

Heating April 2010



International Market Strategy

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Monthly Special

Europe **Market Summaries for 13 'Group 1' Countries Published**

Czech Republic: CEZ Eyes Poland's Heat Distributors in Ruda Slaska

The country's major energy company ČEZ is interested in Poland's heat distribution network in Ruda Slaska. The value of the network, which supplies heat to some 160,000 clients, is estimated at CZK 460 million (€17.7million). ČEZ Polska CEO, Petr Ivanek, underlined that the company has expressed interest in the tender. ČEZ has long-term interest in the energy market of Poland. ČEZ acquired Polish power plants ELEKTROWINA SKAWINA and ELKTROCIPOWINA ELCHOE in 2006. It plans to invest about €400 million in the construction of a 400MW gas-fuelled power plant SKAWINA. In September ČEZ's Polish unit entered the tender for 88% of the Polish energy company PRZEDIEBIORSTWO ENERGETYKI CIEPLNEJ (PEC). ČEZ has applied for participating in the tender for an 85% stake in two Polish heating companies, ELKTROCIPOWINA ZABRZEE and ZESPOL ELEKTROCIPOWINI BYTOM, but has not submitted a conclusive bid yet.

ČEZ and Polish gas monopoly PGNiG reportedly planning to build a 800 MW gas-fired power plant in West Poland. ČEZ is also interested in purchasing a 50% stake in the state-owned Polish power plant Patnow-Adamow-Konin (PAK), which operates three power plants with total installed capacity of 2,467MW, and for 85% of adjacent coal mines. The deadline for both bid submissions is set for 15th of March. ČEZ Poland is also interested in participating in the privatisation of power group TAURON POLSKA ENERGIA (TPE). The most interesting projects of ČEZ in Poland is the possible construction of the 400 MW gas-fuelled unit of power utility SKAWINA and the launch of the wind farm project in 2010.

Source: Czech Republic Today

France: CIAT took over EASYTHERM

CIAT Group based in Culoz acquired 70% of EASYTHERM assets. EASYTHERM is a company specialised in split system heat pump on the residential sector. The charter member kept 20% of the shares and the 10% left went to the stock exchange market.

The company, created in 2002, will continue to be run by Mathias et Yvan Ribo. They realised a €11,5 million turnover in 2008 with national distributors and OEM agreements. This acquisition meant to have a complementary in product range.

Source: Enerzine



France: GAZ DE SUEZ Agrees to Sale of Stake in Belgian Unit

GDF SUEZ has agreed to sell its remaining 38.5% stake in Belgian natural gas company FLUXYS to Belgian utility PUBLIGAS for €636 million.

EU regulators approved the €38.6 billion combination of energy companies SUEZ SA and GAZ DE FRANCE on the condition that they agreed to sell around €3.3 billion in Belgian assets to avoid monopoly control of that country's gas and electricity market.

The merger of Franco-Belgian SUEZ, France's No. 2 electricity producer, and French state-controlled natural gas company GAZ DE FRANCE, was completed in 2008, after nearly two-and-a-half years of legal and political delays.

Source: Associated Press Financial Wire

Latvia: GRANDEG Planing to Expand Abroad

The Latvian biomass heating system manufacturer GRENDEG will either expand its operations in Latvia, or transfer to another country altogether, depending on the course chosen for the country's taxation policy.

The company says:'The tax burden in Latvia is too great; however, the government is asking companies to improve their competitiveness'. They believe that if taxes were reduced, business activity would grow, as would competition within the sector. The company operate in business in order to make profit, but this is not possible while working in this country. An expansion of GRANDEG production is preferable, but it is dependant on the country's political decision.

Source: www.baltic-course.com/

Romania: BAXI Targets Sales of €4.5 million in 2010

BAXI ROMANIA, a heating systems distributor controlled by the German/British group BDR THERMEA, targets a turnover of €4.50 million in 2010. The company estimates that 30% of the sales expected in 2010 will have come from the 'SCRAPPAGE' program launched in September 2009. BAXI expects to sell 10,300 heating units in 2010.

Source: Ziarul Financiar



Russia: ATG Presents Boiler GENUS PREMIUM HP

ARISTON THERMO GROUP has presented two models of a new high capacity condensation boiler GENUS PREMIUM HP. The model 45 FF weighs 45 kg and the model 65 FF 50 kg. Condensing technology and intellectual control system of the boiler enable to reduce power consumption by 35%. Having a high efficiency coefficient, pollutant emissions are kept to a minimum. The boiler features a digital programming unit and a liquid crystal display. Average prices for the boilers range from RUB 71,250 (€1,800.99) to RUB 79,900.

Source: ESMEK

Russia: Company UPONOR Has a New Partner

The company UPONOR has summarised results of its operation in Russia in 2009. The German producer of heating equipment BUDERUS has become a new important partner to the company. Now, heating systems by BUDERUS are delivered to the Russian market together with components by the company UPONOR. The company have presented a new system for fitting UPONOR MLC Riser System, in the Russian market in 2009. 27 versions of the system make more than 300 combinations available for any technical solution in the pipes with a 25-100 mm diameter.

Source: Air Week

Slovakia: Solar Panel Production Remained Stable in 2009

The Slovak Government subsidies secured enough demand for solar panels in 2009 to keep the sales of the THERMO SOLAR ZIAR in Slovakia at about the same level as in 2008. The increase in sales in the Czech Republic, Austria, the Balkan countries and in the US helped to compensate for the decline in sales in Spain, Germany, the UK and Hungary.

THERMO SOLAR has therefore managed to increase its capacity by investing in modernisation about €1.50million, from both the EU structural funds and its own commercial sources. The capacity is enough to produce a potential 500,000 m² of solar panel a year. The purchase of a water heating solar panel system is subsidised by €200 per m² in Slovakia in 2010, which covers about 35% of the costs, including the installation.

Source: ESMEK



United Kingdom: Solar Panel Payback to be Slashed from 50 to 15 years

The payback time for installing solar photovoltaic panels will be slashed from around 50 years to just 15 when new government feed-in tariffs come into effect on 1st April, according to new research.

The government will reward households, businesses and communities who install low carbon electricity generating systems by enabling them to claim payments for the electricity they produce.

It is estimated the changes are likely to cause an explosion in demand similar to that already seen in Germany.

Germany has had feed-in tariffs for more than a decade and as a result it has stimulated one of the largest PV markets in the world. The UK now seems set to follow suit. Installing a PV roof to an average home costs around £12,000 and until now the long payback time has meant it has not been a viable option for most UK homeowners.

However, the new tariff will improve return on investment to such an extent that installing PV will become a sensible option for householders and businesses alike.

Under the scheme, homeowners and businesses will be paid 41p per kWh (36.1p for new homes) for electricity from PV panels, while they will buy it back at approximately 10p per kWh, guaranteeing them a tax-free income of approximately £600 pa for 25 years, rising with inflation.

In addition, an average household will save around £200 pa in energy costs, which means payback for installing PVs will be realistic within 15 years at current energy prices.

Source: www.hvnplus.co.uk



United Kingdom: Energy Suppliers Continue with Boiler Discounts for Homeowners

125,000 households have taken advantage of the scheme, which offered homeowners a £400 discount off the cost of a new A-rated boiler when they traded in the old G-rated one.

Energy suppliers are continuing with their own boiler discounts for homeowners as the Government's BOILER SCRAPPAGE SCHEME for England has now closed as the £50 million of funding set aside for the program has now been fully utilised.

From 1st April 2010 BRITISH GAS are offering a £200 discount off a new boiler plus one year's free HomeCare 200 boiler insurance worth £204. Purchases made prior to 30th May 2010 will also be offered interest free credit for a year.

Recently published figures from the Energy Savings Trust (EST) showed that as of 16th March 2010, 118,785 Government vouchers had been allocated with 35,390 A-rated boilers being installed. Since then the full allocation of vouchers has been taken up by homeowners. However, whilst the Government's discount is no longer available, energy firms are still offering their own incentives on new boilers.

BOILER SCRAPPAGE SCHEME for Wales and Scotland are also about to get going, with the Welsh scheme to start on the 6th April 2010 by offering a £500 discount, whilst the Scottish Government has pledged £2 million towards BOILER SCRAPPAGE SCHEME through its Energy Assistance Package scheme.

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United Kingdom: Boilers that Generate Electricity will Power Homes

New generation of domestic micro-combined heat and power units (micro CHP) could slash fuel bills and reduce carbon emissions.

Domestic gas boilers that can simultaneously generate electricity and heat has been unveiled in the UK, providing a lower-carbon option to power homes. The so-called micro-combined heat and power (micro CHP) units look like ordinary wall-hung gas boilers, but as well as generating heat for radiators and water, they produce electricity as a byproduct.

Traditional boilers are highly efficient at generating heat within the home, with more than 90% of the energy in the fuel converted into useful heat. But conventional electricity generation is highly inefficient, with as little as 35% of the energy in the fuel burned in the power plant becoming electricity in the home. Most of the rest is wasted as heat in the power station, with a smaller amount lost in transmission across the national grid.

But the new micro CHP devices create enough electricity for a one-bar electric fire as a byproduct of heat generation. This reduces wastage, with 92% of the total energy in the gas converted into heat or electricity. The new CHP boiler will be able to produce around 1,800-2,400 Kwh of electricity a year, more than half of the typical gas-heated home's total demand, because the electricity is generated "on site" without the need for transmission which wastes power.

Larger micro CHP devices have been sporadically available in the UK for a number of years, but the ECOGEN by BAXI - which has been launched at London's ECOBUILD show and will go on sale at the start of April 2010 through BRITHIS GAS - is the first to be comparable in size to a conventional boiler. The units will cost around twice as much as a large regular boiler - likely around £5,000.

Unlike solar panels and wind turbines, the ECOGEN does create carbon dioxide, since it burns natural gas. But by producing electricity alongside the heat, the device can reduce the carbon footprint of a typical three-bedroom home by around one tonne a year (or significantly more if replacing an inefficient 10-year-old boiler), according to the manufacturer.

According to BAXI's estimates, through a combination of the feed-in-tariff and reduced electricity demand from the national grid, typical users could expect to save around £350-£400 a year on their home energy bills, meaning that the extra cost of the device over and above an ordinary boiler could be paid off in around five years.

The first 30,000 people to install a micro-CHP unit will receive 10p for each unit of power generated, plus an extra 3p for each unit fed into the grid, for a period of 10 years. After the initial 30,000 installations, the situation will be reviewed by the government.

Various micro CHP technologies have been tested in the UK and elsewhere. The first ones to go on sale, like the ECOGEN, are based on Stirling engines: piston-based external combustion engines that convert heat into electricity with mechanical means.

The main limitation with this type of device is that a fairly small amount of electricity is produced relative to the amount of heat. As a result, the device is designed to be operated only when heat is



required, so the benefits are focused on colder months when central heating is needed.

The next generation of micro-CHP units, currently being trialled by various manufacturers and power companies, will use fuel cell technology to generate electricity and heat by chemical means. These create more power and less heat from each unit of fuel, which means less energy waste and greater carbon savings.

In addition, the lower heat output of fuel cell micro CHP units makes them more suitable for smaller and well-insulated homes. These second-generation devices are currently expensive to produce, however, and are unlikely to be available commercially in the UK for a number of years.

Source: Guardian Unlimited



Monthly Special: **Market Summaries for 13 'Group 1' Countries Published**

BRG CONSULT is pleased to announce that it has recently published preliminary 'Product Summaries' for the 13 largest (Group 1) countries as follows:

- France
- Germany
- UK
- Italy
- Spain
- Belgium
- Netherlands
- Austria
- Sweden
- Poland
- Russia
- Czech Republic
- Turkey.

BRG CONSULT's offering within the heating sector has evolved in line with the changing pace of the current and likely future market situation and has therefore been extended to cover selected renewable technologies in addition to traditional/conventional products.

Therefore, the full detailed coverage of BRG CONSULT's 2010 programme includes 30 country coverage of the European markets for:

- boilers & burners
- radiators
- water heaters
- heat pumps
- solar thermal systems
- solid fuel/biomass boilers.

For more detailed information on BRG CONSULT's heating studies, please contact Mr. David Harrop (dharrop@brgconsult.com) or alternatively call +44 (0)208 832 7860.

A detailed proposal is available upon request.

Source: BRG CONSULT