

BSP SouthPool



news

The newsletter of the BSP Regional Energy Exchange

Three-digit growth rates of volumes in Q1 2009

An interview with Damjan Stanek, the first General Manager of BSP

Get ready for the first BSP Traders' party

New dates for trainings and examination

BSP SouthPool is the regional energy exchange in South Eastern Europe. It provides complete and high-quality liquid, competitive, and transparent services of organised electricity market for market participants. At the moment, BSP enables trading with electricity on Slovenian and Serbian market. BSP energy exchange has an international ownership structure and is open for admission of new partners. Our ultimate objective is to become a leading regional cross-border energy exchange in South Eastern Europe.

Three-digit growth rates of volumes in Q1 2009

BSP SouthPool recorded a constant growth of trading volumes and orders on Slovenian as well as on Serbian day-ahead market in the first quarter of 2009. The total volume of orders on both markets reached 0,1 TWh, as of more than 70 percent of all orders were entered on Slovenian day-ahead market. The total volume of orders on the Slovenian day-ahead market in March compared to February increased from 17.570 MWh to 39.582 MWh and on Serbian day-ahead market from 1.440 MWh to 16.398 MWh due to increased activity of the exchange members. Constant growth of trading volumes since the launch of BSP

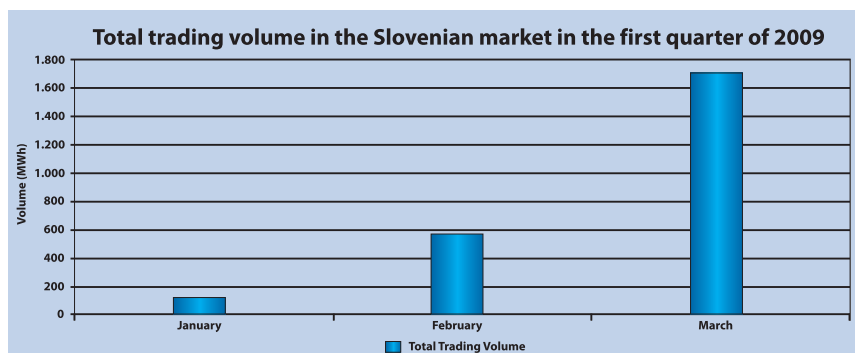
SouthPool in the middle of November 2008 is supporting the optimism for the future.

Total volume of trading has significantly increased every month from the beginning of the year, at the end of March the volume of concluded transactions in 2009 reached 2.398 MWh for the Slovenian market. Most of transactions were concluded with the off-peak1 (17) and base (8) product. Average price for base product reached 47,58 EUR/MWh and for off-peak1 product reached 28,90 EUR/MWh in Q1. There were no concluded transactions in the Serbian market in the first three months of 2009.

BSP SouthPool with strong first quarter

Trading report for March 2009

In the Slovenian and Serbian market 579 orders in the total volume of 51.434 MWh were entered in March. 16 transactions were concluded on the Slovenian day-ahead market in March, most of them with base and off-peak1 product. There were no transactions in the Serbian market. Total volume of trading reached 1.700 MWh. Average price for base product reached 38,15 EUR/MWh and for off-peak1 product reached 27,88 EUR/MWh.



Statistics Q1 2009

Month/Market	Concluded transactions (MWh)		Entered orders (MWh)	
	Slovenia	Serbia	Slovenia	Serbia
January	120	0	11.820	8.040
February	578	0	17.570	1.440
March	1.700	0	39.582	16.398
Total	2.398	0	68.972	25.878

An interview
with Damjan Stanek:

BSP Southpool has already acquired confidence in the market

Damjan Stanek, the first general manager and the father of regional energy exchange in SE Europe, says that the biggest achievement of BSP SouthPool is the acquired confidence by market participants. The first results of better liquidity are also seen on the exchange. »In March, I took over the strategic position in the supervisory board, and the management of the BSP is taken over by my two closest colleagues,« says Stanek.

Which are the main accomplishments of BSP SouthPool since its establishment in November 2007?

Today BSP provides the most comprehensive range of services which include the process of power market trading as well as financial clearing and settlement on Slovene and Serbian market. We have attracted some big European energy actors and also some very important regional actors. Their confidence in us is our biggest achievement.

Some of the biggest European energy traders began to have interest in the market. In your opinion, why is this so?

I think they were persuaded by high-tech electronic trading platform ComXerv which is compatible with Western-European energy markets, and a range of clearing services which provide the business security and decrease business risks and expenses. Confidence in the market was build also by our longstanding experience and knowledge in the organized electricity market and cooperation with established international partners. However, it is most important that BSP Southpool provides a safe access to the SE European markets which are fairly unknown to them. No one wants to miss the opportunity to access these markets, because they are aware of the fact that each important European actor has to be present in SE European region.

What is the relationship of important regional actors and professional public in SE European region with BSP SouthPool?

We have received some concrete suggestions for future development of the exchange from the professional public and business partners. Some actors are very interested in cooperation with us and in potential ownership also. There are two trading points at the moment; in Slovenia and Serbia. South-eastern European region currently consists of several fragmented power markets with different energy positions. The markets also differ in prices. Therefore, the exchange is designed to allow its members to access individual markets locally, thus enabling them to adapt to markets in the South-eastern European region accordingly. Our final goal is to become the leading cross-border energy exchange in the area of South-eastern Europe, and to represent a bridge to other European energy markets through the mechanism of market coupling and implicit auctions. Partners in the region are all very supportive as this is in their interest as well.

Currently, the liquidity on the market represents the main issue. Which activities are being done to increase liquidity and when can we expect some major improvements?

First results of increased liquidity are seen on the exchange already. This refers to bigger number of bids and concluded transactions. We are now on the turning point for trading to start working in full pace. With the arrival of new members, the big European power companies, with which we are negotiating on membership, the goal seems already achieved. The importance of trading is in the time of crisis even greater for the market participants and is more important than ever before. If the energy is bought on the exchange, the market participants decrease their risks. Therefore, the financial settlement of concluded transactions is crucial for the members of the exchange. It provides business security for the participants and decreases their risks and expenses. Clearing is a service which is highly important for market participants and is also our competitive advantage which actually connects the entire region. Transparency, safety, fairness – the main principles of the exchange – also became more evident.



By March 2009 you are no longer general manager of BSP SouthPool. Mr. Tomaž Lajovic, the new general manager, and Mrs. Teja Cerar, the commercial manager and procurator, are both appointed to the leadership of BSP SouthPool. Who are your successors?

With March 1st I have accepted the position of the vice chairman of the supervisory board. Supervisory board appointed Mr. Tomaž Lajovic for the new general manager and Mrs. Teja Cerar for the commercial director and procurator. They are both my closest associates. We have all started working together at Borzen and with mutual help we have developed BSP SouthPool which makes them both very experienced in this business. Until now, Mr. Tomaž Lajovic was responsible for legal and technical issues, and Mrs. Teja Cerar was responsible for marketing and other commercial issues. We have led the entire project of regional energy exchange together; therefore our operating services are already implemented to a certain degree. There are quite a few challenges in front of them, but I am convinced that BSP SouthPool is on the threshold of a successful development period. Moreover, I will continue to be active in BSP SouthPool, since I represent an important strategic role in the supervisory board.



The first results of better
liquidity were seen
on the BSP in February.

Announcement: The first BSP Traders' party

BSP SouthPool team is organizing the first BSP Traders' party. This is the first traders' event after launching the BSP SouthPool Regional Energy exchange, but the event will follow the reputation of traditional Borzen's Traders' nights. Please reserve your time on Friday, the 29th of May 2009. The detailed information will be provided in the **invitations and also in next BSP SouthPool news.**



New members and improved liquidity on BSP Southpool

The first two new members on BSP SouthPool in 2009 are Verbund (Österreichische Elektrizitätswirtschafts-AG) and EGL (Elektrizitäts-Gesellschaft Laufenburg AG). Verbund is the largest producer and transporter of electricity in Austria and one of the leading hydropower producers in Europe, EGL (Elektrizitäts-Gesellschaft Laufenburg AG) is a European energy trading company. As members of BSP exchange Verbund will participate on the Slovenian day-ahead market and EGL will participate on Serbian day-ahead market.

In the process of BSP membership participation there are also several other large European utilities that see South Eastern Europe as a great opportunity. BSP SouthPool management believes that the growth of new members will have positive impact on increasing the liquidity of regional energy exchange. First results of improved liquidity are already seen. This refers to bigger number of bids and concluded transactions. By the summer 2009, management of BSP SouthPool expects to have 25 members. So far, the exchange has 15 members: Danske commodities, Electrabel, Edison Trading, EGL, Elektro Maribor, Elektro Primorska, Elektro prodaja, Enel Trading, Energy financing team, Gen-I, Holding Slovenske elektrarne, Petrol energetika, Rudnap Group, Termoelektrarna toplarna Ljubljana and Verbund.

Trainings and examination

The BSP SouthPool has developed a set of training courses that provide knowledge about markets that BSP SouthPool operates on, about the use of trading platform, and about the clearing and settlement procedures executed at BSP SouthPool Markets:

- Exchange Trader Training Course offers professional training and examination for traders that wish to trade on BSP SouthPool Markets. Skills supplementation can also be attended by those who wish to obtain new knowledge in electricity trading. **The last course took place on 24th of March 2009. Six participants attended the course. The next Exchange Trader Training Course will take place on 14th of May 2009.**
- Basic market Design Training Course is aimed to all professionals that are interested in a wide range of information about BSP SouthPool market access (course of action), arrangement of balance responsibility in respective markets, procedures for acquiring capacities, and other related information. The course is expected to take place in autumn.
- In-depth market Design Training Course is aimed to all professionals that are interested in the organisation of BSP SouthPool markets, in their structure, electricity prices, key players, stage of liberalisation and in other market development information. The course is provided on demand for its implementation.
- BSP also provides Tailor-made Workshops for Companies. There is a rising interest in electricity trading among companies outside the electricity industry, but for some the market remains too big an unknown for them to become actively involved in the actual trading and to take advantage of the business opportunities available on the open market. Companies wishing to act with authority on the organised market need information on market structure, electricity prices and the ways in which electricity contracts are concluded, and answers to other questions in this field. With the Electricity Market Workshop it is our aim to provide all companies who have the right level of ambition and who see new business opportunities as a challenge rather than a problem with the information that will make it easier for them to enter and act on the electricity market.

Training, examination and workshop fees are charged in accordance with BSP SouthPool Pricelist. It is available on our web site www.bsp-southpool.com.

**The next
Exchange Trader
Training Course
will take place
on 14th of May 2009.**



New Pricelist

With the new price list we have tried to adjust to the regional component of the energy exchange and to optimize trading on different national markets. As we strive for higher liquidity on the market we split the price list into fixed part and variable part. The cost of variable part is bound to liquidity: lower liquidity means lower trading provisions, which make trading more attractive to the members. We also wanted to give our members the opportunity to apply to market monitoring service, so they will be able to monitor trading on BSP SouthPool regional energy exchange without being a member. Every company has the unique opportunity to apply to the market monitoring service for one month free of charge. Please check the new pricelist on our web site www.bsp-southpool.com.

BSP Southpool at E-World in Essen



Regional energy exchange BSP SouthPool presented itself to the visitors of E-World 2008 in Essen, Germany between 10th and 12th of February 2009. The E-world is known as one of the most important energy fairs in Europe. According to organizers, 480 exhibitors from 30 countries presented their companies this year and more than 16.800 visitors visited the fair. Same photo highlights from the fair....



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