



PRESS RELEASE

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CZ-SK-HU Market Coupling project successfully launched

29th June 2011 the project heading to Market Coupling of CZ-SK-HU market areas started. Following the Memorandum of Understanding signed 30th May 2011, Czech, Slovak and Hungarian Transmission System Operators (ČEPS, SEPS, MAVIR), Power Exchanges (OTE, OKTE, HUPX) and National Regulatory Authorities (ERU, URSO, MEH) confirmed the goal to couple the markets by second quarter of 2012 and created the project governance structure.

The first meeting of the stakeholders took place on 29th June, 2011 in Budapest. All parties involved expressed their motivation to proceed quickly and agreed on an ambitious goal for the introduction of a coupled day-ahead auction in Q2 2012 with an additional goal; to be ready to join the CWE region in 2012. The group furthermore established important milestones and a project structure in order to ensure an efficient project management. The project team consists of three working groups managed by a Project Management group and supervised by a Steering Group that acts as a project sponsor and last resort decision maker. The project structure respects the roles and responsibilities of the parties in the envisaged Market Coupling solution.

The project team discussed a first framework of the solution, which will be further elaborated by the working groups. The solution intends to be fully compliant with the EU Day-Ahead Market Target Model and shall contribute to the creation of the European Internal Electricity Market by 2014 as requested by the European Council. The parties welcome that neighboring countries join the project. That is why the solution will support simple extension.

Mr. Medveczki (CEO of HUPX), the project manager said: "Experience with market coupling in West and North Europe are appreciated by all market participants. It shows that market integration contributes to the increase of the efficiency of cross-border capacity allocation and liquidity of the spot markets, which leads to more transparent setting of electricity prices. Consequently it contributes to a higher security of electricity supply, considering as well the demands of consumers."

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.

MAVIR – the Manager of Power

MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság [MAVIR Hungarian Transmission System 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.

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.

OKTE, a.s.

OKTE, a.s., is the Short Term Day-Ahead Market Organizer (MO) in 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. is deviation settlement in Slovak Republic. Additional information is available on www.okte.sk.

Slovenská elektrizačná prenosová sústava, a. s.

Since 21 January 2011 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.sepsas.sk.