

# Heating November 2009



## International Market Strategy

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## Czech Republic: Environment Ministry Allows ČEZ Power Station Plan

The Environment Ministry has decided that Czech state-owned power producer and distributor ČEZ can proceed with plans to build a new steam-gas power plant in Počeradý, some 15 km Northwest of Louny in northern Bohemia, despite opposition from environmental groups and local authorities in the Ústecký region. Following the decision, ČEZ can now apply for planning permission for the project with an estimated cost of CZK 20 billion (€766 million).

The ministry has approved the plan despite the fact that the Ústecký regional authorities fear the plant will be another source of pollutants.

According to the report, the ministry set 48 conditions ČEZ has to meet during the construction and operation of the plant, including selection of the most environment-friendly technologies and building noise reduction structures.

ČEZ has already selected Škoda Praha Invest to build the power plant with an output of 821 megawatts, which should commence electricity deliveries in 2013.

The RWE group Gas will supply gas for the plant for at least fifteen years under a contract already signed with ČEZ. The contract is the largest RWE has ever signed with a single client, RWE Transgas board chairman Martin Hermann said following the signing.

Source: [www.cbw.cz](http://www.cbw.cz)

## Czech Republic: DALKIA Interested in Takeover of NWR ENERGY

Energy company DALKIA is interested in taking over heating utility NWR ENERGY, which is part of the NEW WORLD RESOURCES (NWR). Neither NWR nor DALKIA have confirmed the transaction. NWR management announced in the summer that it will sell its assets in the energy industry because it wants to focus on coal extraction. According to the daily's information, a minority stake in DALKIA will probably be sold by end-2009 to power producer ČEZ which holds the majority state in NWR Energy.

Source: Hospodarske Noviny

## Europe: Gloomy Outlook for European Steel Market

Excess supply of steel in the European market could endanger the recovery of prices, as mills expand production capacities and demand in the Far East remains unchanged in the fourth quarter and going into 2010.

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

## France: VAILLANT Inaugurates its Solar Panels Production Line in Nantes

The Nantes factory inaugurated its production line for solar thermal panel on 30<sup>th</sup> September. The German company has increased its capacity to supply an increasing market, with predictions still positive for the coming years.

The Nantes site, already manufacturing wall hung condensing boilers, will become the main site to cover Southern Europe, especially Spain and Italy. It should soon reach a production capacity of 500 units a day, so 250,000 m<sup>2</sup> per year (similar capacity to the Gelsenkirchen site, opened in 2008). For a €3.5 million investment, essentially spent in machines, the French site continues its industrial conversion, which will lead to the production of air-water heat pumps before the end of the year.

Source: Negoce

## Germany: E.ON to Acquire ELECTRABEL

German electricity and natural gas supplier E.ON is to acquire from Belgian counterpart ELECTRABEL, which is part of GDF SUEZ, sole control over two power plants and drawing rights for electricity capacity in Belgium and the Netherlands.

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

## Poland: ENEA Wants End for Domestic Subsidies

Polish power utility ENEA intends to lobby the country's ENERGY REGULATORY OFFICE (URE) to increase electricity prices for domestic customers in 2010. Electricity prices for households in Poland are subsidised and what the domestic consumers currently pay does not even cover production costs. Prices for commercial customers, however, are set by the market as required by EU law. On 1<sup>st</sup> September 2009, the Polish power regulator said the local electricity market is not ready for a liberalisation of power prices for households, which account for 25% of ENEA's total energy sales. Germany-based RWE has already submitted a bid for a majority stake in ENEA, but the outcome is not yet known. ENEA shares have risen 63% this year, outperforming a 35% gain in the Warsaw Stock Exchange's wider WIG index.

Source: [www.profit.cz](http://www.profit.cz)

## Turkey: Firm Co-owned by ČEZ Bids for Three Turkish Distributors

Energy company AKENERJI ELEKTRİK ÜRETİM, co-owned by Czech power producer ČEZ, is among 29 firms that have placed bids in tenders for three distribution companies in central, northern and north-east Turkey. The companies up for sale are OSMANGAZI ELEKTRİK DAĞITIM (with a 3.8% market share), YESİLİRMAK ELEKTRİK DAĞITIM (3% market share) and CORUH ELEKTRİK DAĞITIM (1.7% market share).

Source: [www.cbw.cz](http://www.cbw.cz)

## United Kingdom: ATW Heat Pumps to Qualify for Business Tax Incentive Scheme

The 2009 draft of a list that details the criteria for each type of technology that qualifies for the Enhanced Capital Allowance scheme, the main UK scheme encouraging businesses to invest in energy-saving equipment, for the first time considers single split and packaged air-to-water heat pumps.

The Enhanced Capital Allowance (ECA) scheme, introduced in 2001, is a key part of the UK Government's programme to manage climate change, and is designed to encourage businesses to invest in energy-saving equipment. The scheme provides a tax incentive to businesses that invest in equipment meeting published energy-saving criteria, but until recently did not consider the case of air-to-water heat pumps.

Among other proposed criteria, single split and packaged products must be CE marked and meet certain performance criteria, such as a COP in heating mode greater than 4.0 at 100% load and EER in cooling mode greater than 3.1 at 100% load.

Source: [www.ehpa.org](http://www.ehpa.org)

## United Kingdom: MITSUBISHI ELECTRIC Begins ATW Heat Pump Production

MITSUBISHI ELECTRIC (MELCO) revealed that it was starting production of the air- to -water (ATW) heat pump water heater series 'ECODAN' for European markets at its factory in Scotland at the end of August.

According to MELCO, it established the subsidiary MITSUBISHI ELECTROCIS AIR CONDITIONING SYSTEMS EUROPE Ltd. in Livingston, Scotland, the United Kingdom in 1993. In line with the company philosophy of optimising production locations, meaning making products for Europe in Europe, MELCO plans to utilise the factory for production of European-bound ATW heat pump water heaters concurrently with ongoing heat pump production at its Shizuoka Works facility in Japan.

The company is looking to shorten lead times and avoid spikes in costs due to currency fluctuations by switching to local production. Accompanying this move, MELCO will also establish a technical service and support network. MELCO is strengthening its training program for dealers in the United Kingdom and establishing a sales network with marketing and installation capabilities. The company had targeted expanding the number of dealers that carry MELCO products to 250 by the end of fiscal 2009 (end March 2010), but as of this September it has already expanded its dealer network to 400. It is now seeking further network expansion.

The ECODAN line up of ATW products will contain a total of 22 models after one large capacity Zubadan unit (8 hp) is added this fall. All models come equipped with inverters. MELCO's ATW line up features both mono-block type units and split type units to cover a variety of customer needs. The company's advanced Zubadan technology is also adopted in eight of these models, which was developed for heating applications in cold weather regions.

Up to now, boilers have comprised the main heating equipment in Europe. Approximately 6 million boilers are sold annually, double the demand of the air conditioning market on a value basis. But ATW heat pumps are expected to account for about 1 million of these 6 million units in the coming years. Moreover, in order to reduce CO<sub>2</sub> emissions from burning fossil fuels, air- source and water-source heat pumps have been recognised as renewable energy within the European Economic Recovery Plan and the RES Directive passed in October 2008. Subsequently, France and several other European countries are offering subsidies as an incentive to purchase heat pump equipment, which is providing a needed boost to heat pump water heating market expansion.

These market conditions have prompted almost all major Japanese air conditioner manufacturers to capitalise on their advanced heat pump and inverter technology and enter the European ATW market. As major fuel-fired boiler manufacturers as well as heat pump manufacturers from Japan and Korea have jumped into the heat pump water heating/hydronic heating market in the last few years by way of alliances, acquisitions, OEM agreements and joint development ventures, the stage is set for a battle among the market competition.

Source: [www.ejarn.jp](http://www.ejarn.jp)



## World: Global Economy Recovering Faster than Expected

The global economy is recovering faster than expected, said an INTERNATIONAL MONETARY FUND report.

According to the World Economic Outlook, the world should grow by 3.1% in 2010 with much of the recovery driven by emerging economies such as China and India. That is up from the 2.5% in the IMF's previous set of estimates. For 2009, the IMF expects a 1.1% decline of global GDP instead of the 1.4% contraction it predicted in July.

For the U.S. the IMF raised its 2010 growth forecast by 0.7% to 1.5%, following an anticipated 2.7% contraction in 2009.

Japan, Asia's largest economy, is expected to grow by 1.7%.

The report said much of 2010's global growth will be dependent on Asia, not least China and India, which are expected to grow by 9% and 6.4% respectively.

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