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OTE, a.s.

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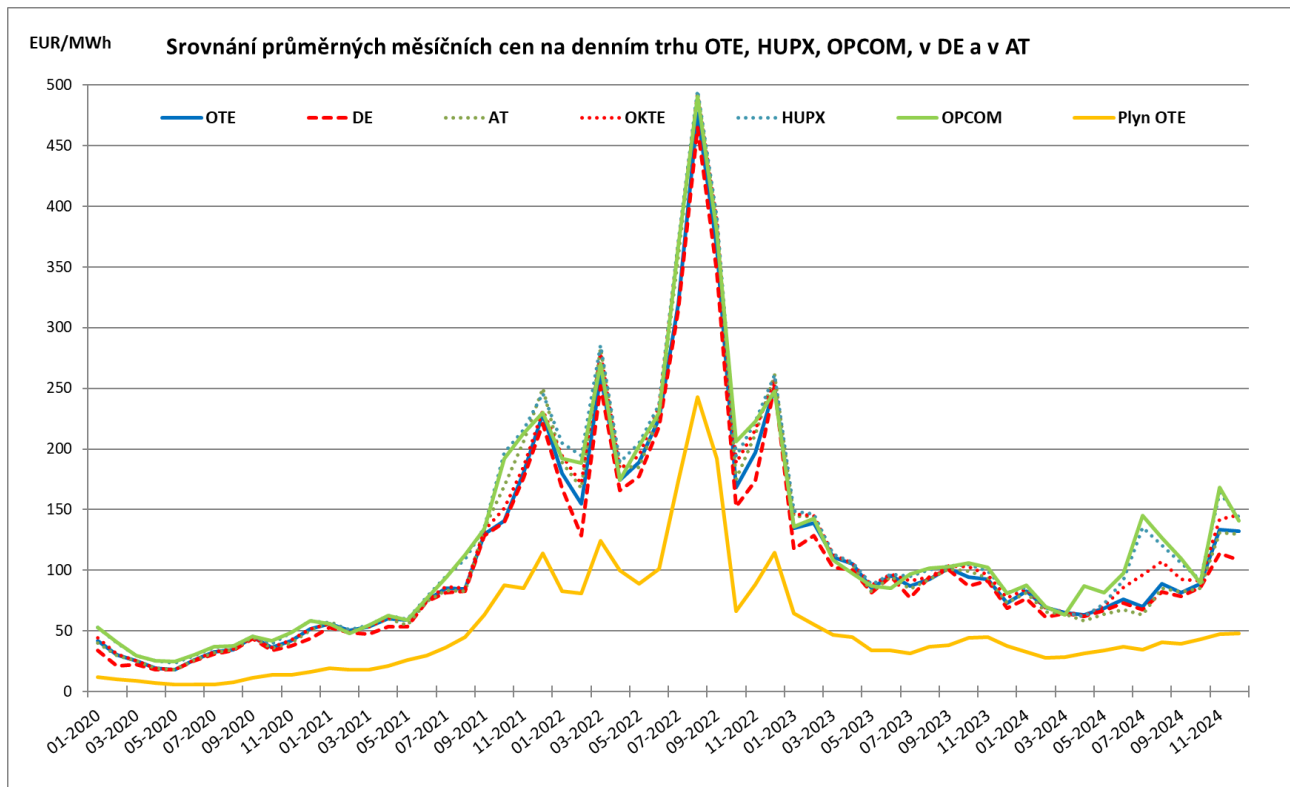
Greater competition and transparent electricity prices are OTE's main goal

Electricity prices are one of the main topics of professional and lay discussions. The public is interested in their development, price formation and the reasons for their volatility. There are also myths circulating that the price per megawatt hour in the Czech Republic is significantly higher than in neighboring European countries. Whether this hypothesis is true can be seen if we compare individual electricity price statistics. At this point, it should be emphasized that each European country has a different policy for calculating the price of electricity for end customers, the final price is greatly influenced by regulated components. This fact must be taken into account when comparing prices in neighboring countries and the Czech Republic.

Statistical figures on the European electricity market published on various European platforms (see also Nemo-Committee - <https://www.nemo-committee.eu/> or ENTSO-E platform - <https://transparency.entsoe.eu/>), supported by analyzes of consulting firms, show that last year the Czech Republic exported abroad at higher prices on average and imported cheaper, even with overall lower electricity exports (according to publicly available statistics of the [Energy Regulatory Office](#) (ERÚ) in 2024, a cross-border balance of - 6,659 GWh of electricity).

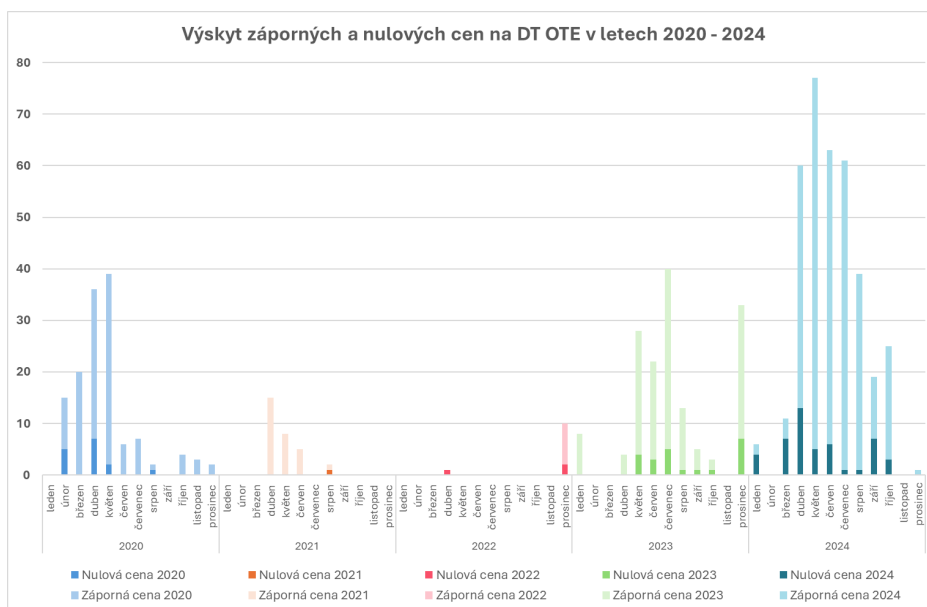
This points to several factors. First, that the electricity market works as it should, and that traders respond through the market to its current developments. Secondly, that the Czech Republic is a fixed part of the European integrated market. And thirdly, that this involvement can bring a number of advantages to the Czech Republic, including greater competition between suppliers, lower prices of the commodity itself (without taking into account the regulated components of electricity) for final consumers and greater security in electricity supplies. <https://eru.gov.cz/ctvrtletni-zprava-o-provozu-elektrizacni-soustavy-cr-za-iv-ctvrtleti-2024>

These facts are also important for OTE from the point of view of last year's results. Last year, a record amount of electricity, 31,637 gigawatt hours, with a total turnover of 72,967 billion CZK, was traded through its trading platforms, also thanks to the long-term anchoring of OTE as the organizer of the electricity market in the European integrated electricity market. For an idea, this is more than 51 percent of the national electricity consumption (see domestic net consumption data available on the website of [ERÚ](#) - <https://eru.gov.cz/ctvrtletni-zprava-o-provozu-elektrizacni-soustavy-cr-za-iv-ctvrtleti-2024>). Statistics also show that electricity prices on the spot market in the Czech Republic are on average similar to those on the market in Germany, and lower than electricity prices in South-Eastern Europe.



The operator achieved this result also thanks to the fact that it is still working on increasing the efficiency of trading and adding other trading platforms and tools that make it possible to trade at shorter time intervals and closer to the delivery time. In 2024, it was, for example, the introduction of intraday auctions and the possibility to trade every quarter of an hour.

OTE plays a key role in the organization of the energy market in the Czech Republic and contributes to its stability even at the time of today's much-discussed energy transformation. Despite, in many cases, last year's commented upward price fluctuations of the commodity itself, last year also saw a significant increase in downward price fluctuations. For example, we saw a record number of hours in 2024 when electricity as a commodity was sold at negative values, i.e. when a buyer was paid for purchasing electricity during a given period of negative prices.



Although the latest analyzes of the future development of the energy sector indicate that the volume of electricity exports from the Czech Republic will probably decrease in the future, OTE remains a key player in ensuring the supply of electricity on the electricity market and the stability and efficiency of the market itself. It also fundamentally contributes to the harmonization of the market, greater competitiveness and the achievement of lower electricity prices.

OTE, a.s.

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

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 deviations between the contractual and actual values of electricity and gas supplies and withdrawals and ensures the 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 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 ensures 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.