Press release
Prague, 10 September 2014

An interest in OTE's short-term market rises

Up to a fifth of trades with electricity have been realized on the short-term markets organized by OTE in the Czech Republic. Flexibility in trading, attractive product portfolio and reliable supply of electricity encourage more than 105 Czech and foreign companies to enter the short-term markets. In the last year the annual increase of the traded volume of electricity was more than eight hundred thousand megawatt-hours.

The short-term power market organized by OTE was founded in 2002. Since its implementation both the number of participants and the traded volume have been increasing. In year 2013, the traded volume of electricity reached 12,990 GWh. It presents an annual increase of 7 % and even of 120 % compared to the traded volume in 2010. The volume of transactions ensures a sufficient liquidity in OTE's short-term market and makes it attractive for new participants. Even though most of 105 registered market participants are electricity producers or energy trading companies, actually more and more large consumers consider the opportunity to participate on the short-term market. Over the last five years, the manufacturing companies have started trading, in particular a paper mill, glass factory, cement works, transmission system operator and transport company.

The energy-intensive companies increasingly often look for the possibility to diversify their portfolio of the electricity purchases and, as a result, to reduce the energy cost. Ten years ago, the companies bought almost all electricity through long-term contracts, sometimes even year-long contracts, nowadays it is more economical to purchase most of electricity variably - quarterly, monthly or even for shorter period. OTE's short-term market provides the opportunity to buy and sell electricity in very short time before the delivery - in days or even hours. In 2013, the average price in OTE's day-ahead power market was 36.74 EUR/MWh (i.e. 955 CZK/MWh).

The trading platform is attractive especially for companies with the higher electricity consumption or with a need to manage a purchase or sale of electricity flexibly. *"OTE's short-term market enables to diversify the market participant's production or consumption portfolio and thereby to minimalize the potential risks. Primarily, it is a risk related to the imbalance, i.e. the difference between the contracted and actual supplied volume of electricity for supply or consumption,"* as **Jiří Šťastný, Chairman of the Board**, said.

As a model example, Mr Štastný presents a transport company purchasing electricity for its energy-intensive manufacture but due to the accident in production equipment is not able to consume the contracted volume. A surplus of the purchased electricity from the unexpected situation can cause a risk to be in imbalance and pay compensation for it. "*In this case the incurred excess of electricity can be sold quickly and flexibly on our short-term* *market. The imbalance is reduced, completely eliminated or even can generate a profit – if a demand prevails and a price rises up, "*as Mr Šťastný explained. There can be a surplus or a shortage of electricity, of course. The prospective market participants of OTE's short-term market are glassworks, steelworks, paper mills, cement factories, automobile factories, gravel pits and quarries, chemical industry, transport companies, etc.

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For more information, please contact:
Andrea Stejskalová
OTE, a. s.
Tel.: +420 296 579 162
E-mail: astejskalova@ote-cr.cz

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 started to organize 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.