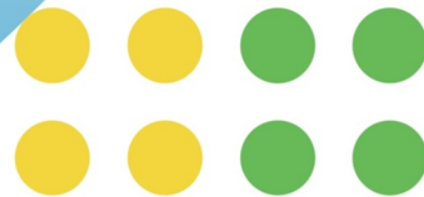


Developments in Polish Electricity and Gas Market

EFET Board Brainstorming

August 29, 2013, Warsaw



1. TOE – General Info

2. Polish Electricity and Gas Market

3. Developments in Power Market

- ✓ trading volumes
- ✓ spot volumes
- ✓ crossborder trading opportunities

4. Developments in Gas Market

- ✓ exchange obligation, tariff release, exchange trading
- ✓ EFET gas master agreement

5. Next steps – possible cooperation between EFET and TOE

Towarzystwo Obrotu Energią

- ❖ Association of Energy Trading
- ❖ Created in 2003
- ❖ 21 Member Companies - Energy Trading Companies (of which around 2/3 are pan-European players)
- ❖ 140 Ordinary Members (natural persons)
- ❖ 15 Members of Executive Board
- ❖ 6 Task Forces
- ❖ Long established working relationships with Ministry of Economy, ERA, TSO, POLPX, parliamentary Energy Committee

TOE – General Info



Trading companies in TOE (August, 2013)



6 Task Forces/Workgroups

- ✓ RES, CHP, Efficiency Task Force
- ✓ Retail Market Task Force
 - (a) Contracts Group (Supplier - DSO)
 - (b) Retail Customer Standards Group
 - (c) Retail Customer Validation System Group
 - (d) Retail Financial Regulations Group
- ✓ Wholesale Trading Task Force
 - (a) Wholesale Financial Regulations Group
 - (b) Cross-border Trading Group
 - (c) Analytics Group
- ✓ Balancing Market Task Force
- ✓ Gas Market Task Force
 - (a) EFET Gas Master Agreement Group
 - (b) Formal and Legal Environment Group
- ✓ TOE Report Task Force

Polish Electricity Market

Electricity 2012

Number of energy end-users **15.7 million**

Generation capacity **38 046 MW**

Gross electric energy production **157,0 TWh**

Total energy consumption **159,8 TWh**

Load:

❖ **max (7/02/2012)** **25 845 MW**
 ❖ **min (17/06/2012)** **16 178 MW**

Transmission grid in Poland



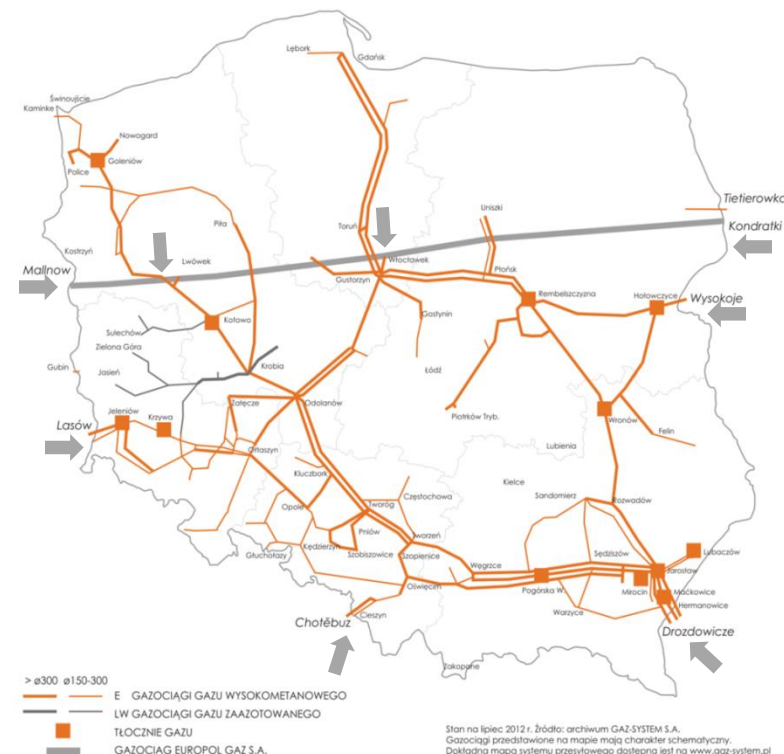
Source: PSE, ERA, TOE

Polish Gas Market

Gas 2012

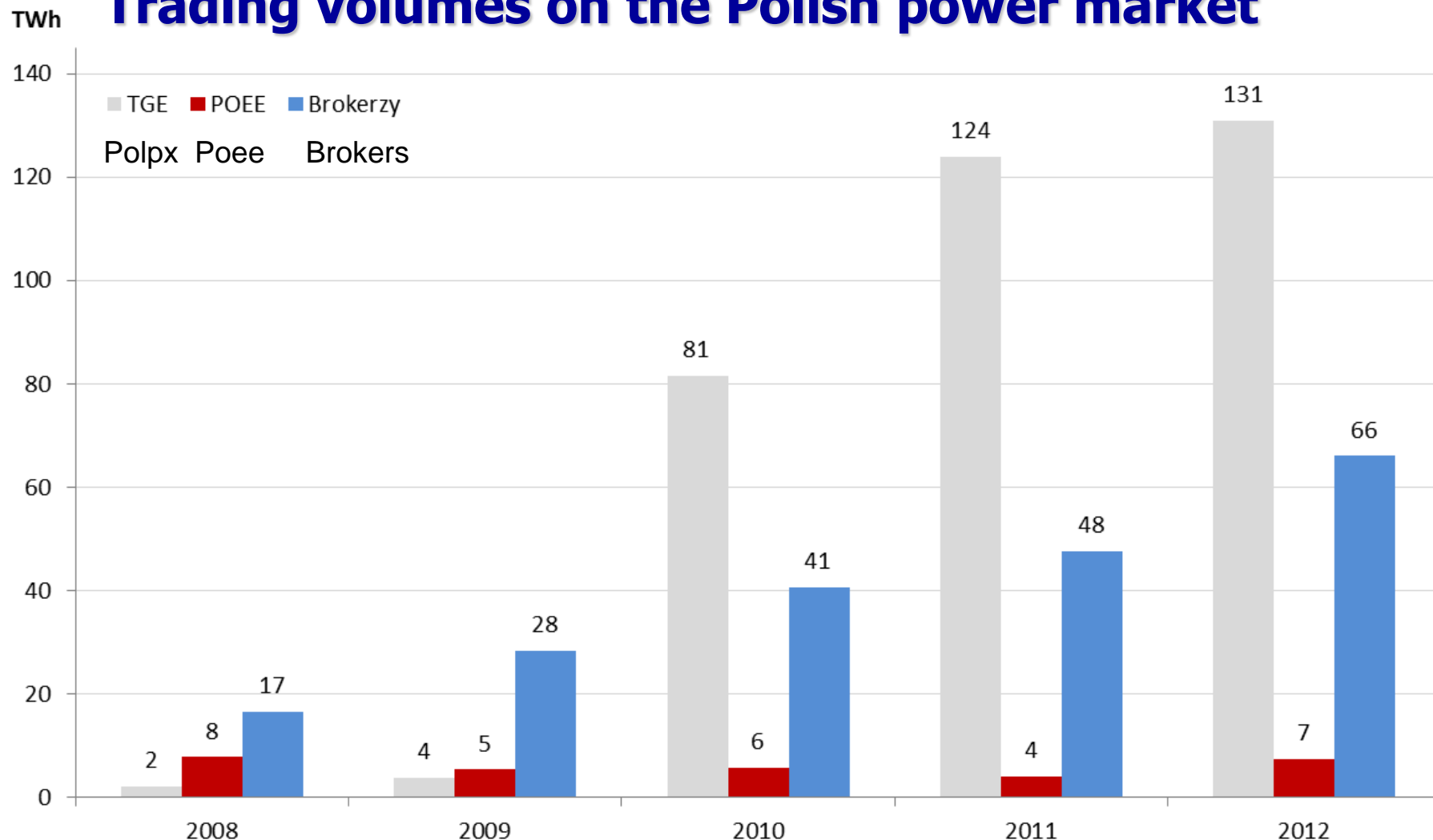
Import (Yamal contract)	11.2 bln m³ (9.0 bln m³)
Internal production	4,3 bln m³
Number of energy end-users	6.7 mln
Total gas consumption	15,43 bln m³
Including:	
Industrial customers	60,2%
Households	26,1%
Others	13,7%

Transmission grid in Poland

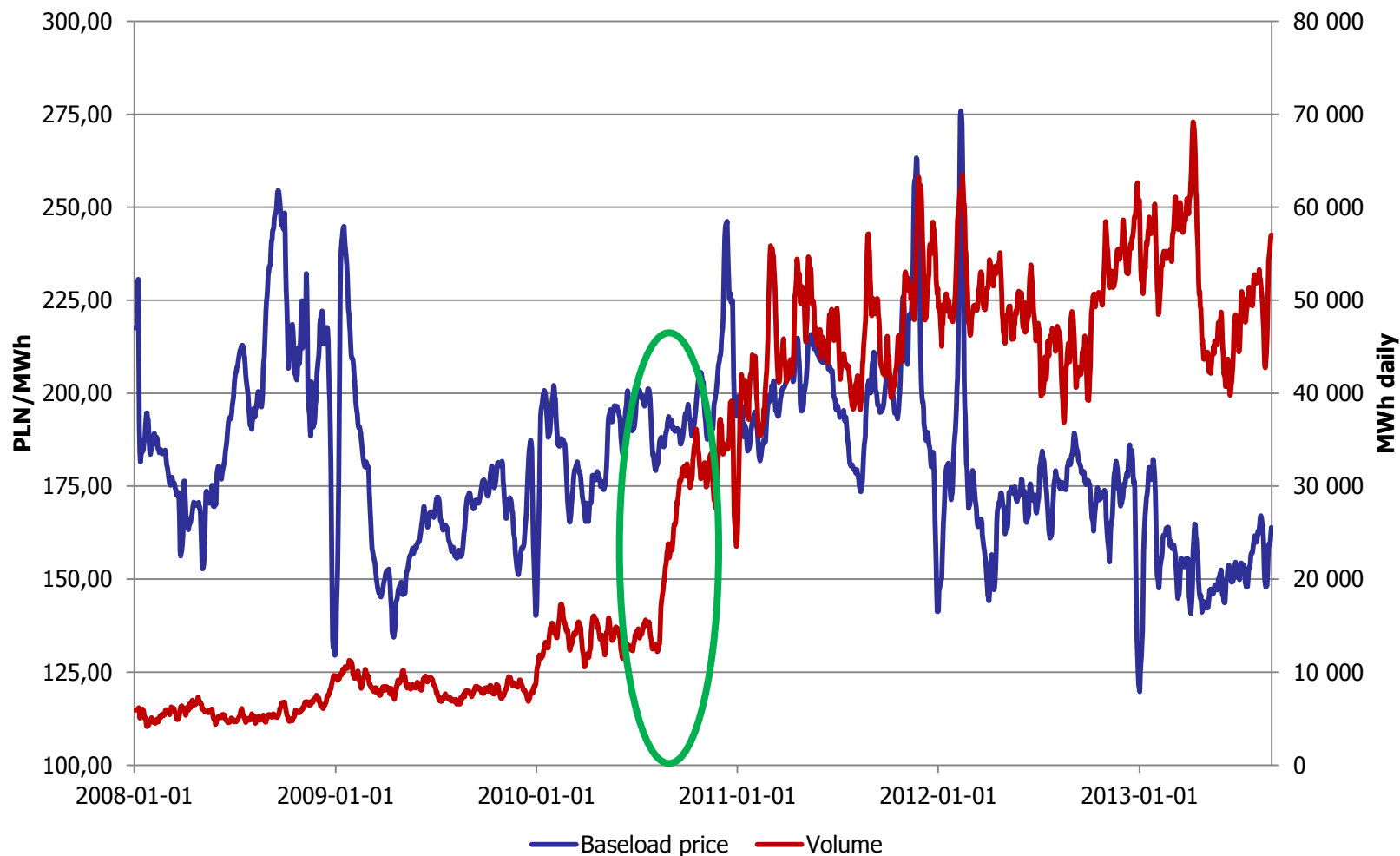


Source: Gaz-System, ERA

Trading volumes on the Polish power market

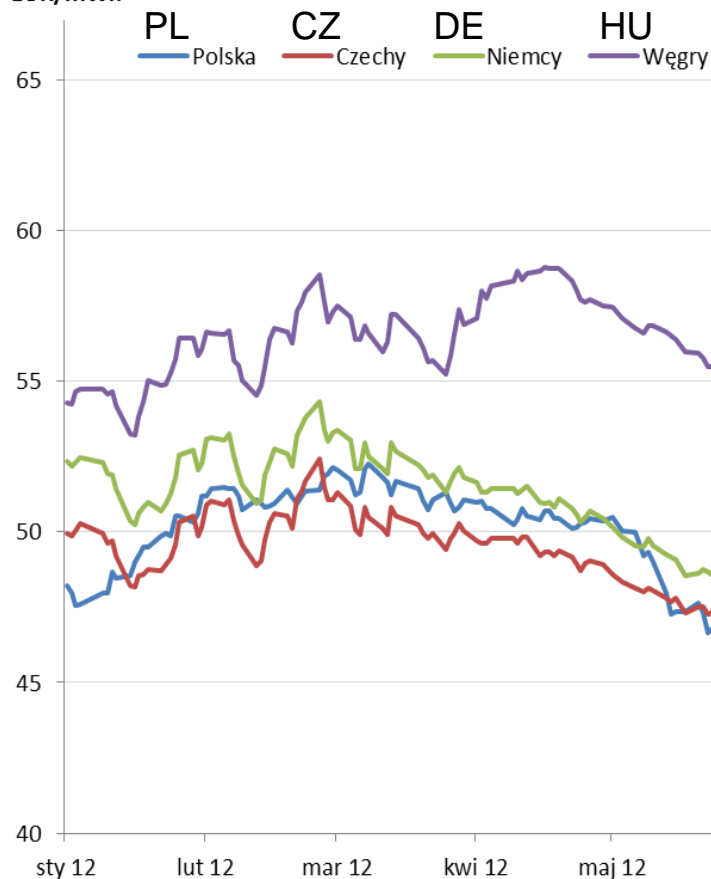


PolPX spot prices and volumes



BASE Y-13 quotations (PLN/MWh).

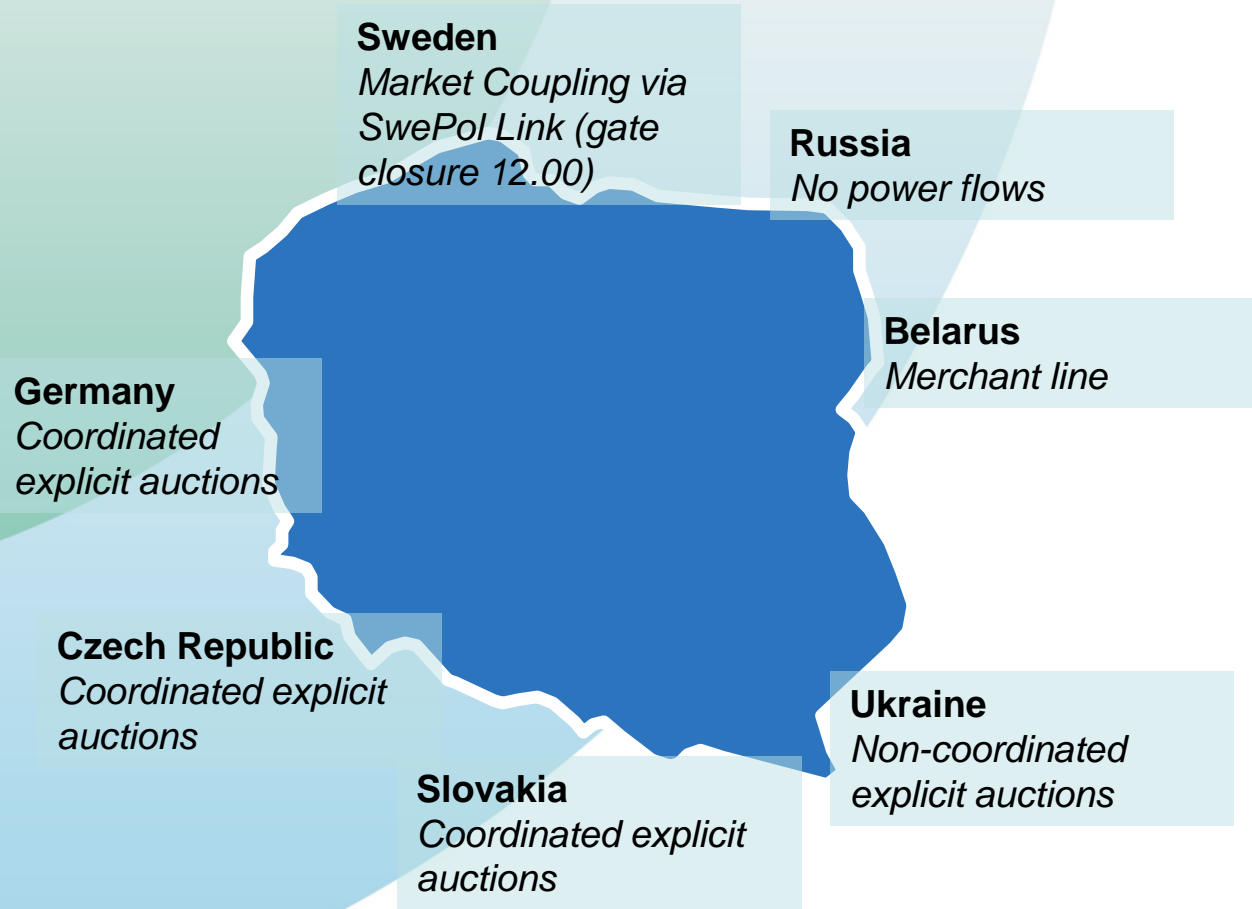
EUR/MWh



Correlation matrix for electricity derivative markets

	PL	CZ	GE	HU
PL	1	0,89	0,91	0,67
CZ	0,89	1	0,99	0,55
GE	0,91	0,99	1	0,53
HU	0,67	0,55	0,53	1

CURRENT STATUS ON POLISH BORDERS



Developments in Gas Market

Developments in Gas Market

- ❖ Exchange based gas trading market launched in December 2012
- ❖ Exchange obligation
 - ✓ 30 % - 2013
 - ✓ 40 % - 2014
 - ✓ 55 % - 2015
- ❖ Release of trading companies from the requirement to have tariffs accepted by ERA (trader – trader contracts)
- ❖ Release of trading companies from the requirement to have tariffs accepted by ERA for sales to large end customers (25 million m³ in 2013; 2,5 million m³ in 2014)
- ❖ Existing gas market barriers (two licences required, import diversification, mandatory reserves)

Developments in Gas Market

Bilingual EFET Gas Master Agreement

- ❖ English/ Polish text – 2 columns, side by side
- ❖ TOE workgroup advise EFET
- ❖ Polish Hub Annex
- ❖ Joint EFET & TOE meeting on 2 September, with participation from ERA and GAZ-System (Gas Transmission System Operator)

Next steps – possible cooperation between EFET and TOE (1)

- ❖ Abolition of tariff requirement for households
- ❖ Lowering of concession charges levied on power trading
 - Currently 0,06 % of sales (appx 0,09 PLN/MWh)
- ❖ Establishment of a single day-ahead power fixing at a time coherent with European markets
- ❖ Reduction of gas market development obstacles
- ❖ The adoption and promotion of the EFET Gas Master Agreement in Poland
 - Joint seminar?
- ❖ Implementation of REMIT regulations in the Polish Law

Next steps – possible cooperation between EFET and TOE (2)

- ❖ Forms of co-operation
 - Exchange of documents
 - Joint task force / workgroup meetings
 - Joint letters/ initiatives/ position papers