



Introducing the Hungarian Energy Trader's Association

In order to gain a closer look on the organisation and the structure of HETA, and regarding the main rights and obligation of the governing bodies of the Association, and the rights and obligation of our members, we would like to inform you as follows:

1. About the Association

The predecessor of the Hungarian Energy Traders' Association (the "Association"), the Federation of Hungarian Electricity Traders, was founded in December 2003, after the opening of the electricity market, by eight electricity traders in order to ensure that the professional interests of the Hungarian electricity trading companies were represented.

The continuous rapid changes taking place, in terms of the trading markets and the internal and external regulatory environment since 2010, as well as the professional reactions to these events and the objectives of the interest groups, all necessitated that, as well as electricity traders, natural gas trading licensees could also join the renewed Association, which in March 2012 was renamed the Hungarian Energy Traders' Association (hereinafter referred to as: **HETA** or **Association**).

2. Members of the Association

The number of members of the Association has been increasing continuously since its establishment. The Association currently has a total of 31 members.

The membership of the Association is basically composed of two sections: the electricity section is composed of electricity traders and the natural gas section is composed of natural gas traders.

Members of the Association include traders with extensive user portfolios, trading members of integrated multinational companies, small and medium sized traders with less extensive user portfolio and holding either single or integrated licenses, traders pursuing business activities on wholesale and/or ancillary services, producers holding trading licenses, and even certain consumers pursuing trading activities. Accordingly, the Association has a rather heterogeneous group of members; that is to say, nearly every kind of actors in the electricity and natural gas trading sector is represented in the Association.

Furthermore several natural gas and electricity (or integrated traders dealing with both electricity and natural gas) trader companies such as other companies with different profile as supporting members already indicated their intention to join the HETA in the near future.

We currently have 4 support members.



3. Objectives of the Association

The primary objective of the Association is to represent the professional interests of the companies engaged in electricity and natural gas trading in Hungary and holding an electricity and natural gas trading licence, to support the domestic improvement of electricity and natural gas trade and the development of an effectively operating and transparent market, simultaneously complying with European Union regulations regarding the formation of the electricity and natural gas internal market furthermore establishment of a strategic cooperation and the performance of regular professional consultation with the European Union regulatory authorities, professional and trading organisations.

The Association is a legal person which is operating in an unbiased and transparent manner. The Association does not perform political activities, it is independent from political parties and does not provide financial support to them.

4. Membership, right and obligation of the members

Joining to the Association requires valid trading license. In the Association, there are **four types of membership**. The **single full membership** means that companies having this type of membership are engaged in either the electricity or the natural gas market in Hungary, they have valid license for either electricity trading or natural gas trading. The second type of membership is the **integrated full membership**. Companies possessing both electricity and natural gas trading license are eligible for integrated full membership.

As a result of the latest General Assembly there are two more types of special memberships status were established in the Association besides the abovementioned. One is the **small business membership (single or integrated depending** on the choice of the member) which means that the net turnover of the member does not reached the amount of HUF 1,5 billion by each licensing activity.

The other special membership status is the **supporting membership**, which means that these members only participate in the activity of the Association by financial support or by providing different services in order to support the activities of the full and small business members of the Association. They do not have election right nor can be elected.

Rights of the full (single and integrated) members the Association:

- it may actively take part in the Association's activities stated in the charter and actually exercised by the Association, depending on whether it has exclusively an electricity or a natural gas trading licence - or both, and it pays the membership fee accordingly;
- it may take part in the election of the Association's executive positions;
- it may nominate board members to the general assembly,
- it may submit a proposal to the general assembly for the positions of the chairman and presidency members;
- it may attend the programmes of the Association (conferences, seminars);

- it may attend the meetings of the Association's supreme body with the right to consult, make proposals and vote,
- it may submit proposals and remarks concerning the operations of the Association,
- it may attend technical and other tasks if so assigned by the general assembly or the presidency,
- it may submit a notice to the general assembly in case a measure of the presidency or the secretary breaches law or the charter; it may submit a notice to the General Assembly against the resolution of the presidency respectively submit a notice to the organ attending review of legality or address the court within 30 days if the decision of the supreme organ is unlawful.
- it may nominate members to the working committees.

Obligations of the (single and integrated) members the Association:

- to support the activities of the Association and to actively participate in the implementation of the Association's goals;
- to comply with the charter and the resolutions of the supreme organ;
- to safeguard the interests and protect the property of the Association and to improve the reputation of the Association,
- if elected to a position, to diligently attend the relevant tasks,
- to pay the financial obligations determined in the charter or by the general assembly.

The members of the Association shall exercise respectively fulfil their rights and obligations via their registered representatives.

Please be informed that for the year of 2018 the **membership fee for single full members is HUF975.000,- Ft, for integrated full member is HUF 1.700.000 ,-**

Rights and Obligation of Special membership status

Under **Small Business membership** the member of the Association may attend the General Assembly with the right to consult, make proposals and vote for the members of the board.

All of Small Business members have one vote, which right can be practiced by the representative of the small business members.

They also have the right to nominate the members of the board to the General Assembly.

For the year of 2018 the **membership fee for single small business members is HUF 500.000,-Ft, and for integrated small business members is HUF 872.000 ,-**

As we mentioned above, **Supporting membership** means that these members only participate in the activity of the Association by financial support or by providing different services in order to support the activities of the full and small business members of the Association. They do not have election right nor can be elected.

For the year of 2018 the **membership fee for supporting members is:**

Gold level support member **HUF 1.700.000,-**

Silver level support member **HUF 900.000,-**

Bronze level support member **HUF 500.000,-**



The membership fee shall be paid in one sum by the 31st of January in each year.

5. Structure of HETA

Bodies and executive officers of the Association

- General Assembly
- Board
- Chairman of the Association
- Supervisory Board
- Working Committees
- Chairman of the working Committees
- Experts of the Association

General Assembly

General Assembly in which all members are represented. Each member has 1 vote. As the supreme body of the Association, the General Assembly has exclusive competence for the most important and most significant matters.

The general assembly shall be convened at least once every year, by the Board and also if so requested by 1/3 of the members from Board of the Association.

At the general assembly, each member shall have one vote. The general assembly has a quorum if members eligible to vote and representing the majority (more than 50%) of the votes are present, and also if the majority (more than 50%) of all members of both electricity and natural gas section are present . The general assembly shall adopt its resolution by open vote with the simple majority of the votes of the members present, except for the matters listed in the charter of HETA.

Board

The **Board** is the managing and representative body of the Association. The composition of the managing bodies should reflect the fact that the members of the Association practically form two clearly distinguishable and equal groups. Accordingly, members of the Board are elected by the General Assembly on a **parity basis**: while the Board consists of 8 persons, the General Assembly should elect 4 candidates nominated by the electricity traders, and 4 candidates nominated by the natural gas traders, by 2/3 majority of the eligible members present. In order to ensure certain continuity in the management and operation of the Association, the members of the Board should be elected for one year.

The powers of the Board are not changed materially. Accordingly, the Board is empowered to decide on any matter that does not fall within the exclusive competence of the General Assembly.



As a general rule, the Board adopts its decision by simple majority in open voting. For the Board to have a quorum, more than 50% of the members of the Board and the Chairman must be present.

Every members' representative is entitled to nominate a representative of any member who is present and who is a member of the same section. Representative of the member is also entitled to nominate a representative who is not present on the general assembly. Every member can nominate maximum 4 candidates in each section. After the nomination procedure ends, each candidate has to either accept or reject the nomination. A nominated representative of the member who received more than 2/3 of the votes of the members eligible to vote and being present shall become a member of the Board. In lack of such, the nominee who received the most votes shall become a member of the Board. In case of draw vote, it shall be determined by lot which of the nominees who received identical number of votes will receive the mandate. Every member's representative can give maximum 4 votes to the Board member.

Chairman of the Association

The Chairman of the Association is elected by the Board by 2/3 majority. To be eligible for the position, candidates should have comprehensive professional experiences in the energy industry and – preferably – in commerce, and should be recognized persons in the sector. Chairman can be an independent (non member) person more ensuring impartiality and fairness for the Association.

The Chairman is elected by the Board. His mandate is granted for the same (one year) period. After the expiry of his mandate, the Chairman may be re-elected.

The independent Chairman can be elected for more than one year.

Supervisory Board

Due to the relevant legal regulation that supervisory board must be established if more than half of all members are not natural persons, HETA established its supervisory board comprised of five persons. The supervisory board is responsible for supervising the association's bodies, upholding the law and monitoring the implementation of the statutes and the resolutions of the association.

Supervisory board members shall take part in the work of the supervisory board in person. Supervisory board members shall be independent of the Board, and shall not be bound by any instructions in performing their duties.

The supervisory board shall adopt its decisions by a simple majority of the votes of the members present. The Board decides on admission of potential new members of the association.



Working Committees

The activities of the Association is performed through three professional working committees. There is the **Electricity Committee**; the members of this team are nominated by companies having electricity single and integrated membership. The members of electricity working committee includes companies with electricity trading licenses from different segments of the value chain, from generators to Universal Service providers, Hungarian and international companies. Therefore, the membership is representing a wide range of electricity traders active on the Hungarian market.

The second working committee is the **Natural Gas Committee**. Similarly to the Electricity Committee, the members of this team are nominated by companies holding valid natural gas trading license. Through the members of the team all the segments – wholesale, retail, etc – of the natural gas market is represented.

The third working committee is the **Legal and Regulatory Committee**.

The task of the committees are to carry out the work (primarily to prepare professional analysts, opinions, crating strategic plans) of the Association. They usually hold meetings on a monthly base based their own regulation.

Experts of HETA

At the head of the operative body of the Association, one electricity market and one natural gas market expert and also a legal expert act, who shall assist the efficient management of the lobby activities and who direct the work of the professional, administrative and representative fields of the Association.

These experts are at the Association's service, provide information to it; envisage developments on the market and in the regulation; prepare draft memoranda and other work products; so basically they serve as staff of the Association. By appointing the experts, the Association ensures that it has capacities which enable it to react to – or even propose – any developments on the energy commodities market.

6. Our main achievements

So far, during its operation, HETA has achieved an important role to take part in the administrative consultation for the request of the relevant Ministry of National Development based on the **Strategic Partnership Agreement** that was concluded by HETA and the Ministry in 2015.

The Association is presented in several **significant committees** such as the Commercial Code Committee of MAVIR Hungarian Independent Transmission Operator Company Ltd., MAVIR Operation Handbook Committee, HUPX Organised Market Committee, and taking part in REMIT consultation as well.



We organize national convention in every year, and accordingly this year we organised the biggest integrated (both electricity and natural gas) energy conference in Hungary for the third time, with a very high-quality performances, prominent performers.

What **we offer** for our members are the following:

- (both national and EU related) legislation monitoring;
- press review;
- free attendance for the conference

If the foregoing correctly reflects your intentions we hope that you will join our Association.