

The 11th of the November is the first anniversary of the launch of day-ahead electricity trading in the Slovenian and Serbian delivery area on BSP SouthPool.

Rudnap Group: "We supported from the very beginning the activities of BSP SouthPool"

EFT Group: "Further development of BSP liquidity would enable more efficient flows of energy across the regional borders"

Elected first formal representatives of Exchange Bodies of BSP SouthPool

BSP SouthPool is the regional energy exchange in South Eastern Europe. It provides complete and high-quality liquid, competitive, and transparent services of organised electricity market for market participants. At the moment, BSP enables trading with electricity on Slovenian and Serbian markets. BSP energy exchange has an international ownership structure and is opened for admission of new partners. Our ultimate objective is to become a leading regional cross-border energy exchange in South Eastern Europe.

Trading report for October 2009

Total volume of concluded transactions on BSP Regional Energy Exchange in October reached 704 MWh. On the Slovenian market 14 transactions were concluded, of which 11 with Euro-peak, 2 with Base and 1 with Euro-off-peak2 product. Average price for Base product reached 52,13 EUR/MWh and for Euro-peak product reached 62,16 EUR/MWh. There were no concluded transactions in the Serbian market in the aforementioned period.

In the Slovenian and Serbian market 312 orders in the total volume of 28.750 MWh were entered in October. In the Slovenian market 273 orders were entered, most of them (123) with Euro-peak product. In the Serbian market 39 orders were entered in the same period, most of them (35) with Base product.

Market Statistics for 2009

Total volume of concluded transactions from the beginning of the year 2009 until the end of September reached 11.152 MWh for the Slovenian and Serbian market. In the Slovenian market 150 transactions were concluded, of which 57 with Base, 49 with Off-peak1, 41 with Euro-peak and 3 with Euro-off-peak2 products in the aforementioned period. In the Serbian market only 1 deal with Base product was concluded from the beginning of the year 2009 until the end of October.

The total volume of entered orders on both markets reached 350 GWh until the end of October 2009, as of more than 81 percent of all orders were entered in the Slovenian market. The total volume of entered orders in the Slovenian market until the end of October reached 287 GWh and in the Serbian market 63 GWh.

Trading volume, average price and average Base price in the Slovenian market in October 2009



*Average Price is calculated as the weighted arithmetic mean of all transactions concluded on the day-ahead market

Volume of entered orders and total trading volume in the Slovenian market in 2009



"We supported from the very beginning the activities of BSP SouthPool"

Interview with Mr. **Vladimir Marjanović**, Rudnap Group Sales and Trading Director. Rudnap is one of the most important energy trading companies within the region with its trading floor based in Serbia. Rudnap is a member of the BSP SouthPool from the very beginning.

How would you evaluate current situation and recent development on Serbian energy market comparing European energy markets?

RUDNAP is an old Serbian company, with more than 60 years of tradition and experience in both foreign and domestic trade within energy and mining industry. Upon privatization in year 2003 RUDNAP was renamed RUDNAP Group AD and ever since company has undergone a thorough restructuring under the new management. Nowadays, Group's core business is characterized by four distinct activities: that of energy trading that includes investments in renewable energy sector, a real estate project development and construction, manufacturing and engineering in metal industry, and most recently agribusiness.

The Rudnap Group first engaged in energy trade in February 2007; back then, it was by the means of one single company, registered and licensed in Serbia. As of August 2007, a Hungarian company was registered and licensed. This created the conditions for an extension of our activities, apart from Hungary, to Austria, Slovenia and Italy, where it suffices to hold a license in Hungary to engage in energy trade. In early 2008, Rudnap also obtained an energy trade license for Bosnia-Herzegovina. In addition to the said countries, the Rudnap Group has established its companies and obtained licenses in Croatia, Romania and Macedonia. Rudnap established company in Montenegro beginning this year, as well. The Rudnap Group also operates in Bulgaria, Greece, the Czech Republic and Slovakia via partner companies. Until now Rudnap is licensed for trade on five power exchanges in the region: IPEX/GME in Italy, EXAA in Austria, OPCOM in ROMANIA, Borzen and South Pool in Slovenia and Serbia, while process of obtaining license for EPEX (Germany, Austria, and France) is under way. The Rudnap Group will in the course of this year be present in 17 countries of Southeast and Central Europe thus

significantly extending its presence on the market relative to its performance in 2007, when it had operations in eight countries of the region.

Energy trade at the level of the Group is centralized and is performed in the Trading Floor located in Belgrade. The organization of the Trading Floor is a traditional one: the Front Office, engaging in spot and long-term trade in all countries covered by the Group as a whole, for the account and on behalf of all members of the Group. The portfolio is centralized. The Middle Office is dealing with market and prices analysis and providing cross-border capacities aiming at meeting the proposed portfolio. The task of the Middle Office is also risk management, assessment of the value of surpluses and shortages of energy in real time and for the future period, based on Market-by-Market price analysis. The positions of the Group are kept in Euros. The Back Offices engages in invoicing the energy delivered, announcement of the exchange program to system operators and documentation control.

The Trading Floor is, staff-wise, fully empowered to carry out energy transactions. It employs traders with an excellent reputation and capabilities. Most of the employees possess longstanding experience in the energy domain, acquired by working in trading companies and energy production and transmission firms. All employees have high qualifications.

In its business operations, the Energy Trade Sector of the Rudnap Group did not limit itself solely to energy purchase and sales: in the very first participation on tenders for the purchase and sales of tertiary reserves, all the requested quantities have been obtained.

Energy Trade Sector of the Rudnap Group made a significant growth in turnover for the past year. During the 2007 total revenues were 83.5 million Euros. In the year 2008, total revenues were more than tripled to a level of 265.5 million Euros. Plan for 2009 is to keep the level from 2008 with increase in energy turnover.

As authentic Serbian company Rudnap is glad to be present on the growing Serbian market. As it is already well known, Serbian authorities are one of signatory parties to the Energy Treaty. Due to this reason, Serbia is obliged to follow all the rules and principles already established within EU countries. It seems that, at the moment, these rules are close to be established in full capacity relatively soon for the wholesale trading. Unfortunately, at the moment it is very difficult to predict when and how the eligible market will be opened in order to speed up the market changes in order to reach European standards as soon as possible. At the moment, the electricity prices for industry and households are



much lower than the market prices and this is the main obstacle for the opening of electricity market. On the other side, more than 30 licensed companies in Serbia create higher liquidity on the wholesale market. Every day, more and more companies find out this market interesting as a hub for the whole region, due to its centralized position. Electric Power Utility of Serbia has still dominant position on the market, as the major player not only in Serbia, but within the whole region as well.

You have been a member of BSP SouthPool from the beginning. In your opinion, what is the role and the meaning of the power exchange in the SEE region and what on Serbian energy market?

We supported from the very beginning the activities of South Pool in the establishment of the power exchange within a region, and, especially in Serbia, due to its central position with eight borders with almost all the countries in the region. We find out very important to have such a possibility to trade on the transparent way with all the market players existing in Serbia.

According to the development projects in the region, how would you evaluate the possibility of the increase in liquidity at BSP SouthPool?

We find out also very important to have as much as possible number of players, and, especially the biggest ones, present on the power exchange. The participation of the biggest one, Electric Power Utility of Serbia is certainly more than welcome. In the future, the idea of market coupling will be of very big importance, especially taking into consideration that there is no significant cross border congestions at the moment and that such an approach will create higher liquidity.

What are the main strategic goals of your company in the future?

Our strategic goal is to keep our trading volume growing, having as a financial benchmark performance we had in the previous two years of our presence on the market. Our efforts will be focused on the enlargement of our retail market portfolio and enlargement on our activities on the wholesale market, as well. We will continue to provide ancillary services to the system operators in the region, thus ensuring our support for the safe system operation on the best possible way with significant decrease of costs for such services.

“Further development of BSP liquidity would enable more efficient flows of energy across the regional borders”



Interview with **Mr. Dragan Stojadinović**, Head of Trading and Sales at Energy Financing Team (The EFT Group). EFT Group is a unique European energy trading & investment group, specialising in western, central & south-east Europe. EFT is leading the development of a south-east European electricity market, whilst helping to rebuild & expand transmission network & generating facilities through energy trading. EFT is a member of the BSP SouthPool from the very beginning.

How would you evaluate current situation and recent development on Serbian energy market comparing European energy markets?

Unlike the developed markets of Western Europe, the Serbian energy market is still de-facto non-existent. The Serbian state power utility exerts a total monopoly on the market, which it maintains through the sales of energy at below market prices. All consumers in Serbia, including the industry, thus procure energy at subsidized prices. The Serbian power utility EPS produces roughly enough energy to meet the demand in the country. As a result the political leadership uses the state power utility for social politics and to create deflationary pressures. The flip side of such policy is that the energy sector is stagnating, the power utility is the biggest loss maker year in year out, and there have not been any new investments in production of electricity in Serbia in more than twenty five years.

You have been a member of BSP SouthPool from the beginning. In your opinion, what is the role and the meaning of the power exchange in the SEE region and what on Serbian energy market?

Power exchanges are useful balancing mechanisms for ensuring the stability and normal flows of energy in the region. As such they are an invaluable tool not only for energy traders, but all actors on the regional energy market. Energy exchanges are successful to the extent of their liquidity. As such they should represent the final stages in the development of a truly competitive

regional market. Unfortunately, this is still not the case. The situation in Serbia described above is present in most other countries in the region. Because state run monopolies subsidize the price of electricity, the internal markets are not developing as fast as they should. With further development of market conditions in the region we will see the importance of regional energy exchanges such as the BSP South Pool increase further.

According to the development projects in the region, how would you evaluate the possibility of the increase in liquidity at BSP SouthPool?

Further development of BSP liquidity would be most welcome, as it would enable more efficient flows of energy across the regional borders.

What are the main strategic goals of your company in the future?

EFT is the leading energy trader in central and south east Europe. At present, our company trades in 19 countries, where it serves the energy needs of system operators, power utilities and numerous industrial consumers. Our strategic goal is to consolidate the market leader position through introduction of new products and innovative approaches to trading, but also development of an asset base which will be the basis for our trading activities. To this end we are developing the 420 MW Stanari thermal power plant in Bosnia and Herzegovina as well as a number of other hydro and CCGT projects in the region.



First Formal BSP SouthPool Members Chamber meeting

Elected first formal representatives of Exchange Bodies



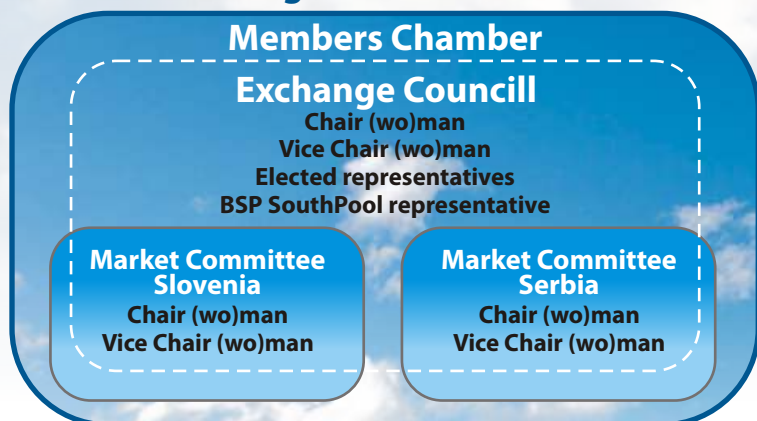
The first Formal Members Chamber meeting took place on 29th of October 2009 in Ljubljana. Exchange Bodies were formatted with the elections.

The outcome of the elections:

- Chairman of the Members Chamber: Stefan Sewckow, E.on Energy Trading SE
- Vice-Chairwoman of the Members Chamber: Rosa Surig, Electrabel S.A.
- Chairman of the Slovenian Market Committee: Tomaž Končina, HSE d.o.o.
- Vice-Chairwoman of the Slovenian Market Committee: Polona Osovnikar, Elektro Ljubljana d.d.
- Chairman of the Serbian Market Committee: Primož Pogačnik, Gen-I d.o.o.
- Vice-Chairman of the Serbian Market Committee: Marko Čuričić, Rudnap Group AD

Representatives of the Members' chamber also discussed several actual topics: Market Coupling of Slovenian and Italian markets, start of hourly auction trading in Slovenia, BSP SouthPool's plans in the Macedonian market, means to improve liquidity in the BSP SouthPool's markets and cooperation with brokers on BSP SouthPool's markets.

Exchange Bodies Structure



Next Exchange Trader Training Course

Due to demand on the market we published a new date for the Exchange Trader Training Course. The next Exchange Trader Training Course

will take place on 3rd of December 2009.

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