



# Report on the activities and financial management of the Energy Regulatory Office for 2001



## Contents

---

<b>A word of introduction by the Chairman of the Energy Regulatory Office</b> .....	2
<b>1. Introduction</b> .....	3
1.1. Establishing the Energy Regulatory Office .....	3
1.1.1. Building up the equipment, personnel and organizational structure for the ERO .....	4
1.2. Main tasks for the ERO in 2001 .....	4
<b>2. Legislative activity</b> .....	5
2.1. Ensuring the basic conditions for business activities in individual energy sector .....	5
2.2. Establishing rules for trading in electricity .....	8
2.3. Issuing Decrees concerning price regulation and quality in the electrical energy, gas and heating sectors .....	11
<b>3. Application of legislation governing entry into energy market</b> .....	15
3.1. Issuing licences for doing business in energy sector .....	15
3.2. Problems with the formation of the Energy Regulatory Fund .....	16
<b>4. Regulation of prices in the electrical energy, gas and heating sectors</b> .....	17
4.1. Pricing decisions of the ERO in 2001 .....	17
4.1.1. Characteristics of the main pricing decisions with effect in 2001 .....	17
4.1.2. Characteristics of the main pricing decisions issued in 2001 and with effect in 2002 .....	18
<b>5. Resolving disputes</b> .....	19
5.1. Disputes in the heating sector .....	19
5.2. Disputes in the electrical energy sector .....	20
5.3. Disputes in the gas sector .....	22
5.4. Commission of Appeal .....	22
<b>6. Co-operation with State administration bodies and other energy sector entities</b> .....	22
<b>7. Co-operation with the Chamber of Deputies of the Parliament of the Czech Republic</b> .....	23
<b>8. International co-operation</b> .....	23
8.1. The European Union .....	23
8.2. OECD .....	24
8.3. Co-operation with other regulatory offices .....	24
<b>9. Information activities of the ERO, relationship to the news media and the public</b> .....	25
<b>10. Personnel and educational activities</b> .....	26
<b>11. Budgetary management of the ERO</b> .....	28
11.1. Chapter budget .....	28
11.2. Results of budgetary management .....	28
<b>The Energy Regulatory Office - Status</b> .....	29
<b>Tables on issued Licences</b> .....	31
<b>Organizational Chart of the Energy Regulatory Office</b> .....	32

## A word of introduction by the Chairman of the Energy Regulatory Office



The Energy Regulatory Office was established on 1 January 2001, by the Act No. 458/2000, on Business Conditions and Public Administration in the Energy Sector and on Amendment to Other Laws (the „Energy Act“). The Office is an administrative body to exercise regulation in the energy sector, and a pricing body for the energy sector, with an independent Chapter in the State Budget of the Czech Republic.

During 2001, the work of this Office focussed, in addition to activities flowing out of the Energy Act, on personnel quality appointments

in the Office, on ensuring adequate location of the Office, and on equipping it with appropriate information technology. We can state that, it was possible to constitute the Office capable of fulfilling all its professional assignments in the area of regulation and issuing energy sector enterprising licences, including all its duties arising as a result of its position of central body of the State Administration.

A significant success of the Office was in preparations, negotiations and approvals of all the implementing Decrees to the Energy Act, especially those, which were indispensable for commencement of the first stage of electricity market opening-up during 2002. Notwithstanding the legislative processes, it was necessary to manage preparation of an extensive portfolio of pricing decisions for year 2002, and also setting-up conditions for the first regulatory period of 2002-2004. Also, a very demanding task was to assure timely issuance of licences for enterprising in the energy sector, such that no problems would ensue for continuation of business activities of energy companies in year 2002, under the new Energy Act conditions. This created prerequisites for independent, transparent and foreseeable decision-making by this Office.

During 2001, a co-operation with the Council of European Energy Regulators commenced, as well as with the Association of Regional Energy Regulators of Central and Eastern Europe. These contacts shall significantly contribute to the exchange of experiences of regulators in the European Union countries, and also in the countries of Central and Eastern Europe. At the same time, a project named Strengthening of regulation and application of legislature of the European Union in the area of regulation within the Phare program was readied, which from year 2002 prepares this Office for its functioning within the European Union. The co-operation with the OECD was also significant, within the program of regulatory reform and recommendations, which this Office obtained for its work within the framework of this program.

The Office has gained a considerable reputation with the companies enterprising in energy sectors, as well as with the energy end-users. During 2002, a period of eliminating price deformations was ended, and the main aim of the Energy Regulatory Office activities - protection of the energy consumers - shall be possible to enforce in a way, from which the industrial customers together with households might benefit. During 2001, the Office received a significant help also through co-operation with the Economic Committee of the Chamber of Deputies of the Parliament of the Czech Republic, which dedicated an extraordinary attention to building-up the Office, as well as to its legislative activities, and as a result it contributed to preparation of the electricity market opening-up.

In closing, I wish to thank to all my co-workers who participated on activities of this Office during 2001 and, in order for them to fulfil all the assignments for this time period, they had to exert quite an extraordinary effort, quite disproportionate to the usual civil service manner of work.

**Pavel Brychta**  
Chairman  
Energy Regulatory Office



## 1. Introduction

---

The Annual Report of the Energy Regulatory Office (ERO) for 2001 is prepared and submitted in accordance with the provisions of Section 17 (11) of Act No. 458/2000 Coll., on Business Conditions and Public Administration in the Energy Sector and on Amendment to Other Laws (the „Energy Act“).

This Annual Report contains a brief overview of the budgetary management of the ERO. Detailed information about the budgetary management of the ERO is provided in the final account to Chapter 349 - Energy Regulatory Office for 2001.

### 1.1. Establishing the Energy Regulatory Office

The ERO was established as the administrative body for execution of regulation in the energy sector, with an independent Chapter in the budget of the Czech Republic, on 1 January 2001, by above mentioned Act.

The Head Office of the ERO is in Jihlava, Czech Republic.

The Chairperson, who is appointed for a period of 5 years and may be removed by the CR Government, heads the ERO.

Government Resolution No. 1330, dated 18 December 2000, appointed Ms Jana Novotna the Chairwoman of the ERO. Upon her resignation from this function on 7 January 2001, she was recalled by the Government of the Czech Republic.

Mr. Pavel Brychta has been Chairman of the ERO since 22 March 2001.

The Government of the CR approved on 18 December 2000 a document called the Proposed structure of the Energy Regulatory Office and provision of material conditions for its activities. Through this basic document, the framework of building-up the ERO was set out, ensuring its expert activity and the development of the organisation of the ERO, including personnel and day to day equipment.

In preparing the Status of the ERO, the Government took the above mentioned document into consideration and set out the following: **the Status of the ERO**, its main objectives, its structure, the powers of Chairman to decide on legal remedies against decision of the ERO, and the relationship of the ERO towards other state administration bodies, local governments and to the public. These Articles are set out in Annex 1 to this Annual Report. **The ERO is responsible for** promoting competition and safeguarding consumers interests in the electrical energy sector, the gas sector and the heating sector, including supporting and safeguarding reliable electricity, gas and heat supplies.

The ERO grants State approval for entrepreneurial activities specified in the Energy Act. It issues, amends and cancels licences for entrepreneurial activities in the energy sector. It may impose a duty to supply in excess of the scope of a licence. It administers and manages the Energy Regulatory Fund.

From its inception, the ERO took over **the rights and duties of price regulation** under Act No. 526/1990 Coll., on prices, as amended. It carries out activities in the areas of enforcement, regulation, negotiation and control of prices in the energy sector.

The ERO decides upon disputes. If no consensus is reached on entering into agreements between the licence holders, and possibly their customers, it approves the rules of operation of the energy transmission systems and distribution systems in the energy sector, it provides suggestions to the State Energy Inspectorate (SEI) for commencing control proceedings, and it suggests issuing fines for breaches of duties arising from the Energy Act.



### 1.1.1. Building up the equipment, personnel and organizational structure of the ERO

Immediately upon the approval of the Energy Act and consideration of the proposed structure of the ERO and the necessary material conditions for its activity by the Government of the CR, the management of the ERO took steps to secure conditions for the development of a functioning institution.

**During the start-up activities of the ERO, the following were made priorities:**

- 1) quality personnel appointments,
- 2) the location of the ERO in adequate buildings,
- 3) functioning computer and information equipment for the regulation by, and other activities of, the ERO.

Because of the immediate need to commence regulatory activities under the new conditions set by the Energy Act from January 1, 2001 it was necessary to ensure the continuity of personnel appointments to the newly established ERO.

The Government approved the re-assignment to the ERO of 15 employees from the CR Ministry of Industry and Trade (MIT) and 6 employees from the CR Ministry of Finance (MF). With respect to the specific function of economic regulation and to ensure its continuity, in addition to the new headquarters in Jihlava, a branch office was opened in Prague.

During 2001, the selection of specialised employees for licensing, regulation, economic analysis, and lawyers and legislative specialists was carried out.

It should be pointed out that, in spite of intensive recruitment activities, the problems of hiring experienced specialists for expert departments within the ERO headquarters persist. Therefore, the ERO contacted universities in Brno and Prague in an attempt to gain future law and economics graduates. Concurrently, adequate expert training is being provided for new employees by specialists of the ERO, as well as by external specialists.

The Government of the CR by its Resolution No. 1329 of 10 December 2001 approved the procurement of a building at Masarykovo namesti 5, Jihlava, in order to establish adequate headquarters of the ERO in Jihlava. This replaced the inadequate temporary offices in the building of the former Eye and ENT department of the old Jihlava Hospital. The new ERO headquarters was equipped with information and computer equipment at the beginning of 2002.

## 1.2. Main tasks for the ERO in 2001

The characteristic feature of the development of energy market in the Czech Republic is the continuing process of liberalisation of the electrical energy and gas sectors. The liberalisation of these markets is supported by the formation of a functioning regulatory framework, the pillar of which is the legislature, which is based on the Energy Act.

**In 2001 the ERO completed these foundational tasks:**

- the work on implementing Decrees to the Energy Act, ensuring a functional environment for the liberalisation of energy market,
- the process of levelling energy and gas prices, under Government Resolution No. 1250/1999, and eliminating the remaining price distortions,
- strengthening the ERO activities (its independence and its resources).

These main tasks are a part of implementing the priorities of the National Program for preparation of the CR for entry into the European Union. The funds spent on the preparation for entering the European Union influence the ERO budget.



## 2. Legislative activity

---

The main legislative activity of the ERO in 2001 was the completion of implementing Decrees, which involved supplementing the legislative framework for the process of opening up the electricity and gas markets. The ERO has fulfilled all its tasks arising from the empowerment of the ERO under the Energy Act. During 2001, the ERO prepared and issued all Decrees, which is now a complete system for implementing regulations, and forming the regulatory framework for the functioning of the energy market.

In line with the grounds given to justify the Energy Act, the following requirements within the legislative framework are adhered to:

- implementing Decrees lay down only details of the wording of the law,
- secondary regulatory standards are transparent and predictable,
- the basic provisions of Decrees have a mid-term validity of 3 - 5 years,
- conditions for impartial, transparent and responsible decisions of the ERO are created.

The process of drafting the Decrees necessary for gradually opening-up the electricity and gas markets was carried out so that a consensus of most market participants on the main principles was reached. At the same time, the ERO respects the interests of consumers as a priority - especially of protected consumers.

According to the provisions of the Energy Act, the ERO produced the requirements of the primary legislative standards in these areas:

- a) establishing the basic conditions for business activities in the energy sectors, which set out
  - the details for entering the energy market,
  - ensuring the continuity and stability of supplies,
- b) decrees and other regulations stipulating the rules for trading in electricity and gas,
- c) decrees and other secondary standards stipulating the regulation of prices and quality in the electrical energy, gas and heating sectors.

### 2.1. Ensuring the basic conditions for business activities in individual energy sector

1) **Decree No. 154/2001 Coll.**, lays down the details for issuing licences for doing business in energy sector.

**This Decree sets out in detail the financial and technical prerequisites and the method of proving them, the method of delineating a specified territory and the process for issuing and changing decisions on issuing licences and the division of licences for the purposes of regulation.**

Licences are issued for: electricity generation (Group 11), distribution of electricity (Group 12), transmission of electricity (Group 13), trading in electricity (Group 14), production of gas (Group 21), distribution of gas (Group 22), transportation of gas (Group 23), trading in gas (Group 24), storage of gas (Group 25), generation of heat energy (Group 31) and distribution of heat energy (Group 32).

An application to the ERO for the issue of a licence is submitted **separately for each individual Group**. According to Section 2 (b), (f) and (k), an addendum **showing the exact border of the delineated territory** should be attached to this application. The application for the issue of a licence as per Section 2 c) and g), should have a list of equipment for the proposed activities attached, including specification of the start and end of transmission and transportation equipment drawn on a map, and the address or the number of the Cadastre territory. Concurrently, an application for the **approval of a responsible representative** should be submitted with the application for the issue of a licence, with the notarised signature of the responsible person.



An application to change a decision about the issue of a licence should be submitted to the ERO separately for each activity in the energy sector. If the changed information needs to be evidenced by an addendum to the application, this should be also added. The signature of a new responsible representative must be notarised.

**The amount of available finances** should be evidenced by an agreement or statement from a financial institution regarding the provision of a loan, if the applicant does not have sufficient resources itself. The **Business Plan** should be supplemented by a repayment schedule for current and new loans, cash flow budgets, forecast of waste production and the method of its disposal, construction and restructuring supply sources and distribution, availability of equipment, and the availability of expert personnel for maintenance activities on the equipment.

For Groups 14 and 24 it is necessary to provide, at the request of the contracting party, before entering into an agreement on the delivery of electricity or gas, a financial security for the business transaction, which should be evidenced particularly by an agreement for opening a letter of credit at a bank, a letter confirming that a letter of credit will be issued, by an agreement on a future agreement, a bank guarantee with a security of guarantee, or by certification from a financial institution regarding the financial standing of the electricity or gas trader; copies of agreements on financial assurances of trades should be submitted to the ERO upon request.

Fulfilment of the technical prerequisites should be evidenced:

- a) for new equipment and constructions, for which there are alterations within the extent of special legislative regulation<sup>1</sup> by occupancy certificate decision and by base data specifying safety requirements and reliability laid down in special legislative regulations<sup>2</sup> in the sphere of workmen safety and the technical standards,
- b) for existing equipment by a honourable declaration that the equipment meets the applicable legal regulations and technical standards,
- c) for constructions brought into use ahead of time as per special Act<sup>1</sup>, by an approval of the Municipal Building ERO Office and documentation meeting the connected applicable legislative regulation and technical standards,
- d) for licences for electricity distribution, distribution of gas and distribution of heat energy by contracts securing supplies of the input medium into the distribution and supply equipment,
- e) for licences for Groups 14 and 24, at the invitation of the ERO and prior to the commencement of the business transaction, by submitting an agreement on the assurance of transmission or transportation and distribution, including agreements for electricity or gas supplies.

Decree No. 129/1995 Coll., which regulated the issue of authorisations in connection with Act No. 222/1994 Coll. is repealed.

*Among the most important activities of the ERO is the protection of the legitimate interests of protected customers. Therefore, implementing regulations, which set out the framework for the behaviour of protected customers in the market with electricity and gas, were issued, as well as the rights and duties of suppliers in relationship to this group of customers.*

**2) Decree No. 297/2001 Coll.**, stipulates the conditions of connecting and supplying electricity to protected customers.

This Decree sets out the conditions for connecting and supplying electricity to protected customers, and replaces Decree No.169/1995 Coll., which did not comply with the requirements of the new tariff system for electricity supplies to small commercial retailers and households.

This Decree contains the procedures for applying for connection, the conditions under which the connection and electricity supply is carried out, and the prerequisites of the application for entering into an agreement about the supply and connecting customers.

This Decree specifies the method of submitting the application for connection with a reference to the

---

1 Act No. 50/1976 Coll., on regional planning and construction law (construction law), as amended

2 For example Act No. 174/1968 Coll., on the State supervision of employee safety, as amended



prescribed requirements, it specifies when the application is submitted and under what conditions applicants may be asked to complete information. In addition, it sets out the required contents of a standpoint to an application for connection, and the requirements of the agreement on connecting a customer to the distribution system.

It also sets out conditions for the participation of the customer in the justifiable expenses of the supplier associated with connecting and ensuring the required output. In addition, it sets out the conditions upon which the supply of electricity is carried out, the necessary documentation for the electricity supply taking place, and the procedure for setting the deposits and consumption. By reference to an Appendix, it sets out the requirements of the application on entering into a supply agreement. It also sets out a procedure for dealing with defects in measuring equipment, the resolution of disputes in the case of access to measuring equipment for the purpose of meter reading being denied, and the method of carrying out corrections to the supply equipment. A procedure for indemnification of damages for unauthorised offtake is also an inseparable part.

**3) Decree No. 329/2001 Coll.**, which stipulates the conditions for protected customers' connection to the gas distribution system and gas supplies to protected customers.

Under Section § 17, Subsection 7, paragraphs a) and d), and Section 63, Subsection 2 of the Energy Act, this Decree, issued by the Energy Regulatory Office, provides for supplies of natural gas in the quality required and the protected customer's contribution to reasonable costs incurred by the distribution system operator in respect of this customer's connection to the gas distribution system, and for the provision of the gas supplies requested by the customer.

In respect of natural gas quality the Decree stipulates the obligation to comply with natural gas quality specifications that provide for natural gas interchange ability with a view to its safe use. Natural gas quality specifications shall be listed in the agreement executed between the gas supplier and the respective protected customer.

In respect of the quality of gas supplies the Decree lays down the periods of time when gas supplies for cooking, domestic water heating, and space heating may not be interrupted on the grounds of changes being effected in the gas pressure in the distribution network. With a view to determine gas consumption for pricing purposes, this part of the Decree includes Annex No. 1 that sets out each month's percentage of annual gas consumption; the supplier shall use these percentages in the event the gas meter is not read when the gas price is changed. Also for pricing purpose the Decree defines the basic categories of final customers: households, commercial customers, medium-scale industrial customers, and large industrial customers.

The second part of the Decree defines the protected customer's contribution to reasonable costs incurred by the distribution system operator in respect of the customer's connection to the gas distribution system and the provision of the gas supplies requested by the customer. It then lays down that the protected customer's contribution to the costs incurred by connection to gas supplies shall be determined on a case by case basis pursuant to Act No. 526/1990 Coll., the Price Act, provided that this contribution may account for a maximum of 60 percent of the costs attributable to each respective protected customer.

The distribution system operator's costs incurred in providing the gas supplies requested by a protected customer shall be calculated pursuant to Annex No. 2 to the Decree, as follows: the relevant capital expenditures multiplied by the ratio of the requested hourly nominal gas rate over the installed hourly capacity of the distribution network directly related to gas supplies to this protected customer. The protected customer shall defray up to 50 percent of the costs so calculated.

**4) Decree No. 377/2001 Coll.**, on the Energy Regulatory Fund sets out the method of selecting specified licence holders, the method of calculating provable loss and the rules for paying financial contributions into this Fund.

This Decree stipulates:

- a) the method of selecting specified licence holder for carrying out the duty to supply beyond the scope of the licence,

- 
- b) the method of calculating provable loss when fulfilling the duty to supply beyond the scope of the licence, and the documentation required to show the calculation of the provable loss and,
  - c) the rules for setting up the amount and payment of money into the Energy Regulatory Fund (hereinafter Fund) and the rules for drawing money from the Fund.

One of the criteria for selecting a specified licence holder will be, in particular, his ability to continue uninterrupted supplies in the place of the previous licence holder, and to supply the entity under economic condition, which will be identical to, or possibly better than, the current conditions. The anticipated specified licence holder must also have the technical means to fulfil the imposed duty at the required quality and for the necessary duration. The anticipated specified licence holder must be personally and administratively equipped so that he is capable of proving and documenting a loss from his activities arising from the duty imposed upon him.

Providing energy equipment between the transferor and the specified licence holder is conditional on the handing over of the particular documentation. The calculation of a provable loss during the fulfilment of obligatory supplies above the limit of the licence is carried out on the basis of information on the regular or extraordinary financial statements and separate evidence of expenses and revenues according to the special legislative regulation. The calculation of the provable loss is carried out by a specified licence holder on a form available from the ERO and the Internet page of the ERO.

The ERO sets the total amount of contributions to the Fund separately for individual energy sector no later than 31 August for each calendar year; it is published in the Energy Regulatory Bulletin (hereinafter Bulletin).

Individual licence holders' contributions to the Fund differ according to the share of annual revenues achieved by each of them during their licensed activities, contribution payments to the Fund are based on the total annual volume of achieved revenues of licensed activities for the previous calendar year.

The total amount of annual achieved revenues and the calculation algorithm of the financial contribution to the Fund is published by the ERO in the Bulletin.

The finances for compensation for provable losses to specified licence holders are maintained in a separate account of the ERO at the Czech National Bank, which is organised into separate sub-accounts for the electrical energy sector, the gas sector and the heat sector. The ERO publishes information on these accounts in the Bulletin.

Financial contributions into the Fund are paid separately for each type of activity carried out for which a licence was issued, as per Section 4 (1) (c) to (f), (h) and (i) of the Act and they are remitted to the sub-account set up for the particular energy sector.

If a specified licence holder fulfilled his duties to supply beyond the scope of the licence and he incurred a provable and documented loss, the calculation of which was carried out by him properly and timely, he is entitled to reimbursement of this provable loss from the Fund.

The ERO checks the particulars of the application, the calculation of the loss and sets the amount of the reimbursement to the specified licence holder<sup>1</sup>.

The money is transferred to the specified licence holder by 31 August of a particular calendar year, to an account stipulated by the licence holder.

## 2.2. Establishing rules for trading in electricity

The basic secondary standard, which influences the success of the process of opening-up the electricity market from 1 January 2002 in a decisive way, are the rules for the organisation of the electricity market.

**1) Decree No. 373/2001 Coll.** stipulates rules for the organisation of the electricity market and the principles of price setting for the activities of the market operator.

---

<sup>1</sup> Section 14 (5) of the Energy Act



This Decree is a new legal prescription.

It defines the necessary assumptions for supplies of electricity to be carried out in an environment of regulated access to the grids. Within these assumptions resolved in the Decree are also the arrangements for mutual relationships and procedures among participants in the market, who are operators of transmission systems, operators of distribution systems, traders in electricity, end users, generators, providers of supporting services and the market operator. This Decree establishes the rules for arranging, evaluating, accounting and settling trading in electricity.

This Decree meets Directive 96/92 EC of the European Parliament and Council on the common rules for an internal electricity market.

The Decree gives a new specification of the subject of the electricity market.

Regulated third-party access to transmission and distribution grids is carried out on the basis of agreement. This provision recognises three types of agreements and defines which of the market participants enter into these agreements. This concerns the following agreements:

- agreement on providing transmission,
- agreement on providing distribution,
- agreement for transmission for import and export of electricity.

A special section also contains provisions on transmission and distribution. This defines transmission and distribution in relation to customers, contractual transmission and distribution agreements and recognises two types of payment for this service. This involves payment for the reserved capacity for the delivery points of eligible customers and payment for using the grid. The reserved capacity is an agreed-upon output over a given term for customer's delivery point.

A part of the electricity market is to provide services to ensure the operational ability of the electricity system. This provision states the conditions necessary for ensuring these systems services, their evaluation and the remittance of expenses resulting from systems services providers.

This Decree recognises bilateral transactions and short-term transactions. Short-term transactions are business deals on a short-term market organised by the operator of the market.

Bilateral transactions are carried out on the basis of agreements. The Decree defines the contractual parties to individual agreements and defines the basic information contained in the agreements. This concerns the following agreements:

- electricity supply agreement between entities executing settlement of deviations,
- electricity supply agreement to a protected customer,
- syndicated electricity supply services agreement to a eligible customer,
- settlement agreement (accepting responsibility for a deviation),
- agreement on electricity supply accepting a commitment to supply/receive electricity to/from electricity system,
- accounting agreement for electricity activated within the framework of supporting services.

This Decree recognises two types of responsibilities. The participants in the market select between accepting responsibility for a deviation, or transferring this responsibility to another entity. By this provision the appointed entity is always responsible for a deviation between the contractually agreed-upon delivery or supply into the electricity system and the actual delivered or generated quantity of electricity. This appointment is necessary for evaluating the system deviation, and the deviation settlement of the respective entities of the settlement by the market operator.

So that the market operator can correctly evaluate the supplies of electricity, conditions for the registration of entities, their files, the transmission of data and the specification of expenses associated with resolving an imbalance in the electricity system are set.

Electricity for securing systems services at the level of the transmission system is purchased within the framework of individual supporting services from the providers by the operator of the transmission system. A part of the services is also secured by the operators of the distribution systems.

This Decree also stipulates the following

- the conditions for purchasing supporting services,
- the procedure for evaluating the quantity and quality of supporting services and the publication of information about purchased services,
- the method of application of supporting services by the dispatch centre of the transmission system operator according to economic and technical criteria.

To secure the reliable functioning of the electricity market, the registration and verification of participants is fundamental. This provision contains the conditions and the method of registering market participants. The evaluation and settlement of actual electricity delivery is based on data provided by market participants. The procedures and relationships during data transfers, their evaluation, the method of specifying deviations of market participants, the definition of expenses associated with deviations and the method of settling them for respective market participants are the entity of these provisions.

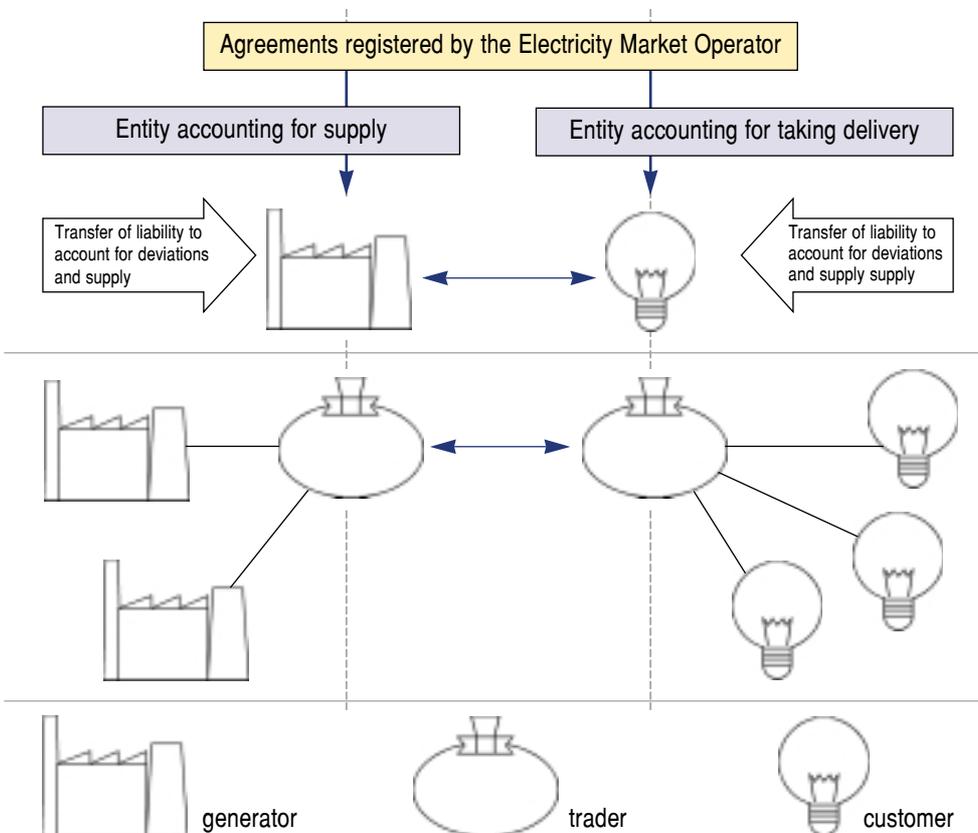
### Setting fees for the activities of the market operator

Three types of fees are recognised. The entry fee paid by market participants subject to registration, fees from participants responsible for deviations and fees from spot electricity market participants.

The Decree rules contain the procedure used during a change of supplier of an illegible customer who is trading under the regime of transferred responsibility for a deviation with a definition of the relationship for entering into agreements, and mutual exchange of information between the entities and the method by which the supply of electricity is invoiced.

The price of distribution or transmission and systems services are accounted for separately. These prices are subject to price regulation.

### Basic relationships between market participants





In the electricity market, it is possible to enter into a delivery agreement between two market participants who are responsible for a deviation, e.g. a direct contractual delivery relationship between generator and customer. Delivery of electricity can be carried out through a contractual relationship with another entity who is responsible for a deviation, i.e. a trader in the diagram. He commits himself, on the generation side, to deliver electricity into the system, as well as to buy electricity on the consumption side. Agreements registered by the Electricity Market Operator (EMO) are only agreements between market participants that are responsible for deviations, so called settlement entities. This simplifies the registration process for contractual relationships, while maintaining a sufficient level of information for the market operator during the evaluation and settlement of electricity trades.

**The electricity market rules** are closely interconnected with the **Rules for transmission system operations** and with the **Rules of distribution system operations**, issued by their operators and which were approved by the ERO in the Summer of 2001. The rules, in addition to other provisions, contain the conditions for providing supporting services, which are a significant prerequisite for ensuring the stability of the electricity system in the Czech Republic.

### **2.3. Issuing Decrees concerning price regulation and quality in the electrical energy, gas and heating sectors are based on the organisational framework delineated by the market rules and the transmission and distribution systems codes.**

The Decrees on price regulation are closely interconnected with the rules applicable to keeping separate evidence of revenues, expenses and profits of individual regulated activities. This part of the regulation framework respects the directives on transparent setting of prices and tariffs and the transparency and stability of regulating procedures. Regulated and non-regulated activities are strictly separated. The regulatory framework respects the opening-up of the market and unifies the regulation stages for all sectors.

It took longer than a year to prepare the Decrees on regulation and practically all participants in the market contributed to their development, including consumers' representatives. The following section contains a summary of the individual regulatory Decrees:

**1) Decree No. 438/2001 Coll.**, stipulates the content of economic information and procedures for price regulation in the energy sector.

This Decree sets out the principles and procedures of price regulation in the electrical energy, gas and heating sectors, including the time schedules for the preparation of proposed price submissions. This Decree also defines the terms that may be used and the necessary economic information to be submitted to the ERO by licence holders.

The need for this Decree arises from the need to regulate energy sector prices and listing regulation methods and entities to which price regulation applies. It sets out the economic information which will form the basis for deriving and setting prices.

#### **Electric energy sector**

The first part of this Decree, which relates to the electrical energy sector, contains the procedures for setting prices, together with requirements for transparency of these prices, the elimination of cross-subsidies among respective categories of end customers, and the principles for their protection in locations where competition is not possible. The basic terms used in this Decree are defined, the activities the prices of which are subject to regulation, are set out by this Decree and the methods used for price regulation for the respective activities of the electric energy sector are explained.

In addition, this Decree specifies the prices for transmission and distribution at individual voltage levels, and reflects the share of ratios between fixed and variable costs when setting respective price components.

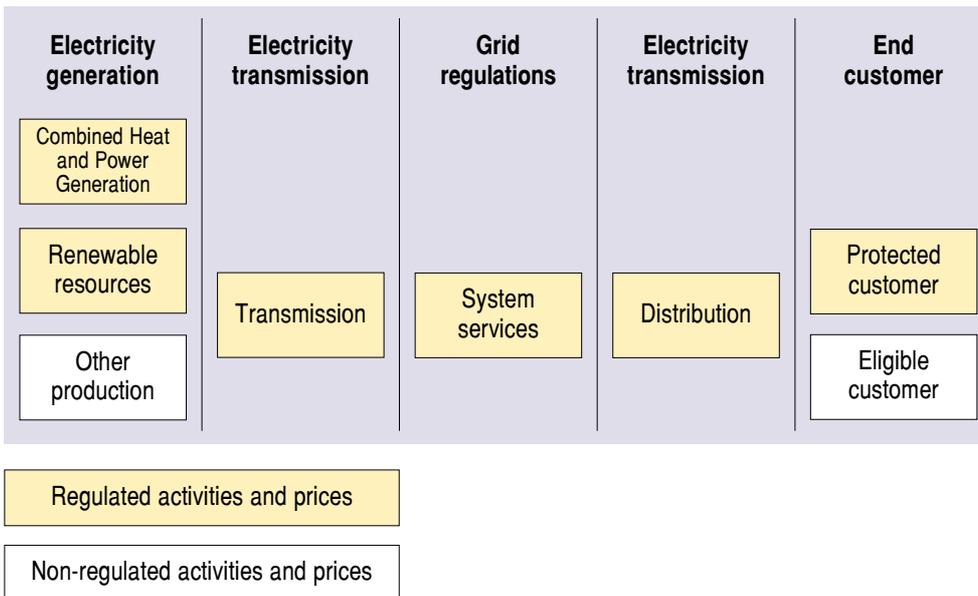
In some cases, the regulation refers to Decree No. 439/2001 Coll., which sets the rules for keeping the separate evidence of revenues, costs and profits for regulation purposes and the rules for the distribution of costs, revenues and profits from invested capital.

The first part also contains the procedure for setting up the price developments and changes, and the length of individual regulatory periods. It specifies the terms and parameters of price formulas for electricity transmission and distribution licence holders, including the possibility of selecting a regime for local distributors and for the market operator.

At the same time, the procedures for dealing with the requests for price changes are set out for individual licensed activities subject to the regulatory rules and terms for submitting, evaluating and approving the basic data necessary for this activity.

An inseparable part of the Decree is the explanation of the procedure for controlling the accuracy of the set regulated prices, the procedure for corrections in the case of discovery of differences larger than those permitted in a given regulatory period, and the procedure for carrying out the correction during the following regulatory period.

### Regulated and non-regulated activities and prices in the electrical energy market in the Czech Republic



### Gas sector

This Decree contains binding rules for price regulation in the gas sector.

Up to the issue of this Decree and its validity, natural gas price changes were set by the CR Ministry of Finance or the ERO (within the framework of the applicable pricing powers) approximately once or twice a year, and without specific system rules.



The prices were modified according to the influences of certain cost items, which include the development of prices of crude oil derivatives on the foreign markets and the changes in the exchange rate of the CZK to the USD, including gradual corrections of price relation distortions to price relations among the respective categories of customers. The question here was especially that of certain flat changes, account being taken of the social and political acceptability of the proposed changes, with emphasis put on the conditions for generating profit in individual gas distribution companies though the different expense and technical conditions were not considered.

The regulation rules within the framework of this Decree, transmit to consumers' and to investors a transparent signal about future prices even if, unlike electricity, external factors are decisive for a specific price level, which the regulator cannot influence; **this is specifically the price of crude oil, and heating oils, on foreign markets, and the exchange rate of the CZK to the USD.** This Decree allows the setting of different gas prices for licensed entities, not only within the regions where these entities are active but also for the respective categories of customers, including possibilities of further dividing the original categories of customers.

## The heating sector

Accounting for the production and distribution of heating energy is carried out separately. For example, the calculation of prices for a home-boiler cannot be carried out in the same way as for a block-boiler because the home-boiler does not have distribution pipelines. According to this principle, a system of price increases is set, which is different for production without distribution pipelines (home boiler) and for production including distribution pipelines. The regulated price contains all costs for ensu-ring particular activities according to Decree No. 439/2001 Coll. of the ERO and a reasonable profit.

For the first regulatory period, the regulation and capping is applicable to prices of heating energy for households. From the second regulatory period it is assumed that the position on regulation will be similar to that of electrical energy and gas. The limit on the year-on-year growth in heat prices for households is expressed by an escalation factor. This escalation factor for a particular year is set by the ERO by a pricing decision.

**2) Decree No. 439/2001 Coll.** sets out the rules for keeping separate accountancy of revenues, costs and profits for regulation purposes and the rules for dividing costs, revenues and profits from capital invested in the energy sector.

This Decree sets out the rules for keeping separate accountancy of revenues, costs and profits for regulation purposes and the rules for dividing costs, revenues and profits from invested capital, according to the licensed activities. It defines the rules for keeping separate evidence, sets out the method for completing regulation statements for individual activities, and the rules for distributing operating assets, profits and allowed costs for individual licensed activities for regulation purposes. Appendixes to this Decree give examples of regulation statements with the procedures and rules for completing them. This Decree follows the practices usual in EU countries.

The basic principle of this Decree is for the ERO to gain a database for setting - up price regulating activities and the ability to fulfil, using the data, the principle of self regulation, according to Decree No. 438/2001 Coll., which sets out the required economic information and price regulation procedures applicable in the energy sector.

Within the framework of this principle, the regulation accounting is applied to individual licence holders according to the groups of licensed activities.

The Decree is principally conceived according to the respective energy sector - for electricity, gas and heating sectors.



**3) Decree No. 306/2001 Coll.**, on the quality of supplies of electricity and associated services in the electrical energy sector.

This Decree sets out the required quality of electricity supplies and services in the electrical energy sector. It constitutes a new legislative regulation, which was not contained in Act No. 222/1994 Coll. This Decree defines the standards for the quality of electricity supplies and associated services, and principles for their observance. It protects the consumer against the abuse of a monopoly position by controlling the quality of electricity supplies and observance of those standards during regulated price setting.

Adherence to the standards will, in the future, be considered during price setting for distribution and transmission according to Decree No. 438/2001 Coll., which sets out the required economic information and procedures for regulating prices in the energy sector.

The quality of the supply of electricity is understood to be the supply of electricity to the customer by an operator of transmission system, or by an operator of distribution system, which complies with the quality standards stipulated in this Decree. Decree No. 297/2001 Coll. lays down conditions of connecting and electricity supplies for protected customers and the standard CSN EN 50160.

This Decree is in line with development in the EU, especially with the findings and recommendations of the Working Group on the Quality of Electricity Supply, which is working with the Regional association of energy regulators of Central and Eastern Europe.

This Decree defines quality electricity supply performance and associated services, and divides the quality standards of supplies and associated services into guaranteed and general. It delineates and describes particular types of guaranteed standards for supplies of electricity and services. These standards should be attained in each specific case. The fulfilment of these standards is included in the price of the supplied electricity. A possible non-fulfilment is subject to a sanction mechanism according to Section 90 (1) (e) of the Energy Act.

It sets the general standards, defines the basic terms and defines the deadlines for submitting reports. Based on these reports, the qualitative parameters will be monitored and subsequently statistically analysed and used by the ERO, during the evaluation of regulated entities from the point of view of the quality of the services provided.



### 3. Application of legislation governing entry into energy market

#### 3.1. Issuing licences for doing business in energy sector

The Energy Act calls on the ERO to issue licences for the energy sector within the Czech Republic. These are issued for a defined period of time, for at least 25 years, and for different groups; electricity generation, gas production, electricity transmission, transportation of gas, distribution of electricity, distribution of gas, gas storage, generation of heat energy, and distribution of heat energy. Licences for trading in electricity and gas are also issued for a defined period of time of at least 5 years.

On 3 May 2001 an implementing Decree to issue licences was published in the Collection of Laws and from that day applications could be submitted to the ERO for the issue of licences for the energy sector. Despite the maximum effort to inform the public, including the fact that the ERO called on all potential applicants, many entities did not take the issue of licences very seriously.

##### Survey of submitted applications

Month	number of applications
May	7
June	23
July	84
August	152
September	217
October	409
November	492
December	1047

By 31 December 2001, the ERO had received 2,431 applications for licences in total, of which 214 applications were suspended during administrative proceedings, 923 were processed, 1 cancelled, and 7 refused. By the same date, 1,286 licences were issued as follows:

##### Survey of issued licences

licence activity	number
generation of electricity	572
distribution of electricity	147
transmission of electricity	1
trading in electricity	55
manufacturing of gas	3
distribution of gas	73
transportation of gas	1
trading in gas	12
storage of gas	3
generation of heat energy	204
distribution of heat energy	215

The reason for the small number of issued licences and the large number of licences processed as at 31 December 2001 was the lack of discipline of the applicants, as most of the applications were only delivered to the ERO at the end of calendar year 2001. Unfortunately most of the licence applications received during December were incomplete, and thus there was no alternative but to interrupt the administrative proceedings and to set dates for the completion of the applications.



Based on an analysis of issued licences, it can be stated that there was not, and there is not expected to be, any disruption of continued supply of electricity, gas or heat energy, because all significant producers and distributors were until 31 December 2001 holders of valid business licences. These licences were issued to all distribution companies so that supplies, especially to protected customers, would not be endangered.

Annex No. 2 contains a summary of the issued licence numbers.

A list of licensed persons is provided for information and regularly updated on the Internet pages of our ERO ([www.ero.cz](http://www.ero.cz)). A full list of licence holders is published in the Energy Regulatory Bulletin.

### **3.2. Problems with the formation of the Energy Regulatory Fund**

Because most of entities did not take obtaining a licence too seriously, it was not possible to top-up the Fund with CZK 50 million according to Section 14 of the Energy Act. Most authorisation holders used the transitory clauses of the Act, and purposefully applied for the issue of a licence at such a time that the Fund could not be topped-up in 2001. In 2001, none of the regulated entities contributed to the Fund, and the balance of the special current account on 31 December 2001 was zero. Therefore, upon the recommendation of the Legislative Council of the Government, the Commission for Administrative law in co-operation with the legislative department of the Ministry of Industry and Trade of the CR and Members of Parliament prepared a proposal for a minor amendment to the Energy Act, which will allow the Fund to be topped-up in 2002. Subsequently, it will be necessary to amend the implementing Decree.



## 4. Regulation of prices in the electrical energy, gas and heating sectors

---

From 1 January 2001, the ERO took over the rights and duties concerning regulation of energy prices. The activity of the ERO in price regulation in 2001 arises consequently from the framework, which is defined by the Energy Act and the implementing Decrees.

Price regulation of electricity and gas in 2001 is a part of the Czech Republic Government's concept for carrying out a gradual correction of electricity and gas prices for all groups of consumers, in line with Government Resolution No. 1250/99 of 22 November 1999. In 2001, the ERO carried out the last step of the approved correction of price relations for the end consumer, and with this the correct pricing of individual licensed activities in the entire supply chain was completed. The Government of the CR was informed about the realisation of pricing modifications.

By the elimination of pricing distortions and the completion of the legislative framework, the conditions for setting objective tariffs for electricity, gas and heat supplies, as well as the principles for the economic regulation of licensed activities for the period up to 2005, were created.

### 4.1. Pricing decisions of the ERO in 2001

During this year the ERO issued, in line with the pricing regulation concept, 10 pricing decisions with effect in 2001, and 6 pricing decisions with effect from 1 January 2002. All pricing decisions were published in the Energy Regulatory Bulletin.

#### 4.1.1. Characteristics of the main pricing decisions with effect in 2001

By the pricing decision of the ERO No. 1/2001 of 4 January 2001, Pricing Bulletin of the MF, Part 1, of 9 January 2001 (Appendix to Bulletin, Part 1), so-called transfer prices were established between the dominant generator CEZ, a. s. and the regional distribution companies, prices for transmission and systems services. This was the very first decision of the ERO, just three days after it came into existence.

By the pricing decision of the ERO, No. 2/2001 of 27 February 2001 on a change in the assessment of the MF No. 01/2001 of 5 December 2000 - Bulletin, Part 2, of 1 March 2001, in line with a prior agreement between the MIT and the MF, a change in customer invoicing for gas from m<sup>3</sup> to kWh took place, to establish a more objective evaluation of the consumption and quality of natural gas.

By the pricing decision of the ERO, No. 3/2001 of 28 February 2001 on a change in the assessment of the MF No. 01/2001 of 5 December 2000 - Bulletin, Part 2, of 1 March 2001, the principle of providing exceptions to approved percentage increases in heat for certain entities was established, as a result of which, because of previously applied regulatory principles and the need for new investment, such entities were finding it hard to remain in existence.

By the pricing decision of the ERO, No. 4/2001 of 29 March 2001 on a change in the decision of the ERO No. 1/2001 - Bulletin, Part 3, of 30 March 2001, a more exact methodology for the evaluation of deviations in the trading between CEZ, a. s. and distribution companies according to hourly time schedules took place. This was a necessary provision for the future opening-up of the electricity market.

By the pricing decision of the ERO, No. 5/2001 of 11 May 2001 - Bulletin, Part 4, of 14 May 2001, the application of a previously advised tariff system for low-level voltage electricity customers took place - households and entrepreneurs. The new tariff system widened the possibilities for customers to choose an appropriate rate. Also, a modification of the so-called levelled payments occurred, which the new system derives for all rates from the values of current on the main fusing element.



By the pricing decision of the ERO, No. 6/2001 of 1 June 2001 - Bulletin, Part 5, of 4th June 2001, changes in the prices of gas for all categories took place (suppliers as well as consumers) in connection with a substantial increase in the price of crude oil and crude oil derivatives on foreign markets. On average, this involved price increases on the output from the gas distribution companies of 7.5 percent and on average 11.7 percent for households.

Other pricing decisions on providing exceptions for the set pricing escalation for the heating sector.

#### **4.1.2. Characteristics of the main pricing decisions issued in 2001 and with effect in 2002**

By the pricing decision of the ERO, No. 1/2002 of 27 November 2001 - Bulletin, Part 8, of 30 November 2001, the prices of transmission, distribution and system services, the minimum prices for mandatory purchases from renewable sources, and from combined electricity generation and heat were established. Based on the prices set in this manner, the first steps to a realistic gradual opening-up of the electricity market could take place.

By the pricing decision of the ERO, No. 2/2002 of 27 November 2001 - Bulletin, Part 8, of 30 November 2001, established the maximum prices of electricity and the conditions for electricity supplies to protected customers from the very high voltage grid - category A, and high voltage - category B.

By the pricing decision of the ERO, No. 3/2002 of 27 November - Bulletin, Part 8, of 30 November 2001, the maximum prices of electricity and the conditions for the delivery of electricity to protected customers from the low-voltage grid were established - households and entrepreneurs. For category D (households) the prices of electricity increased from the previous year by an average of 9.9 percent for the entire CR. For category C (entrepreneurs) individual (regional) prices for respective distributing companies were established.

By the pricing decision of the ERO, No. 4/2002 of 27 November 2001 - Bulletin, Part 8, of 30 November 2001, natural gas prices were increased by 5 percent for all categories of customers.

By the pricing decision of the ERO, No. 5/2002 of 27 November 2001 - Bulletin, Part 8, of 30 November 2001, the procedure for price development of heating energy for 2002, limiting price increase for households to a maximum of CZK 16/GJ was established.



## 5. Resolving disputes

---

The ERO is authorised, according to Section 17 (8) (a), (d) and Section 11 (2) of the Energy Act, to decide in disputes between licence holders on matters of the contractual conditions of energy supplies, providing system services, refusal to connect to the grid, refusal to enter into an energy selling agreement, or interruption of supply without cause.

During 2001, in line with the generally applicable administrative proceedings in force, the ERO resolved the following disputes:

### 5.1. Disputes in the heating sector

#### ■ pricing disputes

Dispute between Sokolovska uhelna, a. s. and Karlovarska teplarenska, a. s. on the price of heat, between the producer and the distributor, caused by an inadequate agreement concluded in 1995, which did not reflect the new facts. After a submission in March, the SEI was asked to monitor both companies. Neither of the companies was breaching the law. After the subsequent face-to-face negotiations a settlement was approved in August 2001.

Dispute between Vytapeni Marianske Lazne, s. r. o. and Bytov Marianske Lazne, s. r. o. on the price of heat between the supplier and the consumer. The SEI was asked to carry out monitoring. No breach of law was discovered. A decision was issued, which took legal effect.

Dispute between TEZA CK, s. r. o. Cesky Krumlov and the Owners Association of houses No. 212 and No. 213 from Za Nadrazim Street with regard to the price of heat between the supplier and the customer - the customer's complaint was about the price and accounting for unauthorised cost items. After face-to-face negotiations an interlocutory injunction was issued (prohibition on stopping the supply and a temporary setting of the price), the SEI control did not uncover any breach of law, and a decision was issued. The Owners Association submitted an appeal against the decision of the first instance, the ERO Chairman, on the recommendation of the Commission of Appeal, confirmed the decision of the first instance.

Dispute between Teplarny Brno, a. s. and Tepelne zasobovani Brno, a. s. on the price of heat, between the producer and the distributor. This dispute was about the size of margins between the companies, and it also touched upon the unequal conditions offered to individual distributors by the producer (co-operation with Office for the protection of economic competition (OPEC) in this area). Based on the proven calculations, a decision was issued, which the producer appealed against, and which was later withdrawn by the owner of this producer, as a result of which the decision of the first instance took legal effect.

#### ■ licensing disputes

Dispute - Radonice: Maier - Urblik: interruption of heating supplies (insolvency) on the part of Mr. Maier, holder of the State authorisation. The equipment was taken over by Mr. Urblik, to whom a licence was issued on 1 December 2001. The case is settled.

Dispute - Bruntal: Teplo ETES, s. r. o. - CH and T teplo, s. r. o. - dispute about the heating plant at Chelcickeho, including distribution pipelines. The ERO acted as an intermediary in this case for the rapid resolution of this dispute, which was in the jurisdiction of the court. This dispute was resolved by the issue of a licence for the heating plant Chelcickeho on 1 January 2002, to Teplo ETES, s. r. o.

Dispute - Breclav I: HARPEN CR, s. r. o. vs. Thermo Gas Energo, s.r.o.: dispute about the boiler-room assets, which were bought by HARPEN from Mr Joch, the owner of Thermo Gas Energo, s. r. o. The



licence was issued to Harpen. The dispute on the authorisation of Mr Joch is being resolved by an appeal to the ERO. The final resolution for the uninterrupted operation of this source is for Harpen to buy the assets interconnected to the boiler-room.

Dispute - Breclav II: on October 1, 2001 another dispute between HARPEN and spol. Thermo Gas Energo about the electrical energy supply to the boiler-room. An interlocutory injunction was issued, based on Article 17 of the Energy Act. Thermo Gas Energo, s. r. o. was ordered to restore the electricity supply to the boiler-room of HARPEN, and to enter into an agreement. On the day of the meeting the supply of electrical energy was restored and the points of contention about the measurement and the measuring point were resolved.

Dispute - CKD Slany, a. s.: a meeting of all involved parties took place, at which a proposal of two-months deferment of the withdrawal notice to the heat supplier was submitted. During this period an expert valuation of the assets was carried out. Currently, Energocentrum s. r. o. Slany as a supplier and the trustee in bankruptcy are negotiating the sale of the assets. During the month of September 2001 another round of negotiations took place in the presence of the customers' representatives, the City, the SEI and ERO, where it was agreed that the trustee in bankruptcy or Energocentrum Slany, s. r. o. will propose a suitable licensed entity, who through its licence and Energocentrum Slany, s. r. o., as proxy, will ensure the supplies of all energies. Energocentrum Slany, s. r. o. submitted a proposal to buy-out the assets to the trustee in bankruptcy, but the sale has not yet materialised.

Dispute - Kromeriz I: dispute about the division of the heat market in Kromeriz: city representatives, Techem, s. r. o. (current operator of secondary heat distribution) and the liquidator of Teplarna Kromeriz, a. s. met on 17 November 2001 in Brno at the SEI, the follow up continued at the ERO in Prague on 22 November 2001, decision: TECEM, s. r. o. will install, within 21 days, a new source. Carried out on 22 November 2001 and the supplies of heat are ensured.

Dispute - Kromeriz II: dispute about the supply of heat between Teplarna Kromeriz and Magneton, a. s. The SEI was requested to carry out monitoring.

Dispute - Oslavany: during September 2001 the major heat customer was disconnected. The supplier, Q-VARTEP, submitted a withdrawal notice. If the City approves the heat price increases, Q-VARTEP would be willing to continue supplying heat, until the City creates conditions for an alternative method of supplying heat. At the request of the ERO this was investigated by the SEI. During the month of June 2001 a meeting between the City representatives, the ERO and SEI took place in Oslavany. Currently, Befacoal, s. r. o, ensures the supply of heat but the price problem persists.

Dispute - Liberec: threatened interruption of the heat supply from Textilany Liberec. The commitments should have been taken over by Teplarna Liberec, but these two entities did not reach an agreement to lease the equipment. At the request of the ERO the SEI carried out an investigation. Currently, Teplarna Liberec secures the supplies.

Dispute - Vodnany: the licence was not issued to the city organisation, the licence was issued to a former holder of the State authorisation on 24 October 2001.

Dispute - Zruc nad Sazavou: an asset dispute - resolved, but not all the time deadlines for an appeal have elapsed.

## 5.2. Disputes in the electrical energy sector

### ■ regulation disputes

Dispute - PRE, a. s., Czechpol Energy, s. r. o. and CEPS, a. s.: refusing access to the transmission system for the import of electricity. This dispute is about the possibilities of importing electricity in 2001 and the performance of already concluded agreements on these imports. The entitlement of



PRE to imports for 2001 when, so far not even a partial liberalisation of the market has occurred, was rejected by the decision. An appeal was submitted; the decision on this appeal of the first instance was confirmed. The writ was submitted to the Court.

Dispute - STE, a. s. and PRE, a. s.: non-reimbursement of charges for the mutual use of the grids, pertaining to the distribution of electrical energy, and charges for services resulting from this. A decision was issued, which instructed the affected entities to enter into a mutual agreement, an appeal was submitted against this, the decision on this appeal of the first instance was confirmed. A writ concerning the non-competence of the ERO to issue a decision on this matter was submitted to the court.

Dispute - SME, a. s. and CEPS, a. s.: refusal of access to the transmission system for electricity imports for 2002. This dispute arose as a result of the unclear rules for the assignment of transmission capacity in the cross-border profiles. On the issue of the modified part of the code of the transmission system, this dispute was decided so that SME, a. s.'s request for imports was complied with. An appeal was submitted, the decision of the first instance was confirmed, and the decision took legal effect.

Dispute - Czechpol Energy, s. r. o. and CEPS, a. s.: refusal of access to the transmission system for electricity imports. A dispute connected materially and in time with the previous dispute, it was withdrawn during the proceedings.

#### ■ licence disputes

Dispute - MVE Chaloupka - Steinc: asset dispute about equipment for electrical energy generation and supplies to the grid. Both participants requested the issue of a licence; the court is currently dealing with this. The administrative proceeding was interrupted until a legally binding court decision.

Dispute - MVE Karnet - Perkacz: asset dispute: power plant Turnov and a dispute regarding the treatment of water - the licence was issued as a result of submitted materials to Mr. Perkacz, an investigation is being carried out as a result of a complaint by Mr. Karnet.

Dispute - MVE Hradsko (Hybl, trustee in bankruptcy): Bercelli ( Euro SPRO) - asset dispute about equipment for electrical energy generation, the licence was first issued to V. M. V. Hradsko, a. s., currently, the administrative proceeding for the removal of the licence is under way.

Dispute - VE Kolin - Mandelik: asset dispute about equipment for electrical energy generation: VE Kolin is the owner of the technologies, Mr. Mandelik owns the buildings and the adjacent land.

Dispute - MVE Knezice: Kruzak - Horak: asset dispute about equipment for electrical energy generation and supplies to the grid. This involves an unresolved restitution claim, which is before the court for resolution. Mr. Kruzak applied for the licence; the administrative proceeding was stopped because the applicant did not submit the necessary documentation.

Dispute - MVE Karnet - Masek: asset dispute about equipment for electrical energy generation and payments for deliveries to the grid. Currently, the inheritance proceedings of the deceased Mr. Masek are in progress, MVE is in debt. The case is so far not resolved, Mr. Karnet applied for the licence, and the licence for water treatment is missing, the licence was not issued and on 30 January 2002 the administrative proceedings were suspended.

Dispute - MVE Vymetal - Smekal: asset dispute about equipment for electric energy generation, this persists from the times of the State authorisation, and the licence has not been issued so far.

Dispute - MVE Gabrt - Friewald: asset dispute about land under the equipment for electric energy generation. The licence was issued on 16 January 2002 to Mr. Gabrt, this is a civil law dispute.

Other administrative proceedings were carried out with applicants for licences for conducting business in the energy sectors, after reviewing the submitted materials the cases were decided.



### 5.3. Disputes in the gas sector

During 2001 the ERO refused to resolve two submissions by JMP, a. s. by administrative proceedings because of their material irrelevance.

### 5.4. Commission of Appeal

According to Section 61 (2) of Act No. 71/1967 Coll., on administration proceedings (administrative procedure code) the Chairman has set up the Commission of Appeal to deal with problems within the scope of Energy Act. The Commission is an expert advisory body of the Chairman and consists of experts from legislative science, legislature, and from the energy practice. It is composed of independent external employees and submits proposals and decisions on the issues of appeals against decisions of the first instance of the ERO to the Chairman of the ERO, and suggestions for changes or repealing decisions in force of the ERO.

This approach is in line with the requirements of the OECD on establishing an appeal body for regulation and providing qualified solutions without delay, which may be a legal action to the court. Decisions of the Chairman of the ERO can be appealed to the Court.

All decisions of the ERO are published in the Bulletin.

## 6. Co-operation with State administration bodies and other energy sector entities

---

The ERO in accordance with the main tasks arising out of the legislative framework, co-operates closely with the Office for the Protection of Economic Competition (OPEC), other regulatory bodies, the CR Ministry of Industry and Trade, the State Energy Inspectorate (SEI) as well as with other administrative bodies in the energy sector.

The main focus is, above all, towards the preparation and application of legislature, and implementing Decrees for the regulation, economical competition and development of an effective framework for the functioning of the energy market.

The close co-operation with the energy division of the Ministry of Industry and Trade of the CR during the preparation of Decrees to the Energy Act, which were issued by both offices should be highlighted. The ERO, in co-operation with the MIT, participated in the EU negotiations on the Energy Chapter, especially in the gas sector.

During the execution of regulatory activities, co-operation with the SEI is evident, particularly in the preparation of the basic documentation for administrative proceedings. As a result of the provisions of the Energy Act, the ERO requested opinions or the commencement of monitoring proceedings from the SEI in almost all disputes.

During 2001, which was the first year of the effectiveness of the Energy Act, the ERO also co-operated intensively with institutions to ensure the smooth operation of the electrical energy market. In particular this involved the newly established Electricity Market Operator and co-operation with CEPS, a. s., on ensuring the market stability and electricity system, CEZ, a. s., and dispatch rooms.

Based on a tripartite agreement between the ERO, MIT and the Market Operator, the ERO has become the central point for the preparation of operating-technical data in the energy sector. This task was taken over from the Central Electrical Energy Dispatch Centre of the Czech Republic in 2001. At the same time, the Technical Information System was taken over, which allows the input data of individual respondents to be controlled and generates output for the analyses of the electrical energy sector in the Czech Republic.



## 7. Co-operation with the Chamber of Deputies of the Parliament of the Czech Republic

---

In 2001, the ERO, based on the requirement of the Economic Committee of the Chamber of Deputies of the Parliament of the CR, provided more information about the preparation of Decrees and regulations for the process of opening up the electricity market from 1 January 2002 and reports on building up the ERO and ensuring all the functions of the ERO during 2001.

The procedure for preparing Decrees to the Energy Act was dealt with in the 58th and 59th sessions of the Economic Committee of the Chamber of Deputies of the Parliament of the CR.

The ERO submitted reports, which were taken into consideration by the Economic Committee, on:

- the status and conditions for ensuring licences for entrepreneurial activities in the energy sectors in 2001,
- the preparation terms of basic Decrees necessary for opening up the electricity market during 2002.

**The Economic Committee of the Chamber of Deputies of the Parliament of the CR stated that the ERO had prepared the legislative and economic conditions for regulation and the first stage of opening-up the electricity market, by implementing the relevant provisions of the Energy Act.**

Also, the Chairman of the ERO participated in the meetings of most of the sessions of Parliament Clubs of the Chamber of Deputies of the Parliament of the CR, and provided information about the further procedure for regulating, and ensuring the functionality of the ERO in 2002.

## 8. International co-operation

---

### 8.1. The European Union

In connection with the continuous discussions with the Czech Republic for entering the European Union, the priority of foreign co-operation of the ERO was, in particular, focussed on the relationships with the European Union, and especially with the Director General of the Directorate of the European Commission for Energy and Transport (DG Energy and Transport) and the General Directorate for the Enlargement of the EU (DG Enlargement).

The ERO, together with the Ministry of Industry and Trade, participated in technical consultations on the Energy Chapter in Brussels, at which the degree of implementation Directives 96/92/EC on electricity, and 98/30/EC on gas into the Energy Act was evaluated. Comments and questions from the EU about some of the sections of the Energy Act were dealt with. The information from this meeting was subsequently submitted to the European Commission in writing as a fourth additional information to the Energy Chapter. In addition to the completed modifications of the implementation Decrees, which take into consideration the comments of the EU, a working group will be established, composed of representatives of the ERO and the Ministry of Industry and Trade, which will prepare possible changes in the Energy Act and the implementation Decrees.

The ERO stated that, in the energy sector, it does not anticipate problems surrounding the acceptance of the relevant legislation of the European communities, and it will ensure the full application of the Community legislation within the Czech Republic when the Czech Republic enters the European Union.

Negotiations with the European Union also took place in May and October 2001 in Prague, within the meetings of the Monitoring sub-committee for the environment, the energy sector, transport and telecommunications. At these meetings the representatives of the ERO presented the current activities of the ERO and the fulfilment of commitments to the EU. The representatives of the ERO also participated in a number of bilateral



and multilateral international meetings, conferences and expert seminars during 2001, for example on 8 June 2001, the conference of European regulators in Milan, Italy, and other meetings with the representatives of foreign regulatory authorities, the purpose of which is, above all, the exchange of experience, current issues in energy regulation and the problems of the CR entering the EU.

In November 2001, the Regular Report of the European Commission on the state of readiness of the Czech Republic for membership in the European Union was published and it stated that the legislative amendments for the protection of economic competition are mostly capable of merging with the legislation of the EU.

The activities of the ERO contribute to taking the Czech Republic into European and world structures. By analysing the new legislation of the European Union and its compatibility with the Czech legal prescriptions in the energy regulation area, it contributes to the preparation of the Czech Republic for entry to the European Union. A part of this activity includes the regular up-dating of the document of the Government of the CR National program for the Preparation of the CR for Membership of the EU and for the Government Office of the CR prepared evaluation of performance of priorities of document National Programme for the Preparation of the Czech Republic for Membership of the European Union (so-called Access Partnership). Based on these documents, the European Commission approved funding for technical assistance for the ERO, in the form of Twinning, for strengthening regulation mechanisms of EUR 0.6 million with co-financing by the Czech side of EUR 0.1 million, within the Phare program.

The main aim of the Phare CZ-EY-01 project Strengthening Regulation and Enforcement of Energy Acquis, is to prepare an Institution of the candidate country, in this case the ERO, which will function within the conditions of European Union, from the point of view of the experiences of the EU member countries. In addition, recommendations, which could be applied to the Czech energy market, on changes in our legislation are expected from EU countries. This project will be carried out by Spanish electricity experts and by Italian gas experts. Work on the project commenced in April 2002, and it should be completed by 31 October 2003.

## **8.2. OECD**

The ERO has also enrolled in the program of OECD, Regulatory reform of the energy regulation in the CR. This program is a part of the OECD project of in-depth evaluation of the regulatory mechanisms subscribed to by the Government in 2000. This evaluation is carried out systematically in individual OECD member states. Based on an OECD questionnaire about regulatory reform in the energy sector, an extensive document was prepared showing the regulatory and structural changes that took place during the last period in the energy sector, it considered licensing issues, price regulation, economic regulation and other factors of the Czech Republic's energy market. Based on this document and the following discussions with the OECD experts, a proposal for a Report on regulatory reform in the energy sector of the Czech Republic was prepared; a representative of the ERO participated. The result of these activities was a detailed Report on Regulatory Reform in the Czech Republic, which included the above-mentioned Chapter falling within the competence of the ERO.

## **8.3. Co-operation with other regulatory offices**

Within the framework of established contacts with partner regulatory offices, the Chairman of the ERO, Mr. Pavel Brychta, visited the regulatory offices of Spain and Slovakia in 2001. These meetings consisted, particularly, of exchanging experiences on issues of regulatory mechanisms in the energy sectors, the harmonisation of regulatory legislation with the European Communities' legislation, and the competencies of individual regulatory offices. The ERO also applied for full membership in the international organisation - Association of Regional Regulatory Authorities (ERRA), where on 3 December 2001 at the 5th energy regulation conference of the countries of Central and Eastern Europe and Eurasia, the ERO was officially admitted by the ERRA committee into this Association. This admission permits the ERO to attend all the official meetings of ERRA and it is also a member of two permanent commissions - the commission on "tariffs/prices" and the commission on "licences/competition". The main benefit of our membership in the ERRA is gaining new information on the activities of ERRA, their permanent commissions in the member states. The Chairman of the ERO also attended the 7th forum of European regulators in Milan, which dealt with problems of the quality of electricity market supplies.



## 9. Information activities of the ERO, relationship to the news media and the public

---

From its inception in January 2001, the ERO has carried out, through the department of external relationships, communication with the public and the media and press agencies and is continuing to develop this further. Establishing a good communication framework with experts as well as the general public, and the mass media is very important for the ERO because it involves a newly established body of the State administration, and from the point of view of its activities transparency is important, with the emphasis on impartiality and openness.

The department for external relationships provided information according to Act No. 106/1999 Coll., on free access to information and in 2001 it registered (from May) a total of 61 requests. All received requests were executed. Most of them were about the regulatory section.

With regard to the mass media, continuous interest was shown in interviews with the Chairman of the ERO, and also interviews with other representatives of the ERO, especially by the nation-wide dailies. The Chairman of the ERO appeared on Czech Television, Czech Radio and in economic magazines with nation-wide distribution, and professional magazines dealing with problems associated with the activities of the ERO showed considerable interest. Also, the ERO regularly presents its activities at press conferences. In 2001, five press conferences were organised, at which the leading employees of the ERO provided information on the most important decisions, activities and licensing politics of the ERO. The ERO has also created its own Internet site ([www.eru.cz](http://www.eru.cz)), where basic information about the ERO is available, as well as the most important information about the competencies of the ERO.

**The publication activities of the ERO** in 2001 depend especially on the obligation set by the Energy Act to publish the **Energy Regulatory Bulletin**, of which approximately 1,600 copies are published (about 1,400 copies are subscribed for). The majority are taken by the distribution companies in the electrical energy sector and the gas sector. The administration of the Bulletin is taken care of by the company SEVT, a. s. Prague. In 2001 ten issues of the Bulletin were published, in which four times a year a full list of licence holders in the energy sector is published. In addition, all the fundamental decisions of the ERO are published, of which the pricing decisions of the ERO on electricity, natural gas and heat are the most important, which replaces the previous pricing decisions from the energy sector published in the Pricing Bulletin of the Ministry of Finance of the CR. The approved rules of operating transmission and distribution systems and changes and addenda to these rules are also published in this Bulletin.

The ERO, which is from 2001 the central point for the preparation of operating-technical data for electrical energy, publishes monthly and annual reports about the operation of the electricity system that contain basic information about the electricity system, electricity balances, electricity price comparisons and their development.



## 10. Personnel and educational activities

The newly established ERO had at its disposal in January 2001 five expert employees assigned to it by the Ministry of Industry and Trade of the CR.

To ensure the operational ability of the ERO during the start-up, it was necessary to appoint a corresponding number of employees for the ERO, who could ensure the management, organisational and information support. The full complement of 21 assigned positions from the MIT and MF was reached only in March, when the problems associated with assigning employees were successfully resolved, to create an adequate base to build up the headquarters of the ERO in Jihlava, and to ensure the continuity of the expert activities of the ERO to equip the subsidiary ERO in Prague.

The personnel and organisational activities in 2001 were focussed on two main areas:

- **personnel:** the selection of new employees to ensure the functionality of the ERO and to perform the main tasks arising from the Energy Act, the introduction of necessary basic administration and the education of new employees,
- **organisational:** the preparation of basic organisational standards and internal regulations necessary for the operation of the ERO .

Growth in the number of employees was achieved only towards the close of the first half, and during the third and fourth quarters of 2001. It was then possible to specify the necessary extent of the activities resulting from qualitative and quantitative analyses of the demands on employees of the expert sections of the ERO. Increased work requirements arose during the early stages, particularly in the area of licences and the preparation of the ERO Decrees. Some of these requirements had to be dealt with externally and by hiring employees for fixed periods.

Appointments of new employees are shown in the following tables.

### Appointments and dismissals of employees in 2001

month	number of appointments	number of dismissals	number of employees by the last calendar day
January	5		5
February	9		14
March	12		26
April	8		34
May	7	1	40
June	7	1	46
July	4		50
August	1	1	50
September	2		52
October	1	1	52
November	8		60
December	2	1	61
<b>total</b>	<b>66</b>	<b>5</b>	<b>61</b>

### Number of employees on 31 December 2001 according to the organizational chart of the ERO (Presented in Annex No. 3):

secretariat of the Chairman of the ERO.....	14 (2 for a fixed period)
licensing section.....	18 (6 for a fixed period)
regulatory section.....	14
administration of the ERO.....	15 (1 for a fixed period)

It was not possible to engage the anticipated number of employees for the regulatory section specifically for gas, for the above-mentioned reasons, and also because there is a lack of experts in this sector willing to take up positions as civil servants.

#### Age structure of employees

age - category	number of employees	share
up to 25 years	3	4.9%
25 - 35	19	31.1%
36 - 45	16	26.2%
46 - 55	17	27.9%
56 - 65	6	9.8%

#### Structure of employees according to education

education	number of employees	share
Apprenticeships	4	6.5%
Completed Technical	24	39.3%
Technical High School	1	1.6%
University Bachelor	3	4.9%
University	29	47.5%
Total	61	100.0%
University		
- law	3	9.4%
- bachelor of law	2	6.3%
- economics	9	28.1%
- technical	14	43.7%
- bachelor of natural science	1	3.1%
- other	3	9.4%

The educational structure of employees in the ERO during the first year of activity was influenced by the need to build-up the administration of the ERO to ensure standard conditions for normal operations of the newly established body. Mainly younger employees were appointed for the expert departments, with the prospect of future growth, therefore more than 60 percent of employees are under 46 years.

When appointing new employees, emphasis was placed on increasing the number of employees educated in law and economics, in order to deal with the regulatory problems and resolve disputes among regulated entities.

The educational activities of the ERO were directed towards the professional preparation of experts, the basic legislative standards and regulations in the energy sector, with a specific focus on the needs of the regulatory and licensing sections. During the second half, employees from the administration section of the ERO and the legislation/law department participated in this training. During the second and third quarters of 2001, English language courses were carried out for all employees of the ERO. Employee safety training and health protection at work, and training drivers of service automobiles was carried out continuously by an external company based on agreements. A basic training for employees on EU issues is being prepared.

Within the Phare project CZ-EY-01 seminars are being prepared, focusing on familiarisation with the legislation of the EU in regulation for the ERO experts.



## 11. Budgetary management of the ERO

---

### 11.1. Chapter budget

The original budget of Chapter 349 - ERO, was set at CZK 55,062.00 thousand at the beginning of April 2001 by the opening of Chapter 349, and by the transfer of funds from the following Chapters:

Chapter 312	MF	CZK 2,893.00 thousand
Chapter 322	MIT	CZK 11,141.00 thousand
Chapter 398	VPS	CZK 41,028.00 thousand

This budget was modified during the year by three amendments approved by the Ministry of Finance of the CR. The final budget of the Chapter for 2001 was, after the stated changes, CZK 107,122.00 thousand. To these budgeted expenses were added:

- to current expense .....CZK 46,912.00 thousand
- to capital expenditures.....CZK 60,210.00 thousand

### 11.2. Results of budgetary management

The results of the budgetary management of the Chapter in 2001 are impossible to compare with previous years because the independent activity of this ERO only commenced during the current year. The result of the actual budgetary drawing for 2001 of CZK 97,487.23 thousand, means that 91.01 percent of the budgeted expenditures were withdrawn.

The total savings of CZK 9,634.76 thousand was caused by several factors, primarily by saving expenses for the replacement and acquisition of assets of CZK 6,008.87 thousand. This was mainly a result of under-drawing funds on the acquisition of the new building for the headquarters of the ERO in Jihlava. In connection with this, the originally budgeted funds were not drawn into the temporary buildings of the ERO. At the same time, the originally budgeted interconnected activities were terminated and were not needed in the new building. In connection with this, CZK 804.74 thousand was saved on repairs and maintenance of the existing buildings (connections of gas, electricity and water).

CZK 1,323.51 thousand was saved on wages, including the associated payments of health and social insurance. Lower drawing on salary funds was caused by the gradual build-up of the technical background of the ERO and increased requirements on the newly appointed employees. The required numbers of expert employees were not fulfilled until the third and fourth quarters of 2001.



## Annex 1 **The Energy Regulatory Office - Status**

---

### **Article 1 Initial Provision**

The Articles define the position of the Energy Regulatory Office (hereinafter referred to as the Office), its objectives, organization, the authority of its chairman to decide on remedial measures against decisions of the Office and the relations of the Office to other state administrative bodies, local governments and the general public.

### **Article 2 Establishment, Location and Registered Office**

1. The Office was established by Act No. 458/2000 Coll. on Business Conditions and Public Administration in the Energy Sector and on Amendment to Other Laws (the „Energy Act“).
2. The Office is an independent administrative body, regulating the energy sector and having its own chapter in the National Budget.
3. The Office in its operations follows the applicable laws and international conventions adopted by the Czech and published in the Collection of Laws, Collection of International Conventions, articles, government resolutions and measures issued by the Office within its scope of responsibilities. The Office is also responsible for the implementation of the Energy Policy adopted by the Government.
4. The Statutory representative of the Office is the Chairman who acts on behalf of the Office. The Chairman appoints the Vice-Chairman and defines his authority.
5. The Office has its registered office in Jihlava and a branch office in Prague. The Chairman may establish units in certain areas, which form branch offices of the Office.

### **Article 3 Objectives and Responsibilities of the Office**

1. The Office promotes competition and protects the interests of consumers in those areas of the energy sector where competition is not possible and pursues the objective to satisfy all reasonable needs for the energy supplies.
2. The responsibility of the Office is defined in the Energy Act, particularly in Section 17, Subsections 6, 7, 8, 9, 10, and Section 19, 20, 96, 97, and 98.

### **Article 4 Relations of the Office to other Administrative Bodies, Local Governments and the General Public**

1. The Office
  - a) co-operates with other administrative bodies and local governments,
  - b) co-operates with courts in all energy related issues,
  - c) co-operates with universities, professionals and the general public and co-ordinates this effort,
  - d) co-operates with international organizations and institutions,

- 
- e) co-ordinates positions of the Czech Republic on energy issues discussed at the international level,
  - f) takes a position on proposal of the Ministry of Industry and Trade of the CR related to the energy sector as defined in Section 16 of the Energy Act,
  - g) participates in the development of new laws for the energy sector and is party to the review process.

## 2. The Chairman of the Office

- a) notifies the government of serious problems in the energy sector,
  - b) submits proposals and suggestions to the Minister of Industry and Trade developed by the Office and related to the energy sector development. In this respect, he draws from the ideas of licensees and customers,
  - c) every year by 31 May the Chairman must submit the Annual Report to the Government and to the Chamber of Deputies of the Czech Parliament, which contains the financial statement for the previous year and the Office performance in the areas listed in Article 3 of this document,
3. The Office publishes the Energy Regulatory Bulletin. Other information related to the Office activities are published on the Office website.

## Article 5

### Organization of the Office

- 1. Responsibilities, relations between the organizational units, authorities of relevant heads and appointment of employees authorized to act on behalf of the Office are defined in the Organizational Rules issued by the Chairman.
- 2. In order that the Office could carry out the assignments the Chairman sets up permanent and advisory bodies, committees and working groups and appoints their members.
- 3. The Chairman also issues the following internal management procedures:
  - a) Operations Rules,
  - b) Documentation Management Rules,
  - c) Documentation Disposal Rules,
  - d) Rules of Signature.
- 4. The Chairman can authorize persons not employed by the Office to act on behalf of the Office.

## Article 6

### The Chairman's Authority to Decide about Remedial Measures

- 1. The Chairman decides about regular and extraordinary remedial measures against the decisions of the Office. There is no right to appeal against his decision.
- 2. For the purpose of the appeal the Chairman appoints and removes the members of a special committee, which serves as his advisory body. The Chairman issues the Rules of Proceedings of the Committee.

## Article 7

### Final Provisions

The Status of the Energy Regulatory Office issued on 1 January 2001 come into effect on the date of signature.



## Annex 2 Tables on issued Licences

### An Aggregate table on the progress in licence issuing as of 2th January 2002

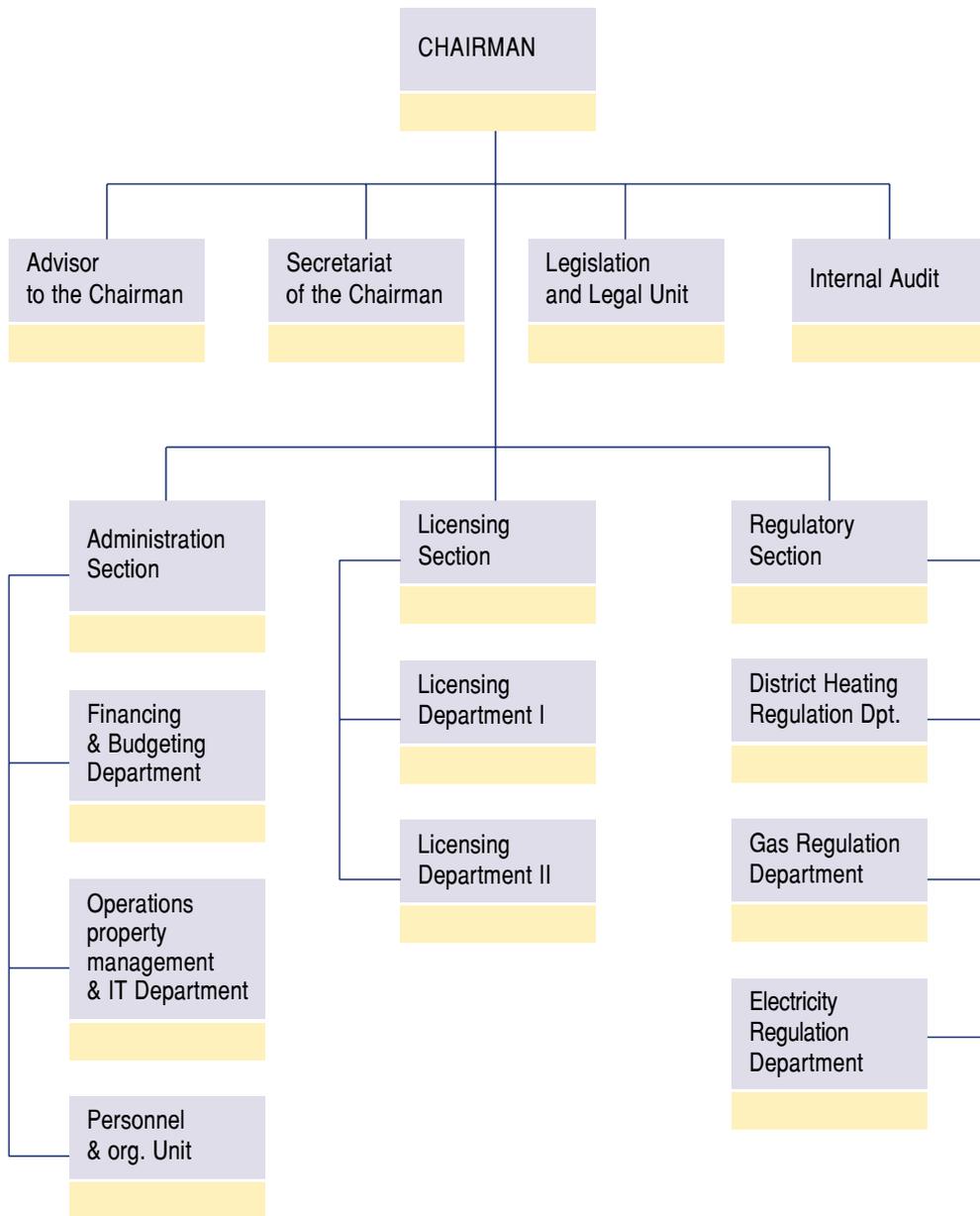
	11 Electricity generation	12 Electricity distribution	13 Electricity transmission	14 Electricity trading	21 Gas production	22 Gas distribution	23 Gas transportation	24 Gas trading	25 Gas storage	31 Heat production	32 Heat distribution	<b>Total</b>
<b>Issued licences</b>	572	147	1	55	3	73	1	12	3	204	215	<b>1286</b>
<b>Administrative proceedings interrupted</b>	93	25	0	5	0	2	0	2	0	44	43	<b>214</b>
<b>Now handled</b>	299	85	1	15	3	35	0	4	3	235	243	<b>923</b>
<b>Cancelled</b>	1	0	0	3	0	0	0	1	0	2	1	<b>8</b>
<b>TOTAL APPLICATIONS ACCEPTED</b>												<b>2431</b>

### An aggregate table on the progress in licence issuing as of 13th March 2002

	11 Electricity generation	12 Electricity distribution	13 Electricity transmission	14 Electricity trading	21 Gas production	22 Gas distribution	23 Gas transportation	24 Gas trading	25 Gas storage	31 Heat production	32 Heat distribution	<b>Total</b>
<b>Issued licences</b>	1059	270	1	62	7	108	1	14	4	491	520	<b>2537</b>
<b>Administrative proceedings interrupted</b>	155	78	0	17	0	16	0	4	1	144	151	<b>566</b>
<b>Now handled</b>	41	35	0	10	2	18	1	1	1	88	81	<b>278</b>
<b>Cancelled</b>	11	7	1	5	0	1	0	2	1	16	8	<b>52</b>
<b>TOTAL APPLICATIONS ACCEPTED</b>												<b>3433</b>



## Annex 3 Organizational Chart of the Energy Regulatory Office





**Report on the activities and financial management  
of the Energy Regulatory Office for 2001**

For publishing: PhDr. Jarmila Lehnerová  
Photographs: ČEZ, a. s., Transgas, a. s.,  
Teplárny Brno, a. s., archiv ERÚ  
Typographical design: Mgr. Jaroslav Pítra  
Press: Metropolis Media

© Energy Regulatory Office, 2002