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OTE, a.s. and the Ministry of Industry and Trade Announce the Introduction of a 15-minute Settlement and Trading Period in the Czech Republic

OTE, a.s. (OTE, Marcat Operator) and the Ministry of Industry and Trade ('MPO') are pleased to announce the introduction of a 15-minute settlement and trading period in the Czech Republic from the day of delivery, July 1, 2024. This significant step represents an important milestone in the transition of the energy market and at the same time in strengthening the development of international cross-border trading.

Shortening the settlement and trading period from 60 minutes to 15 minutes brings a number of benefits, including increased flexibility that allows market participants to better respond to changes in supply and demand, which contributes to the optimization of trading strategies, furthermore accurate analysis of electricity consumption and production, and improved integration of renewable sources energy. The introduction of a shortened settlement and trading period is also fully in line with European legislation and standards aimed at harmonizing energy markets across Europe. Along with this change, the market operator innovated market platforms and expanded trading opportunities in the short-term electricity markets it organizes by introducing trading through pan-European intraday auctions. Trading on these platforms makes it possible to develop business strategies and bring additional benefits to end customers on the electricity market in the Czech Republic.

This is one of the biggest changes in the electricity market in the Czech Republic since the beginning of the successful liberalization of the electricity market in 2005, when for the first time the end customer could choose his electricity supplier. The market operator devoted more than three years of intensive work to this important change, when, thanks to the new technical solution and the high expertise of all employees, he managed to successfully implement this change in the key processes of the electric power industry and at the same time provided all the support to the electricity market participants to prepare for this change. This change had similar effects for market participants, who not only had to adjust their systems, but also had to make related adjustments to the data they exchange within the market with the market operator and through its central information system.

Mr. Michal Puchel, Chairman of the Board of Directors of OTE, a.s., stated: *"The successful introduction of the 15-minute settlement and trading period is the result not only of our intensive cooperation, but also of the preparations of all parties involved. This step will allow us to respond better to dynamic changes in the market and contribute to greater stability and efficiency of the energy system. We are proud to bring innovations that will have a positive impact on the entire market and end consumers."*

"This is another in a series of measures aimed at modernizing our power engineering. Electricity production from renewable energy sources such as solar or wind changes more frequently than we are used to with other

sources. Shortening the billing and trading period responds to this and will enable both market participants and end consumers to respond more effectively to market developments. The measure will therefore give customers the opportunity to reduce their electricity expenses," added Mr. Jozef Síkela, Minister of Industry and Trade.

The market operator would like to thank all market participants for their cooperation and active involvement during the preparation period. Your participation in webinars and workshops and suggestions for upcoming changes were among the key factors in the successful implementation of this project.

After the introduction of the 15-minute settlement and trading period, OTE will continue to provide all necessary support to market participants in their activities on the electricity and gas market.

OTE, a.s.

OTE, a. s., (OTE, Market Operator) was founded in 2001. It has been operating in the electricity market on the Czech Republic since 2002 and on the gas market since 2010. OTE is a provider of comprehensive services to individual participants in the electricity and gas market.

Pursuant to §20a of Act No. 458/2000 Coll., on the conditions of business and the exercise of state administration in the energy sectors and on amendments to certain acts (Energy Act) as amended, OTE is the holder of a license for the activities of the market operator, which includes the electricity and gas market in the Czech Republic. OTE is appointed by the Energy Regulatory Office as a Nominated Electricity Market Operator (NEMO), which ensures market coupling of the Day-Ahead and Intraday Markets. According to Act No. 383/2012 Coll. on the conditions for greenhouse gas emission trading, as amended, OTE also acts as the National Administrator of the Registry of emission trading.

As a market operator and Nominated Electricity Market Operator, OTE ensures, among other things, the organization of trading on the Day-Ahead, Intraday Electricity Market and the Intraday Gas Market in the Czech Republic, and regarding this activity participates in the organization of a Single Day-Ahead and Intraday Market Coupling. OTE also carries out accounting and financial imbalance settlement between the contractual and actual values of electricity and gas supplies and ensures an administrative change of the supplier of both commodities. Furthermore, it provides the participants of the electricity and gas market in the Czech Republic with continuous processing and exchange of data and with documents for their activities on the electricity and the gas market, and reports business data from short-term OTE markets to the database of the Agency for the Cooperation of Energy Authorities (ACER).

On behalf of the Czech Republic and on its account, OTE supplies settlement entities or takes gas from them for payment when receiving or providing international aid in the gas industry, administers and pays compensation payments in accordance with the Act on Measures for the Czech Republic's Transition to Low-Carbon Energy. OTE is responsible for administration of the support payment system for supported energy sources, issues and registers guarantees of energy origin and keeps records of the use of renewable sources in transport and ensures many other activities contributing to the development of the energy sector in the Czech Republic and Europe.

For more information, please visit www.ote-cr.cz.