



JAO
Joint Allocation Office

PHOTO BY: CORNÉ MEEUWIS



ANNUAL
REPORT
2020

The background of the cover is a photograph of a high-voltage power line tower and its associated insulators and cables. The scene is captured during a sunset or sunrise, with a sky filled with soft, pinkish-purple clouds. The overall color palette is muted, with a dark purple tint at the bottom and top, and a lighter, hazy purple in the middle. The text is overlaid in a clean, white, serif font.

Table of contents

01	Financial and Performance Highlights	5
02	Introduction	11
03	Letter from the Management Board	15
04	JAO Supervisory Board Chairman Keynote Address	21
05	New Management board member	25
06	Projects	29
07	Operations	37
08	Legal	41
09	Compliance	45
10	Description of the principal risks and uncertainties that JAO faces	49
11	IT	53
12	Satisfaction survey	57
13	Our Shareholders	61
14	Structure of the company	65
15	Human Resources	69
16	Financial Report	73

Financial and Performance Highlights



KEY FIGURES	2020	2019
Net turnover (K EUR)	3,511,293	2,944,269
Annual charged fees (K EUR)	9,010	8,425
EBITDA (K EUR)	1,695	1,765
EBT (K EUR)	377	465
EBT margin (%)	4.18%	5.51%
Net result (K EUR)	269	318
Explicit auctions run (number)	18,028	14,412
Employees (average) (number)	43	37

38
TSO SERVICED

84
ALLOCATION BORDERS IN TOTAL
- EXPLICIT AUCTIONS
(3 NEW IN 2020)

>18
THOUSAND AUCTIONS
DELIVERED

80
ALLOCATION BORDERS - MARKET
COUPLING (CONGESTION REVENUE
DISTRIBUTION)

23
NEW MARKET
PARTICIPANTS ON
BOARDED IN 2020

>3,5
BILLION
EUROS TURN
OVER

446940
TRANSACTIONS



100% reduction in business travel

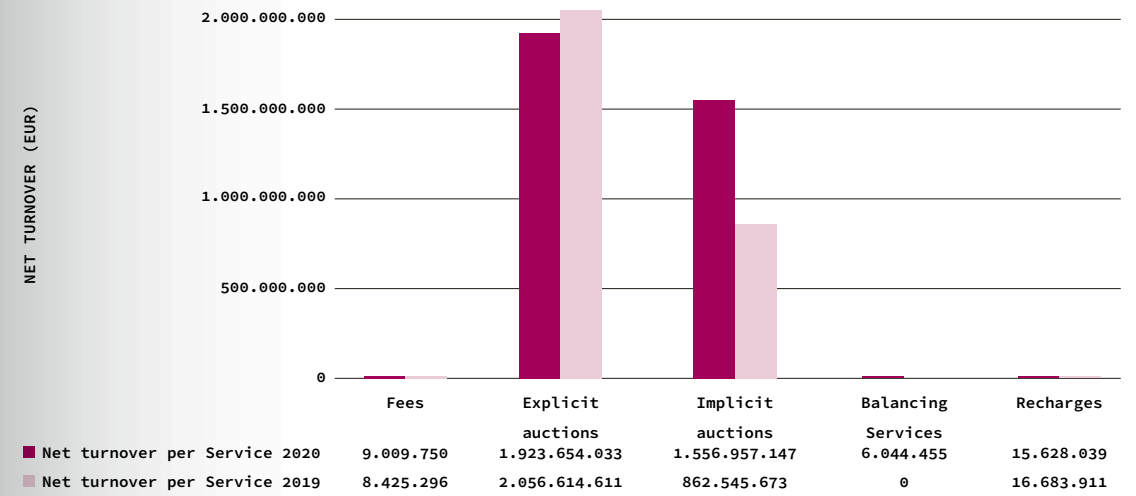


70% of the year worked from home

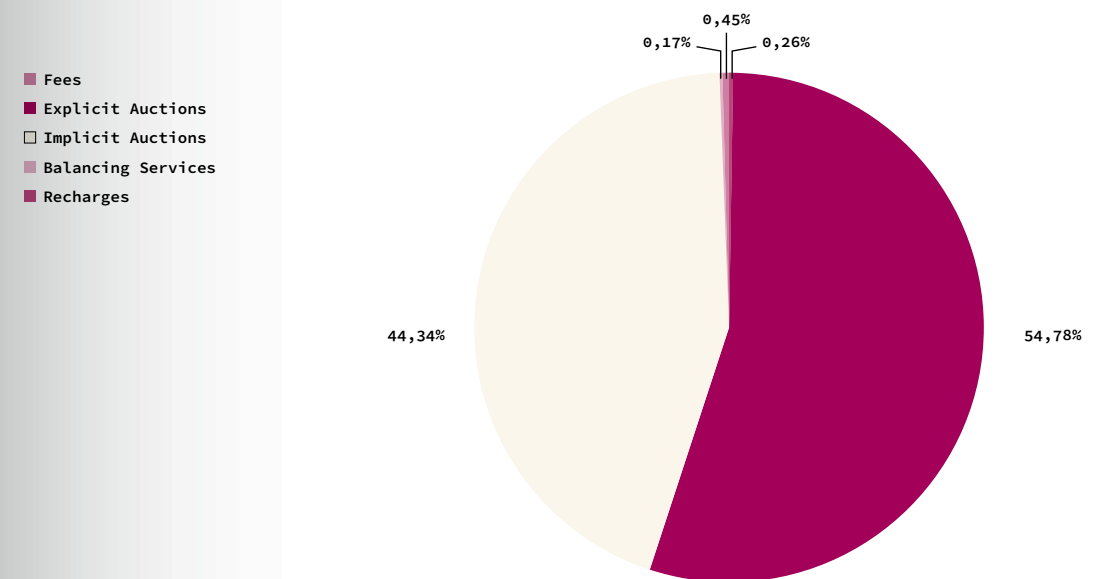


0% of business interruption due to COVID-19

Net turnover 2020 vs 2019



Net turnover per Service 2020



Introduction



JAO's vision is to ensure welfare by offering uniform solutions to TSOs, market participants and the Electricity market as a whole.

As Europe's leading trading platform for cross-border transmission capacity and provider of administrative, financial and IT services to the TSOs we hereby want to present our annual report.

In this Annual Report we report on the results we've achieved in 2020, while giving our best to find an adequate solution for every challenge we were faced with.

The year 2020 has been extraordinary and unusual for the entire world, it required great flexibility and adaptability, but in JAO we managed together!!

JAO proved that we are able to adopt fast to changing circumstances while remaining a reliable partner. We kept our focus on delivering value to our Shareholders and Market Participants.

We are grateful to work with committed professionals that are our greatest asset. Even though home office became the standard as from March 2020 and our communication moved to Zoom, Teams and other means of electronic communication, our performance remained stable resulting in a very successful year.

In 2020, we continued on our journey to implement an Integrated Management System covering the requirements of a company-wide Information security (ISO 27001) and Quality management (ISO 9001) system.

The company celebrated the 5th anniversary of the merger between CAO GmbH and CASC.EU S.A in 2020.

We are dedicated to driving our customers' development, enhancing operational excellence and increasing efficiency, with over 700 million MWh traded via JAO's platform in a single year.

When countries went on lockdown, The Luxembourg Authorities and ACER labelled JAO as an essential European company. This to ensure that JAO under all circumstances could continue its activities. JAO is now ensured that it can continue the business even in case of strong restrictions imposed to limit the spread of covid-19.

In major aspects JAO takes a proactive role aiming efficiency through company's mission at the same time keeping in mind customers' needs and devoting attention to their development:

JAO wants to drive towards a fairer and stronger European Electricity market.

Letter from the Management Board





Letter from the Management Board

Dear Reader,

We all look back to an extraordinary year 2020. The COVID-19 pandemic has revealed the weaknesses and the strengths of our society and business and provided important, lasting lessons for both. For JAO, 2020 highlighted once more that our employees are our most important asset, and in current times also the most fragile.

COVID-19

When looking back on 2020, we were faced with multiple business achievements, but what stands out the most is the way our incredible team has pushed through this pandemic, some without seeing their colleagues, families and friends for months, to deliver day-in and day-out to ensure that we deliver a flawless service to our customers and push on to improve on a day-to-day basis. The pandemic forced us

to rethink our way of working and brought about changes which in other years may have taken months or even years to implement, although it has also pushed many to the limits with unprecedented restrictions in place. In March 2020, when COVID-19 lockdowns started in Luxembourg, we responded quickly to keep our employees safe and to deliver a continuous service, which was never interrupted.

Although the transition, from office to home was immediate, we found ourselves adapting as we went along to ensure our employees' wellbeing. The commitment and teamwork have helped us all get through this ordeal, which continues into 2021. New solutions have been found to problems that didn't exist before, teams have gotten closer, and individuals have helped each other to endure this difficult period while driving the success of JAO further.

Where many organisations' plans for 2020 may have been delayed or put on hold due to the global pandemic, we have managed to maintain and even go further than expected. Moving to an almost completely remote organization, we have managed to maintain and improve on the quality of services provided. Our customers have recognized the tremendous effort and we scored our highest customer satisfaction rating to date in 2020.

This has only been achievable due to the sacrifices, focus and determination of our employees. As the Management Board of JAO, we want to express an immense gratitude towards all our employees for enduring and delivering in these remarkable times and we look forward to seeing all back at the office again before the end of 2021.

Achievements

We are proud to have managed over 3.5 billion euros in Turnover, delivered 18.842 auctions, performed 446 940 transactions and welcomed 23 new market participants.

CORNÉ MEEUWIS
CHIEF EXECUTIVE OFFICER
CHAIRMAN OF THE
MANAGEMENT BOARD



DIANA RODRIGUES
CHIEF FINANCIAL OFFICER
MEMBER OF THE
MANAGEMENT BOARD



FREDERIK JOHNSEN
CHIEF OPERATIONS OFFICER
MEMBER OF THE
MANAGEMENT BOARD



At the same time, we have introduced new allocation borders (3 new explicit auction borders), new auction products on several borders and had to prepare for BREXIT. Furthermore, we are asked to extend our settlement services, by providing smart and efficient solutions for the TSOs when providing the invoicing and settlement service of the various European Balancing projects.

Our way forward

To successfully meet the future challenges, in 2020 JAO started a transformation towards a stronger organization with a sharpened strategy. When developing our strategy, we redefined our vision and mission,

with key focus to drive towards new opportunities, more added value to JAO's stakeholders and ensures that it is done in a non-discriminatory manner. JAO facilitates the European Electricity market with centralized and uniform cross-border services. Based on its mission, where JAO wants to drive towards a fairer and stronger European Electricity market, the vision of JAO is to ensure welfare by offering uniform solutions to TSOs, market participants and the Electricity market as a whole.

JAO Supervisory Board Chairman Keynote Address





PATRICK DE LEENER
SUPERVISORY BOARD
CHAIRMAN

JAO Supervisory Board Chairman Keynote Address

I am pleased to provide our Annual Report for the financial year 2020. The COVID-19 pandemic continues to profoundly impact in our society and markets around Europe. It has tested the resilience of millions of lives and livelihoods, as well as healthcare systems and economies in ways we would never have imagined.

JAO quickly recognised that the ability to continue operating through the pandemic depended on the steps taken to keep our people safe and healthy. Therefore, one of the greatest challenges for 2020 was operating and performing with quality in extraordinary times including the need to rethink and reconfigure the JAO business in a remote mode.

Last year, the JAO management carried out a strategic study, in close interaction with the Supervisory Board, in order to ensure being able to take on the upcoming challenges and opportunities in the coming years. It allowed to answer fundamental questions such as “What should be the positioning of JAO by 2023?”, “In which business sectors should we develop our skills?” or “Which milestones do we need to reach to achieve the objectives set?”

JAO has reassessed its mission, vision and values, and strives to become the go-to service provider of the TSOs for operational- and settlement-related activities and beyond. This results in opportunities for JAO and for TSOs, which JAO wants to actively manage and develop. It was therefore natural to focus on the development of clearing and settlement services and on the continuity of excellent

operations in cross-border auctioning. Further contribution resides in rethinking JAO’s position and role in the European energy market, which has become essential to ensure sustainable growth and the ability to face the future needs of its stakeholders.

The Supervisory Board also continued to take a rigorous and structured approach to our executive board appointment process. Diana Rodrigues joined and reinforced the JAO Management Board in June as CFO.

Among many new business project implementations, a major highlight of 2020 was the launch of the TERRE platform, which is mandated by the European Electricity Balancing Guideline, where JAO created a successful solution for performing the financial settlement.

The “strength for the future” of JAO lies in the aptitude to develop and provide solutions for stakeholders and market partners, dealing with, and integrating, different cultures and perspectives.

While the challenges of the pandemic are likely to remain for some time to come, I am confident our transparent and efficient approach will create value for shareholders and make a positive contribution as a vital service provider of the European energy market.

Thank you for your continued support of JAO.

New Management board member





DIANA RODRIGUES
 CHIEF FINANCIAL OFFICER
 MEMBER OF THE
 MANAGEMENT BOARD

Rodrigues

Introducing a new Management Board member

During the meeting on June, 17th the Shareholders of JAO have appointed Mrs. Diana Rodrigues as Chief Finance Officer and new member to its Management Board.

Before taking over the CFO responsibilities, Diana Rodrigues was Finance Manager at JAO. Her experience in leading financial operations as well as the focus on best performance are going to make a strong contribution and increase the diversity to the Management of JAO.

During her career at JAO, Mrs. Rodrigues helped develop, perform, and accommodate important new settlement financial services with the significant impact.

“Together with my team, we have developed JAO’s financial services and various domains of expertise. We strive every day to solve financial complexities, bring added-value and efficiencies to our customers through financial solutions.”

Diana Rodrigues holds an MBA degree in Management from the Jack Welch Sacred Heart University.





Projects

IN 2019 JAO FACED HUGE GEOGRAPHIC GROWTH IN THEIR EXPLICIT AUCTION SERVICES AND IN 2020 JAO CONTINUES TO GROW ITS BUSINESS ACROSS EUROPE BUT 2020 WAS MARKED BY MORE OF A SHIFT OF SERVICES, RATHER THAN GEOGRAPHIC GROWTH. RUNNING EUROPEAN PROJECTS WITH PARTIES IN DIFFERENT COUNTRIES HAVE ALWAYS REQUIRED A HIGH LEVEL OF COORDINATION, UNDERSTANDING AND COOPERATION. WITH COVID-19, MANY PROJECTS WERE TESTED IN TERMS OF COORDINATION BUT WITH EXCELLENT PARTNERS, BOTH SERVICE-TAKERS AS WELL AS SUPPLIERS, JAO MANAGED TO DELIVER ON ALL ITS PROMISES IN 2020.

WITH THE SWITCH FROM FACE-TO-FACE MEETINGS AND DISCUSSIONS, TO DIGITAL MEETING SOLUTIONS, WE INCREASED OUR PRODUCTIVITY THROUGH LESS TRAVEL TIMES, AND A MORE FREQUENT INTERACTION WITH PROJECTS PARTIES - ALBEIT VIRTUALLY. THE DIGITAL SOLUTIONS ADOPTED BY ALL PROJECT PARTIES SETS A GOOD BASELINE FOR FUTURE COOPERATION.

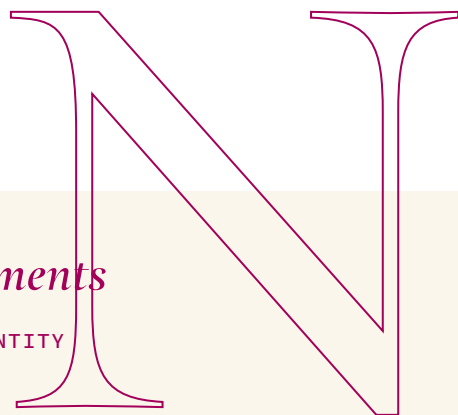
IN THE END, PROJECTS ARE DRIVEN BY INDIVIDUAL WHO THEMSELVES FACED NEW STRUGGLES IN THESE CHALLENGING TIMES, BALANCING FAMILY, HOME-OFFICE, SHIRTING PROJECT TIMELINES AND PROJECT PRESSURES. THE TEAM DEMONSTRATED THEIR RESILIENCE THROUGH ACTION AND PUSHED TO ACHIEVE THE COMPANY MISSION TO DELIVER EXCELLENCE AND TO BE A VITAL SERVICE PROVIDER SUPPORTING THE EUROPEAN ENERGY MARKET.

IN 2020 JAO CELEBRATED SOME KEY PROJECT GO-LIVES, OF WHICH A FEW ARE SELECTED BELOW.



Nordic Multi-Nemo-Arrangements

JAO AS CONGESTION INCOME DISTRIBUTION ENTITY



Following the CWE Multi-Nemo arrangements which were the first to implement the MNA framework in compliance with guidelines Capacity Allocation and CACM in July 2019, the Nordic region introduced MNA in June 2020 and with it requested JAO to be the Congestion Income Distributor for all Nordic TSOS, meaning a significant increase in JAO's clearing and settlement activity. The activity was further extended with NorNed (NO-NL) and NordLink (NO-DE) towards the end of 2020.

Following initial delays during the testing phase, related to COVID-19, Nordic MNA successfully went live on the 3rd of June 2020. This project made the Single Day-Ahead Coupling accessible for more than one Nominated Electricity Market Operator (NEMO) per bidding zone in the Nordic region, while maintaining the general market coupling principles of capacity calculation and allocation. JAO as a result collects congestion income related to the bidding zone borders from multiple NEMOs or their designated Central

Counterparty and shares it amongst the relevant TSOS. The project required JAO to tackle new topics like Norwegian VAT treatment and negative congestion income.

By participating in this project and implementing the MNA framework in compliance with the guidelines of CACM, which aims to foster competition among power exchanges in the core markets of Europe, it supports the target of achieving a fully integrated European Energy Market.

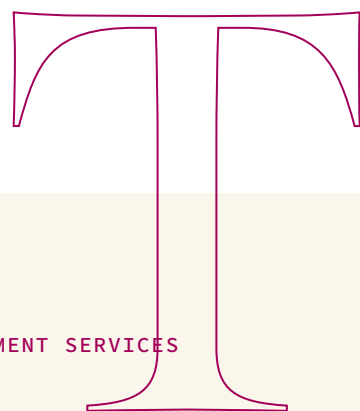


TRANSITION (BACK) TO EXPLICIT DAY-AHEAD AUCTIONING

Following the departure of the United Kingdom from the European Union on 31st of January 2020 and the end of the time-limited transitional period which ended on the 31st December 2020, the United Kingdom left the Internal Energy Market (IEM). With the departure, the capacity products offered on JAO's platforms, the transmission capacity of electricity between Great Britain and the EU Internal Energy Market through interconnectors changed. Although the exact changes remained uncertain for a large part of 2020 as the UK and the EU negotiated a post-Brexit deal, JAO had to prepare for multiple scenari-

os, knowing that whichever change would come, it would most likely take effect on the 31st of December 2020.

In the end, JAO started offering explicit day-ahead auctions as a replacement for the previous implicit allocation under the Single Day Ahead Coupling (SDAC) framework. The daily auctions were offered on NemoLink (BE-GB), IFA1 (FR-GB), IFA2 (FR-GB) and BritNed (NL-GB). Additionally, JAO stopped offering long term auction products on the EWIC (IE-GB) and Moyle (NI-GB) interconnectors. The transition was successful and went without incident.



TERRE

A NEW DIRECTION FOR JAO'S TSO SETTLEMENT SERVICES

The Trans European Replacement Reserves Exchange (TERRE) is the European implementation project for exchanging replacement reserves (RR) in line with the Electricity Balancing guideline. The aim of TERRE is to build the RR Platform and set up the European RR balancing energy market to create a harmonized playing fields for the Market Participants.

TERRE is the first of such platforms and JAO was selected to provide accounting and inter-TSO financial settlement services for the project. JAO worked closely with the TSOS in

what was essentially a pilot project, to develop a solution which met the TSOS' needs. JAO aims to take the know-how gained from this project and provide similar solutions for the other European balancing projects still to come. This was the first time JAO provides such services, having previously only provided financial settlement services for explicit and implicit cross-border allocation. The project went live in 2020, with JAO performing the first settlement in October 2020.



ALEGRO

A NEW KIND OF INTERCONNECTOR

Amprion and the Belgian transmission system operator Elia constructed a new power link between Germany and Belgium. This project is known as the "Aachen Liège Electricity Grid Overlay" - ALEGRÖ. The power line uses high-voltage direct-current (HVDC) transmission technology and is installed as an underground cable.

With this first direct electricity link between Germany and Belgium,

Elia and Amprion have provided much needed grid capacities for cross-border electricity flows. JAO offers long-term auctions, shadow auctions and congestion income distribution for day-ahead implicit allocation services for this new interconnector. The go-live was successful in November 2020, with the first long-term auctions being run in December 2020.

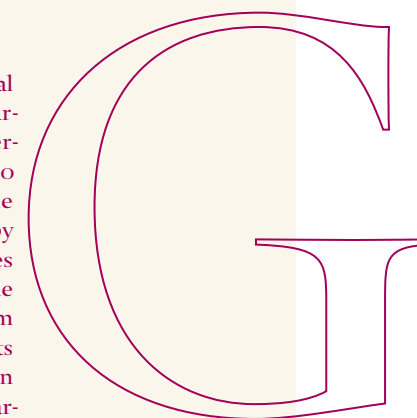
Greece-Italy CRDS

SDAC EXTENSION AND JAO AS CONGESTION INCOME DISTRIBUTION ENTITY

The Greek day-ahead market was integrated in the Pan-European day-ahead power market through their Greek-Italian border on the 15th of December 2020.

The day-ahead capacity for the 500MW HVDC interconnection between Greece and Italy is now implicitly allocated via the Euphemia algorithm. The efficient use of the power system and cross-border infrastructures, brought about by stronger coordination between

energy markets, maximizes social welfare to the benefit of all market participants. JAO acts as a service provider for Terna and IPTO by collecting and verifying the congestion income generated by the electricity price differences and cross-border flows across the interconnector and sharing them amongst the two TSOS. JAO expects to be able to support IPTO in 2020 in a similar capacity with the Bulgaria-Greece market coupling project planned for 2021.



2020 events

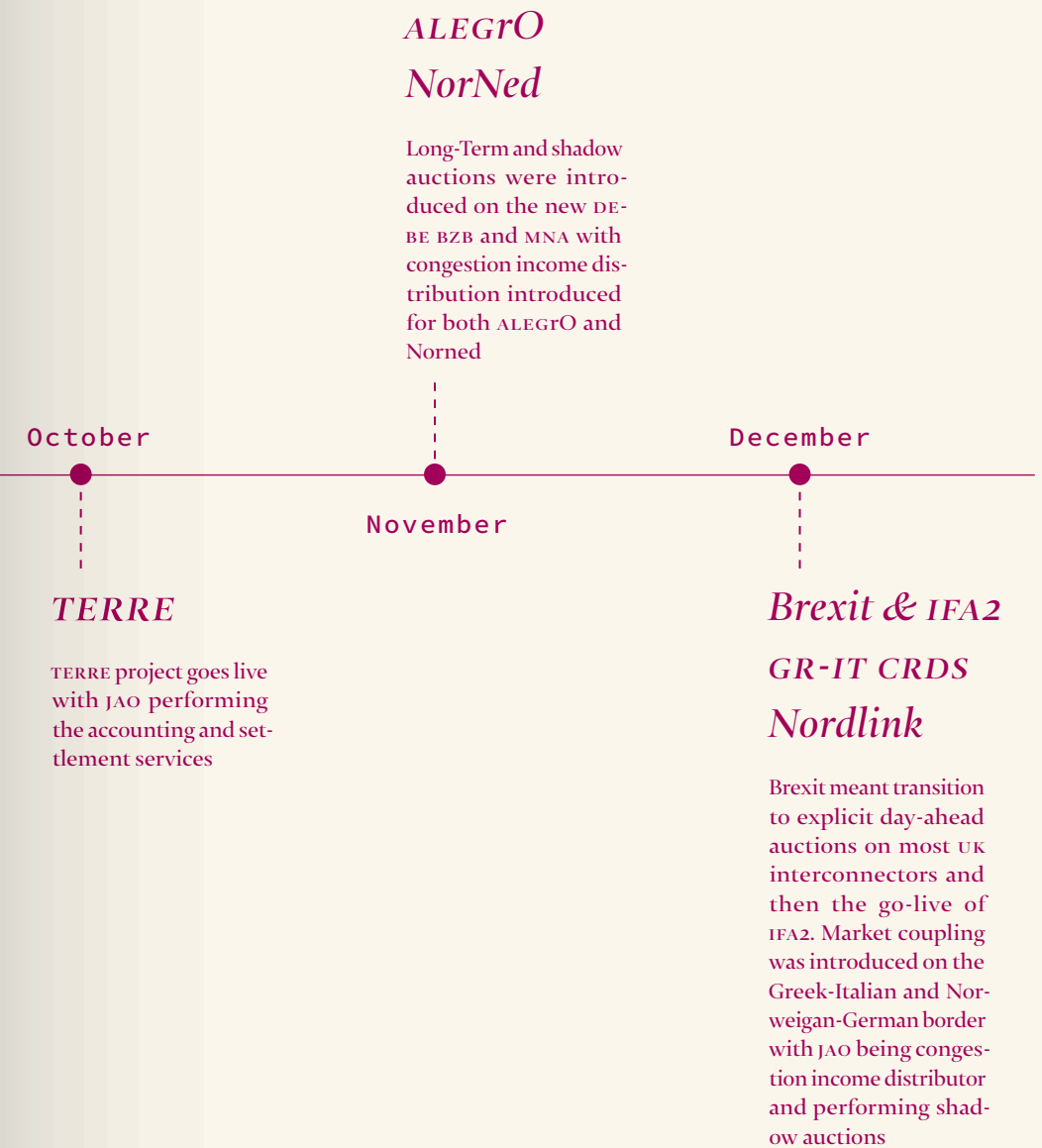
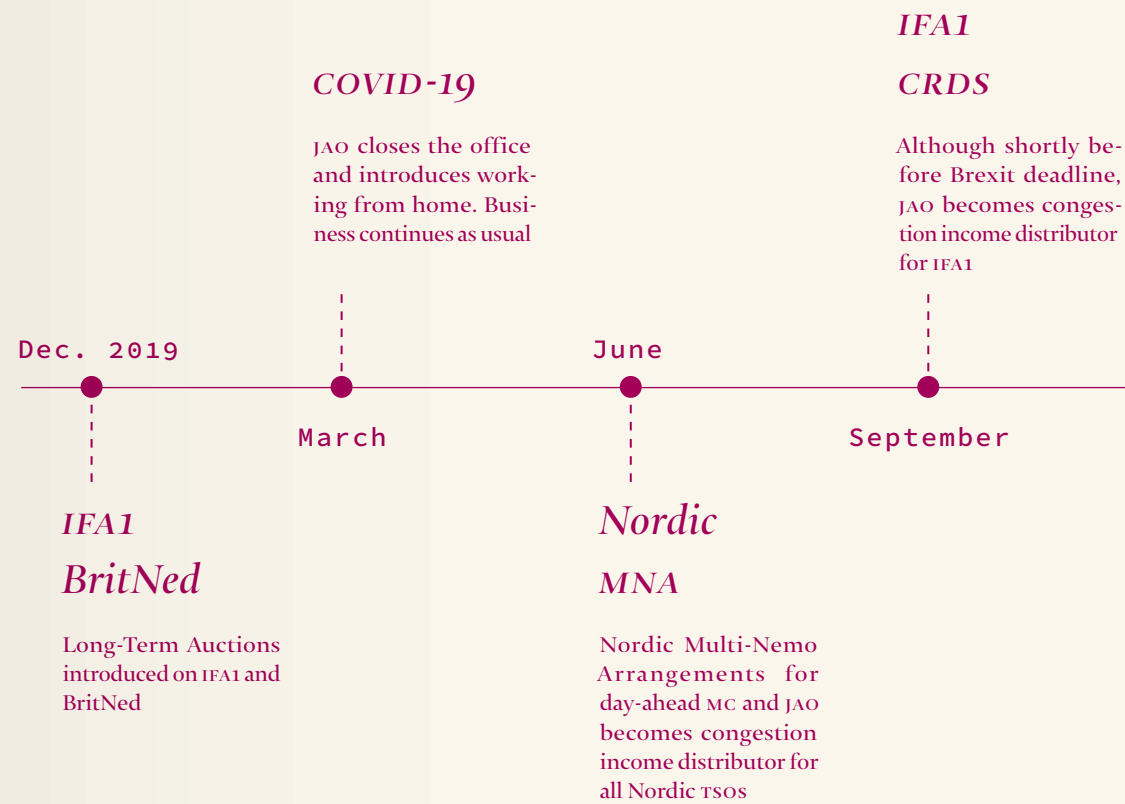




PHOTO BY: CORNÉ MEEUWIS

Operations



Following the increase in new borders and products in 2019 and the need to find and develop automated solutions and to push for higher operational efficiency, 2020 and the COVID pandemic forced us to change priorities and to adapt existing ways of working to accommodate remote working and switch registration processes which relied on paper, to digital solutions.

With the changes, JAO continued to deliver a stable, reliable and consistent operation. The recent growth in area and activities also brought with them complexity, with multiple, non-linked topics and tasks. This has resulted in an internal reorganisation of roles and responsibilities within the operations team, leading to a more focused handling of tasks

and a higher general efficiency but required internal efforts to ensure that it is managed appropriately.

For the next years, the operations team wants to continue with the digitalization and efficiency efforts to allow for room for additional value-adding services for the benefit of TSOS and Market Participants. We expect an increase in the number of team members, to address the need for higher availability and complexity and diversity of tasks.

For 2021 the operations team will aim to translate the digitalisation efforts into the upcoming Harmonised Allocation Rules review.

The uncertainties around Brexit required the handling of multiple scenarios for UK borders, preparations for switching from implicit to explicit allocation for day-ahead time frame and anticipate the introduction of new rules and the handling of multiple registrations were performed. On some UK borders the long-term and day-ahead allocation might be terminated for 2021, awaiting the new market rules.





PHOTO BY: CORNÉ MEEUWIS

Legal



The COVID-19 pandemic has created challenges for health and safety systems across Europe and across our operations, such as the implementation of social distancing measures at our office which were required due to the entry into force of legislative acts which were responding to the COVID-19 pandemic. A failure to adequately respond to these challenges could affect our ability to operate in an excellent manner, could create impact in relation to our legal and regulatory performance and may result in health and safety impacts, legal action or reputational impacts. Changes in the legislative environment were in 2020 a daily phenomenon and the evolving expectations of JAO's stakeholders have the po-

tential to change and increase these impacts. In addition, assessments of the potential impact of cybersecurity, regulatory, legal, technological, market and environmental outcomes are uncertain given the wide scope of influencing factors and the countries with which we do business with. Therefore, it was only natural for JAO to extend in 2020 towards a legal risk framework based on the enterprise risk management methodology ensuring a proper risk management within the legal area.





Compliance

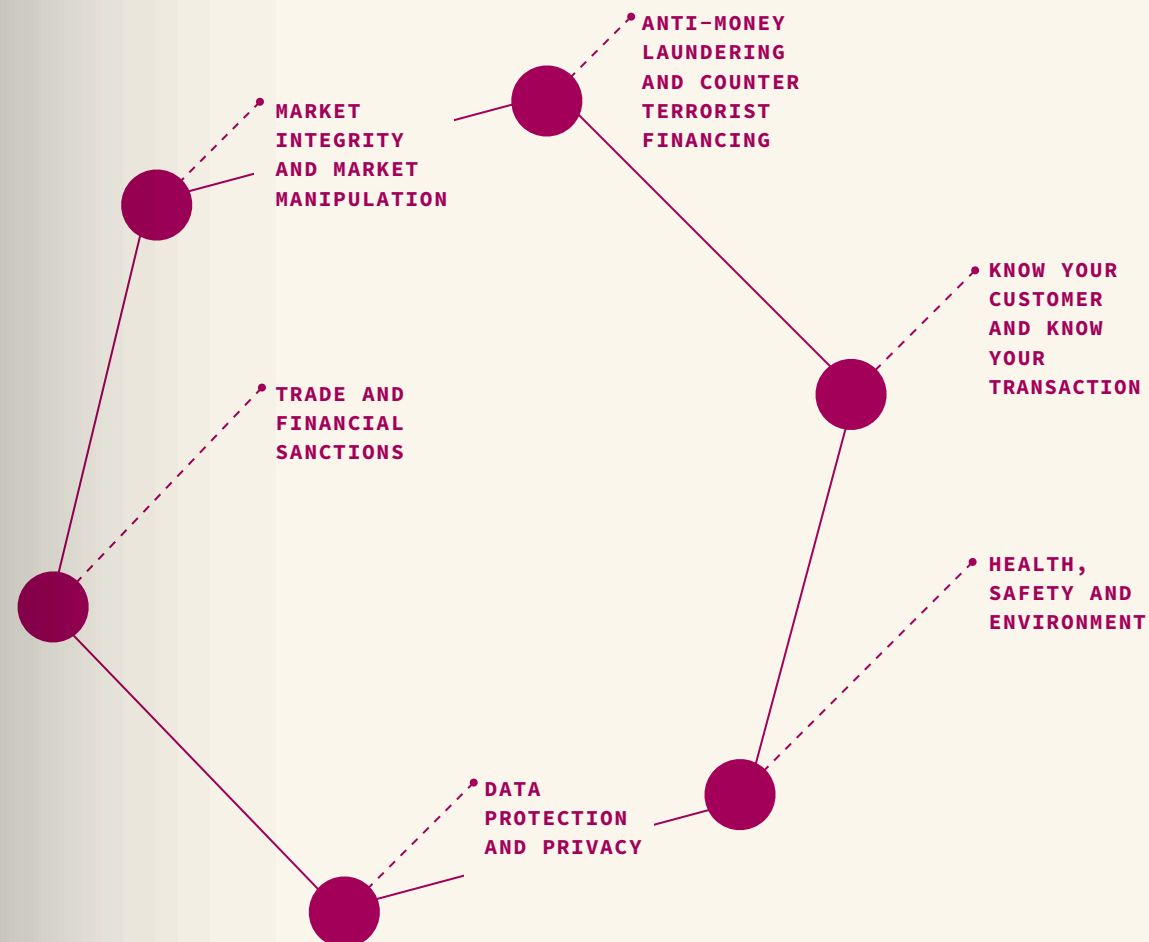


Among other activities in 2020, we conducted a review of the design and risk weighting of data protection with a particular focus on third party risk management and related controls embedded in our contracting processes and contractor due diligence. Regular calibration of our compliance processes enables us to ensure optimal resource allocation to areas presenting the highest compliance risks to our business. In addition to an IT security training as part of annual training within JAO, all JAO employees completed additional risk-based data protection training in 2020. In addition, the nature of the industry in which we operate means many of our activities are highly regulated, including through European regulations and

guidelines imposed at the national, European and international levels. This includes laws and regulations relating to anti-money laundering (AML), know your customer (KYC) and counter terrorist financing (CTF), bribery and anti-corruption, trade and financial sanctions, market manipulation, data protection and privacy, health, safety and the environment. Our Internal Memo and our other internal policies, standards, systems and processes reflect these requirements.



THE NATURE OF THE INDUSTRY IN WHICH WE OPERATE MEANS MANY OF OUR ACTIVITIES ARE HIGHLY REGULATED





Description of the principal risks and uncertainties that JAO faces



The company operates in a time-critical market and is highly dependent on the availability of its information and communication technologies infrastructure in order to deliver its services. Besides first or second line of support agreements with external suppliers and service providers, JAO follows a scenario-based approach to take appropriate measures to ensure the continuity of its services (for example, in the event of power outage or loss of network connection). On an ongoing basis, JAO revises the scenario and the potential impact on its business operations. Despite the focus on implementing internal controls, important hardware and software failures, computer viruses, malware, cyber-attacks, accidents or security breaches might possibly occur. An internal or external technical incident occurring during a time-critical window could impair JAO's ability to provide part of its services and may result in a breach of its contractual obligations.

The company's strength lies in its skilled staff, exposing the company to various risks, such as inadequate skill sets, the strain of rotating work shifts inherent to the Operations team, and FTE turnover. In order to support future challenges, JAO will need to maintain the quality of its employees by designing internal and external training and development plans embedding certifications.

The service landscape of JAO is shaped by TSO decisions taken as customers and other stakeholders in the European electricity market. The uncertainty around the external projects' timeline can substantially affect the company's roadmap and its project management team. Despite having an established project roadmap, JAO faces the risk of limited time in combination with limited

resources to ensure the company's operational readiness for the launch of new services. While focusing on developing new or extending current services, the company is being challenged to maintain the quality level of its services. Furthermore, the unpredictability of negative prices on the wholesale electricity markets exposes JAO to liquidity risks in the payment cycle of implicit congestion income. In order to mitigate this risk, JAO actively collaborates with stakeholders to build appropriate solutions taking into account financial and organizational impacts for JAO.





IT



At the end of 2019, as means to provide assurance and to ensure that JAO has an adequate information security management system, it was decided that the company would strive to certify its main IT processes against the standards of ISO27001. The ISO27001 activities started in February 2020 by defining the scope for the certification.

Our IT team did a tremendous job by updating the website with new technology, look and feel.

The data migration project to replace the database solution from Oracle11 to PostgreSQL of the auction tool

eCAT in order to avoid high annual license costs of Oracle12 continues throughout 2020. Together with the process of database migration, the upgrading of the technology components of eCAT are designed to ensure the compatibility with the database and provide a solid base for future developments and evolutions.

In June 2020 the in-house specialists introduced the web-services to request JAO data to the public. This new service allows everyone to connect automatically to JAO Webservices to retrieve data and to build-up their own automated business systems using our data in real time conditions.

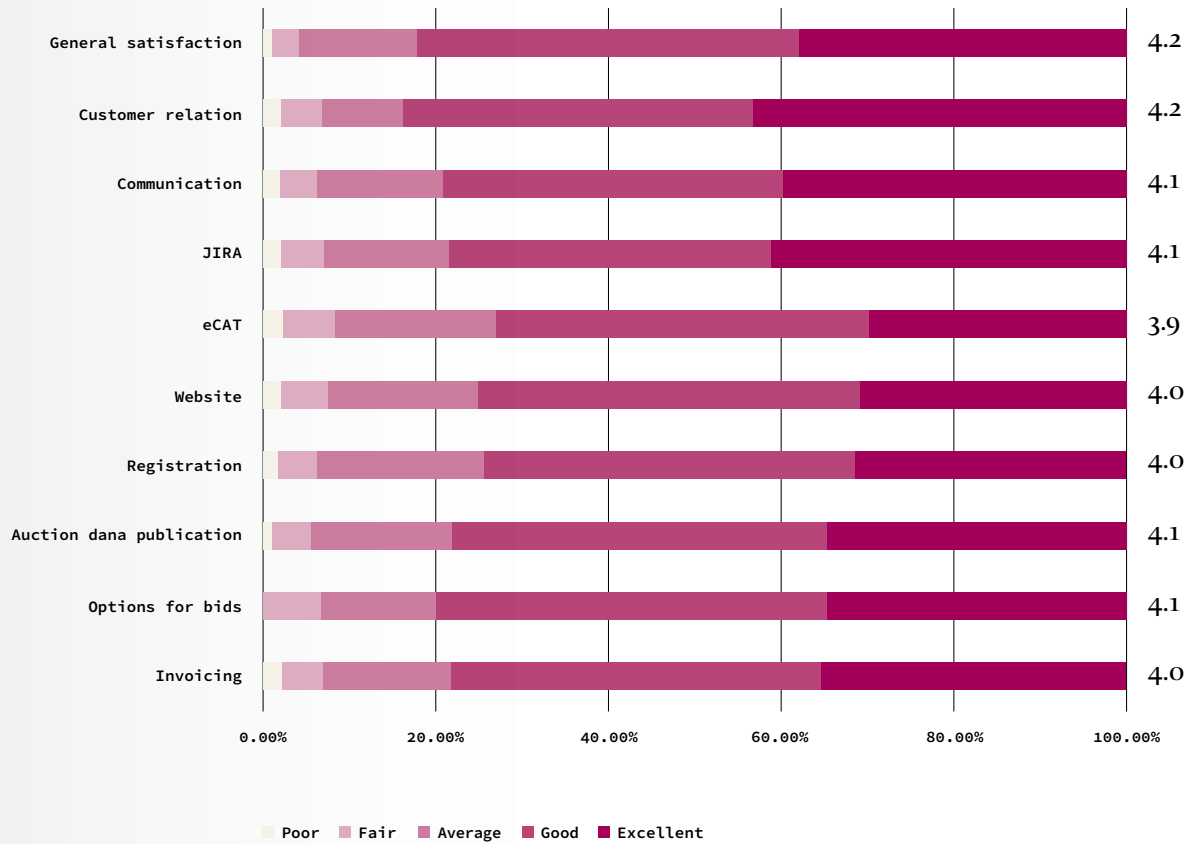




Satisfaction survey



The following table provides an overview of the ratings in all different focus areas.



At the beginning of every year, JAO conducts a survey amongst registered market participants in order to get feedback on JAO's performance and measure participants' satisfaction level. The feedbacks received from market participants are essential to identify areas of improvement. The preparations for the survey took place in Q4 2020 and the outcome is related to the performance in 2020.

The survey was launched on 25th of January 2021, remained open for 3 weeks and 12 questions were asked. From 330 market participants invited, 41% of them participated in the survey that shows an increased engagement compared to previous years. The ratings improved in all areas and JAO achieved a 4.2 general satisfaction rate on a 5 stars scale.



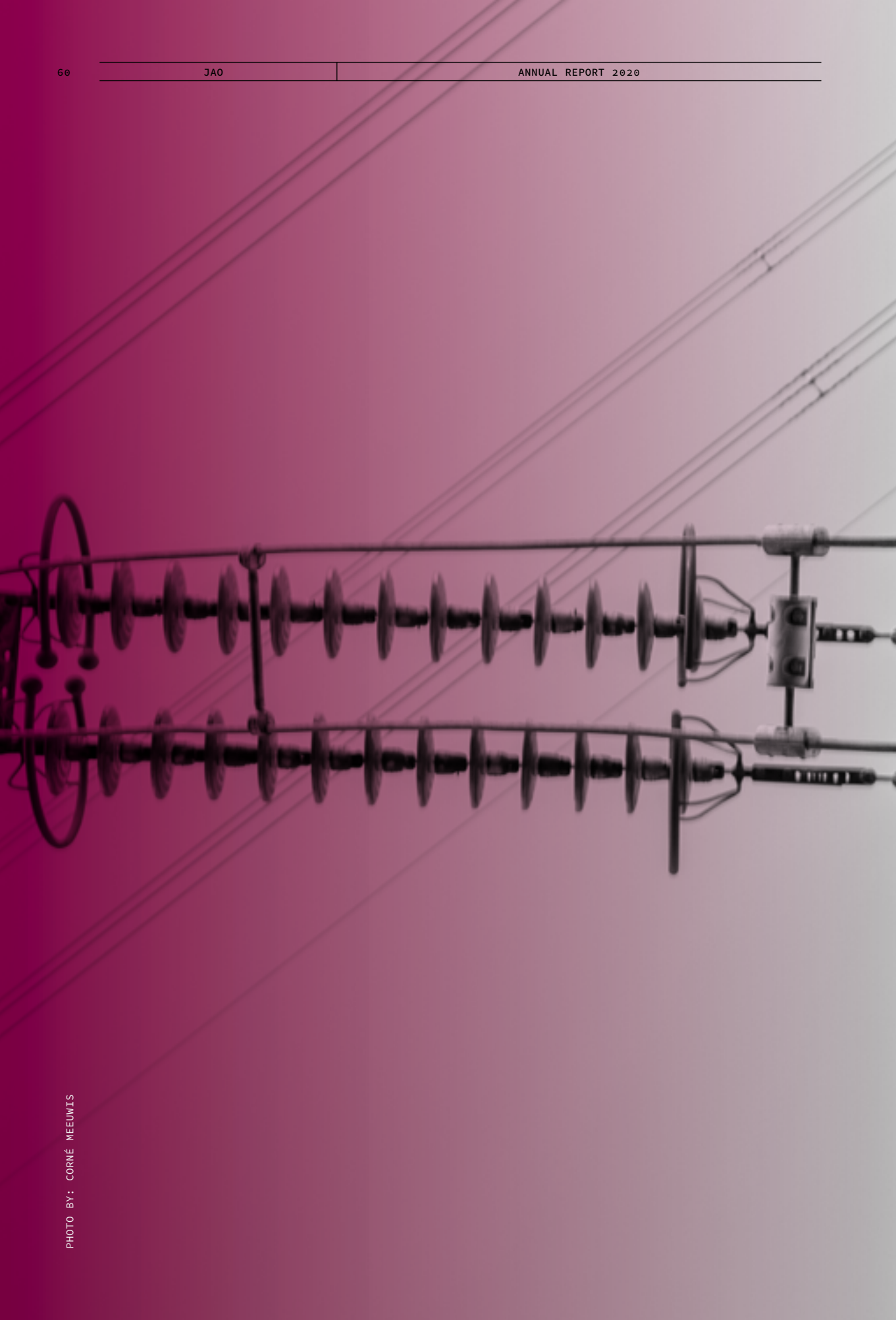


PHOTO BY: CORNÉ MEEUWIS

Our Shareholders



Our Shareholders



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Structure of the company



Structure of the Company

CFO

DIANA RODRIGUES

- ACCOUNTING
- CONTROLLING
- BILLING AND SETTLEMENT
- TREASURY AND CASH MANAGEMENT
- FINANCIAL BUSINESS ANALYSIS
- RISK MANAGEMENT
- FINANCIAL ANALYSIS

CEO

CORNÉ MEEUWIS

- LEGAL
- COMPLIANCE
- COMMUNICATION
- OFFICE MANAGEMENT
- HUMAN RESOURCES
- INTERNAL AUDIT

COO

FREDERIK JOHNSEN

- OPERATION
- IT
- PROJECT
- QUALITY MANAGEMENT
- CHANGE CONTROL ADMINISTRATION

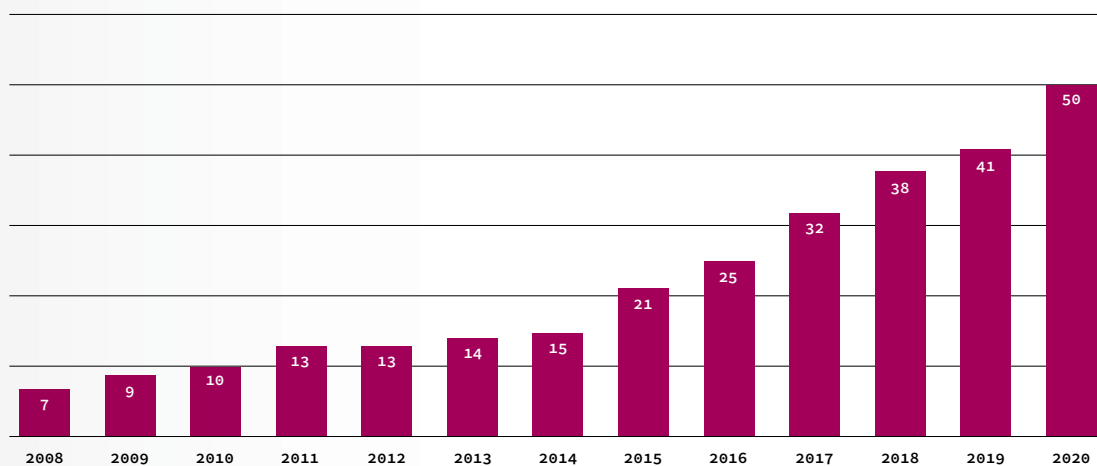




Human Resources



A steady growth in the number of employees



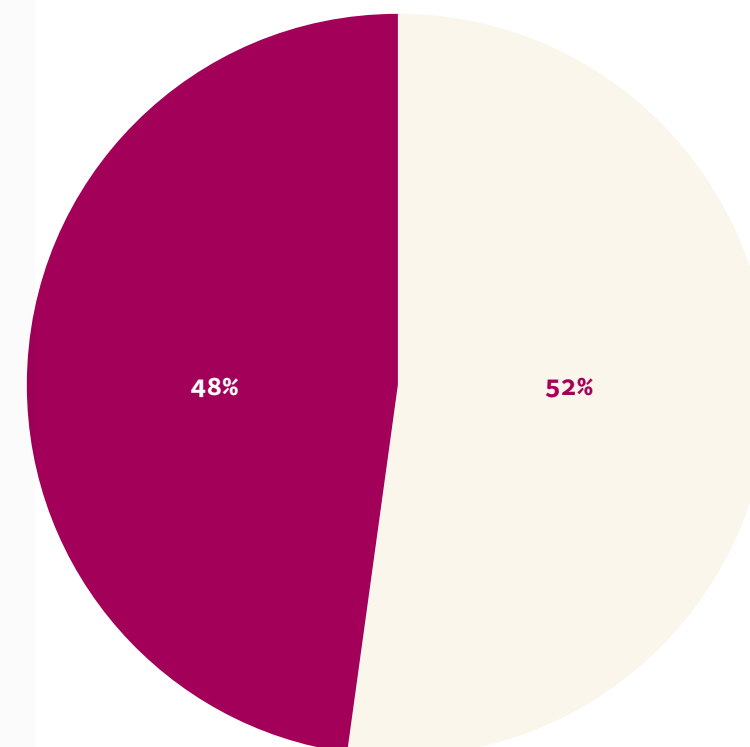
The saying that COVID-19 has a negative impact on recruiting in companies does not apply to JAO. Our plans and Shareholders expectations are aligned and we are pleased that JAO's Business development plan 2021-2023 has been unanimously approved by the General Assembly in 2020. Based on the plan for strategic development we are growing and onboarding additional human resources.

The company adapted to the Covid-19 situation and conducted most of the interviews remotely. When it was possible, the interviews were held in our office, while respecting all security measures.

New employees brought a fresh energy for success into our professional, supportive and dynamic working environment.

Almost perfect parity

Male 26
Female 24



Financial Report



The Company closes its fiscal year 2020 with an EBT amount of KEUR 377 which represents a margin level of 4.18%, putting the company close to its 5% EBT margin target.

The Company has also performed investments related to the extension of its services, especially in market coupling related systems to accommodate increase in borders, complexity of MNA and flow-based in CORE region, financial systems, as well as investments related to new services of the balancing projects such as Terre project and the preparation for other future balancing projects that will be performed from 2021.

Investments on the database migration and technology upgrade of our action tool has also started and the go-live is foreseen in 2021.

As at December 31, 2020, the Company's subscribed capital remained unaltered comparing to previous year and amounts to KEUR 125 (2019: KEUR 125). The subscribed capital is issued and fully paid. The subscribed capital is represented by 1.250 shares without par value and with an accounting value of EUR 100 per share. The subscribed capital is not divided into classes. Each shareholder holds 50 shares which represent a 4.00% share in the Company.

As at December 31, 2020, the Company had issued 10.000 beneficiary shares with no nominal value. The beneficiary shares are divided

amongst the shareholders based on the business volume each shareholder contributes to the Company. Beneficiary shares do not bear any economic right and do not give right to any distribution to their holders.



Annual accounts 2020

BALANCE SHEET	2020	2019
ASSETS	KEUR	KEUR
Formation expenses	3	125
Fixed assets	3,633	3,478
Intangible assets	3,322	3,241
Tangible assets	311	237
Current assets	513,459	500,635
Debtors (Note 2)	104,999	86,651
Cash at bank (Note 3)	408,461	413,984
Prepayments	25,525	21,533
Total assets	542,620	525,771

BALANCE SHEET	2020	2019
CAPITAL, RESERVES AND LIABILITIES	KEUR	KEUR
Capital and reserves	6,753	6,484
Subscribed capital	125	125
Share premium account	5,123	5,123
Reserves: Legal reserve	13	11
Profit or loss brought forward	1,224	908
Profit or loss for the financial year	269	318
Provisions	60	13
Creditors	510,199	497,629
Amounts owned to credit institutions	1,890	210
Deposits made on business accounts (Note 4)	325,302	362,763
Trade creditors (Note 5)	182,168	133,937
Other creditors	839	719
Deferred income	25,607	21,645
Total capital, reserves and liabilities	542,620	525,771

PROFIT AND LOSS	2020	2019
	KEUR	KEUR
Net turnover (Note 6)	3,511,293	2,944,269
Other operating income	66	1
Other external expenses (Note 7)	-3,505,482	-2,939,174
Staff costs	-3,959	-3,325
Value adjustments in respect of formation expenses and of tangible and intangible fixed assets	-1,324	-1,283
Other operating expenses	-195	-10
Other interest payable and similar expenses	-24	-15
Tax on profit or loss	-82	-128
Profit or loss after taxation	294	336
Other taxes	-25	-19
Net result for the financial period	269	318

Note 1 – Significant accounting and valuation methods

The annual accounts are prepared in accordance with laws and regulations applicable to limited liability companies as well as generally accepted accounting principles in the Grand Duchy of Luxembourg. The accounting methods applied by the Company are in conformity with going concern principle.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in

the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company's books and records are held in euro ("EUR") and the annual accounts are expressed in that currency.

Income and charges denominated in other currencies are translated into EUR at the exchange rates ruling at the date of each transaction. The Company's books and records are held in euro ("EUR") and the annual accounts are expressed in that currency.

Income and charges denominated in other currencies are translated into EUR at the exchange rates ruling at the date of each transaction.

Note 2 – Debtors

DEBTORS	2020	2019
	KEUR	KEUR
Amounts due by the Market Participants invoiced by JAO S.A. for their participation to the cross border capacity auctions	22,254	21,224
Amounts due by the Transmission System Operators which own the cross border capacity and to which JAO S.A. charged a fixed monthly fee for the service performed and compensations relating to the capacity that is distributed to the Market Participants	78,417	61,347
Amounts due by the Transmission System Operators in relation to the balancing projects	3,402	0
Amounts due by the Central Counter Parties in relation to the Market Coupling	161	3,469
Amounts paid to suppliers with a debit balance	61	17
Other Debtors	703	595
Total trade debtors	104,999	86,651

Note 3 – Cash at bank

Cash at bank is composed by KEUR 83,158 (2019: KEUR 51,221) bank accounts owning to the Company and by KEUR 325,302 (2019: KEUR 362,763) bank accounts dedicated to Market Participants.

The Company has opened a business bank account for each Market Participant. Each business bank account is managed, controlled and operated exclusively by the Company and is a special dedicated account to which the Market Participant pays all the amounts required under the auction rules and all the payments for the allocated capacities acquired or to

be acquired by the Participant in accordance with auction rules. The Company cannot use the dedicated bank accounts for its own account.

Note 4 – Deposits made on business accounts

DEPOSITS MADE ON BUSINESS ACCOUNTS	2020	2019
	KEUR	KEUR
Payments received on account of orders relate to deposits made by the Market Participants on dedicated bank accounts, to cover their positions in relation to cross border capacity auctions (see note 3)	325,302	362,763

Note 5 – Trade creditors

TRADE CREDITORS	2020	2019
	KEUR	KEUR
Amounts due to the Market Participants invoicing JAO S.A. for compensations relating to cross border capacity	113,337	94,126
Amounts due to the Transmission System Operators which own the cross border capacity and which sell it to JAO S.A. after related auctions	22,455	21,134
Amounts due to the Transmission System Operators in relation to the Market Coupling performed by JAO S.A. on behalf of the Transmission System Operators	39,553	15,743
Amounts due to the Transmission System Operators in relation to the balancing projects	3,402	0
Amounts due to Central Counter Parties - Market Coupling recharge and Amount due to Other Parties - General Administration expenses	756	400
Amounts due to suppliers for invoices not yet received	2,666	2,534
Total	182,168	133,937
Total of Note 4 and Note 5	507,470	496,700

Note 6 – Net turnover

The geographical market per December 31, 2020, is the Central West European region, the Central South European region, the Central Eastern Europe Region, the North European region and the Swiss Northern borders, specifically all borders handled by the TSOs in these regions including the following countries: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, the Netherlands, Norway, Poland, Portugal Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland and UK. Other recharges revenue include collected income where the Company acts as contracting entity on behalf of the Transmission System Operators for Market Coupling and various other service projects.

The turnover is analyzed as follows:

NET TURNOVER	2020	2019
	KEUR	KEUR
Monthly fees charged to the Transmission System Operators for the service performed on their behalf	9,010	8,425
Allocation of cross border electricity capacities charged to the Market Participants	1,923,654	2,056,615
Market Coupling	1,556,957	862,546
Balancing services	6,044	0
Other recharges	15,628	16,684
Total	3,511,293	2,944,269

Note 7 – Other external expenses

Other external expenses are composed by charges equal to the turnover composed by the allocation of cross border electricity capacities charged to Market Participants, by other recharges which are expenses where the Company acts as contracting entity on behalf of Transmission System Operators to external service providers, by market coupling as the Company acts as an intermediary between sellers and buyers of the cross border electricity capacities, and by the external charges as follows:

OTHER EXTERNAL EXPENSES	2020	2019
	KEUR	KEUR
Allocation of cross border electricity capacity invoiced to the Market Participants	2,141,402	2,295,712
Market coupling charges	1,339,210	623,449
Balancing project charges	6,045	0
Other recharges (see note 6)	15,628	16,684
IT maintenance and Supplies	1,935	2,235
Office charges	146	185
Travel expenses	18	98
Consultancy fees	187	88
Property charges	388	309
Legal advices	41	15
Insurances	129	81
Administration and bank charges	222	188
Audit and other professional fees	132	132
Total	3,505,482	2,939,174

Note 8 – Subsequent events

In light of the developments of the Corona pandemic and with the information received from the year 2020, the Company's Management Board is currently evaluating the potential impact on its operations in 2021 and beyond. The Company's Management Board expects a negative impact on the overall economy which may have a negative impact on the ability of the various stakeholders to meet payment deadlines, being for the auctions or for the services performed. Given the specific set up of the Company, Management Board expects a limited impact on its operational results due to the

cost-plus model and the number of TSO contributing to covering JAO's operational costs. Given the overall uncertainty on the future evolution of the situation in the coming months, it is not possible yet at this point to give a precise indication on the magnitude of such impacts.

As of 31st of December 2020 with UK leaving the Internal Energy Market (IEM) all the long term transmission rights auctions for the borders between Great Britain and EU countries will be integrated to explicit day-

ahead auctions, under the energy legislation starting from the 1st of January 2021. The Company expects UK exit to result to a limited effect on the future financial statements.





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