

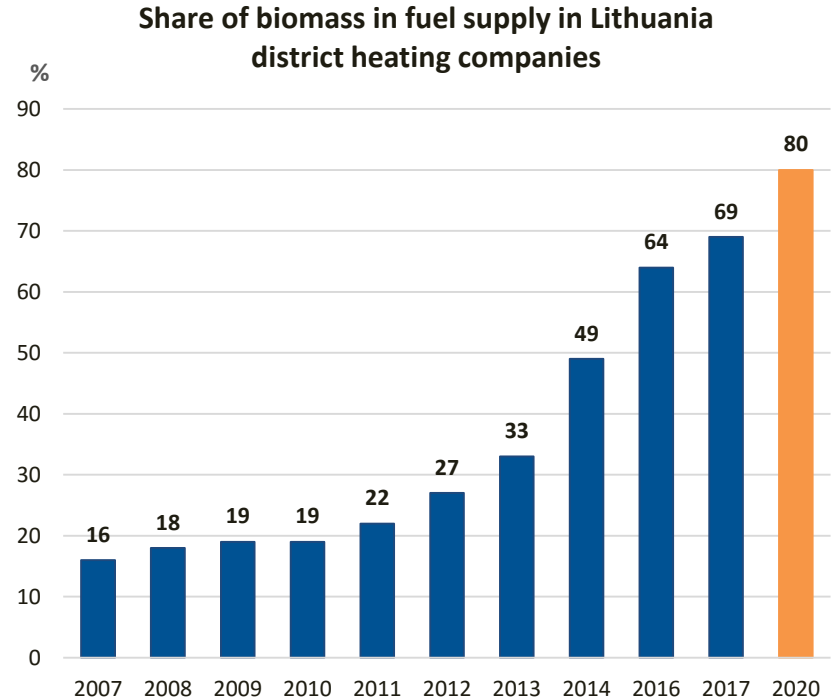
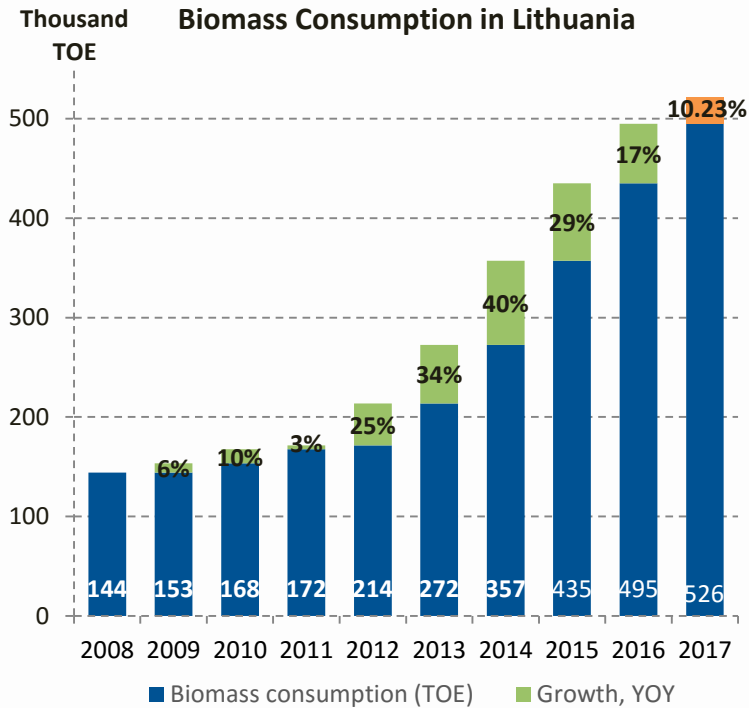
# **Biomass auctions as a basis for an effective bioenergy market. European experience**

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CEO

16<sup>th</sup> October 2019, Kiev

## NATURAL GAS CONVERSION TO BIOMASS IN CHP SECTOR




Data: Association of Central Heating Companies of Lithuania

**Biomass become a strategic energy resource in Lithuanian energy sector**

# WHAT IS BIOMASS EXCHANGE?

Biomass Exchange is a virtual platform where buyers and sellers meet to trade in biomass products



toe MWh

**BIOMASS** 🇧🇪 🇩🇪 🇵🇱 🇱🇻

**Trading**

**Trading**

Group by:  Product  Delivery period

Buyer Orders sort by:  District  Price

Regions filter

Products:

- SM1 (Wood chips)
- SM1W (Wood chips)
- SM2 (Wood chips)
- SM3 (Wood chips)
- MG1 (Wood pellets)
- MG2 (Wood pellets)
- MG3 (Wood pellets)
- KD (Peat)

Delivery periods:

- Weekly
- Monthly
- Quarterly
- Half-year
- Reserve

**Standard Trade**

W43/181022/181028/1

		Buy Orders ↓		Sell Orders →									
SM1 00.00	No buy Order for these Sellers			19.78€	349/0	19.78€	349/0						
	Kaunas county	20.64€	1047/1047	17.20€	349/349	18.49€	349/349	20.21€	349/349	20.55€	349/0	20.64€	349/0
	Šiauliai county	19.26€	70/0	19.17€	70/0	19.26€	70/0	22.36€	70/0	44.37€	70/0		
	Vilnius county	18.06€	70/0	18.06€	70/0	21.50€	70/0	34.65€	70/0				
	Riga region	16.08€	1047/837	16.08€	419/419	16.08€	419/419	17.11€	1047/0	17.97€	349/0	18.14€	349/0
	Riga region	15.56€	140/0	18.57€	140/0								
	Riga region	15.56€	70/0	18.57€	70/0	19.43€	70/0	48.75€	70/0				
	Riga region	15.56€	70/0	18.57€	70/0	19.43€	70/0	48.75€	70/0				
	Vilnius county	15.48€	349/0	17.20€	349/0	20.21€	349/0	21.24€	349/0	33.45€	698/0		
	Vilnius county	15.05€	698/0	30.52€	698/0								
SM2 01.06	Harju county	13.76€	1047/0	17.20€	1047/0								
	Alytus county	19.43€	349/349	19.35€	349/0	19.43€	349/349	19.43€	349/0	19.52€	349/0	20.55€	349/0
	Alytus county	19.43€	349/349	19.35€	349/349	19.43€	349/0	19.43€	349/0	19.52€	349/0	20.55€	349/0
	Vilnius county	14.62€	698/0	30.01€	2093/0	30.52€	698/0						
	Kaunas county	14.62€	558/558	14.62€	558/558	19.78€	2093/0	33.02€	698/0				
SM3 01.53	Utena county	14.19€	349/0	37.40€	698/0								
	Harju county	13.76€	1047/0										
	Tauragė county	12.90€	698/0	25.02€	2093/0	38.26€	698/0						
KD	Kaunas county	11.18€	70/0	11.18€	70/0	11.18€	70/0	11.18€	70/0	11.18€	70/0		

**Transactions management**

Transactions Fuel Quality Reports Delivery Schedules

List of Invoices Data Analytics Fuel Reserves

Waybills

**Settings**

Account Settings Trading Locations Company Settings

**Administration**

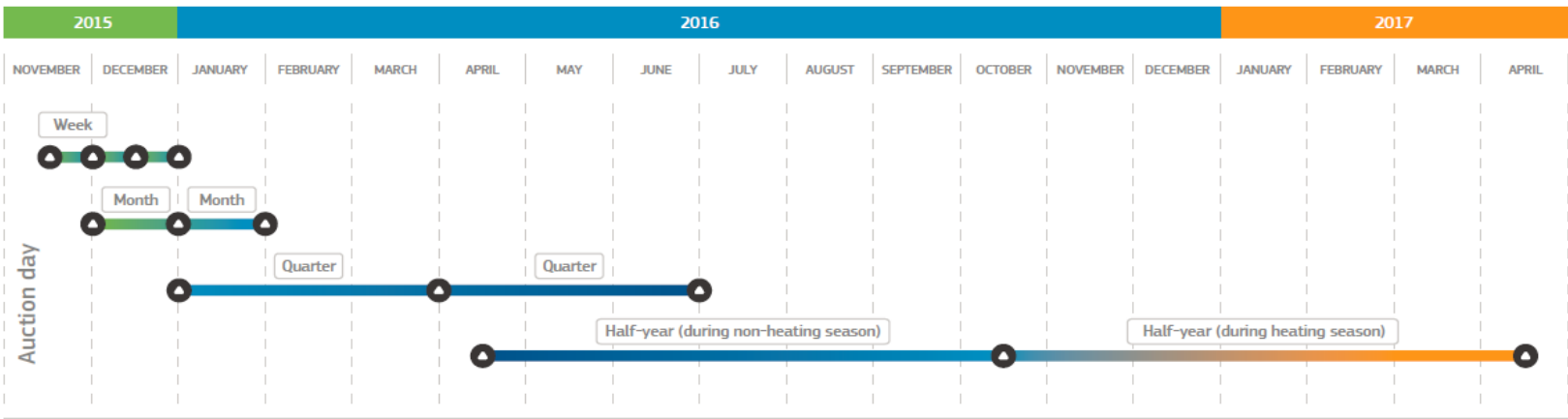
Active Orders Execute Auction Delivery Periods

Products Data Export Transactions Admin

## DIFFERENT PRODUCTS FOR DIFFERENT NEEDS

Product	SM1	SM1W	SM2	SM3
Moisture content, %	20% – 45%	35 % – 55%	35% – 55%	35% – 60%
Ash content, %	up to 2%	up to 2%	up to 3%	up to 5%
Main fraction, mm	$3.15 \leq P \leq 63$ (min 80%)	$3.15 \leq P \leq 63$ (min 80%)	$3.15 \leq P \leq 63$ (min 70%)	$3.15 \leq P \leq 63$ (min 60%)
Small particles (<3.15 mm), %	Up to 2%	Up to 5%	Up to 10%	Up to 25%
Raw material	Stemwood	+ Residues from wood processing industry	+ Whole trees	+ Logging residues

# DIFFERENT CONTRACT DURATIONS



**Week**

**Month**

**Quarter**

**Half year**

# RISK MANAGEMENT PRINCIPLES



# BALTPOOL WOOD CHIPS SPOT LITHUANIA INDEX



# BENEFITS FOR THE MARKET OF USING BIOMASS EXCHANGE



## Efficiency

Standardized biomass products and contract conditions save time



## Transparency

Pricing basis is clear and transparent



## Reliability

Security of supply and payment, guaranteed by collateral system and categorization of suppliers



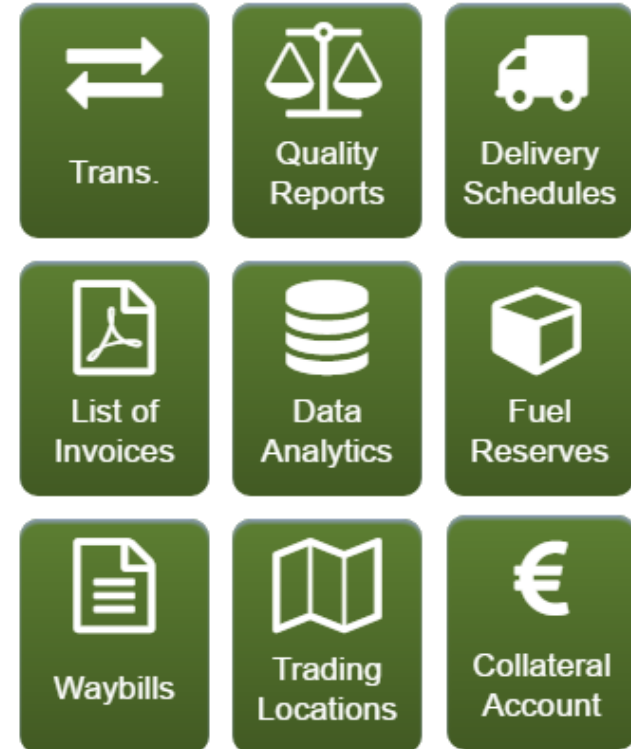
## Accessibility

Easy entrance and trade



## WE TAKE CARE OF DELIVERY PROCESSES TOO

- Delivery Schedules
- Quality reports
- Automatic invoicing
- Data analytics tool






We keep analyzing the needs of the Exchange participants in order to satisfy them in the best possible way

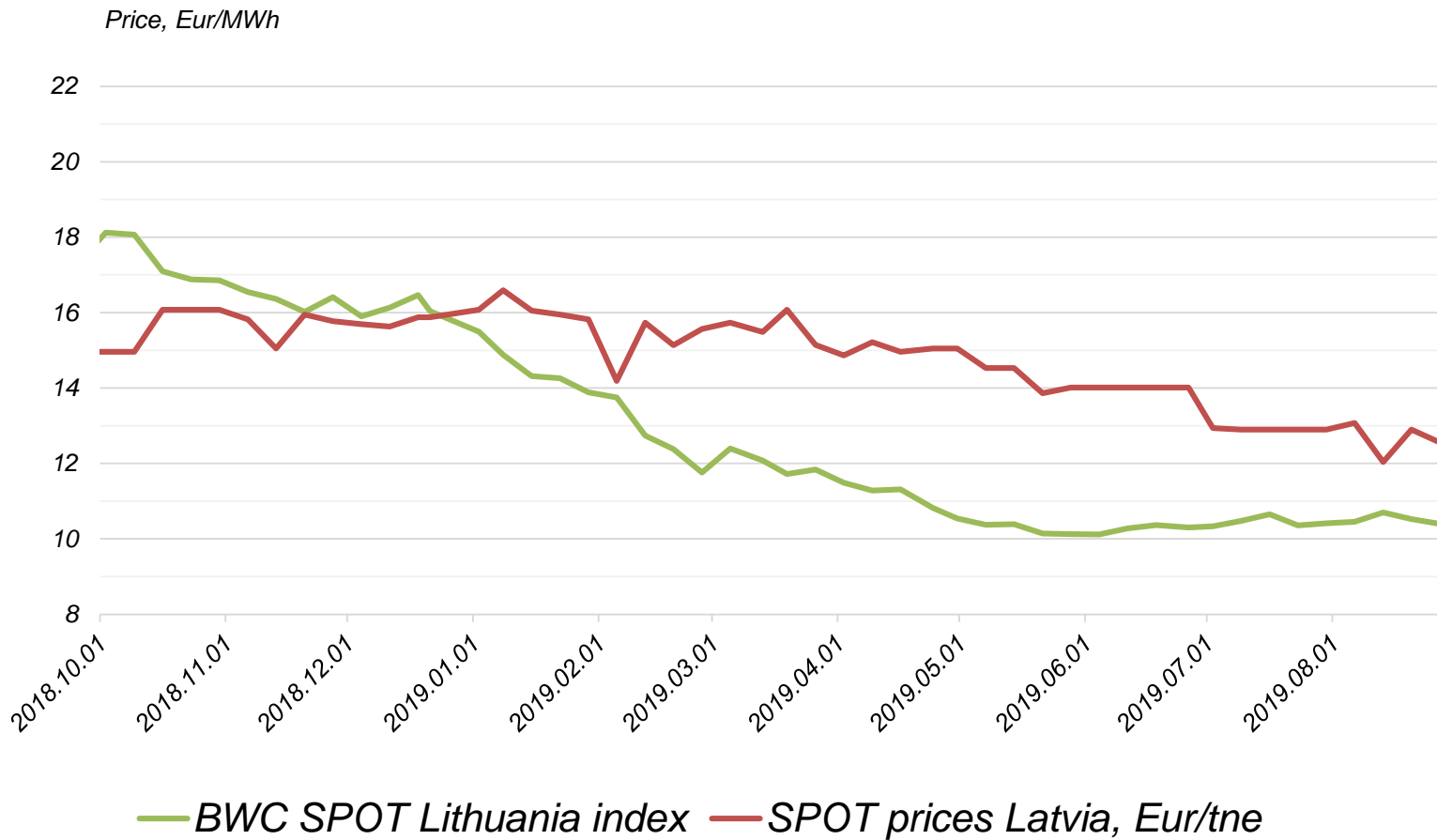
# INTERNATIONAL DEVELOPMENT AND FUTURE PLANS



## STATISTICS OF CURRENT MARKETS

<p>Lithuania</p> 	<p>Latvia &amp; Estonia</p> 	<p>Denmark</p> 
<p>Number of participants: <b>302</b></p>	<p>Number of participants: <b>71</b></p>	<p>Number of participants: <b>42</b></p>
<p>Contract value 2019: <b>56 million Eur</b></p>	<p>Contract value 2019: <b>1,5 million Eur</b></p>	<p>Contract value 2019: <b>1 million Eur</b></p>
<p>Spot price 2019-Oct: <b>11,27 Eur/MWh</b></p>	<p>Spot price 2019-Oct: <b>12,73 Eur/MWh</b></p>	<p>Spot price 2019-Oct: <b>22,31 Eur/MWh</b></p>
<p>2019 heating season price: <b>13,25 Eur/MWh</b></p>	<p>2019 heating season price: <b>15,90 Eur/MWh</b></p>	<p>2019 heating season price: <b>21,5 Eur/MWh</b></p>

# PRICE DIFFERENCE AND EASY ENTRANCE TO THE MARKET CREATES OPPORTUNITIES FOR MARKET PARTICIPANTS



## FUTURE BIOMASS MARKET

- Strict requirements for sustainability
- Significant part of biomass trade will be acquired by cross border trades
- Transparency of prices – event the biggest players join the biomass exchange



**Biomass – commodity traded in regulated market**

## ABOUT US

### SUPERVISION

- Licensed and supervised by National Energy Regulation Council of Lithuania

### SHAREHOLDERS

- EPSO-G (67%)
- Klaipėdos Nafta (33%)

### BRIEF HISTORY





- 2010-2012 – power Exchange operator in Lithuania
- 2013 June – launched in-house developed biomass trading system
- 2017 – starts biomass exchange operations in Latvia
- 2018 – Timber Exchange operator in Lithuania
- 2018 February – Danish Biomass Exchange launched
- 2018 May – Heat auctions system launched in Lithuania
- 2019 starts biomass exchange operations in Estonia







<https://youtu.be/kNEDIf2wUoU>

Should you have any questions – please feel free to contact us!

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