

# Heating May 2010



## International Market Strategy

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## Austria: The Biggest Photovoltaic Plant to be Built in St. Veit/Glan

A total of 10,800 m<sup>2</sup> of photovoltaic modules will be built around Carinthian town St. Veit/Glan. The photovoltaic plants to be built in this region will be the biggest of its kind in Austria, the municipal authorities announced in a press conference.

The investments will be conducted in co-operation with the federal state of Carinthia, energy concern KÄRNTNER ELEKTRIZITÄTS AG (KELAG) and private investor SKW SONNENKRAFT GmbH. The project implemented by KELAG will cost some €6.4 million, with the town providing €2 million for the project.

The second plant, to be built by SKW SONNENKRAFT, will cost €3.9 million, with CARINTHIA providing €650,000. The city hopes to get further subsidies next year, since due to the high construction costs the project will not be profitable at the beginning.

Source: [www.kelag.at](http://www.kelag.at)

## Europe: Construction Holds Back Recovery in EU Steel Demand

Steel consumption in the European Union is recovering and should continue rising in 2011, according to the latest forecast from the steel producers' group EUROFER. Output of steel-consuming industries fell 19% last year, but should rise by 1.1% in 2010 and by 4.1% in 2011.

Prospects for steel-consuming industries have improved and most are expected to show positive year-on-year growth from the second quarter of 2010 onward. The exception is construction – the EU's largest steel-consuming industry – whose outlook has deteriorated. Construction activity is expected to fall 2.4% this year on top of last year's 6.1% drop. Growth is forecast to resume only in the first quarter of 2011.

Source: [www.steelbb.com](http://www.steelbb.com)



## Finland: Finland Plans More Nuclear, Renewables

The Finnish government unveiled plans for two new nuclear reactors as part of the country's drive to meet the EU's climate obligations and free itself completely from Russian imports.

The EU has set itself a legally-binding goal to reduce its emissions by 20% from 1990 levels by 2020. Moreover, it has pledged to raise this to 30% if other countries make comparable commitments.

The EU agreed a new Renewable Energy Directive in December 2008, which turns into law its binding target to source 20% of the bloc's energy from renewable sources by 2020. It sets individual targets for each member state.

Ministers emphasised that the plan should allow Finland to become entirely independent of electricity imports by 2020.

'It's historic that these decisions allow Finland to rid itself of foreign electricity imports after many decades,' Pekkarinen said, declaring that the new decision would take Finland in a "radically carbon-free direction".

Last year, Finnish electricity imports from Russia hit an all-time high, according to Statistics Finland. Of all the electricity consumed in Finland, 15% was imported.

Four nuclear reactors generate around a quarter of the country's electricity. Finns have traditionally been among the most positive EU nations towards nuclear, but recent polls show that attitudes are hardening.

The building of the fifth reactor in Olkiluoto has been heavily criticised, as the project - awarded to France's Areva - has been repeatedly delayed and the Finnish regulator has voiced concerns about the reactor's safety.

The Green party is a fervent opponent of nuclear power, but its voice is an isolated one among its coalition partners.

The government is to take a final decision on the proposal next month, but no changes are expected. The bill could, however, face an uphill battle in parliament.

Ville Niinistö, chairman of the Green Parliamentary Group, said the government's proposal could still change in parliament, reported Helsingin Sanomat, Finland's biggest daily newspaper. He argued that even many supporters of nuclear think two new plants is too much.

Environmental groups slammed the decision, arguing that building even one new reactor would make Finland the world's biggest producer of nuclear waste per person.

The nuclear decision comes after the government on Tuesday reached agreement on a renewables package that would give hundreds of millions to developing clean energies.

The government said renewable energies would get €327 million per year by 2020. This would come



on top of investment subsidies, which would amount to around €100 million per year.

The package aims to deliver Finland's obligations under the EU's Renewable Energy Directive to increase the share of renewables in its energy mix to 38% by 2020.

The lion's share of the required increase, 55%, would come from wood, and the rest from increasing the use of biofuel in transport, wind energy and increased use of heat pumps, the government said.

The Greens in the European Parliament described Finland's nuclear decision as a dead end.

"Finland is becoming a test dummy for big European power companies and the nuclear industry, who shift the burden of the huge risks to Finnish people, the majority of whom do not support additional nuclear projects. Ignoring these warning signals may well be the biggest political mistake in Finland after the Second World War," said Finnish Green MEP Satu Hassi.

Conservation NGO Luonto-Liitto said building more nuclear plants would lead to massive nuclear electricity exports.

Source: [www.euractiv.com](http://www.euractiv.com)

## Finland/ Norway: Swedish NIBE to Take Over Distributors

Swedish heating products specialist NIBE announced that it had agreed to buy ABK, a heating products distributor in Norway and LOTUS HEATING SYSTEM, a metal heating stoves supplier in Denmark, for undisclosed prices.

Under the terms of the agreement, NIBE will take 50% of ABK immediately and the other 50% in 2014. ABK will be integrated into NIBE Energy Systems business, with its current management board members retaining their positions. ABK, employing 50, generated NOK200m (€25 million) in revenues in 2009.

The deal is subject to regulatory approvals, expected within a month.

LOTUS will continue to operate independently as part of NIBE Stoves business, and will also retain its management. It generates annual revenues of SEK120m (€12.4 million).

Source: M&A Navigator



## Ireland: KINGSPAN Powers €500k Solar Revolution

Armagh company KINGSPAN RENEWABLES has invested €500,000 in new technology, which it believes will revolutionise the solar technology market world-wide.

Developed over three years at the company's headquarters in Portadown, the new VARISOL product is a modular vacuum tube solar collector made from polymer materials. It uses click-fit technology that allows installers to join individual tubes together easily, to create solar collectors of varying sizes.

The tubes can also be connected to the direct flow tubes in KINGSPAN's existing THERMOMAX range, used for water heating, central and underfloor heating, and solar cooling.

KINGSPAN will sell VARISOL through an existing network of installers, distributors and original equipment manufacturers worldwide.

The company also sells SOLAMAX, a PV module from MITSUBISHI for solar electricity, KINGSPAN SOLAR high-performance flat plate collectors and AEROMAX air source heat pumps.

Source: Sunday Business Post

## Ukraine: POSCO is Eyeing New Investments

POSCO is looking to acquire the Ukrainian sheet and coil producer ZAPORIZHSTAL. After participating in the preliminary bidding process, the Korean mill is about to begin due diligence.

A POSCO spokesman revealed that the company has been eyeing several potential investments in addition to this one.

ZAPORIZHSTAL is Ukraine's fourth largest producer of hot and cold rolled coils, alloyed and stainless steel flat products, with a capacity of 4.5 million tonnes [per year. It is majority owned by MIDLAND GROUP.

According to unofficial source ARCELORMITTAL and SEVERSTAL ArcelorMittal are also undertaking the due diligence process, which is set to conclude in May. Formal bids would then be held in June.

The Ukrainian mill's close ties with raw material resources might be attracting POSCO's interest. ZAPORIZHSTAL owns 29% of ZAPORIZHYA IRON ORE MINING Co. POSCO is aggressively moving to lift the share of captive raw materials to 50% by 2014, from 17% expected this year.

Source: [www.steelbb.com](http://www.steelbb.com)



## United Kingdom: District Heating Energy Centre Gets the Go-ahead

A district heating network using renewable energy will be used in the development of a new community and business park in Devon.

The heating network will serve both the community of Cranbrook and the £120 million Skypark development near Exeter airport, significantly reducing CO<sub>2</sub> emissions across both developments.

A combination of £3.7 million grant funding from the HCA's Low Carbon Infrastructure Fund, together with further contributions of £400,000 from local authority partners and significant investment from E. ON, St Modwen and Cranbrook's developers, has successfully bridged the funding gap enabling this scheme to go ahead.

Exeter and East Devon Growth Point Chairman and East Devon District Councillor Ray Franklin said: "What we are actually doing is rewriting the blueprint for how developments are built and how energy can be supplied. We will be one of the first local authorities in the country to build a mass open market development with district heating from day one."

A biomass district heating scheme for the first 2,900 homes at Cranbrook could provide an estimated, 10,000 tonnes of CO<sub>2</sub> savings a year.

Further good news came with the announcement from East Devon District Council that it had approved planning permission for the schemes' energy centre, which is to be built on the site of the Skypark development near Exeter Airport.

Regeneration firm St Modwen is a joint venture partner with Skypark. Senior development manager Ian Guy said: "The energy centre facility fully supports our plans to make Skypark a sustainable employment hub to serve Exeter and Devon's economy, creating up to 6,500 jobs locally."

Source: [www.hvnplus.co.uk](http://www.hvnplus.co.uk)



## United Kingdom: BRITISH GAS Supports CHP

Combined heat and power systems (CHP) can dramatically increase the efficient use of energy. As the name suggests, they use the same fuel source both to generate electricity and provide usable heat, whether from fossil fuels, such as natural gas, or renewable energy sources, such as wood chips.

Conventional coal- and gas-fired power stations, which discard heat, achieve only 38% and 48% efficiency respectively; with CHP systems, which capture heat and then make use of it, this figure can rise to 70%. They can work the other way around too, generating electricity from systems designed for heating.

CHP systems operate on different scales, depending on the size of the job. Denmark, Finland, Sweden and the Netherlands use large municipal-scale systems. For example, some 275,000 homes in Copenhagen are served by a vast CHP network. Others work at a smaller neighbourhood level or for small groups of homes.

There are now micro designs on the market, for use in a single home. The first one that is comparable in size to a conventional boiler goes on sale this month through BRITISH GAS.

BAXI ECOGEN, designed for use in average-sized houses, provides 24 kW of thermal output for space heating and hot water, generating electricity as a by-product. It will be capable of producing 1,800 to 2,400 Kwh of electricity a year, more than half the total demand of a typical gas-heated home.

These units cost about £5,000, about twice as much as a large regular boiler. But not only will a CHP system cut your electricity bills, it will also be eligible for payments under the government's new CLEAN ENERGY CASHBACK SCHEME.

BAXI estimates that through the CASHBACK scheme and reduced electricity demand from the national grid, users could save between £200 and £600 a year on home energy bills. This saving should offset the extra cost of the device within six or seven years. After that, you will be saving money.

Source: Sunday Times



## United Kingdom: VENT AXIA to Launch Heat Pumps in May

UK ventilation firm VENT-AXIA will launch ground source and air source heat pumps in the end of May 2010, aimed at the domestic and light commercial markets.

The company believes that with the launch of the Renewable Heat Incentive in April 2011, renewables will become an increasingly attractive option for homeowners, specifiers and landlords.

Previously, the firm has concentrated on its energy efficient ventilation products, and it hopes that its heat pumps will increase the specification of its products as part of a whole-house solution.

The UK's feed-in tariffs for micro-generation kicked in on 1<sup>st</sup> April and will be followed up by incentives for renewable heat generation. The new subsidies will be introduced from April 2011 to back technologies such as ground source heat pumps, biomass boilers and air source heat pumps.

Source: ADP News Renewable Energy Track



## Monthly Special: Czech Construction Market Remained Stable in the Crisis

During 2009, there may not have been many who placed high bets on the Czech construction market, as most experts saw it on the way towards a major contraction. But it turned out as the proverb says: the condemned live longer. The industry showed some signs of life in the second half of the year, eventually leading to a market value that remained almost unchanged in comparison to 2008.

According to the Czech Statistic Office, the Czech construction industry showed its relative strength and regained some momentum toward the end of the year. In consequence, the value of the market eventually contracted by a mere 1% in 2009. The construction of buildings saw a steep 7% reduction throughout 2009 as a whole, but this fall was almost counterbalanced by the healthy 14.3% growth in civil engineering output.

Most of this infrastructure work pertained to major transport projects around Prague and in Moravia. Some of these projects will continue during the next few quarters, and several new infrastructure projects, typically supported by the government and European funds, will be launched.

These projects will not, however, be sufficient to prompt a major revival on the construction market in 2010, as construction of buildings remains subdued: property developers still find it difficult to obtain funding for their projects. Banks remain cautious with regard to the property market despite the fact that demand for property, including residential, continues to be relatively strong. The ongoing problems with liquidity will be overcome only after sentiment improves on the global financial markets.

When almost all projects which relied on private funds came to a halt in 2009, the Czech construction industry was expected to undergo a severe contraction, and its condition seemed similar to those of crisis-struck countries like Slovakia, Romania and Bulgaria. As if the economic crisis were not enough, construction companies in the Czech Republic have been under constant pressure from the government to adhere to inspections and regulations pertaining to licensing and safety. Furthermore, the industry has experienced increasing pressure from clients to reduce costs and improve completion times.

Source: Buildinfo Consult