

MEMORANDUM OF UNDERSTANDING

on

**THE IMPLEMENTATION OF COMMON PROCEDURES FOR CONGESTION
MANAGEMENT METHODS**

AND

**THE ESTABLISHMENT OF A
SOUTH EAST EUROPEAN AUCTION OFFICE FOR COORDINATED AUCTION
OF TRANSMISSION CAPACITY**

AMONG SEE TSOS

This Memorandum of Understanding (hereinafter referred to as the “MoU”) has been made and entered into on the date stated below by and between

To be agreed

PREAMBLE

1. Due to the need to harmonize congestion management methods in Europe in general and in particular in South Eastern Europe, according to Energy Community Treaty, and to accelerate the process of harmonization, by this MoU the TSOs agree to work for the establishment of a common framework of procedures and mechanisms for further cooperation in this field and the establishment of an Auction Office (“the Project”).

2. The common procedures for the allocation of network capacities should be based on the following objectives:

- (a) secure network operation,
- (b) economic efficiency and promotion of competition,
- (c) maximizing of the amount of cross border transmission capacity available and the use made of it under security conditions,
- (d) transparency to network users on a non-discriminatory basis,
- (e) revenue neutral mechanisms from the point of view of system operators.

3. The TSOs acknowledge that the rules set up in connection with this MoU have to be fully compatible with the existing rules set up by national (regulatory) authorities and/or national laws and rules for interconnection of national transmission systems (e.g. UCTE, ETSO).

4. Furthermore the TSOs aim at complying with the principles set forth in the Energy Community Treaty, concerning common rules for the internal market in electricity (Directive 2003/54/EG) and, where applicable, its implementation in the national legislation relating to each of them.

5. The MOU is the framework for the project to prepare the founding of an entity which will function as a coordinated auction office. During this process, the duties and responsibilities of that company as well as the business plan, the shareholder structure and the financing will be defined and the founding contracts will be elaborated.

SCOPE OF THE MOU

The MoU concerns rules building the framework for

1. cooperation for the development of the coordinated auctioning of cross border transmission capacities which should lead to the establishment of an Auction Office including a Project Plan and a time schedule (“the Project”);
2. the organisational and legal aspects of the Project;
3. the funding of the Project;
4. defining milestones for decisions on the continuation of the project.

USE OF LANGUAGES

The TSOs acknowledge that they have required the present MoU, and all notices and legal proceedings provided for hereunder or related hereto, to be drawn up in English language, to the extent permitted by rules of public policy relating directly or indirectly to these proceedings.

MISCELLANEOUS

1. This MoU constitute a legally non-binding statement of intent by the TSOs. This MoU shall not confer upon the TSOs the right to the conclusion of an agreement and/or the right to damages and/or reimbursement of costs in case no further agreement is concluded, the negotiations are abandoned prior to reaching a conclusion of an agreement and/or the objectives set out in this MoU can not be reached.
2. All expenses incurred by the TSOs in connection with the negotiations hereunder shall be borne by the TSOs each unless otherwise previously agreed in writing
3. This MoU has been executed in as many as originals copies as the number of signatory TSOs each of which has taken one.