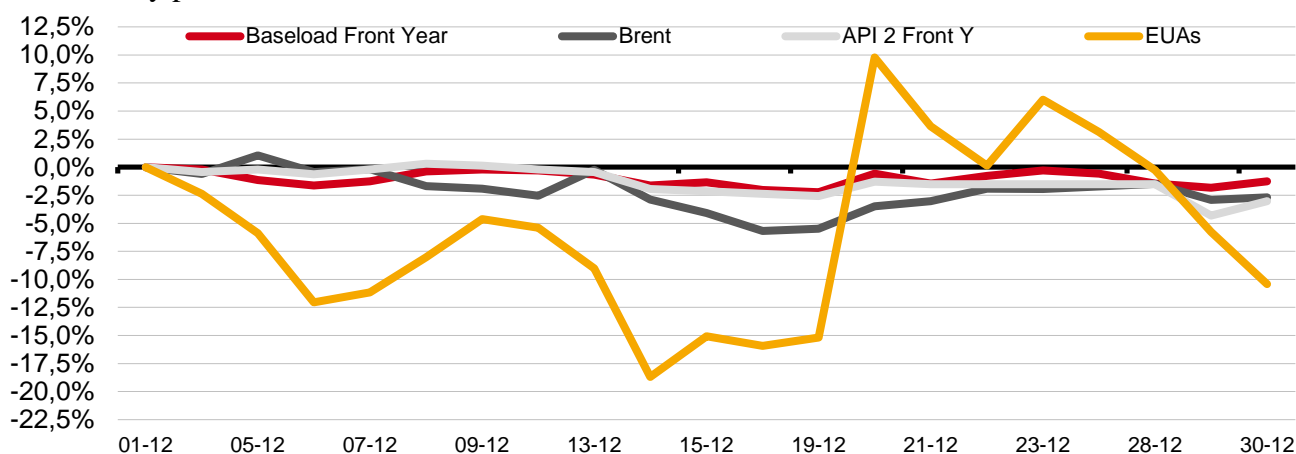
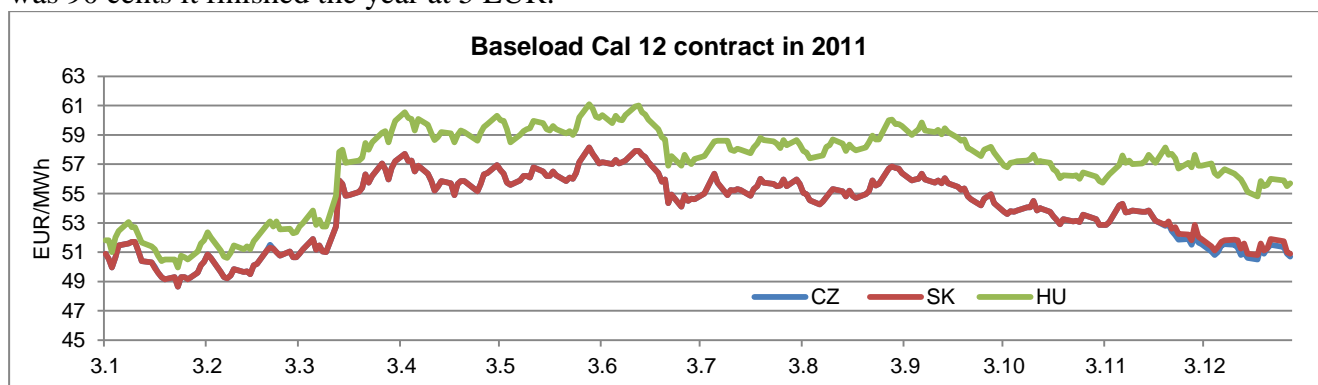


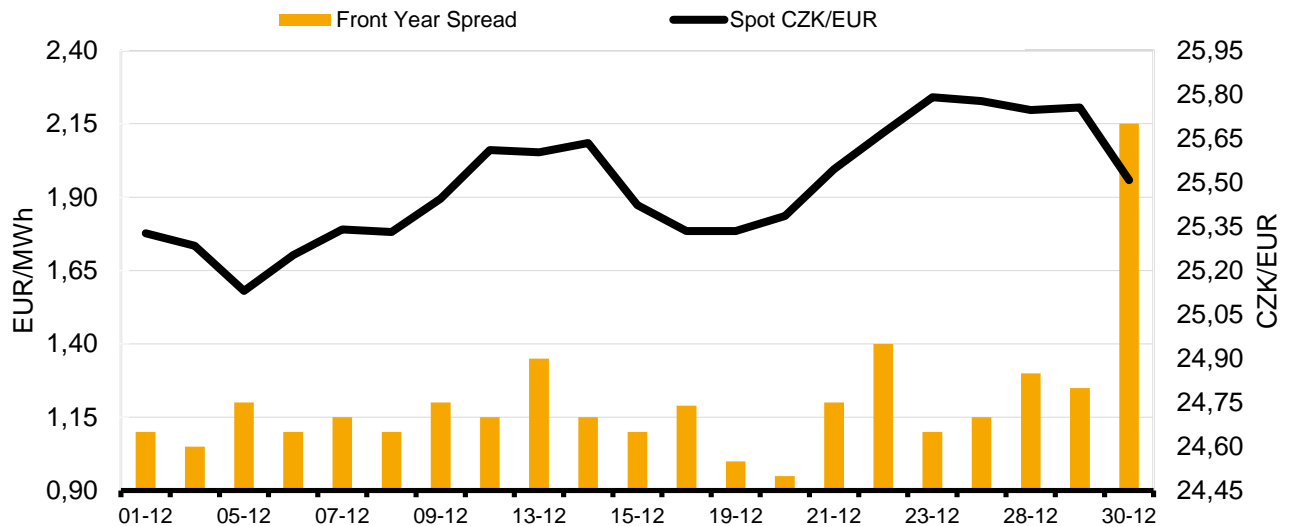
Power prices moved mostly sideways through December, with no fixed trend in either direction, with fuels continued to follow fuels during this period, though largely ignoring the large movements in the price of crude, brought about by tensions over Iran. EUAs also continued to play a large role with a substantial appreciation on the 20th December following a decision by the European parliament to withhold 1.4 billion EUAs. These bullish drivers were offset by continued mild weather, strong wind generation and reports of decreasing German consumption (down 4.8% year on year in 2011), which all pressured prices. These caused the Czech baseload Cal 12 contract, for much of this period, to oscillate in a 1 EUR tunnel from a high of 51.65 EUR/MWh to a low of 50.50 EUR, entering into delivery at 50.70 EUR/MWh. The Czech contract maintained a decreased spread of around 1.2 EUR to its German equivalent. Slovak contracts for 2012 delivery remained for the most part at a premium to their Czech counterparts, with the largest spread occurring on the front month contract (the largest premium being 3 EUR on the 13.12.11) though towards delivery the premium decreased. Prices for Hungarian futures on the other hand moved downwards pressured by an improving supply situation in the Balkans. Trading was up at the start of December, with the the biggest volume in the year being traded on the 12th at 552 287 MWh, before it dropping off towards the end of the month with the start of the holiday period.



2011 was marked by the Fukushima Daiichi disaster and the subsequent German nuclear moratorium decision, which pushed the Czech baseload Cal 12 to increase 9.6% within two trading days. The year was also marked by plummeting EUA prices which lost close to 60 % of their value over the course of the year. These two effects meant that the Czech and Slovak baseload Cal 12s ended the year at a similar price at which they had entered it. This could not be said for the Hungarian contract, which though pressured by the falling EUA price was also effected by supply disruptions in the Balkans due to low water levels, meaning that while the Hungarian premium to the Czech at the start of the year was 90 cents it finished the year at 5 EUR.

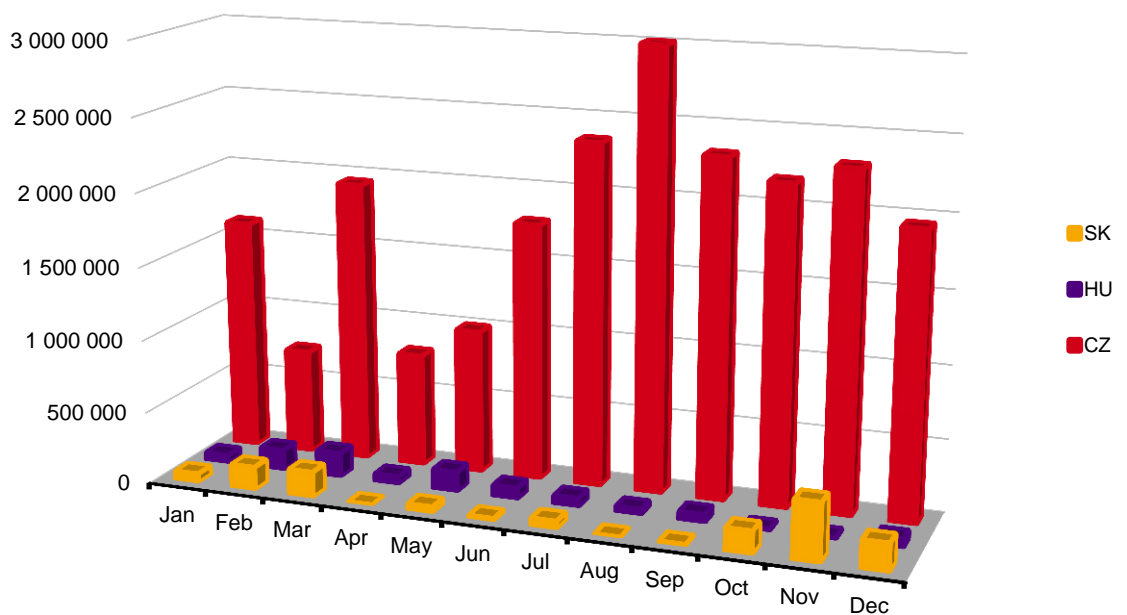


German - Czech/Slovak CAL 12 baseload spread averaged at 1.16 EUR/MWh, down from October when it was 1.55 EUR/MWh. The spread on the Hungarian – German CAL 12 baseload increased further, averaging at a 3.74 EUR premium, from a difference of 2.47 EUR a month earlier.



Volumes in December decreased 19% month on month. The total volume traded on PXE was 2 188 219 MWh. Slovak power trading amounted for 186 935 MWh (down from 395 510 MWh) out of the total, while Czech power trading stood for 1 946 449 MWh (up from 2 295 667 MWh). On the Hungarian market, 54 835 MWh were traded (up from 10 915 MWh). The balance between Czech financial and physical futures remained principally on the side of financial contracts which amounted to 90.9% of all Czech futures, or 1 769 281 MWh, while 177 168 MWh were traded on physical contracts.

**Total volume by market - 2011 (MWh)**

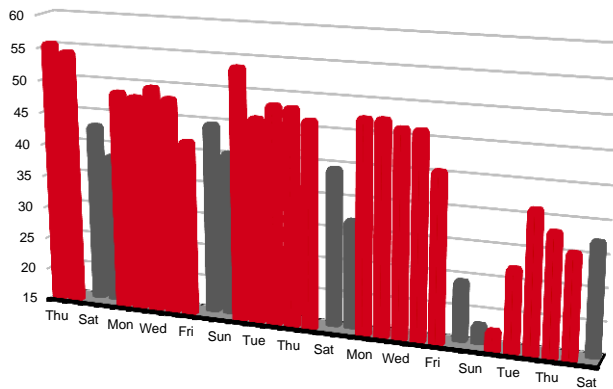


# Market Comment

## December 2011

The Czech Spot Index averaged 53.95 EUR (down from 54.76 EUR/MWh) in December for the base and 67.2 EUR (up from 64.91 EUR) for the peak, with the Slovak market continuing to be decoupled for some hours on certain days.

**Czech Spot Market Index Baseload (EUR/MWh)**



**SlovakSpot Market Index Baseload (EUR/MWh)**

