MEMORANDUM OF UNDERSTANDING

ON

THE IMPLEMENTATION OF COMMON PROCEDURES
FOR CONGESTION MANAGEMENT METHODS

AND

THE ESTABLISHMENT OF
A COORDINATED AUCTION OFFICE
AMONG
TRANSMISSION/INDEPENDENT SYSTEM OPERATORS
IN SOUTH EAST EUROPE
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PREAMBLE

Due to the need to harmonize congestion management methods in Europe in general and in particular in South Eastern Europe, according to Treaty establishing the Energy Community, and to accelerate the process of harmonization, by this Memorandum of Understanding the Transmission System Operators 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").

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.

The Transmission System Operators acknowledge that the rules set up in connection with this Memorandum of Understanding 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).

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

The Memorandum of Understanding 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.

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1 Transmission system operator means any subject responsible for system operation irrespective whether this subject is Transmission System Operator (TSO) or Independent System Operator (ISO).
1. SCOPE OF THE MEMORANDUM

The Memorandum of Understanding concerns rules building the framework for

1.1. 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");

1.2. the organizational and legal aspects of the Project;

1.3. the funding of the Project;

1.4. defining milestones for decisions on the continuation of the Project.

2. USE OF LANGUAGES

The Transmission System Operators acknowledge that they have required the present Memorandum of Understanding, 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.

3. MISCELLANEOUS

This Memorandum of Understanding constitutes a legally non-binding statement of intent by the Transmission System Operators. This Memorandum of Understanding shall not confer upon the Transmission System Operators 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 Memorandum of Understanding can not be reached.

All expenses incurred by the Transmission System Operators in connection with the negotiations hereunder shall be borne by the Transmission System Operators each unless otherwise previously agreed in writing.

This Memorandum of Understanding has been executed in two original copies.
This Memorandum was open for signature in Tirana, on the eleventh day of December in the year two thousand and eight under the auspices of the Albanian Minister for Economy, Trade and Energy, representing the Presidency of the Energy Community.

For the Transmission System Operator of
ALBANIA

For the Independent System Operator of
BOSNIA AND HERZEGOVINA

For the Transmission System Operator of
BULGARIA

For the Transmission System Operator of
CROATIA

For the Transmission System Operator of
FORMER YUGOSLAV REPUBLIC OF MACEDONIA

For the Transmission System Operator of
GREECE

For the Transmission System Operator of
HUNGARY

For the Transmission System Operator of
ITALY

For the Transmission System Operator of
MONTENEGRO

For the Transmission System Operator of
ROMANIA

For the Transmission System Operator of
SERBIA

For the Transmission System Operator of
SLOVENIA

For the Transmission System Operator of
KOSOVO PURSUANT TO THE UNITED NATIONS SECURITY COUNCIL RESOLUTION 1244