

Czech Market Operator OTE joins the Price Coupling of Regions Initiative 4 March 2013

4 March 2013 - Amsterdam / Brussels / Madrid / Oslo / Paris / Prague / Rome

– **The project partners of the Price Coupling of Regions (PCR) today welcome the Czech Market Operator OTE** as a partner to the PCR Initiative. OTE is the seventh member of PCR, an initiative to facilitate the pan-European coupling of day-ahead power markets. OTE's participation in the PCR Initiative is a clear signal of OTE's commitment in European Integration activities.

As the Power Exchanges involved in the PCR Initiative aim to develop a wider cooperation across Europe, the Initiative is open to other European Power Exchanges wishing to join.

PCR is the Initiative to develop a single price coupling solution to be used to calculate electricity prices across Europe. This is crucial in order to achieve the overall EU target of a harmonised European electricity market, expected to increase liquidity, efficiency and social welfare.

PCR is based on three main principles: the use of a single algorithm, robust operation and individual Power Exchange accountability. The use of a single algorithm will give a fair and transparent determination of day-ahead electricity prices across Europe and has been developed by respecting the specific features of the various power markets across Europe. Consequently it will optimise the overall welfare and increase transparency.

The PCR system service enables the exchange of anonymous orders and area-to-area transmission capacities among the Power Exchanges in order to calculate area prices as well as other reference prices and area-to-area cross border-transmission flows for all involved bidding areas.

PCR has created a governance structure based on a PCR Co-Ownership Agreement and a PCR Co-Operation Agreement to govern the cooperation among the PCR Exchanges.

By jointly developing a pan-European market coupling algorithm and coordinating the governance structures between Power Exchanges, the Price Coupling of Regions Initiative enables the achievement of the European Day-Ahead Target Model, due by 2014. The Target Model is the pan-European price coupling solution fully described in the Capacity Allocation and Congestion Management Framework Guidelines published by the Agency for Cooperation of Energy Regulators (ACER).

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About the partners:

APX - is Europe's premier provider of power exchange and clearing services for the wholesale market, operating transparent platforms in the Netherlands, the United Kingdom and Belgium. APX provides exchange trading, central clearing & settlement and benchmark data and industry indices distribution services to over 150 members from more than 15 countries. Belpex N.V. of Belgium is a 100% subsidiary of APX.

Belgian Power Exchange (Belpex) is a leading contributor to the integration of the European electricity markets, accountable for delivering transparent price signals to its participants and the community. Belpex is focused on delivering electricity market services that bring value to its members and the entire Belgian electricity wholesale market. Belpex is a 100% subsidiary of APX-ENDEX.

EPEX SPOT SE operates the power spot markets for France, Germany/Austria and Switzerland (Day-Ahead and Intraday). Together these countries account for more than one third of the European electricity consumption. EPEX SPOT is a Paris-based company under European law (Societas Europaea) with a branch in Leipzig. 339 TWh have been traded on EPEX SPOT's markets in 2012.

GME is the company which organizes and manages the wholesale electricity market in Italy under principles of neutrality, transparency, objectivity and competition. Moreover, GME is directly committed to supporting the implementation of environmental protection policies, by organising and managing Environmental Markets. Law no. 99 of 23 July 2009 also assigned GME, on an exclusive basis, with the organisation and economic management of natural-gas markets, which consist of the Platform for the trading of natural gas, the Spot Gas Market and the Gas Balancing Platform. Additionally, art. 32 of Legislative Decree no. 93 of 1 July 2011 entrusted GME with the task of managing physical forward gas markets.

Nord Pool Spot operates Europe's leading power markets, offering both day-ahead and intraday trading to its members. 370 companies from 20 countries trade on Nord Pool Spot's markets in the Nordic and Baltic regions, and on our UK market N2EX. In 2012 the group had a total turnover of 432 TWh traded power. Our markets are operated from offices in Oslo, Stockholm, Helsinki, Copenhagen, Tallinn and London. Nord Pool Spot strives continually to strengthen its business by working with integrity, together with members and stakeholders, to achieve excellence.

Operador del Mercado Ibérico, Polo Español S.A. (OMIE) is an Iberian company created with the purpose of managing markets in underlying energy assets. As its main function, OMIE is the responsible for the management of the Iberian electricity spot market, running every day the day-ahead and six intraday markets encompassing all Iberian electricity. In addition to this core function, OMIE is responsible for the management of several energy-related product auctions, including both physical and financial products.

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. 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.