

PROCUREMENT OF ENERGY FOR COVERING THE GRID LOSSES VIA AUCTION PLATFORM

Market Division
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INTRODUCTION

- CHANGE OF THE PROCUREMENT CONCEPT
- GENERAL TERMS AND CONDITIONS FOR PARTICIPATION IN AUCTIONS FOR COVERING GRID LOSSES
- AUCTION PLATFORM

CHANGE OF THE PROCUREMENT CONCEPT

- Procurement of energy for covering grid losses – present concept
 - According to the Energy law of Republic of Serbia EMS has obligation to procure energy for covering the grid losses in transparent, market-oriented and non discriminatory manner starting from the 2013;
 - Until the end of 2015 public tenders for procurement of energy for covering grid losses were organized;
 - After successful closing of public tenders full supply contract with supplier was concluded;
 - In 2016 nonpublic tenders for procurement of energy for covering grid losses were carried out but only for full supply contract;
 - EMS has taken necessary step toward automation of tendering process and new concept of procurement.

- Procurement of energy for covering of grid losses – new concept
 - Tenders will be performed in form of Auctions by the end of this year;
 - Part of energy (at least long term component) for covering grid losses will be procured during the auction process;
 - Auction process is going to be performed via electronic Auction platform;
 - Different types of products in an hourly pattern will be auctioned;
 - Procurement of small amount of energy – Lots;
 - Profiles of Lots will be available in due time;
 - From the beginning of 2017 EMS is going to take balance responsibility for energy procured in this manner.

GENERAL TERMS AND CONDITIONS FOR PARTICIPATION IN AUCTIONS FOR COVERING OF GRID LOSSES

- Market participant who would apply to become Registered participant in auctions should fulfill following prerequisites:
 - ❖ Possess valid license for energy supply (retail) issued by Energy Agency of Republic Serbia;
 - ❖ In last 12 calendar months traded at least 250 GWh of electricity to/from Serbian transmission system;
 - ❖ Possess valid Balance Responsibility contract or has signed contract for transfer of balance responsibility to other Balance Responsible Party, all in line with valid Serbian Market Code;
 - ❖ Has no financial debt towards EMS in terms of contracts concerning electricity market operations.

- After fulfilling all necessary requirements Market participant is entitled to sign Framework agreement with EMS and becomes Registered participant;
- Registered participant and EMS agreed to perform delivery and acceptance of electricity for grid losses in Serbia according to signed Framework agreement;
- Framework agreement is not binding in terms of supply of electricity to EMS;
- Framework agreement lasts 2 years;
- There is no need for bank guaranties or deposits concerning this Framework agreement;
- EMS is entitled periodically to verify financial soundness of Registered participant during the validity of Framework agreement.

- Auctions for procurement of energy for the grid losses are based on reverse auction principles (the cheapest Bid is auction winner);
- Auction dates will be published on EMS website at least 10 days before start of an auction;
- Auction details will be sent to all Registered participants via e-mail at least 1 day before Auction;
- Registered participant is not obliged to take part in every Auction when receives invitation;
- Registered participant who takes part in Auction becomes Bidder;
- Registered participant submits bid only via Auction platform, it is not possible to submit Bid via e-mail.

- Bid submitted by Bidder via Auction platform is valid and binding cannot be cancelled;
- Bidders have visibility of leading bid and their rank during the auction without disclosure of bidders identity;
- Criteria for awarding is market based principle;
- Bidder with accepted offer after the closed Auction is notified via e-mail;
- EMS signs Contract note with successful Bidder after auction if Bidder is awarded in Auction.

- Contract note is signed regarding the rules of General terms and conditions for participation in auctions for covering grid losses and Framework agreement and is integral part of Framework agreement;
- Subject matter of this Contract note is delivery and acceptance of electricity according to successful Bid;
- Contract note is terminated after fulfillment of respective delivery and acceptance of electricity.

AUCTION PLATFORM

- First step: Fill in application form on registration page of Auction platform;
- Second step: After signing the Framework agreement Registered participant gain access to Auction platform (user name and password);
- Auction platform is web based platform;
- Software for Auction platform is SAP Sourcing application;

- SAP Sourcing application provides following functionalities for Auction process:
 - ❖ Overview, search and selection of any Auction type in the system (closed Auction, running Auction, published Auction, scheduled Auction etc.);
 - ❖ Announcing and publishing of the exact date and time of the following Auctions;
 - ❖ Specifying the exact deadline for submission of Bids stated date and time;
 - ❖ Details overview of the open and running Auctions;
 - ❖ Bids placement for open Auctions;
 - ❖ Modification of bids at any time during the Auctions;
 - ❖ Ranking during Auctions without identity disclosure of bidders;
 - ❖ Overview, storage, publishing and downloading the result of the Auctions.

THANK YOU FOR YOUR ATTENTION



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QUESTIONS?



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