

PRESS RELEASE

Renewables can also support the stability of the electricity system

As the first company in Hungary, ALTEO has established an aFRR¹-capable virtual power plant integrating purely renewable power plants. ALTEO has launched its new virtual power plant, modelled after its gas engine-based virtual power plant, by integrating renewables-based power plants.

Not only does this expand the Company's balancing reserve market opportunities, but it also provides the domestic electricity system with substantial additional flexibility, which could facilitate the establishment of further weather-dependent renewable energy utilizing, primarily solar and wind turbine capacities.

After having recently increased the flexibility of its virtual power plant by [commissioning](#) a new electrical boiler, ALTEO is taking another major step towards the more efficient operation of the Hungarian electricity system, being the first in the country to meet the System Operator's requirements for secondary regulation based on purely weather-dependent power plants (solar power plants) and obtaining the so-called aFRR accreditation, and will be providing balancing reserve capacity for the electricity system from May 2023 after additional developments, building on a fresh approach. The Company is planning to significantly expand its new virtual power plant, which currently has a capacity of ~160 MW, in the near future and intends to add considerable additional flexible capacity to the electricity system.

"With the new virtual power plant, it has been proven in practice that solar power plants are also capable of real-time and continuous output control, of much more flexible operation than before, i.e. they can actively contribute to ensuring system balance", emphasized Péter Luczay, ALTEO's Deputy CEO for Production Management and Business Development.

In essence, highly weather-dependent renewable energy-based producers introduce uncertainty into the electricity system, as it is often difficult to predict when and to what extent the sun will shine and the wind will blow. The balance needed for predictable and stable operation is ensured by harmonizing generation and consumption, with a key role played participants such as ALTEO, which balances out the imbalances in the system by increasing or cutting back electricity production in line with current demand.

ALTEO has been providing balancing reserve services to the domestic electricity system for 10 years. In addition to its new virtual power plant, it also operates a virtual power plant with an installed electrical capacity of nearly 100 MW, typically consisting of natural gas-fired power plants and energy storage facilities. In addition, beyond its own portfolio of solar power plants and wind turbines totaling ~70 MW, it provides commercial and production management services to weather-dependent renewable energy utilizing producers with a total capacity of more than 1,500 MW (typically solar power plants), which currently accounts for nearly half of the relevant solar power plant market excluding small household-scale power plants.

¹ aFRR (automatic Frequency Restoration Reserve): one of the key pillars of system balance. A standard product of the Ancillary Services market that meets the applicable requirements of the System Operation Guideline. A unit with such accreditation is capable of implementing the System Operator's control commands/instructions in real time through tele-mechanical and process control systems, i.e. it can be controlled.



ALTEO Group

ALTEO is a Hungarian-owned energy service and trading company with a modern mindset. The scope of its business activities include the production and trade of energy from renewable energy carriers and natural gas, as well as energy services and development customized to individual corporate needs. The Company provides a reliable and environmentally responsible energy supply based on the sustainable use of renewable energy to its costumers, which include small and medium-sized Hungarian enterprises as well as large corporations. Due to its own, optimally designed assets and virtual power plant, the company provides the most innovative services of the highest quality to its partners. In recent years, innovative business sectors such as e-mobility, waste management and scheduling have been added to this range, where aspects of the circular economy are even more prevalent.

As a dynamically growing company committed to sustainability, ALTEO is constantly looking for investment and expansion opportunities, thereby increasing shareholder value in a sustainable fashion.

ALTEO was first listed on the Budapest Stock Exchange in October 2010. In 2016, the Company successfully completed a public offering. The Company is continuously active in the capital market, and following its public offering, it continued to carry out private placements of shares and bonds among institutional investors, raising an aggregate total of close to HUF 20 billion in funds. Sales revenues have been growing dynamically and exceeded HUF 100 billion in 2022, and the value of its portfolio of non-current assets surpassed HUF 34 billion. ALTEO is a dynamically developing company committed to sustainability, and is always on the lookout for new opportunities for investment and growth, and the Company is continuously working to ensure that they provide their customers and partners with the most innovative range of services of the highest quality in an effort to achieve a steady increase in shareholder value.

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