



Press Release - 24.11.2010

CAO to launch regional auctions for transmission capacity in CEE

CAO Central Allocation Office GmbH (CAO) published the binding auction rules for the coordinated cross-border transmission capacity allocation in the CEE (Central Eastern Europe) region on 24 November 2010. CAO is set to become the single point of contact for the capacity allocation process in the CEE region.

Recent discussions among the CEE transmission system operators (TSOs), national regulators, CAO and market participants resulted in a need to perform for additional tests and analyses of the new flow-based capacity calculation and allocation method, which requires a longer time. Reflecting this, the CEE TSOs and CAO intend to reach the target of the fully flow-based coordinated capacity calculation and allocation in CEE in several steps allowing for immediate improvements in this area.

The first step was already taken in the beginning of 2010 when CAO took over the 5 TSOs auctions and organizationally supported the bilateral auctions in the region.

The second step, which CAO is now preparing, is full organizational coordination and capacity calculation coordination as far as possible in the CEE region for 2011. This entails the introduction of one document of the common auction rules and auctions run by CAO as the CEE single auction office in its new auction ePortal (an IT solution developed for capacity calculation and the allocation process). The common auction rules allow the smooth switch to the flow-based method in the future following its confirmation by the regulators. Capacities are determined by applying an enhanced method of coordinated NTC calculation based on a common grid model as an interim solution supported by CAO. Such NTC based allocation will already use the new auction algorithm based on optimization of welfare.

The final draft auction rules for CEE Auctions 2011 defining both the flow-based and NTC method were published on 27 September 2010 in order to enable the market participants to prepare; the last update submitted to approval by the CEE regulators has been available to market participants since 11 November 2010 on CAO's website: www.central-ao.com

CAO is starting the market participants' registration for the CEE yearly auction 2011 on 24 November 2010. Offered capacities for the yearly auction will be published by 30 November 2010. The deadline for submission of bids for the yearly auction for physical transmission rights for 2011 is 7 December 2010, 12:00 (noon). The results will be published by 8 December 2010, 15:00.

Offered capacities for the monthly auction for January will be published by 9 December 2010. The deadline for submission of bids for the monthly auction for January is 16 December 2010, 12:00 (noon). The results will be published by 15:00 on the same date.

CAO will launch the daily auctions starting with the auction carried out on 31 December 2010 for physical transmission rights of 1 January 2011.



Whilst organizing the NTC based auctions, CAO is continuing to finalize the flow-based method internal dry-run in order to introduce the daily and later monthly flow-based allocation early in 2011 as the next step.

For further information, please visit www.central-ao.com or contact us at:
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CAO Central Allocation Office GmbH - the common regional transmission capacity allocation office – was established by the eight CEE transmission system operators (TSOs), 50Hertz Transmission GmbH, ČEPS a.s., Electro-Slovenija d.o.o., TenneT TSO GmbH, MAVIR Hungarian TSO Company Ltd., PSE Operator S.A., Slovenská elektrizačná prenosová sústava a.s. and Verbund – Austrian Power Grid AG, in July 2008 to implement a regional coordinated congestion management procedure in the Central Eastern Europe region (CEE).