
PRESS RELEASE
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The Czech-Slovak-Hungarian-Romanian Day-ahead Electricity Market Coupling successfully started on 19 November 2014

On 19 November 2014 the CZ-SK-HU-RO Market Coupling was successfully launched, integrating the Czech, Slovak, Hungarian and Romanian day-ahead electricity markets and replacing CZ-SK-HU Market Coupling.

All involved project parties are happy to announce that the implicit allocation by means of the market coupling mechanism ran smoothly without any incidents on the first day and all processes function as planned.

Victor Ionescu, CEO of OPCOM says: *“This success represents a big step forward to the creation of the European Internal Energy Market. Our project team has worked hard to couple the electricity markets of the four countries. We are now operating a solution compatible with the European target that will bring benefits to the market participants in the coupled markets.”*

“We are working on the goal of successfully extending the fruitful cooperation between the four countries to other projects in connection with the integration of the CEE electricity markets in order to achieve the final goal of having a single European electricity market”, Gheorghe Visan, Member of Transelectrica's Directorate said.

The project started in August 2013 with the aim to extend the CZ-SK-HU Market Coupling towards Romania and to implement the PCR (Price Coupling of Regions) solution. Transmission system operators (ČEPS, SEPS, MAVIR and Transelectrica) together with power exchanges (OTE, OKTE, HUPX and OPCOM) supported by national energy regulators (ERÚ, ÚRSO, MEKH and ANRE) collaborated within the project in order to develop and implement all necessary solutions which ensure technical and procedural compatibility of 4M MC with the target European solution which is already implemented in other coupled European regions. Market coupling allows higher efficiency of trading and capacity allocation, which should lead to higher security of supply, higher liquidity and lower price volatility.

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Background information:

HUPX – Hungarian Power Exchange Ltd.

As part of the liberalization of the Hungarian energy sector the Organized Electricity Market was launched in July 2010 as a subsidiary of MAVIR ZRt. (Hungarian Transmission System Operator). Since then HUPX has built a reputation of being an inevitable platform of domestic power trading. The continuous development of the HUPX day-ahead market has increased the interest towards organized electricity trading in Hungary, which is also shown in the significant growth of the number of admitted members. HUPX is also offering physically fulfilled futures trading. In addition to the settlement of transactions concluded on the exchange, OTC transactions can be registered as well. This market provides weekly, monthly, quarterly and yearly contracts according to the needs of market participants. HUPX Ltd. is apart from being dedicated to operate a reliable market is also constantly developing the level of service provided for the members.

HUPX's advantages:

- By providing an effective, high-level service contributes to increase the liquidity of the market
- Making the prices transparent for all participants of the electricity market
- With constant developments is adapting to the changes observed on the international electricity markets
- Operating a trading platform connected to and compatible with international markets

For further information, please visit www.hupx.hu.

MAVIR – the Manager of Power

MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság [MAVIR Hungarian Independent Transmission Operator Company Ltd., MAVIR ZRt.] is a young organization with great traditions and vast experience. Nevertheless, 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 the reliable, efficient and secure operation of the Hungarian Power System including the required reserve capacities of generation and transmission;
- to supervise and scale up 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 in order to prevent the conclusion of 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.

Based on certification included in the Decision of Hungarian Energy Office dated of 13 March 2012, MAVIR is operating in accordance with ITO (Independent Transmission Operator) model; thereby MAVIR is the owner and operator of the transmission network within a vertically integrated electricity corporation. For further information, please visit www.mavir.hu.

MEKH (HEA)

The Hungarian Energy and Public Utility Regulatory Authority is a national public administration body with independent powers and competences, acting under the Hungarian Parliament. The tasks of the Authority are specified in the act on HEA, as well as in the act on natural gas supply, the acts on electricity, district heating and water public utility supply. Concerning the extension of the CZ-SK-HU market coupling project (4M MC), according to the provisions of the acts, the main responsibilities of the Authority are the followings:

- issues and amends the licenses for the transmission system operation (MAVIR) and for the operation of the organized market (HUPX),
- approves the general terms of the electricity market (Commercial Code prepared by MAVIR, Market Rules of HUPX), as well as the business codes of the license holders,
- approves the relevant international agreements regarding market coupling,
- determines the sphere of information to be disclosed,
- investigates customer complaints.

Additional information is available on www.mekh.hu.

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.

ČEPS, a.s.

ČEPS, a joint stock company, is the sole Czech Transmission System Operator and holds an exclusive license to that effect granted by the Energy Regulatory Office under the Energy Act.

The Company is responsible for the maintenance and upgrading of 41 substations comprising 71 transformers, which allow electricity to be supplied from the transmission system to the distribution network, as well as 400kV lines with a total length of 3510km and 220kV lines with a total length of 1910km.

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 closely involved in the creation of liberalised electricity markets both in the Czech Republic and Europe. Additional information is available on www.ceps.cz.

ERÚ

The Energy Regulatory Office ('ERÚ') was established on 1st January 2001 by Act No. 458/2000 of 28th November, 2000, on the Conditions of Business and State Administration in the Energy Industries and Changes to Certain Laws ('the Energy Act') as amended, as an administrative authority for regulation in the energy sector in the Czech Republic. The ERÚ is mainly responsible for support for competition on energy market, support for the use of renewable energy resources and protection of consumer interests in the areas of energy industries, in which competition is not feasible.

Additional information is available on www.eru.cz.

OKTE, a.s.

OKTE, a.s. is the Short Term Day-Ahead Market Organizer in the Slovak Republic. OKTE, a.s. was registered as an independent legal entity on 11th 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 differences between planned and real value of supply/off-take of electricity. Other responsibility of OKTE, a.s. are settlement of imbalance, collection, management and disclosure of measured data and the central invoicing of fees related to the operation of the system and related activities for the subjects of settlement in the Slovak Republic. OKTE, a.s. is also the holder of the license for market operator's activities.

Additional information is available on www.okte.sk.

Slovenská elektrizačná prenosová sústava, a. s.

Since 21th January, 2002 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 to ensure a sustainable and high quality supply of electricity to all users of the transmission system and its parallel operations with adjacent 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.

URSO

The Regulatory Office for Network Industries is a state administrative authority established in 2001. The Office fulfils the function of the regulatory body, together with the Regulatory Board, in the field of electricity, gas, heating and water management sectors. The aim is to create and support the competitive-like environment, to protect both the consumers and the interests of licence holders, to achieve reasonable return rates on investments, and to provide for reliable, economic and good quality supplies of goods and services related to regulated sectors. Additional information is available on www.urso.gov.sk.

OPCOM SA

The Romanian Electricity and Gas Market Operator - OPCOM SA was established in 2000 as a joint stock company and subsidiary of CNTEE Transelectrica SA. The responsibilities derive from its role as organizer and administrator of the centralized electricity and gas markets and settlement operator in the wholesale electricity market according to in force ANRE regulations and Conditions of the Licenses no. 407 and 1798. Main activities deployed by OPCOM are the following: spot trading of the electricity in the day-ahead market (DAM) and intraday market (IDM); term contracting through the centralized market for electricity bilateral contracts (CMBC and CMBC-CN); environmental certificates trading on the green certificates market as well as on the trading platform for greenhouse gases emission certificates; settlement of the transactions concluded on Day-Ahead Market, Intraday Market and Centralized Green Certificates Market; settlement of the electricity transactions concluded on the Balancing Market organized by CNTEE Transelectrica SA and the Imbalances of the Balancing Responsible Parties; market surveillance and reporting to ANRE; providing relevant information to market participants, mass-media and general public. In 2013 OPCOM was licensed for performing the administration activities of the centralized gas markets.

Additional information is available on www.opcom.ro.

Transelectrica

Transelectrica was founded by the Government Ordinance No. 627/July, 31, 2000 further to unbundling the former Romanian Electricity Authority (CONEL).

Transelectrica is the Romanian Transmission and System Operator (TSO), which plays a key role in the Romanian electricity market.

It manages and operates the electricity transmission system and provides the electricity exchanges between the central and eastern European countries as an ENTSO-E member (European Network of Transmission and System Operators for Electricity).

Transelectrica is responsible for electricity transmission, system and market operation, grid and market infrastructure development ensuring the security of the Romanian power system. It also serves as the main link between electricity supply and demand, matching all the times power generation with demand, acting as the Balancing market operator.

Since 29 August 2006, Transelectrica is listed to the Bucharest Stock Exchange.

Mission: Transelectrica ensures the Romanian Power System (RPS) reliable and stable operation at quality standards, while providing the national electricity transmission network under transparent, non-discriminatory and fair conditions to all market participants; www.transelectrica.ro.

ANRE

Romanian Energy Regulatory Authority was established in 1999. It is organised as an autonomous administrative authority with legal personality and own patrimony, under Parliamentary control, entirely self-financed and independent as regards its decision-making process, organisation and functioning. ANRE issues, approves and monitors the implementation of the national-wide binding regulatory framework required for the proper functioning of the electricity, heat and natural gas sectors and markets in terms of efficiency, competition, transparency and consumer protection. Electricity and Gas Law no. 123/2012 and Government Emergency Ordinance no. 33/2007 regarding functioning and operation of ANRE, amended and approved by Law no. 160/2012 stipulate the responsibilities and competences of ANRE. Additional information is available on ANRE's website: www.anre.ro.