

Offers for the OTE Day-Ahead Market from PXE Financial Futures

PXE, in cooperation with OTE, has prepared the possibility starting February 2011 to submit on behalf of PXE trading participants bids to buy and offers to sell on the OTE Day-Ahead Market for the purpose of physical delivery ensuing from an open position in CZ financial futures (the “bid/offer”). PXE participants who trade financial futures and have access to the OTE Day-Ahead Market through PXE’s trading system are able to take advantage of this possibility.

A PXE participant will be able to submit such offer only through the new PXE Monitor or web service and that only for the following month and no later than the final trading day on which the given monthly financial futures are traded. During the month of maturity, it is no longer possible to freely change selected values. Through the PXE Monitor, the participant submits a request for an entire month. In the respective report, the participant will always see:

- 1) his current position (base and peak) for the following month (cascaded),
- 2) the value that he entered, and
- 3) the up-to-date value that would automatically be entered by PXE on the OTE Day-Ahead Market according to the participant’s current position.

The PXE participant can submit one request to buy or sell per base month and one request to buy or sell per peak month. Individual bids/offers are submitted in MW, not including the price, and may not be higher than the given participant’s open position on the monthly financial future after the end of the final trading day for that future (including cascading), and it must respect the short or long open position of the monthly future. If the submitted offer is higher, the value of the monthly financial future’s open position is entered. If the direction (long/short position) is not observed, the participant’s offer is invalid.

Over the course of the month, PXE then submits bids/offers for the participant according to his submitted request on a daily basis (on Friday for Saturday, Sunday and Monday) on the OTE Day-Ahead Market. A maximum of one bid to buy and one order to sell is submitted for the participant for each trading day, comprised of the sum of base and peak requests to buy or sell. Orders are submitted only through PXE’s system, independently and concurrently in addition to standard bids/offers entered by the participant on the Day-Ahead Market directly through the OTE or PXE interface.

These bids/offers have an unspecified price and cannot be checked against a spot limit. Only OTE monitors financial hedging against deviation, and it does so pursuant to its Business Terms and Conditions. The participant thus need not have a spot limit set on PXE for this service.

A price is assigned to the bids/offers according to the following principle pursuant to OTE’s Business Terms and Conditions:

- a) For bids to buy, the OTE system designates as the bid price for each hour of the bid the maximum price of all bids to buy and offers to sell matching up for the Czech Republic in a given hour.
- b) For offers to sell, the OTE system designates as the offer price for each hour of the offer the minimum price of all offers to sell and bids to buy matching up for the Czech Republic in a given hour.

In this connection, OTE carried out an adjustment of the system on the basis of which the participant will have the possibility to see in the OTE Trading System in addition to standard bids/orders that he has entered on the Day-Ahead Market directly through the OTE or PXE interface also a bid/offer that ensues from an open position in financial futures and that was submitted for the PXE participant by the PXE system.

Trades concluded through these offers are settled and invoiced in the same manner as are trades concluded through standard bids/offers on the OTE Day-Ahead Market submitted through PXE. PXE charges no fee for this service. Concluded trades are subject to a fee from OTE established for the Day-Ahead Market.

More detailed information is presented in PXE’s newly approved Trading Rules and OTE’s Business Terms and Conditions, which are currently going through the approval process at the Energy Regulatory Office.

Contacts:

OTE: Helpdesk, Phone: +420 296 579 167, email: elektro@ote-cr.cz

PXE: Ondřej Dusílek, Phone: +420 221 832 804, email: dusilek@pse.cz