
PRESS RELEASE

19 April 2012

Developments of the CZ-SK-HU Market Coupling Project

The Steering Group of CZ-SK-HU Market Coupling (MC) Project discussed the latest development and welcomed the continuous enthusiasm and full commitment of all involved parties. The Parties and the Steering Group (SG) are accepting the wish of market players to have adequate information and preparatory time before the start of the MC. The SG agreed to organize workshops in the first half of June in each of the involved countries with a purpose of introducing and sharing those information and “educational” materials, which are necessary for market players to be ready for trading on the coupled markets. The detailed time-schedule and the planned milestones/actions of the Project will be introduced on these workshops. The SG is furthermore analysing the formal market participant request received recently for starting the MC operation after summer holiday season.

The Steering Group of Czech-Slovak-Hungarian Market Coupling on its meeting 16 April 2012 welcomed the reports of working groups on the latest development of the Project. There are important results in the Project, such as decision and on-going implementation of common TSO functions (e.g. Shipping Agent), accepting the possibilities of negative prices on Hungarian market, successful IT developments, further discussion with the interested Romanian parties.

The SG discussed the preparatory elements of the Project, which have interrelation with market players/stakeholders and providers of IT solutions. SG was also informed that the market participants formally requested to go-live with the trilateral MC after the summer holiday season.

By this point of implementation the SG decided on the approximate date of workshops already planned to provide the information necessary for market players to prepare for the launch of the MC. The Parties will organize the workshops in a harmonized manner but on national level giving enough room for potential specialities. On the workshops, which are scheduled for the first half of June 2012 (week 23 and 24), the Parties will present all necessary information to be prepared for trading on the coupled market (i.e. daily routines and processes, expected changes in market rules, description of decoupling, fall-back procedures, etc.).

According to the former request of market participants to provide sufficient time for preparation of market participants and avoiding the start up in the high season the SG is furthermore analysing the possibility for go-live as soon as summer holiday is over. The market participants will be informed on the detailed implementation time-schedule on the workshops.

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Background information:

HUPX Magyar Szervezett Villamosenergia-piac ZRt.

MAVIR Ltd. established its subsidiary, HUPX Hungarian Power Exchange Ltd., on 9th May 2007 with a registered capital of 20 million Hungarian Forints. The most important task of the project company was to complete the preparatory works for the establishment of the organized electricity market. HUPX Ltd. prepared the documents required for the license application submission, and entered into negotiations regarding the IT support of the trading system.

Having met the requirements set in Decision No. 794/2008 of the Hungarian Energy Office, MAVIR Ltd. submitted the license application documentation for the establishment and operation of the organized electricity market on 11th September 2008 through its subsidiary, HUPX Hungarian Power Exchange Ltd.

After a long consultation process, in its Decision No. 136/2009 dated 9th April 2009, the Hungarian Energy Office issued the license for the operation of the organized electricity market for 10 years to HUPX Hungarian Power Exchange Ltd. HUPX has started its day-ahead market operation on 20th July 2010. For more information please visit www.hupx.hu

MAVIR – the Manager of Power

MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság [MAVIR Hungarian Independent Transmission Operator Company Ltd., MAVIR ZRt.] is a young organization with great traditions and vast experience. Tradition, experience and youth in this case are not contradictory: before the establishment of MAVIR, the National Power Dispatch Centre had been performing the technical tasks of system operation since November 1949. By creation of the integrated transmission system operator (TSO) on 1st January, 2006 the transmission system operator incorporated the Division for Network Operation from National Power Line Company Ltd. and Division for Transmission Network from Hungarian Power Companies Ltd. A highly skilled team of experts, who love their profession and pursue it on a high level have joined MAVIR ZRt., which is more than the old dispatch centre: today MAVIR ZRt.'s duties, are as follows:

- to provide for the reliable, efficient and secure operation of the Hungarian Power System including the required reserve capacities of generation and transmission;
- to supervise and augment the assets of the transmission system, to perform any renewal, maintenance and development works required for a proper and reliable supply;
- to ensure the undisturbed operation and further extension of the electricity market and access on equal terms for system users;
- to process the data received from the participants of electricity supply;
- to inform the market players as not to have unfeasible contracts;
- to harmonise the operation of the Hungarian Power System with the neighbouring systems;
- to coordinate international co-operations;
- to prepare the Network Development Strategy and to put forward proposals for the development of the generation pool.

On the basis of certification included in the Decision of Hungarian Energy Office dated of 13 March 2012, MAVIR is operating in accordance with ITO (Independent Transmission Operator) model; thereby MAVIR is the owner and operator of the transmission network within a vertically integrated electricity corporation. For more information please visit www.hupx.hu

HEO

The Hungarian Energy Office is a national public administration body with independent powers and competence, acting under Government control and under the supervision of the Minister of National Development. The Office was established in 1994 to perform the tasks specified in act on gas supply, as well as in act on electric energy. Concerning the CZ-SK-HU market coupling project, according to the provisions of the acts, the main responsibilities of the Office are the followings:

- issues and amends the licenses for the transmission system operation (MAVIR) and for the operation of the organized market (HUPX),
- approves the general terms of electric energy market (Commercial Code prepared by MAVIR, Market Rules of HUPX), as well as the business codes of the license holders
- determines the sphere of information to be disclosed,
- investigates customer complaints.

Additional information is available on www.eh.gov.hu

OTE, a.s.

OTE, a.s., the Czech electricity and gas market operator, (OTE) is a joint stock company established in 2001. OTE provides comprehensive services to individual electricity and gas market players in the Czech Republic. OTE commenced organizing trading in the day-ahead electricity market in 2002 and the intra-day and block electricity markets in later years. OTE has been the market operator on the gas market since 2010 including operation of day-ahead gas market and intraday gas market. Continuous data processing and exchange required for the accounting and settlement of imbalance between the contractual and actual volumes of electricity and gas supplied and received are among services offered by the OTE to players in the Czech electricity and gas markets, as well as administrative procedures associated with a switch of supplier. The OTE also administers the National Register of Greenhouse Gas Emissions. OTE is the holder of the license for market operator's activities, which includes activities in the electricity and gas market in the Czech Republic.

Additional information is available on www.ote-cr.cz.

ČEPS, a.s.

ČEPS, as a holder of an electricity transmission licence issued by the Energy Regulatory Office in accordance with the Energy Act, is the sole Czech Transmission System Operator. The Company is responsible for the maintenance and upgrading of 39 substations comprising 68 transformers allowing electricity to be supplied from the transmission system to the distribution grid, as well as of 400kV lines with a total length of 2979km and 220kV lines with a total length of 1371km. ČEPS is a member of relevant European international organisations. The Company is responsible for maintaining the balance of electricity supply and demand within the Czech power system in real time (system services) and for organising cross-border power exchanges including transits. ČEPS has traditionally been involved in the creation of liberalised electricity markets both in the Czech Republic and Europe. Additional information is available on www.ceps.cz.

ERÚ

The Energy Regulatory Office ('ERÚ') was established on 1 January 2001 by Act No. 458/2000 of 28 November 2000, on the Conditions of Business and State Administration in the Energy Industries and Changes to Certain Laws ('the Energy Act') as amended, as an administrative authority for regulation in the energy sector in the Czech Republic. The ERÚ is mainly responsible for support for competition on energy market, support for the use of renewable energy resources and protection of consumer interests in the areas of energy industries, in which competition is not feasible..

Additional information is available on www.eru.cz

OKTE, a.s.

OKTE, a.s., is the Short Term Day-Ahead Market Organizer in the Slovak Republic accredited by the Ministry of Economy of the Slovak Republic. OKTE, a.s., was registered as an independent legal entity on 11 August 2010. The main business of the company is regulated and selected types of services provided are subject to price regulation by Office for Regulation of Network Industries. Organization of Short Term Daily Market operates according to the Operating Order of OKTE, a.s. The organized short term daily market allows the market participants to offer or request electricity, to increase the option of having a balanced business position before the supply/off-take a decrease the probability of having a deviation between planned and real value of supply/off-take of electricity. Other responsibility of OKTE, a.s. is settlement of imbalance in the Slovak Republic.

Additional information is available on www.okte.sk.

Slovenská elektrizačná prenosová sústava, a. s.

Since 21 January 2002 the company Slovenská elektrizačná prenosová sústava, a.s. operates transmission system in the Slovak Republic as an independent legal entity. Mission of the Company is to reliably operate the transmission system, ensure dispatching control of the system, its maintenance, renewal and development so as to ensure a sustainable and quality supply of electricity to all users of the transmission system and its parallel operations with adjustment transmission systems. At the same time it is essential for the Company to adhere to transparent and non-discriminatory principles of accessing the network with a minimum impact on the environment. It is also essential to respect the requirements proceeding from the national and EU legislation, national regulatory authority's decisions, pertinent rules for operations and international co-operation within the synchronized inter-connected electricity network of EU. Additional information is available on www.sepas.sk.

RONI

The Regulatory Office for Network Industries is a state administrative authority established by the Act No. 276/2001 on Regulation in Network Industries. The Office fulfils the function of the regulatory body, together with the Board of Regulation, in the electricity, gas, heating and water management sectors with the aim to create and support the competitive-like environment, to protect both the consumers and the interests of licence holders to achieve reasonable return rates on investments, and provide for reliable, economic and good quality supplies of goods and services related to regulated sectors. www.urso.gov.