

Attn Messrs.

Petrit Ahmeti, Chairman of the Board of Commissioners, ERE, Albania

Nikola Pejić, Chairman of the Commission, SERC, Bosnia and Herzegovina

Tomislav Jureković, President of the Board, HERA, Croatia

Dimitar Petrov, President, ERC, FYR of Macedonia

Arsim Janova, Acting Chairman of the Board, ERO, Kosovo*

Miroslav Vukcević, Chairman of the Board, RAE, Montenegro

Mustafa Yilmaz, President, EMRA Turkey

By email

Podgorica, 31 August 2017

Reference: **SEE CAO Harmonized Auction Rules for allocation of 2018 capacities**

Honourable Chairmen and Presidents,

Dear colleagues,

I am addressing you with respect to the new set of the auction rules for allocation of cross-border capacities by the Coordinated Auction Office South East Europe (SEE CAO). Your authorities have been addressed by your national electricity transmission system operators (TSOs) with a request for approval by end of September 2017 the latest.

The SEE CAO management contacted me in my capacity as President of ECRB with the invitation to arrange coordination of harmonized regulatory approval of the new auction rules for. Our previous practice in this context confirmed that a common regulatory approach is needed to facilitate the operation of SEE CAO as regional body.

I trust, you agree with me that the progress made by SEE CAO in aligning the allocation rules with the Harmonized Allocation Rules (HAR) developed on European level has to be acknowledged and the merger of the rules into the HAR should be supported. This provides certainty to market participants and ensures early implementation of the Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation (FCA Regulation). This has to be positively recognised especially now that the Energy Community Secretariat initiated discussions on the concept of implementation of the FCA Regulation in the Contracting Parties. At the same time, provisions specific to the borders allocated by SEE CAO are recognized in the HAR annex. Also, improvements regarding participation in the allocation process have been made by abolishing the requirement to be registered in one of the participating TSOs to SEE CAO. I would also like to point out that SEE CAO performed a public consultation on the HAR during which no concerns have been raised. Also the Energy Community Secretariat supported the HAR with a few recommendations for additional improvements in the future.

The President



In the light of the above and our well established practice on providing a harmonized regulatory approach for SEE CAO rules, I kindly invite you to support approval of the HAR by your authority.

Sincerely Yours,

A handwritten signature in black ink, appearing to read 'B. Prelević', enclosed in a thin black rectangular border.

Branislav Prelević

President

Copy: Mr Aleksandar Mijušković, Executive Director SEE CAO