

Presentation of study results
Impediments to Electricity Trading
Central and Eastern Europe
ETCEE, Prague, June 2007

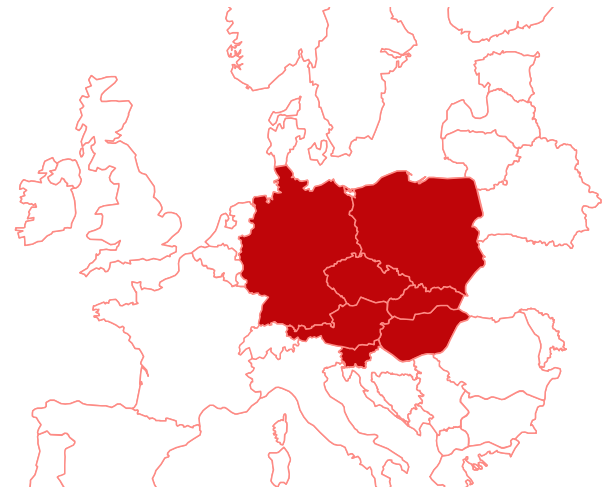
Background

In 2006 the European Regulators Group for Electricity and Gas (EREG) launched the Electricity Regional Initiative (ERI)

European-wide initiatives for the creation of regional energy markets (REM)

The ERI sets up seven regions in Europe for REM

PricewaterhouseCoopers analysed the impediments for traders for one region :
'Central-East Region'



The Survey

PwC focused on energy traders, because these market participants are essential for the development of markets

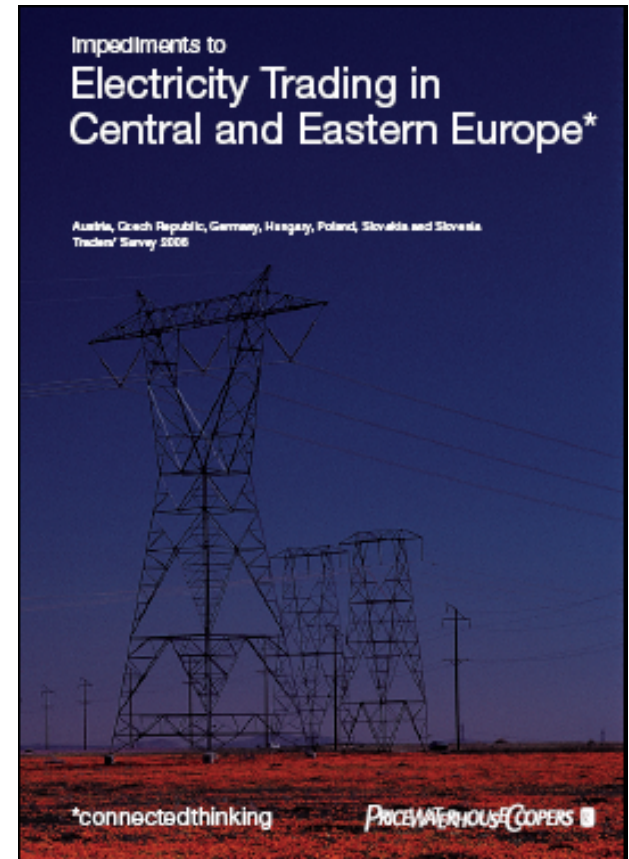
Survey:

- Country Comparison
- Traders experience

Many thanks to EFET for the support with traders contact

The results show

- significant regulatory, administrative and information-related barriers
- leading to insufficient liquidity and non-transparent markets



Content of Survey

We have analysed following countries:

Austria, Czech Republic, Germany, Hungary, Slovakia, Slovenia and Poland

The survey is covering following main topics:

- Network access administration and bureaucratic formalities
- Power exchanges and trade mechanisms
- Balance energy
- Congestion Management
- Market structure and timetable
- Divergent IT platforms and data delivery
- Overall valuation

We have asked 39 traders, with a response of 48%, research was done between July and October 2006

Consequences of the results

The result gives a clear picture about the problems for a common electricity market in these region

The study could serve for

- Regulators

- Ministries

- Transmission System Operators

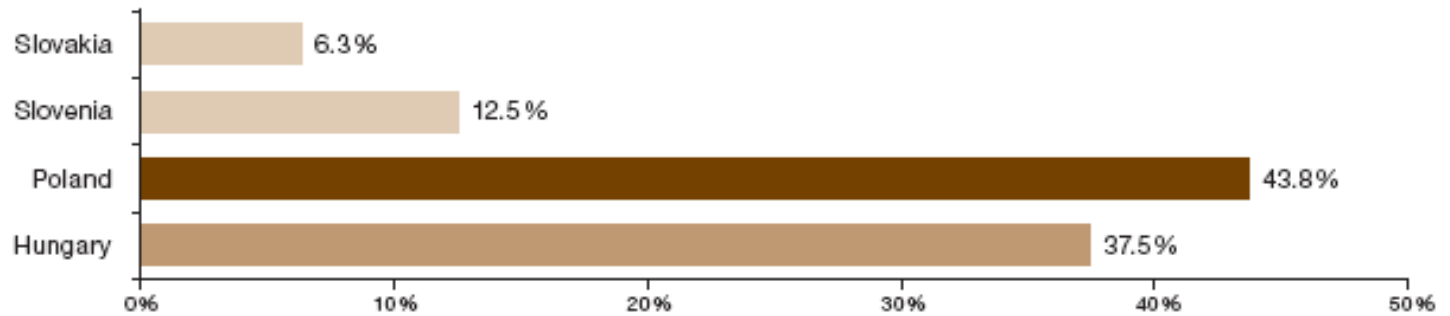
to improve their regulation to reduce the impediments.

Traders need an efficient, transparent and non-discriminatory market

Greatest, administrative and regulatory obstacles

Figure 1

Traders' view: markets with greatest, administrative and regulatory obstacles to electricity trading

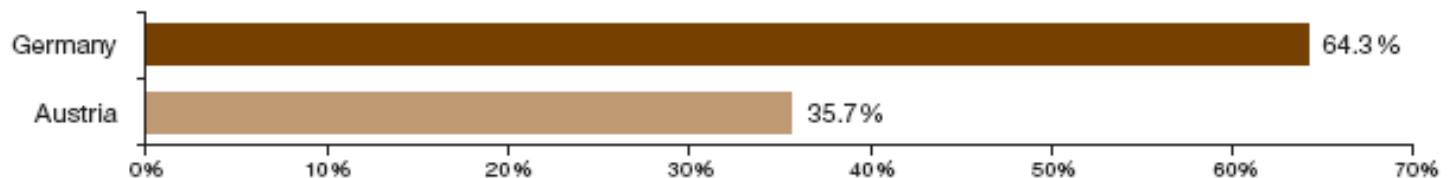


Note: Total % of responses

Source: PricewaterhouseCoopers, Traders' Survey 2006

Figure 2

Traders' view: markets with least administrative and regulatory obstacles to electricity trading



Note: Total % of responses

Source: PricewaterhouseCoopers, Traders' Survey 2006

Summary

German market is considered by traders as the most attractive for trading on all counts

Austria follows with a balancing energy market which could serve as a best practice

Among the new EU member states, **Poland** and **Slovakia** received the best overall ranking, followed by the **Czech Republic**, **Hungary**, and **Slovenia**

By harmonisation of laws and market rules a significant part of impediments could be reduced. Here are the Ministries, Regulators and in certain cases also the Transmission System Operators are the main address for a further improvement.

Contact Data and Survey

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