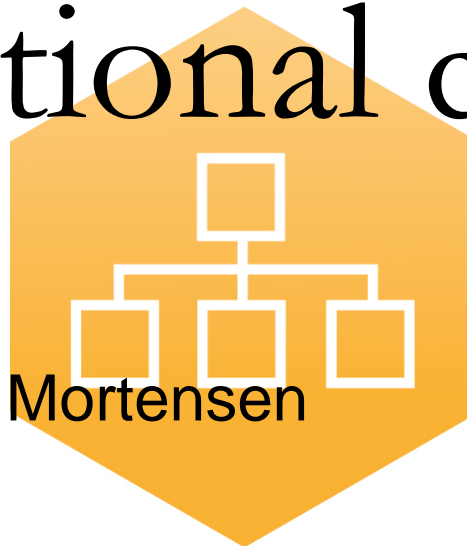


4th Generation District Heating Technologies and Systems First Annual Conference 3-4 October 2012

Organisational and institutional challenges



Bent Ole Gram Mortensen



4DH

4th Generation District Heating
Technologies and Systems

District heating

We feel very special

- We are not like the others
 - Structure
 - Price regulation
 - Planning
 - Good for the environment/climate
 - Huge investments up front
- And we are the market leaders
 - And we want to grow

(Owner) structure

District heating Denmark



- Many companies (more than 400)
- Very different in size and economical muscles
- Only a few commercially owned companies
- Mostly consumer owned and municipality owned
- Not unbundled

And the future structure?

- Who will determine it?
 - The market
 - The politicians
 - The owners
 - The consumers
- What do “they” want?
 - Status quo – including local ownership
 - More commercial actors – or are they fed up?
 - Fewer companies to regulate
 - More taxes
 - Money to spend when selling the utility
 - Cheap energy



Price regulation



- Due to natural monopolies
 - Can market regulation and natural monopolies not co-exist?
 - Competition law does apply
 - Is the monopoly inter or intra?
 - Maybe more legal than natural
- Cost zero regulation
 - Should that be necessary with consumer and municipality ownership?
 - Does it secure efficiency?
- Payment to leave the cooperative?
 - So we are not consumers?

Planning



- Municipalities are supposed to do heating planning
 - Not necessary heat plans
- May impose duty to connect (and pay) to the grid (zoning)
 - The municipality who might also own the utility
- Public approval of projects
 - The municipality who might also partly own the competing natural gas utility
 - Socio-economical efficiency – calculated rate of interest
- Political choice of fuel
 - Protection of fiscal income (limit use of non taxed fuels)
- Special protection of established utility
 - Bankruptcy is not an issue
 - Not even when it never should have been build

The world is changing



- Market regulation
 - EU internal market
- Consumer protection
 - Protection of the consumers' free choice of suppliers
 - Duty to supply
- Unbundling
 - Market and monopoly
 - Public and private
- PSO
 - Climate, environment, security of supply

But we love status quo

- So do we need to change anything?
 - No pressure from the EU
 - DH done well in DK
 - Give or take a few mistakes which they love to write about in the newspapers
- And the 4DH?
 - "Storage" for wind power?
 - DH is a cheap solution
 - Using "new" sources – thermal solar, geothermic
 - Nobody else can
 - Low energy buildings
 - We must adapt – technically as well as planning wise



Thank you for your attention

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