thanks for your attention!  
[www.vert.it](http://www.vert.it)