

**GENERAL TERMS AND CONDITIONS FOR PARTICIPATION IN
AUCTIONS FOR THE PROCUREMENT OF ENERGY
FOR COVERING TRANSMISSION NETWORK LOSSES**

UNOFFICIAL TRANSLATION

Version 1.0,

Date of publication:

Pursuant to Article 109, paragraph 1, item 34 of the Energy Law ("Official Gazette of RS", no. 145/2014) and article 41 of the Statute of Joint Stock Company Elektromreža Srbije, Belgrade, ("Official Gazette of RS", no. 88/2016), the General Manager is hereby adopting the following

**GENERAL TERMS AND CONDITIONS
for participation in auctions for the procurement of energy
for covering transmission network losses**

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1. INTRODUCTION

1.1.1. EMS JSC Belgrade (hereinafter: EMS) as a transmission system operator shall procure energy to cover transmission network losses pursuant to Article 109, paragraph 1, item 34 of the Energy Law ("Official Gazette of RS", no. 145/2014) in accordance with transparent, non-discriminatory and market principles.

1.1.2. The transmission system operator may procure energy for covering transmission network losses on a bilateral, as well as on an organized electricity market.

1.1.3. The document hereof shall regulate the procedure for acquiring the status of Registered Participant, participation in auctions, as well as the procedure of organizing auctions for the procurement of energy to cover transmission network losses in the transmission system of EMS.

1.1.4. EMS shall procure part of the energy to cover transmission network losses by organizing auctions for periods of time predefined in the auction invitations.

1.1.5. EMS shall publish all relevant information on auctions for procurement of energy to cover transmission network losses, procedures and time periods on its website (www.ems.rs) in order to provide transparency and equal conditions for all participants in the electricity market.

1.1.6. EMS retains the right to change the General terms and conditions for participation in auctions for the procurement of energy for covering transmission network losses (hereinafter: General terms and conditions). In case of changes in the General terms and conditions, EMS will notify the Registered Participants within 15 days prior to the changes coming into force.

2. GLOSSARY OF TERMS AND ABBREVIATIONS

Auction – In terms of this document is a market method of public competition for the procurement of energy to cover transmission network losses for a predefined period of time.

Auction bid – A bid by a registered participant in the auction containing the unit price of required energy expressed in (EUR/MWh) submitted on the Auction Platform.

Auction Platform – The EMS information system for electricity trading accessed through the address <https://etender.ems.rs>.

Framework Agreement – Agreement between EMS and the Registered Participant establishing the terms and conditions, rights and obligations of the parties to the agreement for the sale of energy for covering transmission network losses.

Contract Note – Individual agreement on the sale of energy to cover transmission network losses signed by EMS with the Registered Participant whose Auction Bid was accepted as best in the Auction.

Energy Lot – Represents a precisely defined amount of energy, schedule and duration of delivery.

Registered Participant – A market participant who signed a Framework Agreement with EMS.

BRP – Balancing Responsible Party;

TIN – Tax Identification Number;

VAT – Value Added Tax;

EIC (Energy Identification Code) – Unique energy code for the identification of participants in the electricity market

3. DOCUMENTS AND FORMS

3.1.1. The following documents, forms and model agreements shall represent Appendices and shall be an integral part of the Conditions, and EMS shall publish them on its website:

- a) Registration Form for Signing the Framework Agreement - Appendix 1
- b) Model of the Framework Agreement - Appendix 2
- c) Model of the Contract Note - Appendix 3
- d) Form for Changing Information - Appendix 4

3.1.2. EMS shall publish the following on its website:

- a) User Guide for accessing the EMS Auction Platform;
- b) Calendar of Auctions;
- c) Tables with the Auction results;
- d) List of Contacts.

4. CONDITIONS FOR ACQUIRING THE STATUS OF REGISTERED PARTICIPANT AND PARTICIPATION IN AUCTIONS

4.1.1. The right to acquire the status of Registered Participant in the Auctions for procurement of energy for covering transmission network losses have Market participants who meet the following conditions:

- a) possessing a valid licence for electricity supply issued by the Energy Agency of the Republic of Serbia and having a volume of trade on the electricity market in the Republic of Serbia (internal and cross-border trade) above 250 GWh during the previous 12 (twelve) months as of the moment of Registration form;
- b) Registered as a balance responsible party (hereinafter: BRP) in accordance with the Electricity Market Rules or having a signed valid agreement on the transfer of balancing responsibility with a BRP;
- c) Having settled all financial obligations towards EMS in business relations on the electricity market.

4.1.2. Market participants who want to acquire the status of Registered Participant shall:

- a) Enter their data on the registration page of the Auction Platform in accordance with the User Guide for accessing the EMS Auction Platform published on the website of the Auction platform and www.ems.rs;
- b) Submit to EMS a filled Registration Form for Signing a Framework Agreement (hereinafter: Registration form) by e-mail, as well as on the registration page of the Auction Platform as an attachment to the registration;
- c) Submit to EMS a certified statement on the transfer of balance responsibility by e-mail, as well as on the registration page of the Auction Platform as an attachment to the registration if they are not registered as a BRP.

4.1.3. The Registration form shall be filled in the form as published on the EMS website.

4.1.4. The Registration form shall be signed by the authorized representative of the market participant, stating the function, first name, last name, and e-mail of the authorized person. If the signatory is not the legal representative, an authorization/power of attorney shall be submitted along with the Registration form.

4.1.5. EMS shall, at the latest within 3 (three) days as of the date of receiving the Registration form:

- a) Determine whether the Applicant complies with all requirements as per item 4.1.1;
- b) Determine the orderliness and completeness of the Registration form;
- c) Determine the correctness of the provided data; and
- d) Compare the Registration form data with data entered in the Auction Platform.

4.1.6. In case the Applicant fails to comply with all the requirements of item 4.1.1, EMS shall notify the Applicant thereof by e-mail upon the expiry of the deadline as per item 4.1.5.

4.1.7. In case the submitted Registration form is disorderly, incomplete, and/or the data provided therein is incorrect, or the data contained in the Registration form does not match the data in the Auction Platform, EMS shall notify the Applicant thereof by e-mail upon the expiry of the deadline as per item 4.1.5. Should the Applicant fail to submit a corrected, and/or completed Registration form within a subsequent deadline of 5 (five) working days as of receiving the notification, or fails to harmonize the data from the Registration form with data entered into the Auction Platform, EMS shall consider the Registration form as not submitted.

4.1.8. In case EMS establishes the submitted Registration form is orderly, complete, and the data provided therein is correct and the data from the Registration form matches the data from the Auction Platform, as well as that the requirements as per item 4.1.1 have been met, EMS shall send the Framework Agreement to the Applicant by e-mail upon the expiry of the deadline as per item 4.1.5.

4.1.9. The Applicant to whom the Framework Agreement has been sent shall sign it and return 6 (six) copies of the original agreement to EMS within 15 (fifteen) days as of reception.

4.1.10. EMS shall sign all copies within 10 (ten) days as of receiving the signed original of the Framework Agreement and return 3 (three) copies to the Applicant.

4.1.11. With the coming into force of the Framework Agreement the Applicant shall acquire the status of Registered Participant and have the right of participation in Auctions for the procurement of energy for covering transmission network losses in the Transmission System of EMS.

4.1.12. In order to take part in the Auctions the Applicant must acquire the status of Registered Participant at the latest 1 (one) working day prior to sending the invitation for participation in the Auction by EMS.

4.1.13. Upon acquiring the status of Registered Participant, EMS shall assign the Registered Participant a username and password for accessing the Auction Platform. The procedure of assigning a username and password to the Registered Participant shall be defined in the User Guide for accessing the EMS Auction Platform.

4.1.14. As of the moment of compliance with the requirements defined under item 4.1.8, the Registered Participant shall notify EMS immediately upon the occurrence of relevant data change:

- a) By submitting a completed Data changes Form (Appendix no. 4) by e-mail,
- b) By changing the relevant data on the Auction Platform in accordance with the submitted Data changes Form.

4.1.15. All costs of the preparation and submission of the Registration form shall be at the expense of the Applicant.

5. SUBJECT MATTER OF AUCTIONS

5.1.1. The subject of procurement in Auctions shall be energy procured by EMS with the purpose of covering transmission network losses.

5.1.2. EMS shall define the Energy Lots being procured based on its needs. The precise description of Energy Lots shall be provided as an amount of energy, schedule and duration of delivery and shall be defined separately for each Auction.

5.1.3. Through the Auction EMS shall procure fixed amounts of energy for covering transmission network losses in the form of Energy Lots.

5.1.4. Diagrams of delivery profiles in MW per hour corresponding to Energy Lots being procured through the Auction shall be available to Registered Participants and may be downloaded from the Auction Platform.

6. PROCEDURE FOR THE ORGANIZING AUCTIONS FOR THE PROCUREMENT OF ENERGY FOR COVERING TRANSMISSION NETWORK LOSSES

6.1. SUBMITTING AUCTION BIDS

6.1.1. EMS shall organize Auctions for procurement energy for covering transmission network losses for precisely defined Energy Lots.

6.1.2. Only Registered Participants have the right to access to the Auction Platform.

6.1.3. The dates of holding Auctions shall be published on the EMS website at the latest 5 (five) working days prior to the start of the Auction.

6.1.4. EMS shall submit the invitation for participation in the Auction to the Registered Participants by e-mail at the latest 1 (one) working day prior to the opening of the Auction. The invitation shall contain information on the precise date of holding the Auction and deadlines for submitting bids on the Auction Platform. The invitation shall not oblige the Registered Participant to participate in the Auction.

6.1.5. The submission of Auction Bids, as well as download of results upon completed Auctions shall be performed exclusively through the Auction Platform.

6.1.6. Auction Bids shall be submitted on the Auction Platform for each Auction separately, and only within the deadlines defined in the Auction invitation.

6.1.7. Every Auction Bid shall contain the unit price of energy for the Energy Lot that EMS is procuring through Auction. The price shall be expressed in EUR/MWh without VAT, with two decimal places, and the lowest price from the Auction Bid shall be greater than or equal to 0.01 EUR/MWh.

6.1.8. During the submission of Auction Bids the Auction Platform shall generate a timestamp for each Auction Bid based on the time of submitting the Auction Bid.

6.1.9. Every Auction Bid submitted to the Auction Platform and confirmed by the system shall be considered mandatory.

6.1.10. A participant in the Auction may not retract a confirmed Auction Bid on the Auction Platform.

6.1.11. A participant in the Auction may replace an Auction bid already submitted by submitting a new bid that must have a lower price than the price from the previous Auction Bid, thereby making the previous Auction Bid deprecated.

6.1.12. The Auction Platform does not permit the submission of an Auction Bid for participants in the Auction with prices greater than or the same to the price given in the previous Auction Bid.

6.1.13. EMS shall not be liable for expenses or damages to the Registered Participant during the preparation of the Auction Bid, participation in Auctions or due to non-acceptance of participation in Auctions.

6.2. CRITERION FOR RANKING AUCTION BIDS

6.2.1. The Auction Platform shall automatically rank confirmed Auction Bids during the Auction, starting from the Auction Bid with the lowest bid price. A participant in the Auction may see the information on the rank of their Auction Bid upon the entry of the Auction Bid.

6.2.2. The criterion for accepting the best bid in the Auction shall be the lowest price submitted in the Auction Bid.

6.2.3. EMS shall define for each Auction the maximum price for 1 MWh they are ready to pay when procuring energy for covering transmission network losses in accordance with the economic conditions and situation in the electricity market in the Republic of Serbia and the region. The amount of maximum price shall not be visible to the participant in the Auction. The Auction Platform shall contain information on whether the price has been reached.

6.2.4. EMS shall not accept the best bid in the Auction if all bid prices in confirmed Auction Bids are above the maximum price and shall not be liable for costs arising due to declining to accept the best Auction Bid in the Auction.

6.2.5. In case of the existence of identical Auction Bids regarding the lowest price that are below the maximum price, the bid first received and confirmed as correct on the Auction Platform as per its timestamp shall be accepted.

6.2.6. EMS shall publish the results of the Auction on the Auction Platform within 3 (three) hours as of the moment of closing the Auction.

6.2.7. EMS shall send an invitation by e-mail for signing the Contract Note and the Contract Note filled in accordance with the accepted bid to the Registered Participant whose Auction Bid was accepted upon the publication of the results on the Auction Platform.

6.2.8. The Registered Participant shall submit the Contract Note to EMS, signed by the authorized person, in 4 (four) copies, within 5 (five) days as of the date of receiving the notification.

6.2.9. The Framework Agreement shall prescribe further actions regarding the Contract Note.

6.3. CANCELLING AUCTIONS

6.3.1. In case of limitations of the information systems within EMS or outside it, the inaccessibility of the Auction Platform prior to the start or during the Auction, as well as limitations of the transmission system, EMS may cancel a scheduled Auction, and/or interrupt an initiated Auction. Upon enabling the Auction Platform and establishing a normal mode of operation, EMS will notify the Registered Participants by e-mail on the new time of holding the cancelled, and/or interrupted Auction.

6.3.2. In case any of the situations as per item 6.3.1 occurs and there is an interruption of the ongoing Auction, all submitted Auction Bids shall be considered invalid.

6.3.3. EMS shall notify all Registered Participants through the Auction Platform if there are changes to the time of holding the Auction or in case of cancellation of Auctions, as well as the reasons.

6.3.4. EMS shall not be liable for expenses or damages the Registered Participant may have due to the cancellation or interruption of an ongoing Auction, due to reasons stated under item 6.3.1.

6.4. PUBLICATION AND CONFIRMATION OF THE RESULTS OF AUCTIONS

6.4.1. During Auction, as well as upon the closing of each Auction, the participant in the Auction may achieve insight into the following data through the Auction Platform:

- a) Auction ID;
- b) Auction name;
- b) Start time and end time of the Auction;
- r) Amount of the Energy Lot (MWh) being procured through the Auction, mandatory unit price (EUR/MWh) and total bid price (EUR) only from the Auction Bid of the participant in the Auction;
- d) Price of the best Auction Bid (EUR/MWh);
- f) Rank of the submitted Auction Bid of the participant in the Auction.

6.4.2. EMS shall publish Auction results on the website containing the following data for all organized Auctions:

- a) Required amount of energy;
- b) Procured amount of energy;
- b) Price of the accepted Auction Bid.

7. CONFIRMATION OF THE DELIVERY OF ENERGY, INVOICING AND PAYMENT

The Framework Agreement shall prescribe the actions and method of issuing confirmation of the delivery of energy, invoicing and payment.

8. TRANSITIONAL AND FINAL PROVISIONS

General terms and conditions for participation in auctions for the procurement of the energy for covering transmission network losses shall come into force on the date of publication on the EMS website (www.ems.rs).

General Manager

Jelena Matejić, dipl. economist

No:

Belgrade,

UNOFFICIAL TRANSLATION

JSC "ELEKTROMREŽA SRBIJE"

APPENDIX 1

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11000 Belgrade, Republic of Serbia
Fax: +381 11 3970 695
Telephone: +381 11 3957 380, +381 11 3957 131
e-mail: Energy.Procurement@ems.rs

REGISTRATION FORM FOR SIGNING THE FRAMEWORK AGREEMENT

Date: _____

Company Information		
1	Company Name	
	Abbreviated Name	
	Registration Number	
	VAT	
	BRP of the market participant	
	EIC BRP	
	Balance Responsibility Contract Number	
	Web Site URL	
	Licenced energy activity	Electricity supply
	Issued Licence Number	
Order From Address		
2	Address	
	City	
	Country	
	Postal/Zip Code	
	Telephone	
	Fax	
Information on the legal representative or other person authorized for representation without limitation		
3	First name	
	Last name	
	E-mail	
	Telephone	
Information on the contact person for participation in Auctions		
4	First name	
	Last name	
	E-mail	
	Telephone	
Information on the contact person responsible for financial affairs		
5	First name	
	Last name	
	E-mail	
	Telephone	

Information on the BRP contact person responsible for nomination of daily schedule		
6	First name	
	Last name	
	E-mail	
	Telephone	
Remit To Address		
7	Address	
	City	
	Country	
	Postal/Zip Code	
	Telephone	
	Fax	
Payment		
8	Bank Account	
	Bank Name	

Date of submitting the Registration form: _____

Note:

1. The legal representative of the company/other person authorized for representation without limitation shall be liable for the correctness of data in the Registration form.
2. Oral and written communication for certain tasks and activities shall only be undertaken with the persons listed in the Registration form.

[Enter: company name]

[Enter: first and last name of the authorized person]

[Enter: position of the authorized person in the company]

[Place for: signature of the authorized person]

[Place for: company seal]

Registration form accepted: date
(to be filled by EMS)

APPENDIX 2: MODEL FRAMEWORK AGREEMENT

FRAMEWORK AGREEMENT

FOR ELECTRICITY SUPPLY FOR COVERING TRANSMISSION NETWORK LOSSES

IN THE EMS TRANSMISSION SYSTEM

Signed by:

1. Joint Stock Company “Elektromreža Srbije”, Belgrade, Kneza Miloša no.11, Belgrade, registration number 20054182, VAT 103921661, represented by _____, (hereinafter: EMS),

and

2. _____ represented by _____, (hereinafter: Registered Participant)

hereinafter jointly: Parties to the Agreement.

The Parties to the Agreement shall, as per the method and under the conditions established by the Framework Agreement hereof, contract the following:

Article 1

The Parties to the Agreement agree that the Framework Agreement hereof shall regulate the mutual relations, as well as terms and conditions, of EMS as the buyer and the Registered Participant as the seller, regarding the supply of electricity for covering transmission network losses in the transmission system of the Republic of Serbia, excepting the part of the transmission system of the Republic of Serbia in Kosovo and Metohija (hereinafter: Transmission System).

The subject matter of the Framework Agreement shall be establishing the rights, obligations and conditions to be in force during the signing of individual sales agreements for energy for covering transmission network losses in the Transmission System (hereinafter: Contract Note) with the Registered Participant whose bid is accepted, fully in line with the General terms and conditions for participation in auctions for the procurement of energy for covering transmission network losses (hereinafter: General terms and conditions).

Article 2

The Framework Agreement shall be signed for a period of three years, coming into force on the date of signing.

The signing of multiple Contract Notes shall be envisaged for the period of validity of the Framework Agreement hereof, depending on the needs of EMS and Auction results.

Article 3

The Framework Agreement hereof shall not represent an obligation for EMS to purchase electricity from the Registered Participant.

The Framework Agreement hereof shall not bestow upon the Registered Participant the status of exclusive supplier of electricity for covering transmission network losses.

Article 4

When the need arises for EMS to purchase a certain amount of energy under an established schedule and duration of delivery (hereinafter: Energy Lot), EMS will organize an Auction through the Auction Platform fully in line with the General Terms and Conditions.

EMS will notify the Registered Participant by e-mail at the latest 1 (one) working day prior to the opening of the Auction on the date of holding the Auction and deadlines for submitting bids on the Auction Platform.

The Registered Participant shall submit a bid (hereinafter: Auction Bid) on the Auction Platform for each Auction separately, and within the deadlines defined in the Auction invitation. The Registered Participant may, until the moment of closing the Auction, replace an Auction bid already submitted by submitting a new bid that must have a lower price than the price from the previous Auction Bid, thereby making the previous Auction Bid deprecated.

The last bid submitted and in compliance with the conditions as per the above paragraph shall be deemed the final and mandatory bid for the Registered Participant.

Article 5

EMS and the Registered Participant whose bid is accepted shall agree to sign a Contract Note, based on the Framework Agreement hereof, for each individual Energy Lot, contracting significant elements of the agreement for the given Energy Lot and comprising a single agreement with the Framework Agreement hereof.

The Contract Note shall contain the price of the accepted bid, the amount of energy, the schedule and duration of delivery, fully in line with the Auction.

A model Contract Note shall be provided in the appendix to the General Terms and Conditions.

The Parties to the Agreement shall agree that failure to meet the obligations of one Party to the Agreement upon any Contract Note shall represent a failure to execute, i.e. a violation of the agreement envisaged by Article 12 of the Framework Agreement hereof.

Article 6

If the Auction Bid by the Registered Participant is ranked as first, and the bid price is the same or below the maximum price established for the given Auction, EMS shall, upon the publication of the results on the Auction Platform, submit by e-mail a notification to the Registered Participant that their bid has been accepted, along with the Contract Note filled in accordance with the accepted bid within 1 (one) working day as of the publication of results.

The Registered Participant shall submit the Contract Note, signed by the authorized person, in 4 (four) copies, to EMS within 5 (five) days as of the date of receiving the notification as per the paragraph above.

The Contract Note shall not change the conditions of the Framework Agreement hereof. The Contract Note shall be signed under the conditions as per the Framework Agreement hereof regarding the subject of sales, method of forming the Energy Lot price, issuing the bill, method and deadlines of payment, contracted schedule and time period of supply.

The agreement for the given Energy Lot shall be signed and come into force by mutual signing of the Contract Note.

EMS shall submit to the Registered Participant 2 (two) copies of the mutually signed Contract Note within 5 (five) working days as of the date of receiving the Contract Note signed by the Registered Participant.

Article 7

A Party to the Agreement may state an objection to the received copy of the Contract Note if it is not filled in accordance with the conditions and results of the Auction.

The objection to the Contract Note shall be stated within 2 (two) days upon its acceptance, otherwise the contents of the Contract Note shall be considered as accepted. The objection to the Contract Note shall be stated in writing or in electronic form.

Should the Party to the Agreement to whom the objection was issued accept elements of the objection, they shall notify the party submitting the objection thereof within 2 (two) working days as of receiving the same, in writing or in electronic form, and thereafter the Parties to the Agreement shall sign a new Contract Note in accordance with Article 6 of the Framework Agreement hereof.

Should the Party to the Agreement to whom the objection was issued fail to accept the elements of the objection that are indisputable (that are in accordance with elements of the Auction and the accepted bid regarding the price, amount of energy, schedule and duration of supply) and fails to notify the submitting party in writing or electronic form of accepting the objection within 2 (two) working days as of the receiving the same, a violation of the agreement as per Article 12 shall be considered to have occurred.

Article 8

The Registered Participant shall undertake the obligation to provide energy for covering transmission network losses to EMS to the amount, with the schedule and within the period of time in accordance with the Contract Note.

The place of delivery for the subject matter energy shall be the control area of EMS. The full delivery shall be implemented as per the BRP under the name EMS (EIC 10XCS-SERBIATSO8).

In accordance with the Grid Code, the Registered Participant who signed a Contract Note with EMS shall nominate the internal exchange block between the BRP of the Registered Participant and EMS as per the delivery schedule from the Contract Note.

A Registered Participant having signed a Contract Note with EMS shall nominate the block of internal exchange with EMS during day D for the day D+1, otherwise a violation of the agreement as per Article 12 shall be considered to have occurred.

The delivery of energy shall be verified by confirmed nominations of daily plans.

Article 9

The price shall be expressed in EUR/MWh without VAT, with two decimal points.

The accounting period shall be the period of time stated in the Contract Note, and/or a continuous period from every 1st of the month at 00:00 hours up to the last day in the month at 24:00 hours if the contractual time period for the given Energy Lot exceeds one month.

The date of sales shall be the last day of the accounting period.

Article 10

EMS shall, within 5 (five) days as of the last day of the accounting period, submit to the Registered Participant a signed Report on the Delivered Energy for the Accounting Period (hereinafter: Report) containing data on the confirmed nomination of daily plans as per Article 8, paragraph 5 of the Framework Agreement hereof.

Article 11

The Registered Participant shall, based on the submitted Report and by the 10th of the month for the preceding month, issue an invoice containing the last day of the preceding calendar month as the date of issuing the invoice, and submit the same to the address: Joint Stock Company "Elektromreža Srbije" Belgrade, Kneza Miloša no. 11, Belgrade.

If the Registered Participant delivers energy for covering transmission network losses based on two or more Contract Notes for individual Energy Lots during the accounting period, they may issue a single invoice unified as per all the Contract Notes.

EMS shall effect payment as per each individual submitted invoice within a period of 25 (twenty five) days from the last date of delivery, in the dinar counter-value calculated as per the official mean exchange rate of the National Bank of Serbia for EUR in force on the date of occurrence of the tax obligation. Value added tax (VAT) shall be calculated and expressed against the amount stated on the invoice in accordance with the law.

EMS shall have the right to return the invoice to the Registered Participant prior to its due date if the invoice does not contain correct data, correct conditions, or any of the mandatory elements of the invoice.

Article 12

A violation of the agreement shall be considered to have occurred:

1) If EMS:

- a) Fails to act within the deadlines as per Article 6, paragraphs 1 and 5 and Article 10, and fails to meet their obligation in the subsequently provided deadline of 5 (five) working days upon the reception of the written request by the Registered Participant for subsequent completion of such obligation, and thereafter the Registered Participant submits a Notice on the Violation of the Agreement (hereinafter: Notice on Violation); or
- b) Fails to accept founded elements of an objection in accordance with Article 7; or
- c) Fails to pay to the Registered Participant the purchase price in the way and within the deadline as per Article 11, paragraph 3 and fails to meet it in the subsequently provided deadline of 5 (five) working days upon the reception of the written request by the Registered Participant for subsequent completion of such obligation, and thereafter the Registered Participant submits a Notice on Violation (hereinafter: Notice on Violation) to EMS who violated the contractual obligation, and failed to meet it in the subsequently provided deadline.

2) If the Registered Participant:

- a) Fails to submit to EMS a signed Contract Note in the way and within the deadline as per Article 6, paragraph 2, and fails to meet their obligation in the subsequently provided deadline of 5 (five) working days upon the reception of the written request by EMS for subsequent completion of such obligation, and thereafter EMS submits a Notice on Violation; or
- b) Fails to accept founded elements of an objection in accordance with Article 7; or
- c) Fails to nominate the internal exchange block with EMS in accordance with Article 8; or
- d) Fails to deliver energy in the amount, according to the schedule and within the time period established by the Contract Notes for a period exceeding one hour during the accounting period; or
- e) In case of temporary or permanent revocation, termination and expiry of a licence for electricity supply fully in line with the Energy Law, if they lose the status of balance

responsible party, and/or the contract on the transfer of balance responsibility with the BRP ceases to be in force; or

- f) The competent body of the Registered Participant adopts a decision on initiating a liquidation procedure or if they state in writing that they are unable or intend not to meet any of their obligations as per the Framework Agreement hereof and/or in accordance with any Contract Note stemming therefrom.

Article 13

The Party to the Agreement that did not violate the contractual provisions shall send a Notice on Violation to the Party to the Agreement that violated the contractual provisions, without delay, calculating and establishing the amount of reimbursement for the contractual penalty as per Article 14 of the Agreement hereof (stating the amount).

Article 14

In case of violation of the agreement as per Article 12, item 1, under a) and b), as well as item 2, under a), b) and f), the Party to the Agreement that violated the agreement shall pay the contractual penalty to the other party to the agreement to the amount of RSD 100,000 without VAT.

Should the Registered Participant commit the violation of agreement as per Article 12, item 2, under c) and d), they shall pay to EMS the contractual penalty for every undelivered MWh as per the valid price of reserve supply.

The Registered Participant states their agreement that EMS has the right, in the name of the contractual penalty as per paragraph 1 of the Article hereof, as well as for undelivered energy as per paragraph 2 of the Article hereof, to decrease the debt towards the Registered Participant, under a compensation procedure, by issuing a calculation to the Registered Participant to the amount of the contractual penalty established by EMS in accordance with the Article hereof.

Article 15

The Party to the Agreement that did not commit a violation as per Article 12 retains the right, in addition to collecting the contractual penalty, to terminate the Framework Agreement, by way of the Notification on Violation with a statement on the termination of the Framework Agreement.

In case of violation of the agreement as per Article 12, item 2, under e) the termination of the Framework Agreement and all Contract Notes stemming therefrom shall occur on the moment of temporary or permanent revocation, termination or expiry of the licence for electricity supply in accordance with the Energy Law or loss of status of balance responsible party, and/or cessation of validity of the contract on the transfer of balancing responsibility with the BRP.

Should the Registered Participant commit the violation of agreement as per Article 12, item 2, under c) and d) two or more times within the accounting period, EMS retains the right to terminate the Contract Note with the highest contractual price per MWh, by submitting a Notice on Violation with a statement on the termination of the Contract Note.

Article 16

The provisions of the Framework Agreement hereof shall apply until the end of energy delivery as per the Contract Notes stemming therefrom.

The Party to the Agreement shall notify the other Party to the Agreement, in writing or by e-mail, of any changes to business data (e.g. address of the seat, or business name) or changes of persons authorized for representation, occurring during the validity of the Framework Agreement hereof, within 3 days as of the registration of the specific change in the Register of Companies.

The change of business data, and/or persons authorized for representation as per the paragraph above shall not require amendments to the Framework Agreement hereof.

Article 17

If amendments occur to regulations regulating the provision of energy for covering transmission network losses during the validity of the Framework Agreement hereof, the Parties to the Agreement shall harmonize the provisions of the Framework Agreement hereof with the occurred changes by way of an annex to the agreement, without delay.

If any of the articles of the Framework Agreement hereof becomes invalid or inapplicable, this shall not influence the legal validity of the remaining articles of the agreement hereof and the remaining provisions shall remain in force.

Amendments to the Framework Agreement hereof shall be legally valid only if produced in writing, signed and certified by both Parties to the Agreement.

Article 18

The Parties to the Agreement agree that in addition to the provisions of the Framework Agreement hereof, the relevant provisions of the Law on Contracts and Torts, Energy Law and other legal regulations of the Republic of Serbia regulating the subject matter of the Agreement hereof shall apply to their mutual rights, obligations and responsibilities.

Article 19

The Parties to the Agreement agree to attempt to resolve amicably any potential disputes arising from, or in relation to the Framework Agreement hereof and the Contract Notes stemming from it, otherwise the Commercial Court in Belgrade shall have competence.

Article 20

The Framework Agreement hereof shall be produced in 6 (six) identical copies, with 3 (three) for each of the Parties to the Agreement.

For EMS:

For the Registered Participant

APPENDIX 3: MODEL CONTRACT NOTE

CONTRACT NOTE

AS PER AUCTION _____

Signed by:

1. Joint Stock Company "Elektromreža Srbije", Belgrade, Kneza Miloša no.11, Belgrade, registration number 20054182, TIN 103921661, represented by _____, (hereinafter: EMS),

and

2. _____
represented by _____, (hereinafter: Registered Participant)

hereinafter jointly: Parties to the Agreement.

The Parties to the Agreement state in accord:

- That EMS and the Registered Participant have signed Framework Agreement No. _____ of __/__/201__
- That Auction Bid No. _____ by the Registered Participant has been accepted in Auction No. _____ held on __/__/201__.

Article 1

The subject matter of the Contract Note hereof shall be the sale of energy for covering transmission network losses, in accordance with the accepted Auction Bid by the Registered Participant and the Framework Agreement, representing an integral part of the Contract Note hereof.

Article 2

The contractual unit price shall be ____/ MWh (in writing: _____), in dinar counter-value, as per the accepted Auction Bid by the Registered Participant No. _____.

The price shall be expressed without VAT and fixed until the end of realization of the Contract Note.

Article 3

The Registered Participant shall effect the delivery of energy within the amount, schedule and time period, namely:

Period of delivery		Hourly schedule of delivery (h)		Duration of delivery (h)	Lot Power (MW)	Energy Lot (MWh)	Contractual unit price of Energy Lot (EUR/MWh)	Total contractual price of Energy Lot (EUR)
Start date	End date	from	to					

Article 4

The Parties to the Agreement agree that for any issues not expressly regulated by the Contract Note and Framework Agreement No. _____ the provisions of the Law on Contracts and Torts, Energy Law and other legal regulations of the Republic of Serbia regulating the subject matter of the Contract Note hereof and the Framework Agreement shall apply.

Article 5

Potential disputes shall be resolved amicably by the Parties to the Agreement, and if this proves impossible, the Commercial Court in Belgrade shall hold competence.

Article 6

The Contract Note shall come into force on the date of signing by the authorized representatives of the Parties to the Agreement.

Article 7

Amendments to the Contract Note hereof shall be made by annex, to be signed by the Parties to the Agreement in writing.

Article 8

The Contract Note hereof shall be produced in 4 (four) identical copies, with each Party to the Agreement retaining 2 (two) copies each.

For EMS:

For the Registered Participant

UNOFFICIAL TRANSLATION

JSC “ELEKTROMREŽA SRBIJE”

APPENDIX 4

Vojvode Stepe 412
11000 Belgrade, Republic of Serbia
Fax: +381 11 3970 695
Telephone: +381 11 3957 380, +381 11 3957 131
e-mail: Energy.Procurement@ems.rs

DATA CHANGES FORM

Date: _____

Company Information		
1	Company Name	
	Abbreviated Name	
	Registration Number	
	VAT	
	BRP of the market participant	
	EIC BRP	
	Balance Responsibility Contract Number	
	Web Site URL	
	Licenced energy activity	Electricity supply
	Issued Licence Number	
Order From Address		
2	Address	
	City	
	Country	
	Postal/Zip Code	
	Telephone	
	Fax	
Information on the legal representative or other person authorized for representation without limitation		
3	First name	
	Last name	
	E-mail	
	Telephone	
Information on the contact person for participation in Auctions		
4	First name	
	Last name	
	E-mail	
	Telephone	
Information on the contact person responsible for financial affairs		
5	First name	
	Last name	
	E-mail	
	Telephone	

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Information on the BRP contact person responsible for nomination of daily schedule		
6	First name	
	Last name	
	E-mail	
	Telephone	
Remit To Address		
7	Address	
	City	
	Country	
	Postal/Zip Code	
	Telephone	
	Fax	
Payment		
8	Bank Account	
	Bank Name	

Date of submitting the Registration form: _____

Note:

1. The legal representative of the company/other person authorized for representation without limitation shall be liable for the correctness of data in the Registration form.
2. Oral and written communication for certain tasks and activities shall only be undertaken with the persons listed in the Registration form.

[Enter: company name]

[Enter: first and last name of the authorized person]

[Enter: position of the authorized person in the company]

[Place for: signature of the authorized person]

[Place for: company seal]

Change accepted: date
(to be filled by EMS)