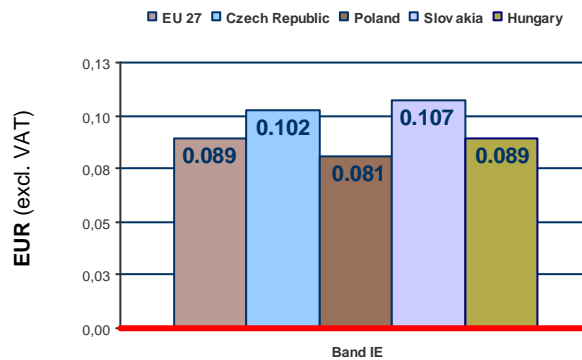


20. Utilities

ELECTRICITY

On 1 January 2006, the Czech electricity market was fully liberalised; households as the last customer segment became eligible customers and won the right to select their supplier. It is typical of the Czech open electricity market that there is no longer any regulation of activities in which competition is feasible. Only activities of a monopoly nature continue to be regulated. That same day saw the completion of the restructuring of major players on the electricity market, which had been commenced in 2003 – the merging of distribution companies, outsourcing of certain services and splitting-off of assets related to these services into separate companies. Since 1 January 2006, three major entities have been operating in the Czech Republic: the ČEZ Group (formerly Středočeská energetická, a.s. – STE, Zapadočeská energetika, a.s. – ZČE, Severočeská energetika, a.s. – SČE, Východočeská energetika, a.s. – VČE and Severomoravská energetika, a.s. – SME); the E.ON Group (formerly Jihomoravská energetika, a.s. – JME and Jihočeská energetika, a.s. – JČE); and the PRE Holding Group.

Electricity prices for industry in the first half of 2011 (in EUR/kWh) - Comparison



Standard consumer

Band - IE

Consumption

20 000 MWh < Consumption < 70 000 MWh

Source: Eurostat, 2011

Average quarterly prices for the consumption bands and supplies to industry

Standard consumption bands	Annual consumption (MWh)	Price exclusive VAT and other taxes, EUR / kWh	
		2Q 2011	3Q 2011
Band - IA	< 20	0.18	0.18
Band - IB	21 - 500	0.14	0.14
Band - IC	501 – 2,000	0.11	0.11
Band - ID	2,001 – 20,000	0.10	0.10
Band - IE	20,001 – 70,000	0.10	0.10
Band - IF	70,001 – 150,000	0.10	0.10
Total		0.11	0.11

Note: Average exchange rate - 2Q 2011: 1 EUR = 24,32 CZK, 3Q 2011: 1 EUR = 24,39 CZK

Source: Czech Statistical Office, 2011

Reliability – distribution system operators

Year	Criteria assessed	Low voltage LV			High voltage HV			Extra high voltage EHV		
		ČEZ	EON	PRE	ČEZ	EON	PRE	ČEZ	EON	PRE
2010	SAIFI	2.87	2.10	0.56	3.31	2.13	0.45	0.06	0.05	0.40
	SAIDI	323.70	359.20	42.50	382.69	370.17	31.22	3.39	1.56	53.20

Note: SAIFI – system average interruption frequency index – average number of electricity outages per end customer per year [outages/year/customer]

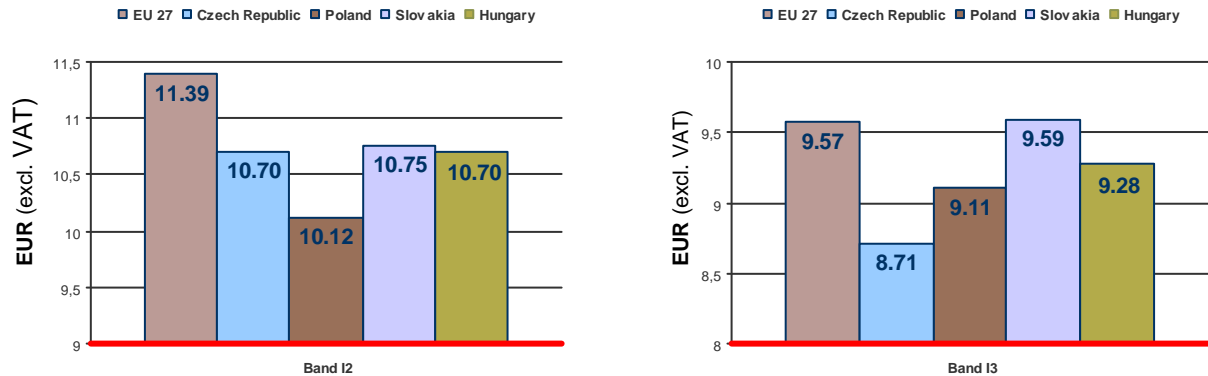
Note: SAIDI – system average interruption duration index – average duration of electricity outage in minutes per end customer per year [minutes/year/customer]

Source: Energy Regulatory Office, 2011

NATURAL GAS

The liberalisation of the Czech gas market, started in 2005, was completed at the end of 2006. Under the Energy Act, on 1 January 2007 all natural gas customers became eligible customers. The process of unbundling in the Czech Republic was commenced on 1 January 2006, when RWE Transgas, a.s. split into RWE Transgas, a.s., which stores and trades in gas, and its subsidiary RWE Transgas Net, s.r.o., which transports gas. The unbundling of the distribution system operator (DSO with more than 90,000 customers) was completed at the end of 2006 in accordance with the Energy Act.

Gas prices for industry in the first half of 2011 (in EUR/GJ) – Comparison



Standard consumer

Band I2

Band I3

Annual consumption in gigajoules

1 000 GJ < Consumption < 10 000 GJ

10 000 GJ < Consumption < 100 000 GJ

Source: Eurostat, 2011

The Czech Republic buys most of its natural gas from Russia and Norway and therefore the Czech Republic is not 100 percent dependent on supplies from Russia, as is the case with many other states of Central and Eastern Europe. Long-term contract on natural gas supply were signed with natural gas producers in Russia and Norway in the second half of the previous decade. Several underground gas storage facilities are at present available to secure winter gas supplies to Czech consumers or to bridge a supply outage, should it occur. As to the level of gas reserves, the Czech Republic is among the countries with the highest gas supply security in the EU. It is also important that the capacity of the storage facilities (currently covering 35.6% of the total annual consumption) will continue to increase and in 2013 it should cover almost 50% of the total annual consumption.

Average quarterly prices for the consumption bands and supplies to industry

Standard consumption bands	Annual consumption (MWh)	Price exclusive VAT and other taxes, EUR / kWh	
		2Q 2011	3Q 2011
Band - I1	< 278	0.04	0.05
Band - I2	279 – 2,778	0.04	0.04
Band - I3	2,779 – 27,783	0.03	0.03
Band - I4	27,784 – 277,831	0.03	0.03
Band - I5	277,832 – 1,111,323	0.03	0.03
Total		0.03	0.04

Note: Rough conversion rate: 1 cubic metre = 10.55 kWh.

Average exchange rate - 2Q 2011: 1 EUR = 24,32 CZK, 3Q 2011: 1 EUR = 24,39 CZK

Source: Czech Statistical Office, 2011

WATER – WATER/SEWERAGE CHARGES (EUR/cubic metre)

Prague	2.50	Ústí	3.10	South Moravia	2.50
Central Bohemia	3.20	Liberec	3.10	Olomouc	2.90
South Bohemia	2.90	Hradec Králové	3.10	Zlín	3.00
Plzeň	2.80	Pardubice	2.90	Moravia-Silesia	2.50
Karlovy Vary	2.40	Vysočina	2.80		

Note: Exchange rate: 1 EUR = 24,30 CZK (June 2011)

Source: Water Supply and Sewerage Association, 2011