



**POSITION OF NEK EAD CONCERNING SUBSTANTIAL ISSUES OF
INTERNAL ELECTRICITY MARKET IN SOUTH EAST EUROPE**

**1. POSITION OF NEK EAD CONCERNING THE INTER-TSO COMPENSATION
MECHANISM AMONG SEE TSOs**

NEK EAD would like to express its extreme dissatisfaction with the presently applied SEE ITC mechanism in 2006.

NEK EAD does not see any considerable arguments for the rejection of the interface between the SETSO and ETSO ITC mechanisms and merging of the SETSO and ETSO Funds in 2006.

NEK EAD considers that merging of the SETSO and ETSO Funds has to be completed not later than 1st of January 2007 based on the individual accession of all SEE ITC parties (with new signatures of all SEE ITC parties in the ETSO ITC agreement).

NEK EAD suggests to the present Athens Forum and to the European Commission to assume strict obligations and an immediate decision to be taken for merging of the SETSO and ETSO Funds on the 1st of January 2007. In case that the merging of the SETSO and ETSO Funds will not take place on the 1st of January 2007 NEK retains its right to go out of the INTER-TSO Compensation mechanism among SEE TSOs from the 1st of January 2007.

**2. POSITION OF NEK EAD CONCERNING THE COORDINATED AUCTIONS
PILOT PROJECT AND DRY RUN IMPLEMENTATION OF COORDINATED
AUCTIONS IN THE SEE REGION**

NEK EAD considers that a basic principle of the TSOs participation in the Dry-run and in the future real implementation of the Coordinated auction (CA) should be the prohibition of any kind of discrimination towards the participating TSOs.

One of the issues related to the non-discriminatory participation of TSOs in the CA is the method of allocation at the borders between CA participants and non-participants.

NEK EAD considers that in the CA procedure have to be included all electrical borders of TSOs participating in CA inclusive the borders of TEL (Romania), EMS (Serbia), NOS (Bosnia and Herzegovina), HTSO (Greece) respectively with Ukraine, MAVIR (Hungary), HEP (Croatia), TERNA (Italy).

NEK EAD considers that within the CA process TEL, EMS, NOS, HTSO as participants in the CA are obliged to give access of all other participants in the CA to the capacity at their borders with Ukraine, MAVIR, HEP, TERNA.

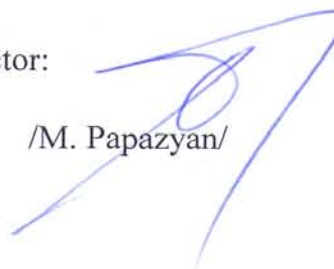
Should SETSO TSOs deny the right of NEK of non discriminatory access in the frame of the CA process to the capacity at the electrical borders with Ukraine, MAVIR, HEP, TERNA, NEK does not see any reason to participate in the CA and will reconsider its future participation in the Dry run CA process.

**3. POSITION OF NEK EAD CONCERNING THE HARMONIZATION OF THE
RATINGS OF THE LINES IN THE MODELS OF THE TRANSMISSION
NETWORKS OF SEE REGION**

There are TSOs in the SEE region (EMS-Serbia) that use values for the ratings of the transmission lines in their models for load flow calculations that differ significantly (in some cases 45-50% lower values) for the period May-October, comparing to the values for the period November-April. These values influence to a great extent the evaluation of the Net Transfer Capacity (NTC) values and Border (Bottleneck) Capacity (BC) values and respectively the Internal market of electricity.

NEK EAD proposes to the Regulatory Bodies and the TSOs of the SEE region to discuss the problem and find a mutually acceptable solution for harmonizing the technical criteria for modeling of the parameters of the transmission lines in the region in order to promote the development of the Internal electricity market in the SEE region.

Executive Director:

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/M. Papazyan/