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Serbia

KOSTT SH.A.

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CC:

ENTSO-E

Rue de Spa 8
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Energy Community Secretariat Vienna

Am Hof 4, Level 5-6
1010 Vienna
Austria

19 January 2021

Cross-border capacity allocation at the bidding zone border between Kosovo and Serbia

Dear Sir or Madam,

On behalf of EFET¹, we are contacting you to get information on the situation with regard to cross-border transmission capacity allocation at the newly created Kosovo-Serbia bidding zone border.

On 14 December 2020, KOSTT (Electricity Transmission System and Market Operator of the Republic of Kosovo) started operating an independent Control Area and bidding zone within the Albania-Kosovo Control Block. As a consequence of this development a series of bidding zone borders in South East Europe were newly defined: XK-ME, XK-AL, XK-MK and XK-RS.

The allocation of cross-border transmission rights for most of the above-mentioned borders is performed by SEE CAO. However, this is not the case for the border XK-RS (KOSTT-EMS). The status of this border is completely unclear to market participants. No rules are published for the allocation of capacity, neither any information on ATCs. Based on previous information, market participants assumed that the XK-RS border should be handled via split auctions. But since the start of the independent operation of KOSTT, no capacity auctions have been organised at this border.

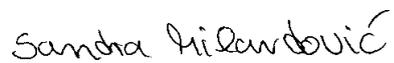
¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and a competitive economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.

This opaque situation leads to serious problems for a large number of EFET members companies with regard to the transport of electricity across the new bidding zone border. Market participants face significant risks of imbalances, financial losses, non-optimal operations, and non-fulfillment of electricity delivery contracts. This affects market participants in Kosovo and Serbia of course, but also in the rest of the region.

In order to ensure a stable and continuous energy supply, transparency and predictability of energy prices and full access to energy markets in the region, we urge you, as representatives of EMS and KOSTT, to provide clear information on the status of the newly created bidding zone border and a timeline for a rule-based allocation of cross-border capacity between Serbia and Kosovo, including the coordination and publication allocation rules, ATCs and allocation auction calendars.

Yours sincerely,

On behalf of the European Federation of Energy Traders

A handwritten signature in black ink that reads "Sandra Milardović". The signature is written in a cursive style with a distinct flourish at the end of the name.

Sandra Milardovic,

Manager

EFET TF Eastern Europe Electricity