



E.ON Distribuce, a.s.

Compliance Program

**Compliance Program aimed at elimination of discriminatory  
behaviour of the distribution system operator**

**(“Compliance Program”)**

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## 1. Introduction

### **1.1. Objective of the Compliance Program**

The objective of the Compliance Program is to provide for equal position for all entities present in the electricity and gas market which utilize or can utilize services of the distribution system operator.

### **1.2. Legal framework for issuance of the Compliance Program**

The legal framework of the Compliance Program is based on the Directive of the European Parliament and European Council 2009/72/EC of 13 July 2009 concerning common rules for the internal market in electricity and Directive 2009/73/EC of 13 July 2009 concerning common rules for the internal market in natural gas. The above Directives were transposed into Czech law by Act 211/2011 Sb. effective as of 18.08.2011, which amends Act 458/2000 Sb. on conditions for business activities and the execution of state administration in power generation industries and on amendments to some acts (Energy Act), as amended.

Scope and area affected by the Compliance Program are defined by § 25a (electricity) and § 59a (gas) of the Energy Act as amended.

### **1.3. Scope of the Compliance Program**

Pursuant to provisions of §25a and § 59a of the Energy Act, the company E.ON Distribuce, a.s., being an electricity distribution system operator and a gas distribution system operator, lays down within the framework of the Compliance Program:

- measures for the elimination of discriminatory behaviour in relation to other participants in the electricity market who are not a part of the same vertically integrated undertaking and the electricity distribution system operator;
- measures for the elimination of discriminatory behaviour in relation to other participants in the gas market who are not a part of the same vertically integrated gas undertaking and the gas distribution system operator;
- rights and obligations of employees of the distribution system operator to fulfil the objective of the Compliance Program.

### **1.4. Realization of the Compliance Program**

The Compliance Program is realized continuously by adopting a number of individual measures of the following categories:

- modification of in-house processes
- laying down rules for allowing access to commercially sensitive information
- managerial unbundling
- miscellaneous.

All measures are being implemented in conformity with the generally binding legal regulations of the Czech Republic, in particular in conformity with the Energy Act, implementing regulations to the Energy Act and in conformity with the Rules for distribution system operator (electricity sector) and the Regulations for distribution system operator (gas sector).

## **2. In-house processes**

The Compliance Program sets forth in-house processes of the distribution system operator, which might (by actions of the distribution system operation) improve position of a certain participant in the market to the detriment of another one, in particular with regards to the access to the distribution system and utilization of services of the distribution system operator. These processes were analyzed, are monitored continuously and measures preventing such preferential treatment are adopted, if necessary.

The following is a list of affected sets of in-house processes where non-discriminatory approach has been fully implemented:

- Call centre
- Centralized remote control
- Distribution billing and payment reminders
- Interruption or reduction of supply and distribution of electricity and gas – payment indiscipline
- Interruption or reduction of supply and distribution of electricity and gas – technical and operational problems
- Switching of supplier
- Communication with customers
- Participation in traders marketing
- Breach of contractual conditions of distribution

- Connecting
- Exceeding booked capacity.

### **3. Commercially sensitive information**

Operator of the distribution system has set the rules for allowing access to information for the participants in the electricity and markets in a non-discriminatory manner. Application of the rules is monitored and measures to allow access to information for the participants in the electricity and gas markets in a non-discriminatory manner are adopted whenever necessary.

The subject matter of the Compliance Program is commercially sensitive information which is available to the distribution system operator directly or indirectly through some other entities, or which the operator generates by his activities and which, if provided to only some participants in the electricity or gas markets, would give them a competitive advantage. Commercially sensitive information is divided into three groups with different methods for ensuring non-discriminatory access and information unbundling:

- public information
- contractual information
- confidential information.

In case of the commercially sensitive information, full non-discrimination of its processing and release to the electricity market participants is provided fully.

#### **3.1. Public information**

Public information is any information that is available to any third person and published in a manner enabling remote access.

##### **List of public information:**

###### **Electricity sector:**

- Anticipated development of the distribution system
- Description of the electricity supply system
- Rules for operating the distribution system
- Application forms for connection and providing distribution line
- Commercial conditions for providing distribution line
- General information on the distribution system operation

- Quality indicators of electricity and services supply Compliance Program and Annual Report on measures adopted for Compliance Program implementation in the preceding year
- Program auditor contact information
- Further information released by the distribution system operator in a manner allowing remote access.

#### Gas sector

- Anticipated development of the distribution system
- Aggregate information on distribution system operation
- Regulations of distribution system operator
- Application forms for connection to the distribution system and allocation of distribution capacity
- Specimens of natural gas distribution contracts (terms and commercial conditions of distribution)
- Quality indicators of gas supply and associated services
- Compliance Program and Annual Report on measures adopted for Compliance Program implementation in the preceding year
- Program auditor contact information
- Further information released by the distribution system operator in a manner allowing remote access.

### **3.2. Contractual information**

Under contractual information we understand the information given in or ensuing from the contract between the distribution system operator and a contractual partner. This information can be disclosed only to a relevant contractual party on the basis of the contract or to a state administration body on the basis of a legal requirement; for a third party such information is considered as confidential.

#### **List of contractual information:**

- Business partner of the distribution licence holder
- Point of supply
- Distribution failures and their remedy
- Complaints about the licence holder activities and distribution

- Amount of electricity distributed to a particular customer
- Amount of gas distributed to a particular customer
- Class of type daily diagrams/value of planned consumption.

### **3.3. Confidential information**

Any information on the distribution system affected by the Compliance Program that is not public or contractual is considered as confidential.

#### **List of confidential information:**

- Contacts of the electricity and gas distribution licence holder
- Archives of the electricity and gas distribution licence holder
- Confidential and contractual information on paper (documents) or on other data carriers at the workplace of the electricity and gas distribution licence holder
- Access to information systems of the electricity and gas distribution licence holder
- Payments to the distribution licence holder for electricity and gas distribution.

### **3.4. Confidentiality Provisions**

All employment contracts, contracts on discharge of office and agreements of confidentiality executed between the distribution system operator and its employees and/or members of its statutory body or any other similar contracts must include an article concerning confidentiality of commercially sensitive information from the point of the Compliance Program requirements. In case of the contracts of employment, the obligation of confidentiality remains in force for the whole term as well as after termination of employment. In case of the contracts other than the contracts of employment, the obligation of confidentiality remains in force for the time period of exercise of the activities in question for the distribution system operator as well as after their completion.

If contractual partners come into contact with commercially sensitive information when fulfilling orders assigned to them by the distribution system operator, the distribution system operator requests that a confidentiality provision regarding such information be included in the relevant contracts. Similar approach shall be applied in the case of contracts with the Operátor trhu, a.s. (Market Operator).

If the party to the contract made with the distribution system operator breaches the obligation of confidentiality concerning the commercially sensitive information, the distribution system operator shall proceed, depending on the character of the contractual relation, in conformity with the relevant contract and generally binding legal regulations governing employment relationships and/or commercial obligation relationships.

## 4. Managerial Unbundling

To provide for managerial unbundling of the distribution system operator, the following principles shall apply in conformity with the Energy Act:

- no natural person who is a member of a statutory body, a confidential clerk or a top manager of the distribution system operator (hereinafter also referred to as "relevant persons") shall be a member of a statutory body, a confidential clerk or a top manager of a licence holder for the generation of electricity, production of gas, or for trading in electricity or gas who is a part of the same vertically integrated undertaking,
- relevant persons shall not accept any remuneration or other payments from licence holders for the generation of electricity or production of gas, or for trading in electricity or gas within the framework of the same vertically integrated undertaking,
- remuneration of the relevant persons is not dependent on economic results reached by licence holders for the generation of and trading in electricity or gas within the framework of the same vertically integrated undertaking,
- professional interests of the statutory body or its member, confidential clerk or top managers responsible for managing the distribution system operator are taken into account in a manner that will guarantee independence of their actions,
- the distribution system operator has real decision-making rights with respect to the assets necessary for the operation, maintenance and development of the distribution system,
- acting through the supervisory board of the distribution system operator and in conformity with the articles of association of the distribution system operator, the mother company approves the annual financial plan and the maximum limits of indebtedness of the distribution system operator; the financial plan must provide for necessary funds for the operation, maintenance and development of the distribution system,
- the mother company does not issue any instructions to the company of the distribution system operator concerning everyday operations or maintenance of the distribution system,
- the mother company does not interfere in the decisions concerning construction or refurbishment of the distribution system, unless it is a decision that will lead to exceeding the approved financial plan,
- the distribution system operator does not hold, nor will hold in the future, an ownership interest in another legal entity that is a licence holder for the generation or transmission of electricity or for the production and transmission of gas, or for trading in electricity or gas,

- neither the statutory body, its member, confidential clerk nor any leading employee of the distribution system operator may keep an ownership interest exceeding 1% of the registered capital in another legal entity within the framework of the same vertically integrated undertaking that is a licence holder for the generation of electricity or the production of gas, the transmission of electricity or the transmission of gas, and for the trading in electricity or gas,
- the distribution system operator has not executed, nor will execute in the future, any control contract thus establishing a joint management of another licence holder for electricity generation or gas production, transmission of electricity or gas, and for the trading in electricity or gas,
- if he is a part of a vertically integrated undertaking, the distribution system operator must act in a manner that will rule out the possibility of misleading another participant in the electricity market with respect to a possibility of confusing him with an electricity trader of electricity generating company that is a part of the same vertically integrated undertaking,
- if he is a part of a vertically integrated gas undertaking, the distribution system operator must act in a manner that will rule out the possibility of misleading another in gas market participant with respect to the possibility of confusing him with a gas trader or gas producer that are a part of the same vertically integrated gas undertaking.

## **5. Implementation of the Compliance Program**

### ***5.1. Informing staff about the Compliance Program***

Information about the Compliance Program are to be given to all the members of the statutory body, members of the supervisory board, confidential clerks (if any are appointed) and to all the employees. Training of all employees in case of changes of the Compliance Program is organized. Such training is also an integral part of orientation procedures for new employees. Familiarization with the Compliance Program will also follow when new members of the board have been elected, and in case of a new confidential clerk has been appointed.

### ***5.2. Checking compliance with the Compliance Program***

#### **5.2.1. Program auditor**

In connection with the introduction of the Compliance Program. the distribution system operator established the position of the Program auditor. The program auditor is responsible for the supervision over implementation of the Compliance Program, adherence to the measures adopted, and for elaboration of the annual report according to § 25a para. 5 and

§ 59a para. (5) of the Energy Act. The method of performing the checks and the program auditor's authorization are defined by company standards. It is a duty of the distribution system operator to provide the program auditor all the information and documents necessary for a proper performance of his tasks, and to give him other necessary assistance. For participants in electricity and gas markets, a contact has been created with the possibility of remote access that enables the submission of suggestions in connection with the Compliance Program. The program auditor is responsible for the resolution of all such suggestions.

#### **5.2.2. Annual report on measures adopted for the implementation of the Compliance Program**

The program auditor shall write an annual report on measures taken in the previous year for the implementation of the Compliance Program, and shall submit it to the Energy Regulation Office and to the Ministry of Industry and Trade by 30 April of the following year and, at the same time, he shall publish it in a manner that allows for remote access.

#### **5.3. Binding character**

Through the in-house regulations, the Compliance Program shall be binding on all employees, confidential clerk (if any are appointed) and for members of the Board of Directors.

#### **5.4. Validity and Force of the Compliance Program**

The Compliance Program is valid and in force from 26.09.2011, when it was approved by the statutory body of the E.ON Distribuce, a.s. and supersedes fully the Compliance Program adopted on 01.07.2008. The Compliance Program shall remain valid and in force for an indefinite time period.

In Brno, on 26.09.2011