

THE CHANCES OF MACEDONIA IN THE ENERGY AREA

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The strategy
adds up

EVN acquired 90% of the shares of electricity distribution company of Macedonia

ESM AD Elektrostopanstvo na Makedonija

- The second biggest single FDI

Key figures of ESM

Customers	appr. 700,000
<u>Supply (2005)</u>	<u>4,329 GWh</u>
<u>Electricity lines</u>	<u>appr. 21,000 km</u>
<u>11 small hydro power plants</u>	<u>39 MW</u>
<u>Employees Q3 2006</u>	<u>3,558</u>
<u>Sales revenues 2006 E</u>	<u>~ 200 EUR m</u>

FUTURE POSSIBILITIES

(Energy sector)

Steadily growing rate of electricity imports

- ▶ **Growing market prices for electricity in the West Balkans due to market conditions and lack of production capacity**
 - ▶ Growing consumer prices
 - ▶ Growing amounts for import needed (> € 60 MWh)

BUT:

- ▶ **Potential to become very important transit country in the energy sector**

IF THE PROPER STEPS ARE TAKEN:

- ▶ **Transformation from importer into net electricity exporter the earliest within 5 years**

€2 BN Investment needed for an up to date and sustainable energy system

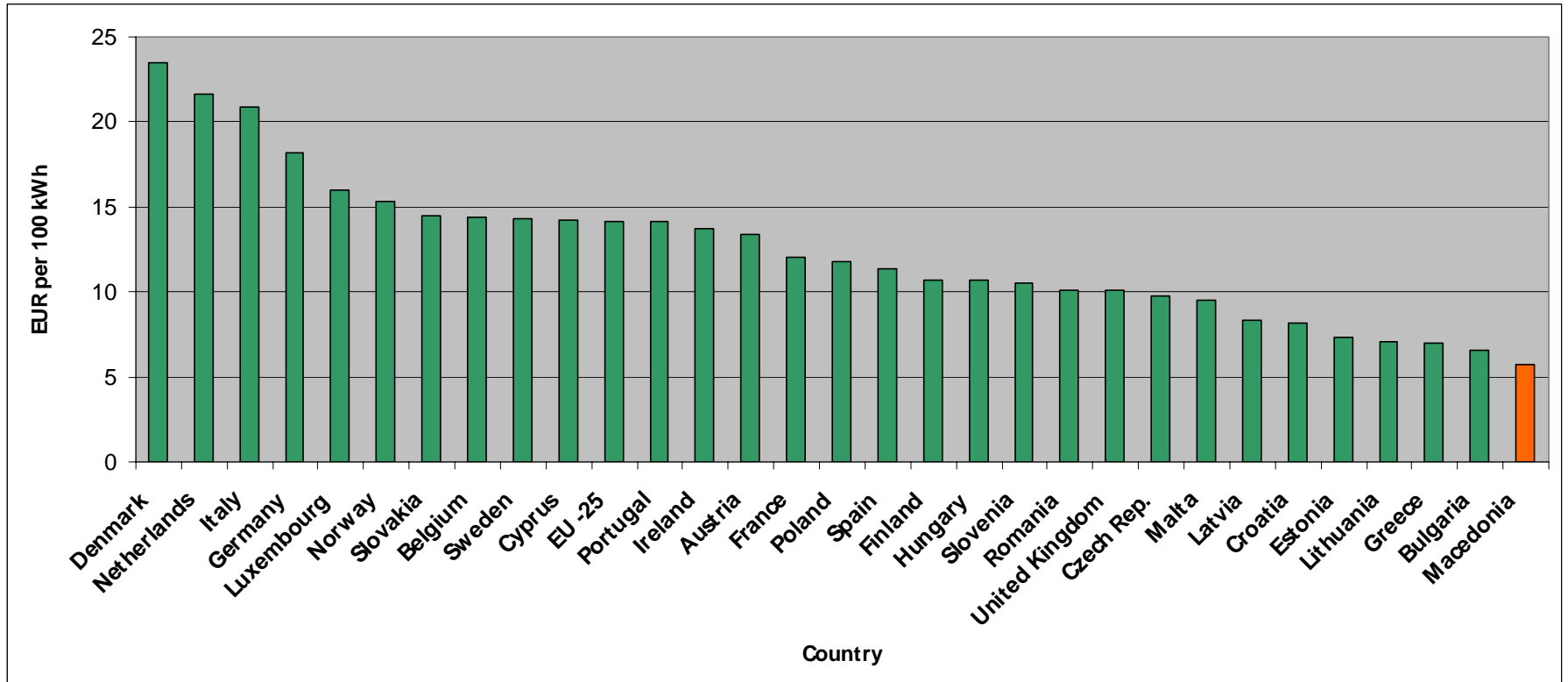
POSSIBILITIES/NECESSITIES

- **Network - quality and security of supply, interconnection**
- **Pipeline – system (EU Korridor)**
- **Power plants**
 - Hydro (Storage, running)
[domestic]
 - Coal (base load)
[import]
 - Gas (CC- heating)
[import]
 - Bio mass
[domestic]
 - Gas distribution
[import]

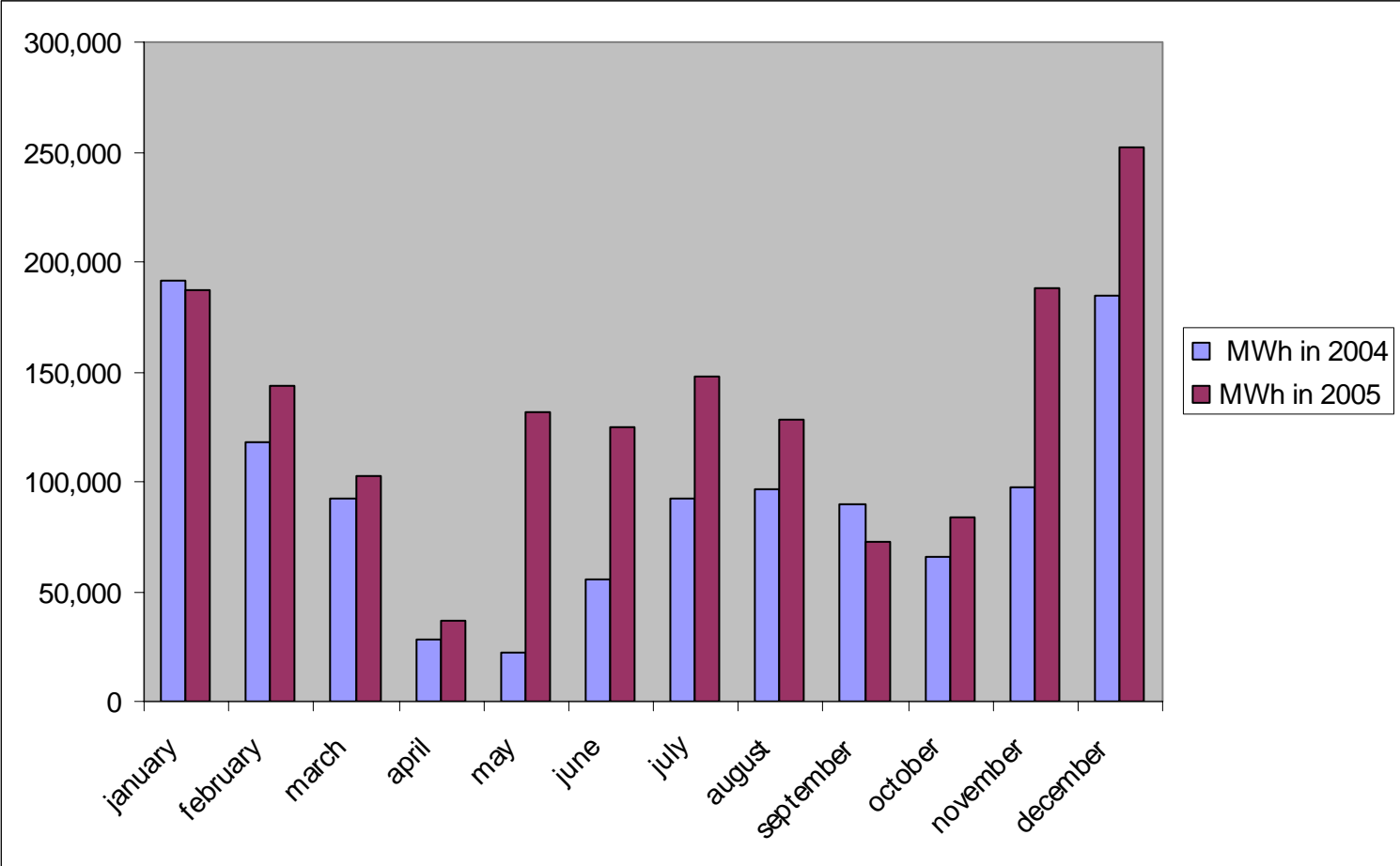
ELECTRICITY CONSUMPTION GROWTH

- ▶ **5% per year, if 5% growth of the economy**
- ▶ **Extremely high rate of heating with electricity**
- ▶ **Import-necessities will increase due to consumption growth/problems in production**

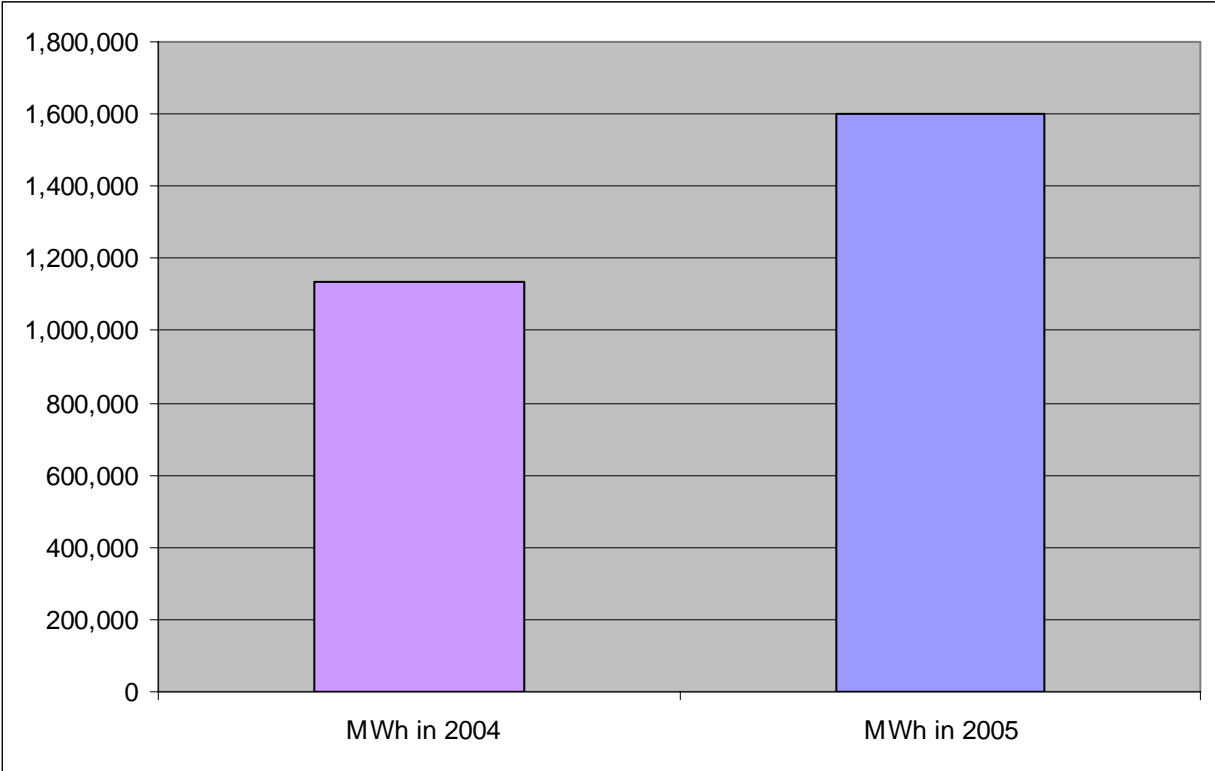
MACEDONIA HAS THE LOWEST ELECTRICITY PRICES



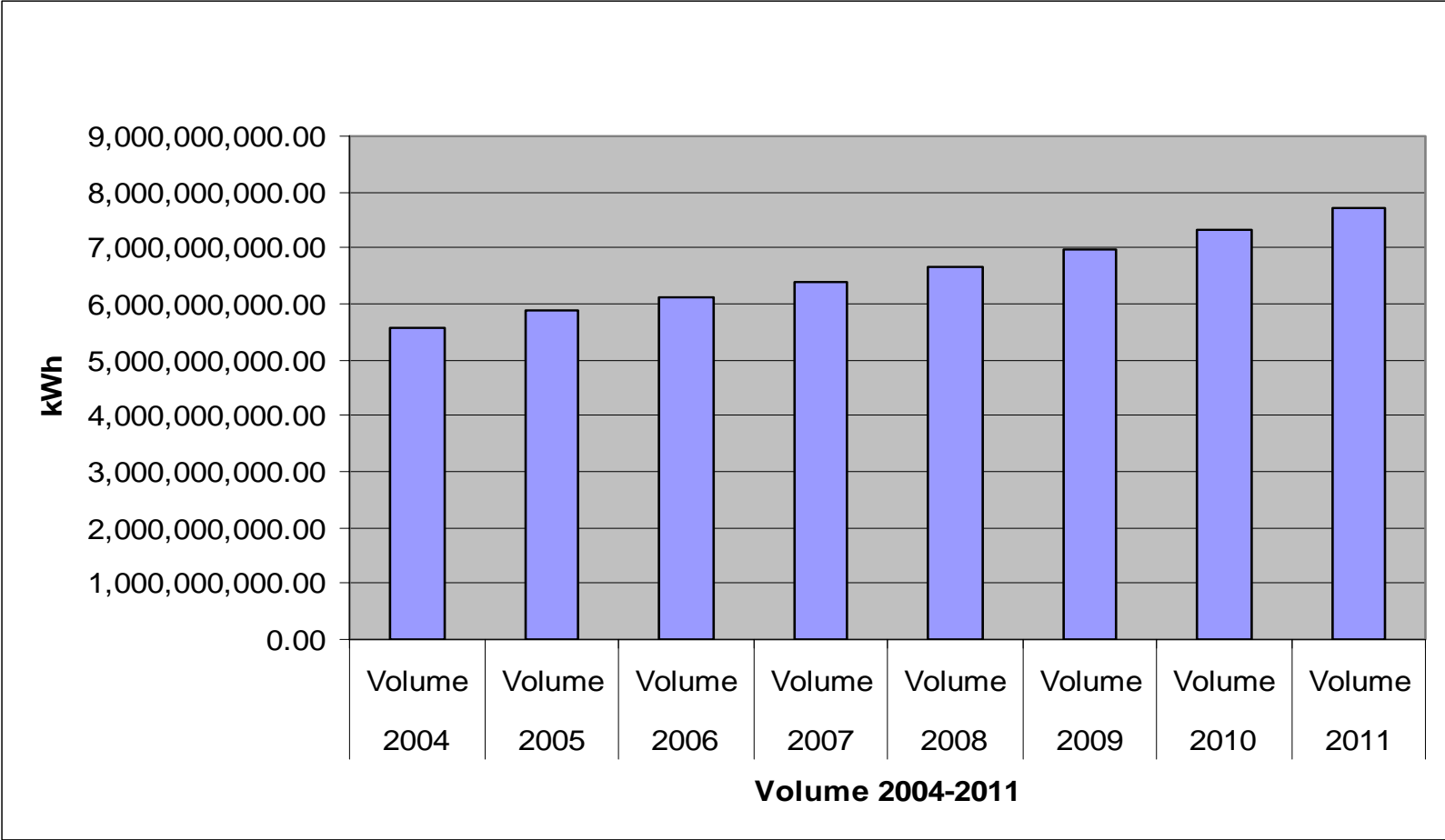
IMPORTS OF ELECTRICITY 2004 & 2005



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ESM PROCUREMENT 2004-2011



"Thessaloniki Agenda for the Western Balkans" adopted in June 2003

"that the pace of further movement of the Western Balkan countries towards the EU lies in their own hands and will depend on each country's performance in implementing reforms, thus respecting the criteria set by the Copenhagen

European Council of 1993 and the Stabilization and Association Process conditionality"