

Volume on the BSP SouthPool Day-ahead and Intraday market in first half of the year 2013 has exceeded 3 TWh

Steffen Herkner (Head of Continental Power Trading, Vattenfall): **Slovenia is an important hub for physical flows between northern and southern Europe linking Austria, Italy and the CEE/SEE region**

Viktor Varga (Director of Asset-based Trading at MVM Group): **Although the spreads are already contracting in Slovenia and Hungary, a direct interconnection line would definitely have a leverage effect on prices in these countries**

New members of BSP SouthPool are MVM Partner, Elektroprodaja E. U., Dans Energy, DufEnergy Trading and TEI Deutschland

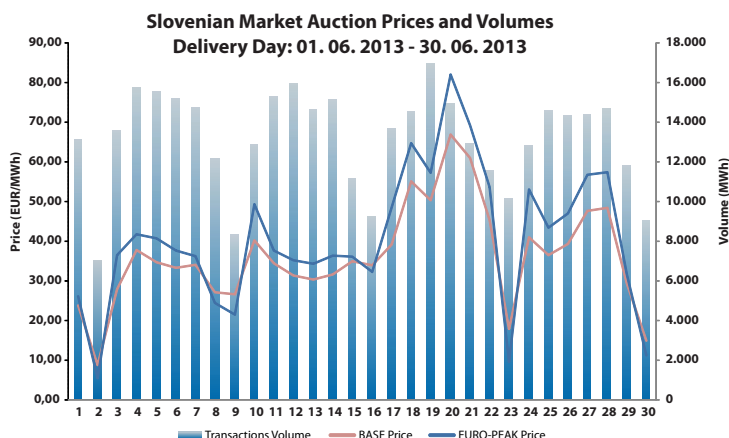
Volume on the BSP SouthPool Day-ahead and Intraday market in first half of the year 2013 has exceeded 3 TWh

Trading report Q1 and Q2 2013 on Day Ahead Market

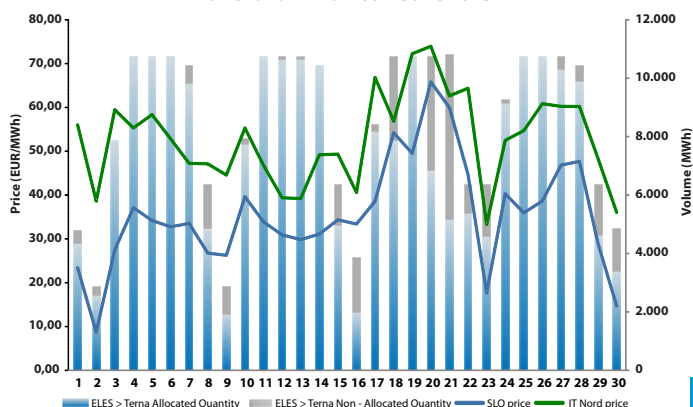
In the Q1 the total volume of concluded transactions amounted to 1.628.455,582 MWh, whereas the volume of entered orders in the aforementioned period was 4.518.301 MWh and in the Q2 total volume reached 1.301.725,387 MWh and volume of entered order was 4.162.439 MWh.

The highest monthly volume in first half of the year 2013 of transactions was recorded in March, which ended up with 585.719 MWh of traded volume and with 1.632.661 MWh of entered orders. The maximum daily volume reached 22.110 MWh and took place on 12th March. The maximum hourly volume, an amount of 1.060 MWh, was realised on the delivery day of 16th March for the 16th hour.

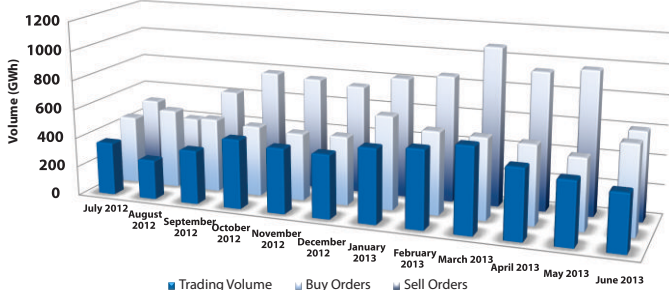
Month	Base (EUR/MWh)	Euro-peak (EUR/MWh)	Volume (MWh)	Market share (%)
January	47,14	56,09	509.106,582	45,7
February	45,63	52,95	533.630,000	52,0
March	38,50	43,33	585.719,000	54,2
April	36,62	40,10	479.555,232	50,4
May	30,19	33,75	432.907,953	46,2
June	35,62	39,99	389.262,202	41,5



Correlation between offered and allocated quantity of daily capacity on SI- IT border and difference between Base price on SI and IT market in June 2013

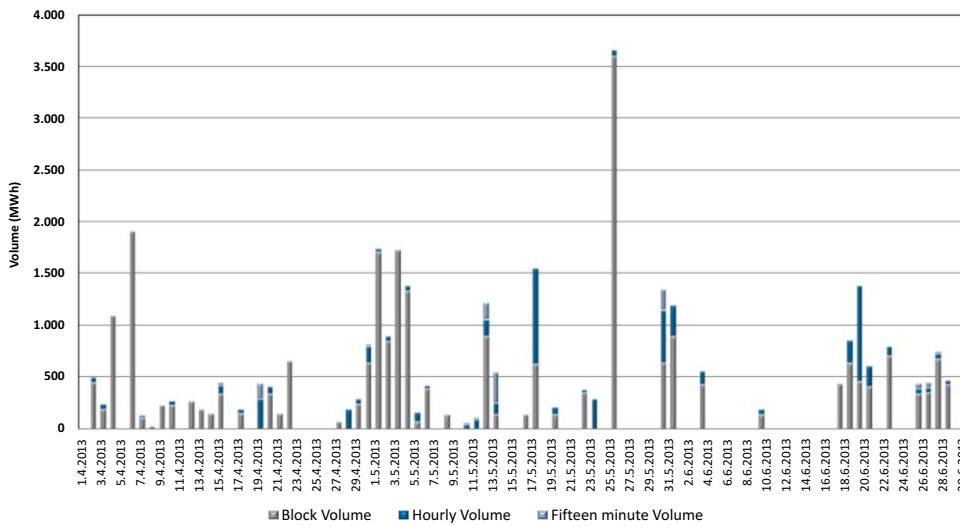


Day-ahead trading - volume of entered orders and total trading volume in the Slovenian market



Trading report for BSP Intraday market for January - June 2013

Slovenian Intraday Market Volumes Delivery Day: 01.04.2013 - 30.06.2013



In the period from January to June 2013 the total trading volume reached 61.458 MWh. In the same period a total volume of 50.049 MWh was concluded with block products, 10.135 MWh with hourly products and 1.274 MWh with 15 minute products.

In first half of the year 2013 a total volume of 10.880 MWh was submitted for clearing (OTC).

BSP SouthPool news

Steffen Herkner

(Head of Continental Power Trading, Vattenfall):

Slovenia is an important hub for physical flows between northern and southern Europe linking Austria, Italy and the CEE/SEE region.

Vattenfall became a member of BSP SouthPool at the end of last year. What are the benefits and opportunities of your being a member and actively participating at BSP?

We stepped into the Slovenian power market end of last year. This market entry was another milestone for us in expanding our energy trading and origination business geographically into Central and Southern Eastern Europe. Slovenia is an important hub for physical flows between northern and southern Europe linking Austria, Italy and the CEE/SEE region.

European energy markets are moving closer together towards a single market. Hence, it is increasingly important for us to be active in those markets and to continue our regional growth. Currently, we are working on expanding our origination activities throughout this area. A team of originators, which is based in Warsaw, is developing and offering tailor-made, non-standard contracts to customers such as renewable developers, industrial customers, or heat plant operators.

In the CEE/SEE region, besides Slovenia we actively trade energy also in Poland, Czech Republic, Hungary, and Slovakia.

What are your expectations regarding European day-ahead markets integration?

We are expecting market coupling initiatives in Europe to advance. Market coupling has positive effects on liquidity of day-ahead markets and thus indirectly provides a more stable basis for long-term products and their settlement. For Vattenfall, a liquid market is an essential cornerstone in order to hedge its market risks. From a social welfare perspective, increased liquidity will mean reduced energy costs for consumers. We hope that the development will continue to move into the right direction with spot exchanges growing and being coupled efficiently across Europe.

How will in your opinion the energy market react on the low wholesale prices in Germany in perspective on future investments?

In the first place, the focus will be on mothballing and decommissioning of those power plants with a negative return as most markets are oversupplied amid massive growth of renewable energy sources in combination with a rather weak growth in demand. In the long-run, an energy-only-market will start to give investment signals once the demand-supply balance gets sufficiently tight. To foster investments at an earlier stage, subsidies and capacity payments would be necessary to trigger investments, which would in turn cause market distortions.

How do you see future development of Intraday trading in Slovenian market?

We are hoping for a further stable environment and support for intraday activities in Slovenia. We are actively looking at supporting the market and contributing to its liquidity.

Viktor Varga

(Director of Asset-based Trading at MVM Group:

Although the spreads are already contracting in Slovenia and Hungary, a direct interconnection line would definitely have a leverage effect on prices in these countries.

MVM Partner is active in markets in the region of Central and Eastern Europe. At the beginning of 2013, your company also entered the Slovenian power market and became a member of BSP. What are your future plans? Which markets will you enter next, or where will you stimulate your activities?

MVM Partner's wholesale trading activity has undergone some major development in the last three years. Although in Hungary we have a dominant power plant portfolio, it was inevitable to expand our wholesale trading activity in the neighbouring countries in order to improve our portfolio optimisation by exploiting the benefits of having access to regional markets. Slovenia was also one of those markets where we wanted to have trading access. Although there is no direct connection between the two neighbouring countries in terms of a power network, the Slovenian exchange can be reached through Croatia or Austria. Today MVM Partner has established its wholesale business presence in 10 countries, from France to Serbia, and our licensing is under process in a few other countries. Regarding further expansion the focus is on the Balkan region, and the southern countries. We believe that for the Balkan region, Hungary is the most important and the most transparent hub. Having a dominant presence in Hungary, we are willing to exploit the importance of this regional hub for the Balkans. Our trading infrastructure in Bulgaria will be ready soon for trading. Subsequently, Bosnia and Macedonia are in the pipeline; Turkey also might be considered as a potential target market in the future.

Comparing to 2012, this year the wholesale power prices in this region decreased. What are your expectations for the wholesale prices in the future?

It is a quite complex issue since the developments of electricity prices are affected by many factors, such as market regulations, performance of the economy, weather conditions, etc. Extreme weather conditions have a major influence, especially on-the-spot prices. The production of renewable energy is growing rapidly in Western European markets. Increasing solar capacity puts peak prices under pressure first the short-term markets, and this affects long-term prices as well. In the region—except in Hungary—the dependence on hydro generation is significant, which influences regional price developments. If we look at the precipitation stats, 2010 was the wettest year in the last 100 years and, to the contrary, 2011 was the driest. It is easy to track the pattern in electricity prices, even by looking at the price spreads compared to the reference German market. Last but not least, the low level of CO₂ prices put the coal-fired power unit in advantage compared to others, which also put the prices under pressure. Based on the above-mentioned reasons, I can't see any fundamental signal at the moment that could increase prices significantly.

Slovenian and Hungarian electrical systems are still not connected. What kind of influence will, in your opinion, the interconnection line between these two markets have, once it's set?

Although the spreads are already contracting in these countries, a direct interconnection line would definitely have a leverage effect on Slovenian-Hungarian prices. At the moment connection between the two countries is only achievable by transiting through a third one—Austria or Croatia—which increases operational risk significantly. It is reflected in the prices. By having a direct link, this risk can be eliminated, and would open the way to the coupling of these two markets. Thereby the market liquidity and the transparency would further increase.

Hungary has started trilateral market coupling with the Czech Republic and Slovakia. What are your expectations regarding future development of European day-ahead markets integration?

This is closely related to the previous question. In the Eastern region there are some administrative obstacles that shall be tackled to achieve the EU-wide target. I am thinking on technical and regulatory issues. These are the absence of interconnection in the previous question, or even abolition of import and export fees imposed in a few countries. In my understanding, those are used mostly to protect the low prices of the domestic market.

Training Course

On the 24th of January and 31st of May BSP organized the Exchange Trader Training Course. Six participants attended the course - one from ELES, one from Virtuse Energija, one from E3 and three individual participants. During the course participants were addressed with information on the BSP power exchange rules, clearing and trading platforms.

The next Exchange trader training course will take place on the 19th of September 2013. All details about the training are available on our web page.

BSP SouthPool Traders' party

On Friday 24th of May the BSP SouthPool Traders' Party took place at Slovenian coast in Portorož. The event offered opportunity for traders and other BSP SouthPool partners to meet each other in person.



MVM Partner ZRt., Elektro prodaja E. U. d.o.o., Dans Energy LTD, DufEnergy Trading SA and TEI Deutschland GmbH are new members of BSP SouthPool

MVM Partner ZRt. became the 41st, Elektro prodaja E. U. d.o.o. 42nd, Dans Energy LTD 43rd, DufEnergy Trading SA 44th and TEI Deutschland GmbH 45th company group that entered into the membership at BSP SouthPool.

The TEI Deutschland will henceforth – as the 40th participant on the Slovenian electricity market – actively participate on the Slovenian market.

BSP regional energy exchange members are: Alpiq Energy, Axpo Trading, Borzen, Dans Energy, Danske Commodities, DufEnergy Trading, Edelweiss Energia, EDF Trading, Electrade, Elektro Slovenija, Edison Trading, Elektro Energija Celje, Elektro Energija, Energija Plus, E3, Elektro prodaja E. U., E.ON Global Commodities, Enel Trading, Energi Danmark, 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, MVM Partner, Petrol energetika, Petrol, Repower Trading, RD CZ Energy, Statkraft Markets, TEI Deutschland, Termoelektrarna Toplarna Ljubljana, Tradition Financial Services (TFS), Vattenfall Energy Trading, Verbund, Virtuse Energija and Vitol Gas & Power.

The newsletter is published by BSP Regional Energy Exchange LLC. Editor in Chief **Anže Predovnik** Completed in July 2013, No 2/2013

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

Proofreading Hieroglifi s.p. Tbilisjska ulica 6 1000 Ljubljana

Copyright © 2008 – BSP d.o.o. - All rights reserved



BSP Regional Energy Exchange

Your energy choice.