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OTE, a.s.

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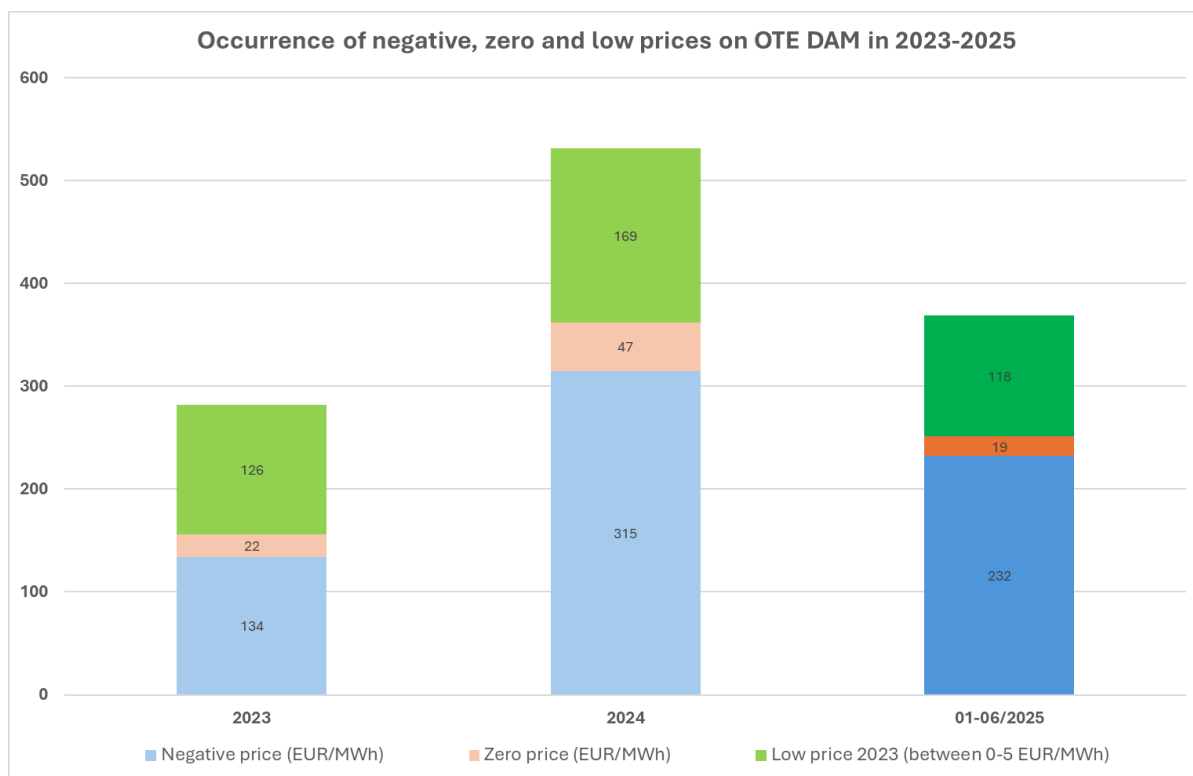
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The electricity market continues to experience extreme price fluctuations, negative prices are the most common in history

Electricity prices on the markets react to current natural conditions. Due to the growing number of renewable resources, limiting the use of other resources to a certain extent, and weather fluctuations, market participants have to react more and more often to frequent sharp price fluctuations.

It follows from the statistics of the electricity and gas market operator that this year aspires to be a record year in terms of the occurrence of negative or very low electricity prices. In the first six months of this year alone, we recorded more of them than in the entire year of 2023.

"The occurrence of frequent negative or very low electricity prices should continue until approximately the end of the decade. This is mainly related to Europe's efforts to decarbonize the energy sector, including the use of investment and operating support for renewable sources," says Michal Puchel, chairman of the board of OTE. "On the other hand, the occurrence of situations where the customer gets paid for the purchased electricity creates new business opportunities for technologies such as accumulation or consumption management." supplies.



During the first six months, OTE recorded 232 hours with negative prices, 19 hours with zero prices and 118 hours with very low prices (between 0 and 5 EUR/MWh) on its daily market. This brings the total to 369, 87 more than in the whole of 2023. If this trend continues, it will also surpass the record year of 2024 (531 hours in total).

Negative, zero or very low electricity prices indicate that the supply of electricity on the market exceeds the demand. It mainly produces sources that are worthwhile to operate even in a situation where they have to pay for the electricity produced. These are mostly renewable sources with subsidies. Similar situations occur, for example, during very windy weather in the north of Europe, where there are a large number of windmills, or during summer on very sunny days.

This trend applies not only to the Czech Republic, but to the whole of Europe. In 2023, it recorded 27 members states a total of 7.117 hours with prices below 5 EUR/MWh. This is only ten percent less than the number of these prices in the years 2020-2022.

"Looking at the development of the European energy industry, we can expect that the current trend will continue to strengthen. The market operator OTE is prepared for these situations and, in cooperation with partners from the countries of connected Europe, will continue to expand its range of services for market participants so that they can respond to these fluctuations as best as possible," adds Igor Chemišinec, vice chairman of the OTE board of directors.

OTE, a.s.

OTE, a.s., holds a license for market operator activities, which includes the electricity and gas market in the Czech Republic. A Nominated Electricity Market Organizer (NEMO) is established by the Energy Regulatory Office, which ensures a unified connection of the day and intraday markets. It acts as the National Administrator of the Permit Trading Register.

As a market operator and nominated organizer of the electricity market, OTE ensures, among other things, the organization of trading on the daily, intraday electricity market and the intraday gas market in the Czech Republic, and in this activity participates in the organization of the unified EU electricity market. It performs accounting and financial settlement of imbalances between the contractual and actual values of electricity and gas supplies and withdrawals and ensures the administrative change of the supplier of both commodities. It also provides the participants of the electricity and gas market in the Czech Republic with continuous processing and exchange of data and documents for their activities on the electricity market and the gas market, and reports business data from short-term OTE markets to the database of the Agency for the Cooperation of Energy Authorities (ACER).

In the name of the Czech Republic and on its account, it supplies settlement entities or takes gas from them when receiving or providing international aid in the gas industry. It administers and pays out compensation payments according to the Act on Measures for the Czech Republic's Transition to Low-Carbon Energy.

It is responsible for the administration of the system for the payment of support for supported energy sources. It issues and registers guarantees of the origin of energy and keeps records of the implementation of the use of renewable resources in transport. It ensures many other activities contributing to the development of the energy sector in the Czech Republic and Europe.

More information can be found at www.ote-cr.cz.