

- **Traded volume at BSP SouthPool in December 2012 exceeded 4TWh**
- **Anže Predovnik (BSP Assistant General Manager): The key role of a power exchange is to offer its members high quality services enabling them to trade electricity in a transparent and secure way.**
- **BSP, Borzen and Eles launched Intraday and Balancing Market in October**
- **New members of BSP SouthPool are Vattenfall Energy Trading GmbH, Virtuse energija d.o.o and Vitol Gas & Power BV**

Traded volume at BSP SouthPool in December 2012 exceeded 4TWh

October ends with a record – monthly trading volume 474 GWh

Volume of entered orders and total trading volume in the Slovenian market from June to November 2012



Trading report September – November 2012 on Day Ahead Market

In the period from September to November the total volume of concluded transactions amounted to 1.288.976,116 MWh, whereas the volume of entered orders in the aforementioned period was 3.625.808 MWh.

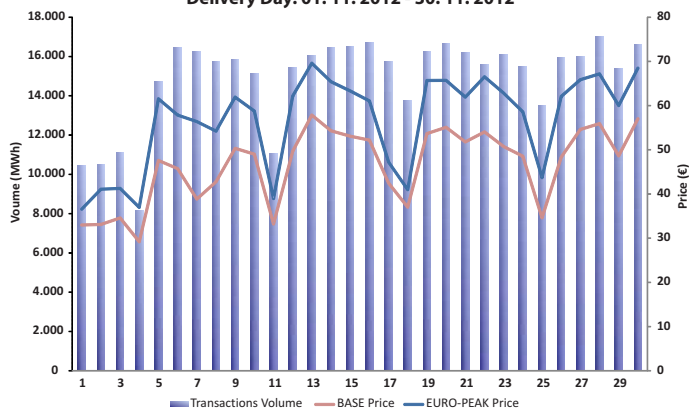
The highest monthly volume of transactions was recorded in October, which ended up with 474.827 MWh of traded volume and with 1.267.862 MWh of entered orders. The maximum daily volume reached 16.917 MWh and took place on 30th October. The maximum hourly volume, an amount of 908 MWh, was realised on the delivery day of 15th November for the 13th hour.

In September the average monthly price of base product was 49,70 €/MWh and of Euro-peak product 56,11 €/MWh. With an average hourly volume of 447,63 MWh the total volume of the month reached 368.300,961 MWh, which represents 37,98 % of Slovenian market consumption.

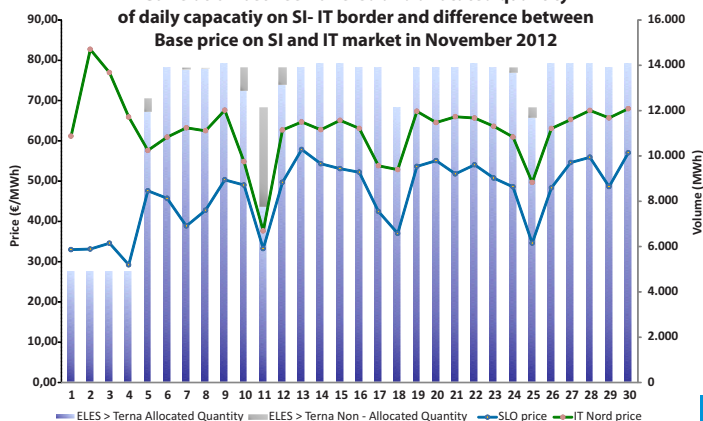
In October the average monthly price for base product was 47,66 €/MWh and for Euro-peak product 56,00 €/MWh. With an average hourly volume of 637,35 MWh the total volume reached 474.827 MWh, which represents 46,82 % of Slovenian market consumption.

In November the average monthly price for base product was 45,57 €/MWh and for Euro-peak product 56,80 €/MWh. With an average hourly volume of 619,23 MWh the total volume reached 445.848,155 MWh which represents 44,73 % of Slovenian market consumption.

Slovenian Market Auction Prices and Volumes Delivery Day: 01. 11. 2012 - 30. 11. 2012



Correlation between offered and allocated quantity of daily capacity on SI-IT border and difference between Base price on SI and IT market in November 2012



Anže Predovnik (BSP Assistant General Manager): The key role of a power exchange is to offer its members high quality services enabling them to trade electricity in a transparent and secure way.

You have been working at BSP since its establishment. For the last two years you have had the position of Assistant General Manager. How are you now, when looking back, assessing the work done in the last two years? Which project would you highlight as key to the success of BSP in this period?

The key role of a power exchange is to offer its members high quality services enabling them to trade electricity in a transparent and secure way. Liquidity and reliable clearing of concluded transactions are of paramount importance for the power exchange business. As such they are a measure of whether we do our work well or not. The reason for the momentum when liquidity at BSP rose was the introduction of auction trading in March 2010. Six months after the introduction of auction trading followed the implementation of market coupling on the Slovenian-Italian border. Ever since then liquidity and the number of market participants has grown. In other words, in 2010 the volume of concluded transactions at BSP was 0,2 TWh and 26 companies were exchange members. Two years later the volume of concluded transactions is 4,0 TWh and the exchange has 35 members.

BSP made this progress with active support from its owners ELES and Borzen. Both have been liquidity providers since the setting up of the hourly auction. Furthermore they are project parties in Slovenian-Italian market coupling, where they are continuously providing expert knowledge and operational support to the project. The growth of liquidity is supported also by HSE and its role of market maker. HSE provides daily contracted amounts of energy in a pre-defined price spread into the auction trading order book. All of the aforementioned factors, an increased number of market players with hourly needs for buying and selling electricity as well as power market liberalisation have all contributed to the success of the exchange market in Slovenia.

Can you briefly sum up current projects in the pipeline at BSP and their compliance with EU electricity market integration processes?

The formation of reliable price indices, an increased number of market participants and a more mature electricity market have increased expectations for services being provided by BSP. BSP's owners and its Members Chamber suggested the introduction of an intraday market segment and a long term contracts market. Furthermore European electricity market integration projects, as you outlined, are on the way. Thereof we are actively engaged in a market coupling project in the CSE region and in a market coupling project in the CEE region. According to the European Commission and ACER guidelines, the implementation of a European internal electricity day-ahead market is scheduled for the end of 2014. This goal is subsequently influencing our work and efforts related to the aforementioned projects.

Recently ELES, MAVIR, HEP-OPS and CAO have agreed to introduce harmonised transmission capacity allocation currently applied in the CEE region on Croatia's northern borders. PTRs on the CEE, HU-HR and SI-HR borders for 2013 will already be allocated at a coordinated auction in December; monthly and daily PTR auctions will follow shortly. We welcome this decision and believe that together with Croatian accession to the EU next year they will become meaningful part of the CEE region electricity market integration process.

The Slovenian day-ahead market has currently more than 30 active members, which is reflected also in current market liquidity. Do you believe that you can also set up liquidity comparable to the one on the day-ahead market in other market segments? Does liquidity in the day-ahead market allow the establishment of a futures market in Slovenia? Is there something going on with respect to this?

An intraday and balancing market was introduced by Borzen, ELES and BSP in mid-October. In the first month and a half of its operation 154 transactions were concluded with a total volume of 13.084 MWh. When we were setting up the intraday and balancing market, we took into consideration the possibility of its integration with neighbouring markets. Our final goal is to enable our members, similar to the case on our day-ahead market, easy and secure access to neighbouring liquidity pools by adopting standard cross-border matching and clearing procedures.

One of the prerequisites for long term products is the formation of reliable price indices on the day-ahead market. But there are also many others i.e. clearing and settlement of transactions with long term products, selection of type of long term product etc. Due to the complexity of the topic we decided to conduct a feasibility study for the introduction of these products at BSP.

Since its establishment BSP has aimed to become a regional energy exchange in the SEE region. What steps have been taken in this direction to date and what are your plans for the future?

BSP has been active in the SEE region since its establishment. We have subsidiaries in Belgrade and Skopje. Furthermore we operationally set up continuous trading and auction trading on the Serbian market. Since electricity trading in the region is limited to bilateral trade agreements of relatively low liquidity, there is no regionally coordinated procedure for transmission capacity allocation, generation and supply segments are highly regulated and so on. These are some of the impediments towards trade growth via power exchange. When the aforementioned market conditions become more favourable we plan to reassess with our partners in the region the possibilities of mutual cooperation on either or both (trading and clearing of concluded transactions) market segments.

BSP, Borzen and Eles launched Intraday and Balancing Market in October

From 16th October on BSP members have had the possibility of trading on an intraday basis and balancing their position on a balancing market. Both market segments are operated on the ComTrader Trading Platform which is well known among European traders.

Trading is conducted 24 hours a day 7 days a week with hourly, fifteen minute and block products.

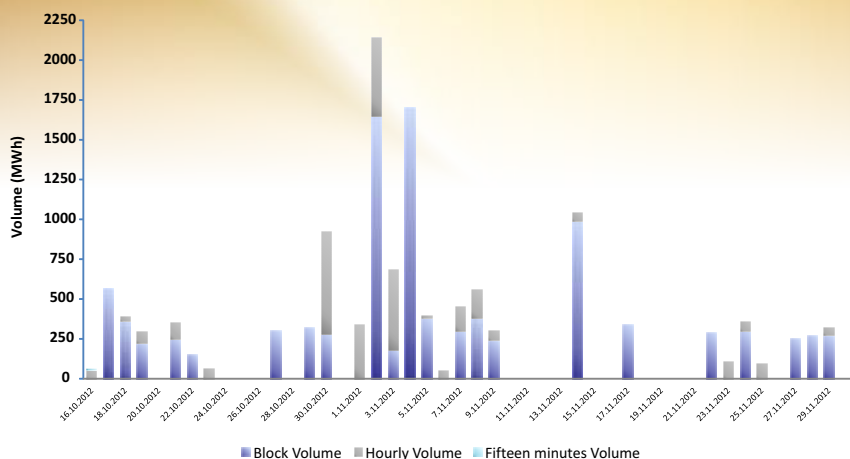
With the implementation of these market segments BSP joins the established power exchanges already running intraday markets.

Trading report October – November 2012 on IntraDay Market

In the period from 16th October to 30th November 154 transactions were concluded on the Intraday Market with a total trading volume resulting in 13.084 MWh. In the same period a total volume of 9.984 MWh was concluded with block products, 3.095 with hourly products and 5 MWh with fifteen minute products.

The total volume of entered orders reached 273.360 MWh in the aforementioned period.

**Slovenian Intraday Market Volumes
Delivery Day: 16.10.2012 - 30.11.2012**



Total Volume: 13.084 MWh Block Volume: 9.984 MWh Hourly Volume: 3.095 MWh Fifteen minute Volume: 5 MWh

Vattenfall Energy Trading GmbH, Virtuse energija d.o.o and Vitol Gas & Power BV are New Members of BSP SouthPool

Vitol Gas & Power BV became the 37th company group that entered into membership at BSP SouthPool.

The company will henceforth – as the 34th participant on the Slovenian electricity day-ahead market – actively participate on the Slovenian market.

BSP regional energy exchange members are: Alpiq Energy, Axpo Trading, Borzen, Danske Commodities, Edelweiss, EDF Trading, Electrade, Elektro Slovenija, Edison Trading, Elektro Celje, Elektro Energija, Energija Plus, E3, Elektro prodaja, E.ON Energy Trading, Enel Trading, Energy Financing Team, Europe Energy, EVN Trading South East Europe, Ezpada, Gala, Gazprom Marketing & Trading, Gen-I, HEP Trgovina, Holding Slovenske elektrarne, Interenergo, JAS Energy Trading, Petrol energetika, Petrol d.d., Repower Trading, Rudnap Energy, Statkraft Markets, Termoelektrarna toplarna Ljubljana, Tradition Financial Services (TFS), Vattenfall Energy Trading, Virtuse energija, Verbund and Vitol Gas & Power BV.



Season's greetings and best wishes in 2013!

BSP SouthPool team

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