

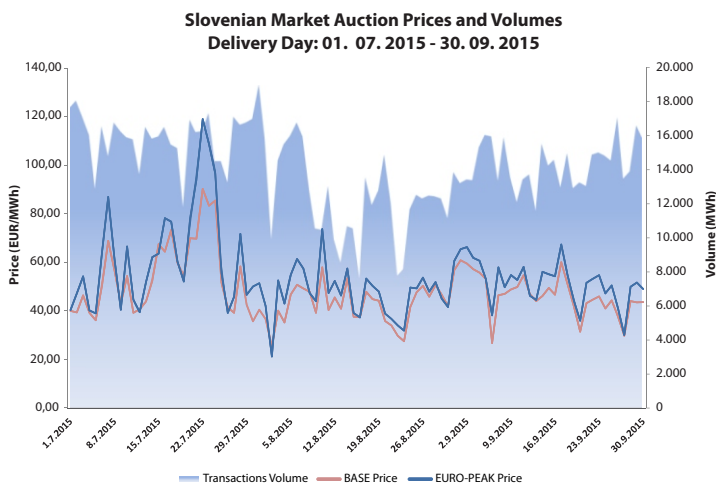
- **BSP SouthPool Market Results**
- **Dr Dominik Schober, ZEW: SEE could profit from co-operation with CWE companies**
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BSP SouthPool market Results

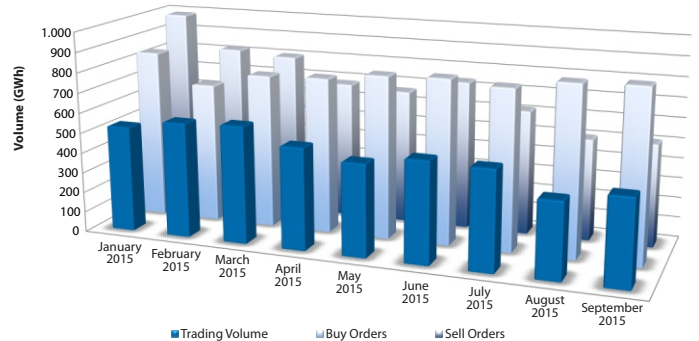
Trading report for Q3 2015

In Q3 the total volume of concluded transactions amounted to 1.302.517,064 MWh, whereas the volume of entered orders in the aforementioned period was 4.122.012 MWh.

Total volume in July reached 494.630,663 MWh, which represents 47,6 percent of Slovenian market consumption, in August 379.024,116 MWh, which represents 39,4 percent of Slovenian market consumption and in September 428.862,285 MWh, which represents 42,8 percent of Slovenian market consumption. The maximum daily volume in the period from 1st July to 30th September reached 18.994 MWh and took place on 31st July. The maximum hourly volume, an amount of 1.062 MWh, was realised on the delivery day of 26th September for the 13th hour.

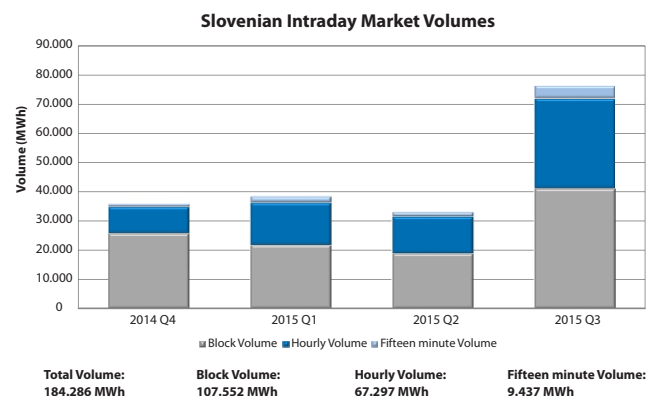


Day-ahead trading - volume of entered orders and total trading volume in the Slovenian market



Trading report for BSP Intraday market for Q3 2015

In Q3 2015 the total trading volume reached 76.300 MWh. In the same period a total volume of 41.010 MWh was concluded with block products, 30.780 MWh with hourly products and 4.510 MWh with 15 minute products.



Dr. Dominik Schober, ZEW:

SEE Could Profit from Co-operation with CWE Companies



How has the European electricity market changed in the last 10 years?

After the European liberalisation process, European markets grew together. The newly built fluctuating renewable capacities, especially in countries such as Germany, led to an increase in congestion. Taking a more detailed look at Germany for example, regional dispatch activity increased, i.e. regional rebalancing of supply and demand became more important.

With regard to distribution network regulation, the triumphal procession of incentive regulation has been continuing and many countries, such as the Scandinavian countries and Germany, introduced a service quality and security of supply regulation. This seems to have improved the security of supply as can be seen, for example in Germany, where the minutes lost per customer and year decreased from about 25 to 15.

The retail business has not only been liberalised in the sense that free supplier choice has been available since its introduction in the late 1990s in most countries, but also since 2007 end-consumer price regulation has been abolished. Over the subsequent three to five years, customer switching has increased tremendously for household customers. Another factor is green tariffs, which currently amount to a share of about 20% of final customers in Germany.

Your research focused on the Central West Europe (CWE) market coupling region. However, as the big players in the European electricity markets (e.g. RWE) are also coming to South East Europe, can you maybe say what this region can expect in the future? Can we perhaps learn something from what happened in CWE?

I have to say that I am not an expert for the SEE region. In my perception this is currently not a central concern of energy managers in the CWE region, since their financial situation and liquidity is not overly optimistic. The renewable expansion in CWE and the recession since 2008 have caused sharp declines in electricity wholesale prices. Some companies have already been in East European markets for many years and have also invested in production and distribution assets prior to this development. A good example is RWE East, with distribution and retail business in Slovenia and before that in Croatia, with production facilities and large investment in North East European countries. In my opinion, when restructuring of companies such as E.ON and

RWE, and Vattenfall, in Germany is achieved, new expansion activities are envisaged in the mid-term. Until then, low-investment intensive entry in e.g. retail business is more probable, especially when legislators and regulators continue liberalisation and deregulation processes.

Furthermore, with low energy consumption and high intensity as well as investment needs in large parts of the infrastructure, there is a potential for investment opportunities. Investors in SEE can also profit from co-operating with CWE companies and their knowledge about efficient investment and projects gained during the past 15 years of liberalisation. In particular, knowledge about the investment and management of renewables and their system integration has been a major topic in CWE. This could be interesting for the SEE region to learn from, especially with low one digit renewable shares and partially weak network infrastructure. The restructuring of E.ON with its new strong renewables company is a good example of how seriously German companies take this challenge.

Eurelectric recently warned that reduced trading volumes and increasing congestion caused by missing infrastructure pose a "serious and urgent" threat to EU power market integration. It stressed that delaying infrastructure development may cause unnecessary strains on markets and force them into splitting to solve structural congestion. They specifically mention the possibility of splitting of the German-Austrian bidding zone. What effect would this have?

This is an important challenge. The situation, even at a national level, shows that regional imbalances increase significantly. At a super-national level, the example of Switzerland shows that it is still difficult to implement EU wide pricing rules for interconnection capacities. This threatens investment incentives. This is also relevant for balancing markets, which become increasingly important with fluctuating increasing renewables. There is a high potential between countries such as Germany and the Netherlands or Scandinavian countries (the "green battery"). The formal harmonisation process on an EU level starting next year will hinge critically on the ability of legislators and regulators to set incentives for interconnector capacity investment to realise these efficiency potentials.

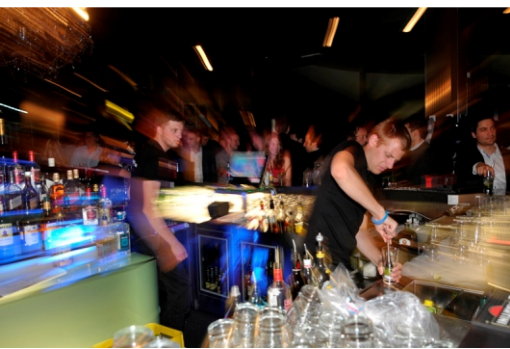
To read the full interview with Mr. **Dominik Schober** please visits the web page: www.energetika.net/see.

REMIT reporting

On 7 October 2015, the Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT) has come into force. To fulfil obligations written in the Implementing Regulation, Article 6, BSP has enabled reporting of concluded trades and submitted orders on BSP markets in accordance with REMIT for its market participants via third party RRM – Borzen d.o.o.

Hera Trading SRL is a new member of BSP SouthPool

BSP Regional Energy Exchange at the moment has 44 members: Alpiq Energy, Axpo Trading AG, Ayen Energija, Borzen, Danske Commodities, DufEnergy Trading, Duferco Energia, Edelweiss Energia, EDF Trading, Ekologicke Zdroje Energie, Electrade, Elektro Slovenija, Edison Trading, Elektro Energija, Energija Plus, Energija Naturalis Int., E3, Enel Trading, Energetika Ljubljana, Energi Danmark, Energy Financing Team, Europe Energy SpA, Ezpada, GALA, Gazprom Marketing & Trading, GEN-I, HEP, HERA Trading, Holding Slovenske elektrarne, Illumia, Interenergo, JAS Energy Trading, MVM Partner ZRt., Neas Energy, Petrol d.d., Petrol energetika, Repower Trading, Statkraft Markets, TEI Deutschland, Unitrading Energia, Vattenfall Energy Trading, Verbund Trading, Virtuse energija and Vitol.



Traders Party

On Friday 22nd of May the traders and other BSP SouthPool partners had the opportunity to meet each other at the BSP Traders' Party at Club Paprika in Portorož. There are some photos from the event.



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Editor in Chief
Anže Predovnik
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Address: BSP Regional Energy Exchange LLC, Dunajska 156, SI-1000 Ljubljana, Slovenia
Telephone number: + 386 1 620 76 76
Fax number: + 386 1 620 76 77
Website: www.bsp-southpool.com
E-mail: info@bsp-southpool.com

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