

Press release [Prague, December 16, 2024]

OTE, a.s.

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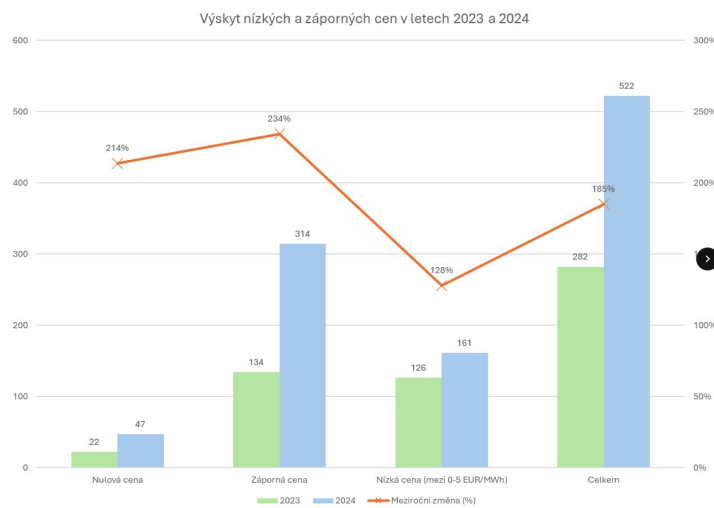
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Weather impacts on electricity prices

Although modern and decentralized energy is greener, it also brings with it its pitfalls or, from another point of view, opportunities. Even energy traders have been aware of this in recent years. They have to deal with ever greater and less predictable price movements in markets where the number of days with very expensive or, conversely, extremely cheap electricity is constantly increasing. The year 2024 saw a record number of days when electricity fell into the negative.

"It's a trend that we've been counting on and that experts have been talking about for some time. The number of renewable sources whose production depends on the current weather is still growing in the Czech Republic. Moreover, prices are not only affected by solar power plants in the Czech Republic or wind power plants in Germany, but the number the installation of renewable sources is generally growing very quickly throughout Europe," says Igor Chemišinec, vice-chairman of the board of OTE.

OTE, a.s., (OTE) operates as a market operator that organizes the daily and intraday electricity market in the Czech Republic. In 2024, **28,645** gigawatt-hours were traded on it from the beginning of the year to the end of November 2024 (for illustration, this amount would be able to cover the hypothetical consumption of 10 million average Czech households).



In 2024, the number of hours when electricity was sold at negative prices also **increased significantly** in the OTE markets, even **by 234 percent** from 134 hours in 2023 to 314 hours in 2024. A negative price indicates that the supply of electricity exceeds demand and the price is thus determined by sources that are worth producing even in a situation where they have to pay for the electricity they sell. This situation can occur, for example, when the wind is too strong in the north of Europe, and the cheap electricity produced by wind power plants pushes other sources of electricity out of the market. Thanks to the interconnected European market, customers can even get paid for consuming electricity.

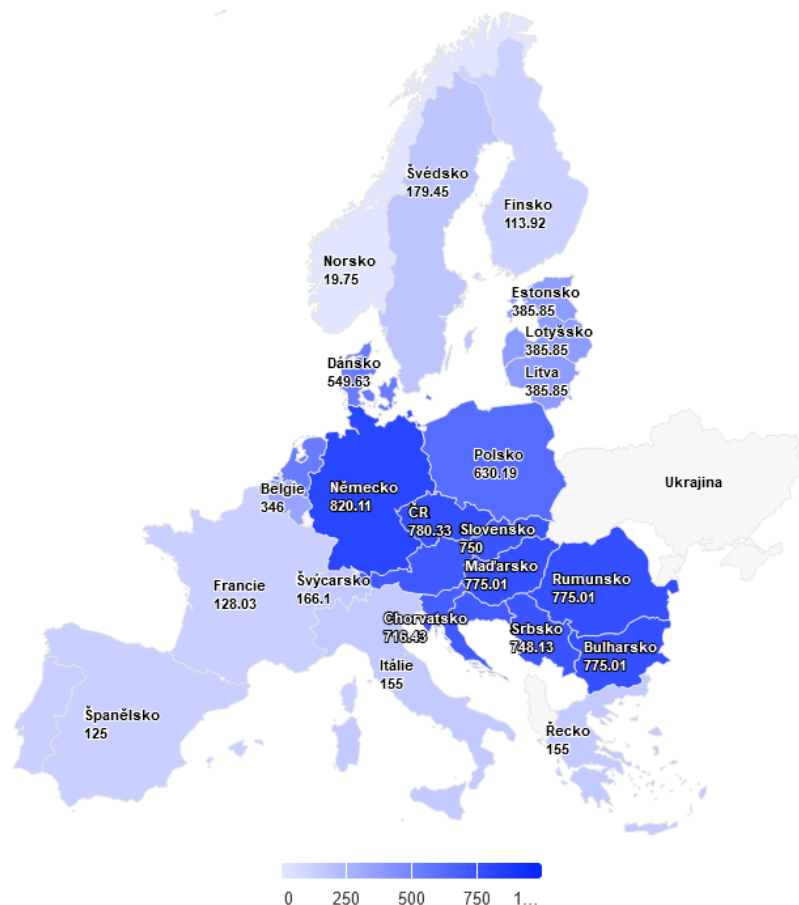
"But it doesn't always have to be only negative prices. In addition to them, we often see a drop to zero values or even very low electricity prices," adds Chemišinec. Combined with negative prices, OTE recorded 522 such hours in 2024. This is 185 percent more than the previous year.

Moreover, it is not only the Czech Republic, but this trend can be seen throughout Europe. In 2023, 27 Member States recorded a total of 7117 hours with prices below 5 EUR/MWh. This is only ten percent less than the sum of the three previous years.

But electricity prices can also go to the opposite extreme. We witnessed this quite recently, at the beginning of November. "Supplies to the network fell mainly due to adverse climatic conditions in northwestern Europe, which, on the other hand, almost made it impossible to produce and supply electricity from both solar and, above all, wind power plants," describes the situation, Jakub Šrom, head of the Energy Markets department. "And the price of electricity rose to 780 EUR/MWh in the most exposed hours of the daily market in the Czech Republic. At the same time, the daily index (average of all 24 hours) amounted to less than EUR 224/MWh", adds Šrom.

Spotové ceny elektřiny v EU [EUR/MWh]

6. listopad 2024, 17:00



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"It has been talked about for a long time that prices will become increasingly difficult to predict. And now it's a reality. It brings challenges not only from the point of view of management and operation of energy systems, but also the necessity to be able to deal with extreme price fluctuations that can occur more and more frequently on the electricity market," Chemišinec describes the current situation.

OTE's activities also help market participants with this. "The interconnection of the electricity markets that OTE provides for its business partners in Europe helps to contribute to the elimination of the effects of these extreme conditions as much as possible. And this regardless of whether they are caused by renewable resources or other events," he adds.

OTE, a.s.

OTE, a.s., holds a license for market operator activities, which includes the electricity and gas market in the Czech Republic. It is established as a Nominated Electricity Market Organizer (NEMO) by the Energy Regulatory Office, which ensures a unified connection of the day and intraday markets. It acts as the National Administrator of the Trading Register with emission permits.

As a market operator and nominated organizer of the electricity market, OTE ensures, among other things, the organization of trading on the daily, intraday electricity market and the intraday gas market in the Czech Republic, and in this activity participates in the organization of the unified EU electricity market. It performs accounting and financial settlement of imbalances between the contractual and actual values of electricity and gas supplies and withdrawals and ensures the administrative change of the supplier of both commodities. It also provides the participants of the electricity and gas market in the Czech Republic with continuous processing and exchange of data and documents for their activities on the electricity market 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).

In the name of the Czech Republic and on its account, it supplies settlement entities or takes gas from them when receiving or providing international aid in the gas industry. It administers and pays out compensation payments according to the Act on Measures for the Czech Republic's Transition to Low-Carbon Energy.

It is responsible for the administration of the system for the payment of support for supported energy sources. It issues and registers guarantees of the origin of energy and keeps records of the implementation of the use of renewable resources in transport. It provides many other activities contributing to the development of the energy sector in the Czech Republic and Europe.

More information can be found at www.ote-cr.cz.