

OTHER INFORMATION

Budapest, 3 October 2014

Official heat tariffs for district heat production in effect from 1 October announced in relation to PannErgy's subsidiaries

In the 30 September issue of the Hungarian Official Gazette, Magyar Közlöny, the Minister for National Development announced the detailed official heat tariffs (heat selling prices) for the district heat supply period of 2014–2015, also applicable to PannErgy's subsidiaries and heat supply districts.

PannErgy Plc hereby advises the actors of the capital market that in Issue no. 134 of 2014 of the Hungarian Official Gazette, in the form of Decree 39/2014 (Sept 30) of the Ministry for National Development, the Minister for National Development announced the officially fixed district heat tariffs in effect from 1 October 2014, as also applicable to the PannErgy subsidiaries (Miskolc Geothermal Ltd and Szentlőrinc Geothermal Ltd).

For Szentlőrinc Geothermal Ltd, the officially fixed heat selling tariff is HUF 3654 /GJ.
In the case of Miskolc Geothermal Ltd, the official heat selling price is HUF 2450 /GJ,

"MIHŐ Ltd is committed to the broad-scaling use of renewable energy resources. The fundamental goal of involving the use of geothermal energy in Miskolc's district heating system has been the partial replacement of natural gas as an energy carrier, the enhancement of operating safety, the realization of competitive and energy conscious district heat supply with remarkable implications in the field of environmental protection. It is unmatched in the European landscape that while in 2013 hardly 16% of MIHŐ Ltd's total energy consumption originated from renewable energy, in 2014 more than 40% of energy demands has been covered with the use of renewable energy sources, with which the City of Miskolc now belongs to the international top ranks. In 2015, this ratio can be further improved in favour of the geothermal field." – said László Nyíri, MIHŐ Ltd's Managing Director.

"PannErgy Group is in support of the emergence of geothermal energy sources, which seems to be similarly promoted by the resolution as being a cheaper solution than the use of fossil fuels, and is taken as the next step towards the accomplishment of the targets set out in the European Union's Energy Efficiency Directive of 2012 (2012/27/EU) because of its role in environmental protection and price advantages alike. Our company has planned its business model relying on the operation of its geothermal systems to be implemented by defining a value range for each of the substantial elements of the plan, including the officially fixed heat selling price. The heat tariff relating to the district





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heating period of 2014–2015 has remained within the limits of the value range defined in the business model. As a result of the regulations, we expect the entire geothermal capacity to be exploited, and in parallel the unit costs of sales to decrease materially." – declared Péter Tóth, PannErgy Plc's Chief Executive Officer, member of the Board of Directors.

PannErgy Plc

