

**Comments of CEZ, a. s.
to ERI Convergence and Coherence Report –
Public Consultation**

CEZ persons responsible	
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I. Introduction

CEZ, a. s. (hereinafter referred to as “CEZ”) welcomes the opportunity given by the ERGEG to all interested parties to comment the text containing ERI Convergence and Coherence Report within the Public Consultation process.

In this paper CEZ has identified the problems that have to be solved in this regard.

II. Specific comments of CEZ

■ Integration of new EU member states into ERI regions

Romania and Bulgaria as the new EU member states should be integrated into one of the ERI regions (possibly even into CEE). This could positively act in the direction of their regulatory framework cultivation. CEZ has its assets in both countries and is aware of the situation on the market there.

■ Trading licenses, seat of the company’s branch

Foreign companies in the Czech Republic may only conduct business activities on a permanent basis if they have either a subsidiary or a branch office, both of which must be entered into the Trade Register. Although the Energy Act itself does not require such a local presence, ERO does not grant trade licenses to companies without such a local presence. In the Czech Republic the registration of a branch office and the granting of a license may be applied for in a common procedure. Trading Licenses are granted for a minimum of five years or longer according to the specific application.

Czech Republic and Slovakia are in fact the only two countries in the CEE region not admitting the possibility of electricity trading unless there is either a subsidiary or a branch office of the foreign company located in the state. CEZ identifies this fact as a real obstacle to building up the integrated electricity market.

■ Allocation of cross-border capacities

- Our traders have a feeling of certain non-transparency in TSO behaviour in the regard of how many (of possible maximum) cross-border capacities are included in the auctions.
- In the cross-border businesses there can occur a situation when cross-border capacity between two countries is influenced by the situation in a third country; there is no real possibility how to solve the problem (in the sense of investments) in an efficient way.