

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE MINISTRY OF ENERGY OF THE REPUBLIC OF BULGARIA
AND THE MINISTRY OF ECONOMY OF THE REPUBLIC OF
MACEDONIA ON ELECTRICITY DAY-AHEAD MARKET COUPLING**

The Ministry of Energy of the Republic of Bulgaria and the Ministry of Economy of the Republic Of Macedonia, hereinafter referred to as the "Signatories",

Considering

1. the overall aim to join the internal electricity market ("IEM") in Europe in order to provide market participants with new business opportunities and more cross- border trade to achieve efficiency gains, competitive prices and higher standards of services;
2. the efforts of the Transmission System Operators to enlarge the cross-border transmission capacities in the region by constructing new lines;
3. the efforts of National Regulatory Authorities to harmonise the regulatory framework for market integration;
4. security of supply as a key issue for the successful operation of the grid, particularly with increased volatile generation resulting in flows and operational situations which are difficult to predict;
5. the importance of political and legal endorsement of energy market integration between an EU Member State and an Energy Community Contracting Party.

Having regard to

6. the legal and regulatory framework of regional integration of electricity markets towards a European electricity market in compliance with Regulation (EC) 714/2009 on conditions for access to the network for cross-border exchanges in electricity, Framework Guidelines and Network Codes, especially Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management, and the target models on congestion management defined there;

7. a Memorandum finalised between the implementing entities, transmission system operators, power exchanges, and regulatory authorities, in both countries which complements the present Inter-Ministerial Memorandum of Understanding on Electricity Day-ahead Market Coupling between the Republic of Bulgaria and the Republic of Macedonia.

Reaffirming

8. the need to ensure sustainable and affordable energy supply in Southeast Europe (SEE) and the Western Balkan 6 (WB6) regions;
9. the Target Model for day-ahead electricity markets in the EU and the Energy Community to be Market Coupling for the day-ahead timeframe;
10. that the first step towards implementing the Target Model is the so-called ATC- based market coupling;
11. the political will to promote European electricity market integration through market coupling and to support the implementing entities in their endeavours to cooperation and realise said coupling;
12. that a cooperation within and between the SEE and WB6 regions (NRAs, TSOs and Power Exchanges) is essential to ensure compatibility of methods and to ensure a smooth extension of the bilateral and regional price market coupling into the Multi-Regional Coupling (MRC).

Agreeing

13. to support the creation of a legal and regulatory level playing field for the implementation of electricity day-ahead market coupling between the Republic of Bulgaria and the Republic of Macedonia;
14. that the market coupling between the Republic of Bulgaria and the Republic of Macedonia will facilitate the integration of the entire SEE and WB6 regions into the MRC;
15. to consider the option of the immediate go-live of the Macedonian organised day-ahead market in the coupled mode with the Bulgarian day-ahead market as a measure to ensure liquidity and competition;

16. to establish non-discriminatory and fair market conditions for the creation, improvement and integration of organised day-ahead electricity markets within the area of their competence;
17. to closely coordinate the efforts for day-ahead electricity market coupling with the Energy Community Secretariat and the European Commission;
18. to support the establishment of a common Project composed of the Transmission System Operators, the National Regulatory Authorities and, where applicable, the Power Exchanges, with the purpose of developing, implementing and commencing operation of the day-ahead market coupling for ensuring a better utilization of available cross-border capacities and while maintaining the same level of security of operation as before coupling;
19. that an efficient project management is required with a clear governance structure of the project which shall be set up.

Express

20. full support to the entities responsible for implementing the common goal to develop, implement and start a day-ahead market coupling between the Republic of Bulgaria and the Republic of Macedonia as outlined above, by Q2 2019, subject to the previous go-live of the day-ahead market in Republic of Macedonia;
21. this MoU constitutes a non-binding statement of the intentions of the Signatories. The MoU is signed by authorised persons of the Signatories.

**FOR
THE MINISTRY OF ENERGY OF THE
REPUBLIC OF BULGARIA**



TEMENUZHKA PETKOVA

MINISTER OF ENERGY OF THE REPUBLIC
OF BULGARIA

**FOR
THE MINISTRY OF ECONOMY OF THE
REPUBLIC OF MACEDONIA**



KRESHNIK BEKTESHI

MINISTER OF ECONOMY OF THE REPUBLIC
OF MACEDONIA