Flow Based Allocation Method
What criteria to be applied?

Who will get the capacity, Bid No.1 or Bids No.2 and 3?

- Bid No.1  10€/MW
- Bid No.2  6€/MW
- Bid No.3  5€/MW
**Will common scheduling system be operated?**

Will market participant be asked to nominate schedules to all 3 TSO or just to input and output TSOs?

Will market participant be forced to have a trading license in the country of TSO 2?

Will market participant be forced to have a balancing agreement with TSO 2?
Will the capacity rights be really firm?

Will TSO 1 be allowed to cancel the export capacity and make the capacity rights useless?

Will the not cancelled part of the capacity rights still be valid or auctioned again in daily auction?

What lessons can be taken from the example of PSE cancellations in July 2006?
Will the secondary market with capacity rights exist?

The existing rules allow to transfer capacity rights or do not use the rights at all. Will it be possible in the case of the flow-based allocation method?
Will technical or commercial capacity be announced in auction?

Example of current status along PSE export borders:

- **VET in** (from CEPS and PSE)
- **PSE out** (to VET, CEPS and SEPS)
- **CEPS in** (from PSE)
- **SEPS in** (from CEPS and PSE)
- **SEPS in** (from CEPS)
Will the allocation be transparent?

In existing allocation method each participant can easily compare its bids with the resulting auction price.

Will it be that easy in case of the flow-based method?

<table>
<thead>
<tr>
<th>bid-no.</th>
<th>MW</th>
<th>EUR/MW</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>50</td>
<td>63 867</td>
</tr>
<tr>
<td>2</td>
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<td>62 553</td>
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<td>25</td>
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<td>25</td>
<td>59 925</td>
</tr>
<tr>
<td>5</td>
<td>25</td>
<td>57 297</td>
</tr>
</tbody>
</table>

Auction price:
62 500 €/MW
Last but not least questions:

What the split between yearly, monthly and daily auction will be?

What method will be used for dividing of the auction income? Will this income be used for the increase of the capacity?

Will new method lead to the increase of the capacity?