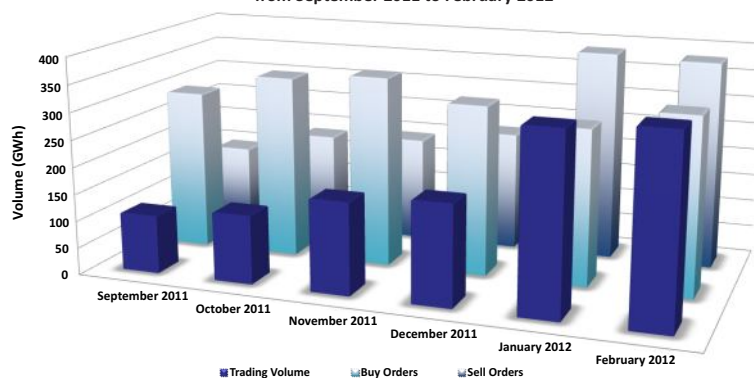


- **BSP SouthPool in February 2012 recorded highest monthly traded volume again**
- **Mr. Tomaž Orešič: In the markets of the Balkans - including Slovenia - the situation is quite different, since prices have risen significantly in recent months due to historically low hydrology and larger consumption deriving from extreme cold in the same period**
- **Mr. Philip Schmid-Lossberg: The big shortage in the SEE region and imposed restrictions on exports of electricity put in place in order to protect the local demand by some SEE states resulted in prices shoot up in the region**
- **New service: BSP App LITE for Android**

BSP SouthPool in February 2012 recorded highest monthly traded volume again

In February 2012 the trend of growing highest monthly trading volume at BSP SouthPool continue

Volume of entered orders and total trading volume in the Slovenian market from September 2011 to February 2012



In February 2012 average monthly volume again rose on the new monthly record level. Total volume was 341.980,256 MWh, which represented 31 % of Slovenian market consumption. Average price for Base reached 85,78 Eur/MWh and for Euro-peak 103,10 Eur/MWh.

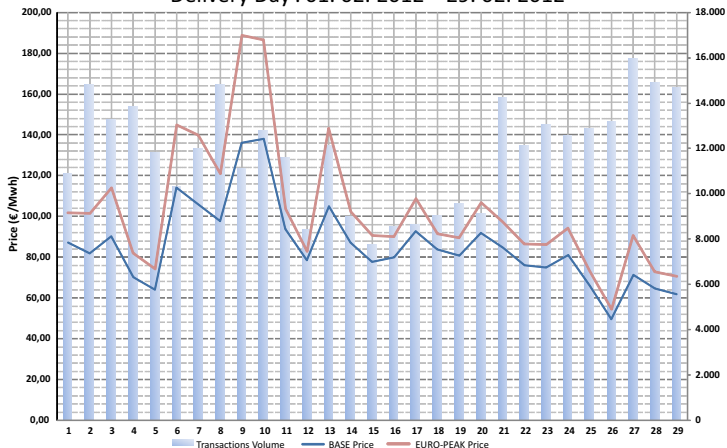
Maximum daily volume in February 2012 reached 15.915 MWh on 27.02.2012, average daily volume in this month reached 11.792,423 MWh.

Maximum hourly volume in February reached 750 MWh on 27.02.2012 for the 12th hour, average hourly volume reached 491,351 MWh.

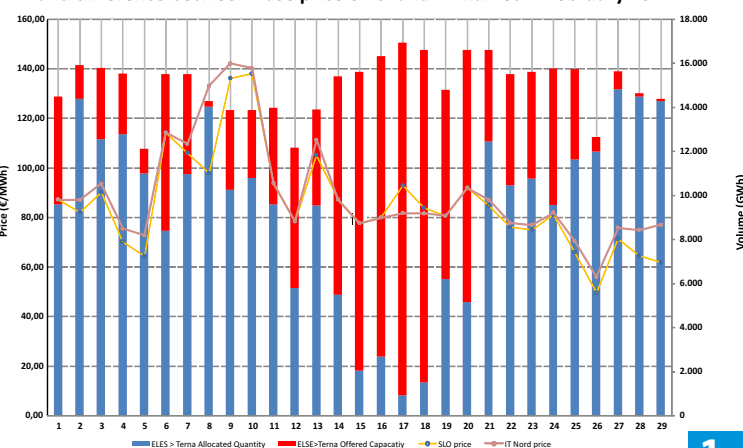
No transactions were submitted for clearing (OTC) in February 2012.

In the February 2012 the total amount of offered daily capacity in the direction from Slovenia to Italy was 774.555 MWh. Through the implicit allocation at BSP SouthPool 557.340,211 MWh of offered capacities were allocated, representing 71,96 % utilization of daily available transmission capacity. In the direction from Italy to Slovenia the total amount of offered daily capacity was 87.580 MWh. Through the implicit allocation at BSP SouthPool 928 MWh of offered were allocated, representing 1 % utilization of daily available transmission capacity.

Slovenian Market Auction Prices and Volumes Delivery Day : 01. 02. 2012 - 29. 02. 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 February 2012



Mr. Orešič (Director Western and Central Europe, EFT Ltd): In the markets of the Balkans - including Slovenia - the situation is quite different, since prices have risen significantly in recent months due to historically low hydrology and larger consumption deriving from extreme cold in the same period.

According to expert predictions, exiting the crisis will increase the price of electricity. What is your view on the matter?

Electricity prices are now at the same level or even lower than they were before the nuclear disaster in Fukushima, and the disaster itself seems to no longer influence business in Japan. In other parts of the world acceptance of nuclear generation is recovering.

Predictions of last year's German nuclear withdrawal and the closure of its seven nuclear power plants caused a 25 percent increase in electricity prices on the power exchange in Leipzig. Because of the pessimistic forecasts on future economic growth in the euro area, the demand for electricity hasn't increased, while prices have gradually declined. In the second half of 2011 prices had already reached the same level as those before the disaster.

In the markets of the Balkans - including Slovenia - the situation is quite different, since prices have risen significantly in recent months due to historically low hydrology (thus lower hydro generation) and larger consumption deriving from extreme cold in the same period. On an annual basis prices increased by approximately 10 percent and we witnessed even higher

increases on a monthly and on a daily basis. These conditions brought to the forefront our high dependency on hydrological conditions and, on the other hand, the scarce transmission capacities of central Europe. This direct dependence imposes an emergency on us, so we keep a close eye on investments in the region and this is not meant only from the perspective of monitoring those investments, but also of being an active player in the investment cycle in these markets.

What are your expectations regarding long-term energy policy and pricing in the region and beyond?

Future electricity prices are going to be set in such a way that they will embed expectations of economic growth. I am rather an optimist, in terms of economic growth prospects, and therefore I believe that prices of electricity will be higher in the future. No matter how the economy will develop, the price situation should allow investors to make decisions on profitable investments. The general situation in the industry is not optimal after it was mostly hit by high gas prices and the German nuclear withdrawal last year. Without new investments we may witness a significant shortage in the SE region and thus much higher prices. In this regard, our region is staggering behind its plan.

Price growth could also be influenced by higher prices of emission allowances which are mostly dependent on European energy policy.

Do you expect the South Stream project to reshape the energy sector in the region, stabilize gas prices and attract new much-needed investments to the Balkans? How would that reflect in electricity prices?

It is not just about the South Stream project, it is about the European gas market in general. It is about liquidity, how prices will be formed, about the duration of contracts and about the proportion between spot- and longer term contracts. The key issue today is that no investments in new gas-fired generation seem to be feasible. It is true that the presence of important new gas infrastructure in the region contributes to stability and potentially to the security of supply however only a significant shift in the correlation between gas and electricity prices will attract new much-needed investments in generation capacities.

In other words, South Stream brings a good basis for the development of the sector in the region but first some basic parameters of the market have to change in order to incentivize these investments.

Mr. Philip Schmid-Lossberg (Origination Area Manager CEE, EGL AG): The big shortage in the SEE region and imposed restrictions on exports of electricity put in place in order to protect the local demand by some SEE states resulted in prices shoot up in the region.

Which are by your opinion the reasons behind recent (February) high prices on EPEX markets and HUPX market and its reflection on market access and price formation on Slovenian and other SEE markets?

Frigid temperatures have gripped Europe in February, with the mercury reaching as low as 35 degrees Celsius below zero. After what had been a relatively mild winter, the sudden cold caught many unprepared. Eastern and South Eastern Europe were hit hardest and also other parts of Europe faced historically low temperatures. Extreme cold brought alongside other inconveniences a high demand for electricity, especially in the countries which mostly use electricity for heating. In France we could see, due to the cold weather, on 08.02.12 an outstanding 100.000 MW peak demand.

Additional reasons for the significant growth of the electricity price on the European level, were the nuclear decommission in Germany, provision of missing energy from more expensive oil power plants that had to be switched on (oil price was already high) and very high spot prices of gas (especially in week 6) where TTF price reached 31,50€ (NBP driven as UK had a cold spill too). In the same period due to the big shortage in the SEE region, because the hydro levels have been very low and countries which are usually exporting electricity, (i.e. Romania and Bulgaria) closed their borders in order to protect their local demand, prices were shoot up even more.

What are your expectations regarding long-term energy policy and pricing in the SEE and the CWE region and its reflections in the SEE from the Central/Western European based market participant point of view?

Price development in the CWE region will be very much depended on the economic growth, that is how fast we will recover from the financial crises. The increased electricity production from renewables will play a much more dominant role in the Spot market than in the past and will see its heavy influence on the electricity prices.

As it regards the reflection to the SEE region I think the correlation of the Hungarian and the SEE prices to the German market will diminish more and more and these markets will gradually develop their own pricing. Regional influence, such as hydro availability, will play a more significant role as it was up till now. Also missing investment projects (not attractive enough dark&spark spreads) in the power plant infrastructure in the SEE region could attribute to rising prices in the future in this region.

BSP App *LITE* for Android

– Auction trading results, results archive, news...

BSP App Lite mobile application provides to the user free information on Slovenian wholesale market electricity prices. Shown electricity prices are consistent with the trading results at BSP Regional Energy Exchange.



Main characteristics of **BSP App *LITE*** are:

- Graphical and tabular presentation of the main electricity products traded at BSP Regional Energy Exchange,
- Graphical and tabular display of the market coupling results on the Slovenian-Italian border,
- The results of day-ahead trading (d +1),
- Latest BSP Regional Energy Exchange news.



Available also on ANDROID MARKET!

(<https://market.android.com/details?id=t00r.bsp>)

Trainings and workshops supported by BSP SouthPool

»**Understanding the German Electricity Market**« Montel organized in co-operation with Lenz Energy and supported in terms of publicity by BSP SouthPool and Energetika.net a two day seminar "Understanding the German Electricity Market". Two day seminar for traders and analysts was held in Ljubljana on 14th and 15th March. In addition to theoretical lessons (which covered the characteristics of German power production, characteristics of German power consumption, calculation of short-running marginal costs, electricity grid and cross-border exchange, power trading and price developments, market integration of renewable energy sources, structure of German electricity supply and current plans for future power production in Germany) participants were able to put into practice what they learned by participating at the simulation workshop that took place on the second day of the seminar. Seminar exceeded expectations in number of attendees and in broadens of the debate that evolved within the seminar.

In February HEP Trgovina became member of BSP SouthPool

HEP Trgovina became 38th company group that entered into membership at BSP SouthPool.

The company will henceforth – as the 33rd participant of the Slovenian electricity day-ahead market – actively participate in Slovenian market.

BSP regional energy exchange members are: Alpiq Energy, Borzen, Danske Commodities, Edelweiss, EDF Trading, Electabel, Electrade, Elektro Slovenija, Edison Trading, EGL, Elektro Gorenjska Prodaja, Elektro Celje, Elektro Energija, Elektro Maribor Energija Plus, E3, Elektroprodaja, E.ON Energy Trading, Enel Trading, Energy Financing Team, Europe Energy, EVN Trading South East Europe, Ezpada, Gazprom Marketing & Trading, Gen-I, HEP Trgovina, Holding Slovenske elektrarne, Interenergo, JAS Energy Trading, Petrol energetika, Petrol d.d., Repower Trading, Rudnap Group, Statkraft Markets, Termoelektrarna toplarna Ljubljana, Tradition Financial Services (TFS) and Verbund.

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