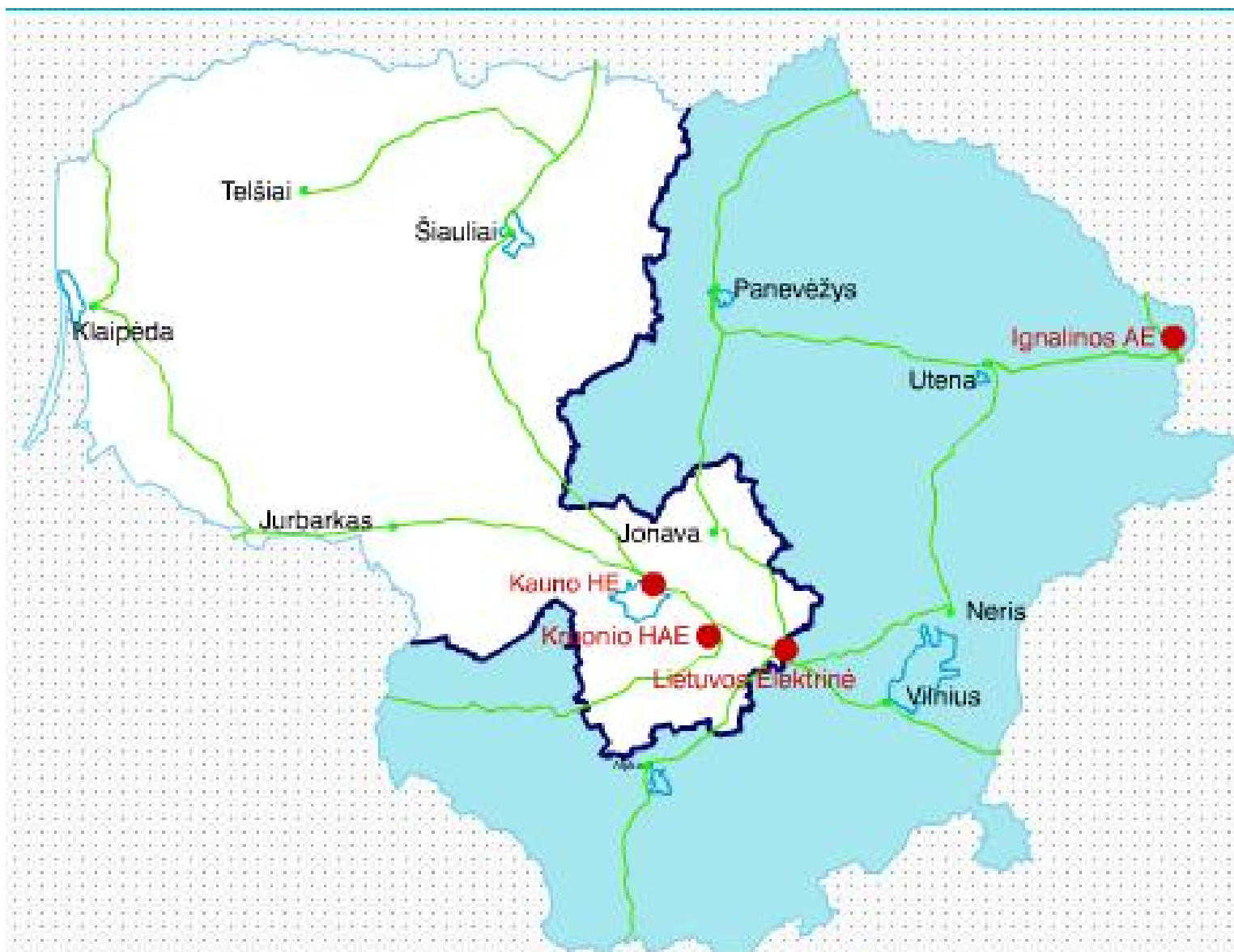


History of electricity sector development in Lithuania

- 1990 – The energy system of Lithuania went into jurisdiction of the Lithuanian Republic. (1990 – Industrial Corporation of Energy and Electrification «Lietuvos energetika», 1991 – State owned enterprise «Lietuvos valstybinė energetikos sistema»).
- 1995 – A special purpose joint-stock company «Lietuvos energija» established.
- 1997 – Heat enterprises with certain thermofication power plants are separated from «Lietuvos energija».
- 2000 – The law on restructuring of «Lietuvos energija» is adopted. Affiliates of non-operating activities are separated, subsidiaries are established. Regional departments of transmission networks are established.
- 2001 – Shareholders confirmed the project of restructuring of «Lietuvos energija», which is divided into independent companies : AB Lietuvos elektrinė, AB Mažeikių elektrinė, AB Rytų skirstomieji tinklai, AB Vakarų skirstomieji tinklai. «Lietuvos energija» lost its special purpose status.
- 2002 – «Lietuvos energija» continues to operate as transmission network operator and market operator.

Territory of location of electricity distribution networks



330 kV

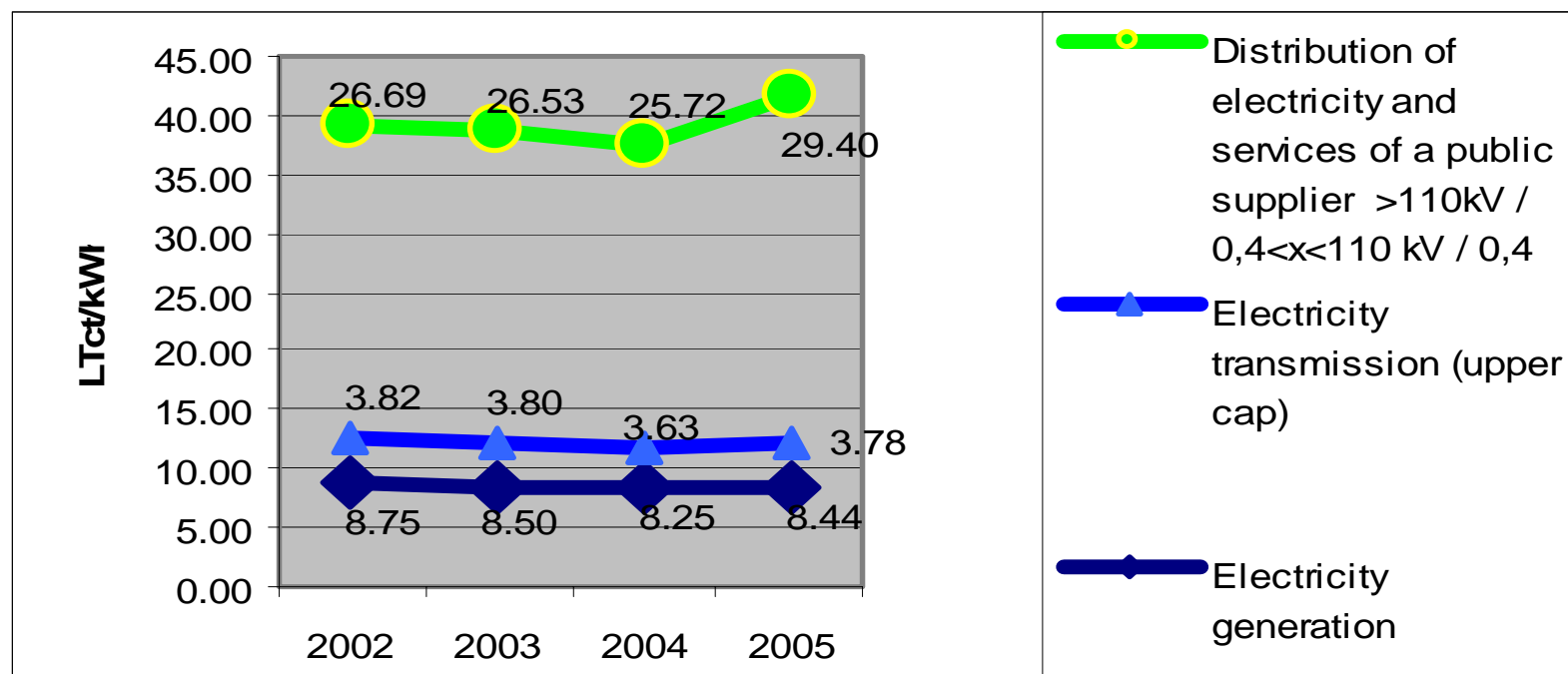
Electricity market participants

From January 1, 2002, instead of a vertically integrated monopoly electricity generation, transmission, distribution, the following companies were established:

- Electricity generators
- Electricity market operator
- On transmission of electricity
- On distribution of electricity
- Public electricity supplier

Prices for electricity after liberalization of the electricity market

		2002	2003	2004	2005
Generation of electricity	LTct/kWh	8.75	8.50	8.25	8.44
Transmission of electricity (upper cap)	LTct/kWh	3.82	3.80	3.63	3.78
Distribution of electricity and services of a public supplier >110kV / 0,4<x<110 kV / 0,4 kV	LTct/kWh	12.78	12.69	12.24	12.43
		17.47	17.32	16.75	18.87
		26.69	26.53	25.72	29.40



Provision of services in public interests in the electricity sector

Legal acts that regulate services in public interests:

- The national energy strategy
- Law on electricity
- Other documents

The National Energy Strategy

- Up to 2020, the volume of electricity generated in thermofication mode would have comprised at least 35% of the total balance of generation;
- Up to 2010, the amount of renewable energy sources in the total balance of primary energy would have comprised up to 12%;

Law on electricity and other legal acts

- The Government or an authorized institution can oblige market participants to provide services in public interests in the electricity sector;
- The list of services that represent public interests in the electricity sector;
- Rules for promotion of purchase of electricity generated from renewable and waste energy resources;
- Rules on public service obligations (in public interests);