

## **Lithuania's contribution to the implementation of the objectives, which have been laid down in the Green Paper**

Lithuania has prepared its view and once more welcomes the Green Paper on a European Strategy for Sustainable, Competitive and Secure Energy, agrees with the identified priority areas for actions and appreciates Commission's understanding of the problem related to energy vulnerability of the Baltic States that is reflected in the said Paper.

Responding to the notice prepared by the Austrian Presidency and in line with the foregoing initiative, Lithuania has prepared its position on the reduction of Lithuania's energy dependence and enhancement of energy supply security as well as common EU energy policy.

The 6 February 2006 Meeting of the Government of the Republic of Lithuania approved the position of the Republic of Lithuania on the European Energy Policy. On 11 February 2006, Lithuania's position on European Energy Policy, certified and translated into the English language, was officially sent to Commissioner Andris Piebalgs.

Hereby we would like to submit a short review of Lithuania's position on the EU document – the Green Paper: “A European Strategy for Sustainable, Competitive and Secure Energy”.

- For Lithuania, as for other Baltic States, the solution of energy isolation problem is of particular importance. At present, we are an “energy island”, as having been exactly identified by the European Commission, which means not only the matter of creation of the common market, but also energy security in the EU. Even with the best of intentions, however missing connections, solidarity among the Member States in the cases of possible crisis is impossible.
- From this viewpoint, the Priority Interconnection Plan, which the European Commission intends to prepare until the end of 2006, has great relevance today. It shall necessarily provide for instruments to encourage regional cooperation of the Member States in laying missing interconnections and creating a really functioning internal energy market more effective, engage major partners in mutually beneficial economic co-operation (it is worth to highlight that this is not only a matter of economic and legal intentions, however, political will of the member states to create an actually operating and efficient common market).
- It is important that an annual strategic review would cover not only external aspects but also certain significant dimensions of the internal market, which influence energy security, in particular having in mind the EU market's fragmentation level that has influence on the use of external diversification at EU level.

The Green Paper offers three main objectives of Europe's energy policy, i.e.: sustainability, competitiveness and security of supply, in fact being topical issues for Lithuania. The foregoing objectives have been reflected in the revised National Energy Strategy, and further providing for specific tasks in order to reach the said objectives, by taking into account:

- Trends of Lithuanian and EU energy sector development;
- Forecasts of the final energy demands;
- Markedly increased global crude oil and petroleum products prices;
- Problems of ensuring reliable and secure energy supplies;
- Results of the studies of succession of the usage of nuclear energy in Lithuania, competitiveness of the nuclear power plant in the regional energy markets and other analysis;
- The 27 February 2006 Declaration and Communiqué of the three leaders of the Baltic States;

- Other topical issues related to energy development.

The revised and renewed version of NES will be approved by the resolution of the Seimas of the Republic of Lithuania in the nearest future.

One of the main objectives, envisaged in the draft renewed National Energy Strategy, is to ensure reliable and secure energy supply to all economic sectors at economically justified prices (not exceeding the average prices as fixed in the EU member states), taking into account actual costs and operational efficiency. It will be environment-friendly, create favourable conditions for further progress of the country, integrated into the West European, Scandinavian states' and Eastern energy systems and competitive in an open international energy market.

It would be possible to identify the following priority areas laid down in the renewed National Energy Strategy that are scheduled to be reached by 2025:

- 1) to integrate high voltage networks of Lithuania into the networks of Poland (Lithuania-Poland, 1000 MW network) and Sweden (Lithuania – Sweden, up to 1000 MW network);
- 2) between 2015 and 2017, to start operating a new nuclear power plant, intended to satisfy the Baltic states' demands;
- 3) to develop the underground natural gas storage facilities in the integrated Baltic States' gas supply system, which total useful capacity meant for Lithuanian consumers would at least amount to 1.0 milliard m<sup>3</sup> (investments – approximately 1.0 milliard Litas);
- 4) in 2007, in cooperation with Latvian and Estonian experts, to prepare a feasibility study on the construction of a liquefied natural gas import terminal in Latvia;
- 5) to expand geological survey works of indigenous oil within the Lithuanian territory and shelf; to prepare a new programme for a more efficient and rapid usage of indigenous, renewable and waste energy resources;
- 6) to prepare and implement the programme of biofuels manufacture, to further increase the share of biofuels in the national automobile fuel market up to 20% by 2025;
- 7) to develop the distributed generation of electricity;
- 8) to prepare the programme for development of nuclear energy;
- 9) to apply modern analytical methods so that the future strategic solutions in the sphere of energy supply security were optimal and would appreciate the degree of risk of various possible factors as well as their economical, social and political consequences.

The issues of Sustainable Development have also been reflected in the draft National Energy Strategy, when highlighting the matters related to enhancement of efficiency in generating capacities and utilization, with use of available opportunities and existing capacities, by reduction of technological costs related to energy transformation and supply, encouragement of the use of indigenous, renewable and waste energy resources, decrease of the negative effects caused by energy enterprises on environment and danger for human health.

Furthermore, on 3 May 2006, the National Energy Efficiency Programme 2006-2010 was approved by Resolution of the Government of the Republic of Lithuania, which main objective is to increase the efficiency of usage of energy resources and energy consumption, encouragement of the use of renewable energy resources in all economy spheres of our country.

The forecasts predict the following results in the implementation of the Programme in the nearest future:

- the consumption of energy for heating of buildings will decline by 7 %;
- the share of cogeneration in the overall electricity generation balance will make up 20%;
- the share of renewables in the primary energy balance will make up 12%;

- the usage of waste energy resources will increase by 2 TWh;
- the share of electricity generated from renewable resources will make up 7%.
- biofuels will make up about 6% of petrol and diesel fuel in the national fuel market;
- the amount of pollutant emissions into atmosphere, in comparison with 2004, will decline: CO<sub>2</sub> – by 30%, SO<sub>2</sub> – by 3%, NO<sub>x</sub> – by 20%.