



**Monthly report**

**BGS ENERGY PLUS a.s.**

**For the period from 1 to 28 February 2010**

## **1 Information on the occurrence of trends and events in the market environment of the issuer, which in the issuer's opinion May have important consequences in the future for financial condition and results of the issuer**

### **The key trends and events in the area of biogas stations**

The supply of various technological solutions for biogas production has settled in the Czech Republic in 2009. The situation is similar to the worldwide leader – Germany. All major European leaders of biogas technology are present in the Czech Republic. Most international companies consider the local legislative and economical conditions to be positive for the future development of biogas market.

The Agriculture segment is a primary sector for the use of biogas technology. The segment has noticed a very strong decrease in value of all agricultural commodities in 2009. That situation caused an increase of demand for biogas technology among agriculture producers as they were looking for alternative placement of their products. Currently, the main competitive advantage in the area of biogas technology is the ability to offer complete solutions including all necessary licenses, financing, etc for the successful realization of projects. Based on high competition, there is no problem with delivery terms which came down to 3 months. In the past the delivery took over 6 months. This might be a signal that mainly German producers don't have sufficient demand in their local markets and are looking for sales within Eastern Europe or the USA.

The realization of biogas plants in the Czech Republic heavily depends on subsidies from the Ministry of Agriculture. There were roughly 30 applications for the investment subsidy last year with almost 100% success rate. Due to the high demand for biogas technology between agriculture producers (as described above), approximately 100 applications for the investment subsidy will be presented this year. The sources available cover only about 60 applications, therefore only 60 applications will be successful. The remaining projects will be looking for alternative financing, e.g. financing by bank loan or by other investor. Alternatively they may not realize the project. The 100% financing through bank loan is almost impossible at the moment. Despite the stability of the segment, only 2 banks are focused on financing of biogas plants for agriculture producers.

### **The grid connection of new biogas plants and its problems:**

Currently, the biggest problem is the low capacity of the electricity supply system caused by the extreme development of photovoltaic (PV) sources. For example during the period of 11/09 – 1/10 15 applications for the connection were submitted but 12 of them rejected. It doesn't mean the decrease of new biogas plants installed in 2010, however it can influence the projects for the new plants planned for 2011 and 2012. The situation also depends on the capacity of FVE and whether that will be eased. It is expected to happen at the beginning of 2011 as the price of electricity from PV sources will go down and the biogas development will continue without any significant problem.

Other diversification of the biogas use is expected in a near future as selling biogas directly to the network of natural gas will be possible. The legislation already in place now allows the transfer of

biogas through the pipeline and the consumption of biogas in a different location. It is expected that the system of granted prices of biogas will be established. Consequently, it will be possible to use the biogas together with the natural gas.

### **The anticipated changes**

During the first half the Parliament will discuss and approve changes of Law no. 180/2005 in the support of energy production from renewable sources. The new changes will allow higher regulation of purchasing price from photovoltaic energy effective from 2011. That will also enable the elimination of interest in the photovoltaic energy field and on the contrary it will create the space for energy production from biogas. The new expressions appeared – regulable and unregulable source of energy. The biogas station production is perceived as reputable and reliable source of energy.

The creation of new possibilities of sale of biogas directly to the network of natural gas allows to biogas use diversification. Our legislation today already allows the biogas transfer in pipelines and biogas consumption into another location. The creation of system of guaranteed purchase price system of biogas is expected. The biogas could then be used together the natural gas with higher energy efficiency.

### **Orders of UTS Biogas**

The Ministry of Agriculture is open to new applications for the investment subsidies since 16.2.2010. UTS Biogas submitted 12 applications for its customers. Within the following weeks at least two new projects for customers will start – BPS Kamenice and BPS Slavíkov , BPS Dobronín. The remaining projects will await the result of the subsidy committee.

## **2 Summary of all information published by the issuer under the current report for the period covered by the report**

In the period covered by this report, the following current reports were published in EBI system:

Current report No 3/2010 published on 12-02-2010: Information of company strategy expansion.

Current report No 4/2010 published on 12-02-2010: Entity and consolidated 4Q2009 results.

Current report No 5/2010 published on 14-02-2010: January 2010 report.

In the period covered by this report, there were no reports published in ESPI system.

**3 Information how the money from private placement was used in particular month. If any of the contributed funds were spend in the particular month.**

In the period covered by the report there was no use of funds raised from private placement.

**4 Investor's calendar**

Until 14.04.2010r. publication of monthly report for March 2010.

Legal basis: Par. 16 of Annex 1 to Resolution No 795/2008 Warsaw Stock Exchange Management Board dated 31.10.2008 " Good Practices of Companies Listed on NewConnect"