

2011, a year of consolidation of the short and medium term products administered by OPCOM: active participants and record amounts traded on the day ahead market and on the centralized market for electricity bilateral contracts

The Day Ahead Market

The market answered to this year needs for optimum balancing of the participants obligations with a day before delivery, in a context in which a high degree of uncertainty regarding the forecasted evolution of electricity production and consumption was maintained. An absolute record number of 83 participants were active on the DAM platform in the last month of 2011, contributing to the strengthening of the annual average of the traded volume, for the first time placed over the threshold of 1,000 MWh/h. The annual averages indicate more than a doubling of the traded volume, from 388.927 MWh/h in 2005 to 1,012.511 MWh/h in 2011, this last value representing in the market share almost 16% out of the domestic consumption.

Over the entire year, the number of participants who submitted at least one bid in 2011 was 97, representing about 80% out of the 123 companies registered to the market until the end of December. The intentions expressed by the active participants materialized in 2011 in hourly transactions that have varied in a range between 370 MWh/h and 1,696 MWh/h, the upper limit representing an absolute maximum of the entire time horizon 2005-2011. Settled in all hourly intervals without exceptions, the hourly transactions amounted to 950 MWh/h (equivalent to about 15% of annual average hourly consumption) in over 60% of the cases, while the transactions volume was lower than 600 MWh/h (10% out of the consumption) in only 1% out of the 8,760 hourly intervals.

The annual trading price in 2011 was 221.20 lei/MWh (52.13 EUR/MWh), while the weighted average price was 221.23 lei/MWh (52.07 EUR/MWh), increasing compared to the corresponding value of the year 2010, when the weighted average was 156.31 lei/MWh (37.08 EUR/MWh). The same upward trend is found in Europe in almost all spot power trading environments, but notable for this year remains the dispersion of annual average prices which is much lower from the European average of 53 EUR/MWh.

The Centralized Market for Electricity Bilateral Contracts - Public Auctions Mechanism (CMBC)

A number of 48 participants, representing more than half of the 93 companies registered to the market until the end of December, expressed their interest for using the product within their own contracting strategies in the year 2011. 260 offers were initiated, the traded amount corresponding to the awarded bids totalling 5.6 TWh compared to 3.9 TWh in the previous year. The analysis shows that the transactions established in 2011 already ensures deliveries for the next year of 4.5 TWh, which represents a market share out of the consumption of 8.29% and also a solid starting point for the contracting process from 2012 using the public auctions mechanism (CMBC).

The deliveries contracted for 2011 amounted to a market share of 8.57% out of the consumption, the corresponding weighted average price being of 161.97 lei/MWh (38.27 EUR/MWh).

The Centralized Market for Electricity Bilateral Contracts - Continuous Negotiation Mechanism (CMBC-CN)

Transactions with short and medium term delivery have also increased this year, new records being set both for the number of the awarded contracts as well as for their corresponding amount: 2,798 standard contracts for delivery terms of one week, one month and one quarter, profiled for base load and for off-

For more information, please contact S.C. Opcom S.A.

Victor Ionescu, CEO, telephone +4 021 3071 450

fax +4 021 3071 400

also available on www.opcom.ro

peak load, respectively a quantity of 625,728 MWh, an absolute record for the performance of this product.

The deliveries contracted for 2011 amounted to 456,078 MWh, respectively a market share of 0.84% out of the consumption, the corresponding weighted average price being of 203.78 lei/MWh (48.11 EUR/MWh).

The Centralized Market for Green Certificates

A number of 451,841 green certificates were traded centralized during 2011, out of which 93,932 certificates were purchased by suppliers in order to meet the mandatory quota for 2010, the remaining of 357,909 green certificates contributing to meet the mandatory quota for 2011 and representing, at the time of the auction held in December, the equivalent of 25.49% of the issued certificates. The average trading price of green certificates traded to meet the mandatory quota for 2011 was 241.04 lei/certificate (56.15 EUR/certificate at the average exchange rate of the last month of the previous year published by National Bank of Romania, respectively 56.84 EUR/certificate calculated using the exchange rate published by National Bank of Romania in the preceding day of each trading day of the 10 monthly sessions organized during the year in order to meet the mandatory quota for 2011).

The Trading Platform for greenhouse gases Emission Certificates

Four participants of the 11 companies registered on the Trading Platform for greenhouse gases Emission Certificates were active, a broker and three operators of installations. 1,000,000 ERUs were traded, half of which are subject to a swap type contract that provided an exchange of 500,000 ERUs with 404,362 EUAs, respectively a total of 500,000 CERs exchanged for a total of 396,711 EUAs through a similar type of contract.

The Intraday Market

Starting with July 25, 2011 the Intraday electricity Market was implemented, according to the first stage of the Action Plan regarding the launch, the expansion and the development of the Intraday electricity Market for 2011-2012, approved by ANRE Order no. 32/30.06.2011. During the year 2011, since the launch of the commercial operation of the Intraday Market, the degree of market participation was 36%. The number of the registered participants at the end of the year rose to 44, out of which 16 participants were active, which traded a total volume of 4,781.312 MWh in the five months of product using.

The Settlement

On the Day Ahead Market, the total collection rights and payment obligations related to transactions amounted in 2011, including VAT, 2,433.1 million lei (572.7 million euro), out of which the payments always done in two banking days totalized 2,316.1 million lei (545.1 million euro), the difference representing the amount of compensations between the participants and OPCOM as the central counterparty.

The year 2011 provided to the market participants not only a new product, the Intraday Market in order to adjust the portfolios closer to the time of delivery, but also the role assumed by OPCOM as counterparty in these transactions. On this market, the total collection rights and payment obligations related to transactions amounted during August-December 2011, including VAT, 1,672 thousand lei (386 thousand euro), out of which the payments always done in two banking days totalized 1,653 thousand lei (382 thousand euro), the difference representing the amount of compensations between the participants and OPCOM as the central counterparty.

In addition to the successful accomplishment of all responsibilities that have resulted from the role of counterparty on the spot market assumed by OPCOM, the settlement activity also involved, in 2011, fulfilling the responsibilities derived from the process of assigning the quantities, respectively the collection rights/payment obligations for:

- the trades concluded on the Green Certificates Market of 108.1 million lei (25.8 million euro calculated using the exchange rate established by National Bank of Romania for each monthly session on GCM), corresponding to green certificates traded in 2011 to meet the mandatory quota for 2010 and 2011;
- the trades on the balancing market administered by Transelectrica amounting 1,192.1 million lei for upward regulation and, respectively, 68.9 million lei for downward regulation (during January-December 2011);
- the imbalances of the balance responsible parties of 46.2 million lei corresponding to positive imbalances and, respectively, 875.5 million lei corresponding to negative imbalances (during January-November 2011), as well as, settlement of information imbalances of the dispatchable units of 214 thousand lei (during January-December 2011).

The residual costs/income resulting from the system balancing were also determined and redistributed monthly, values which amounted to 80.3 million additional costs (during January-November 2011). To note that during the same period of 2010 there were additional revenues of 9.8 million lei.

The quantities contracted for delivery in 2011 on OPCOM markets, respectively on the day ahead market, intraday market and centralized market for bilateral contracts, totaled an amount of electricity of 13,990,405 MWh, the equivalent to about 26% of the estimated consumption for this year.

In addition to the electricity transactions, a number of 451,841 green certificates and a number of 1,500,000 ERUs and CERs were traded centralized on the environmental certificates trading platforms.