

**Yearly and Monthly Auctions Rules
for the allocation of
transmission capacities
at the border of
control areas of JP Elektromreža Srbije
("EMS") and MAVIR ZRt. ("MAVIR")
for the year 2014**

(hereinafter: Auction Rules)

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CONTENTS

Definitions

Section 1 Preamble

Article 1.1 Considerations

Article 1.2 General Principles

Article 1.3 The Auction Office

Section 2 General

Article 2.1 Scope of the Auction Rules

Article 2.2 Auctions

Section 3 Procedure and Requirements for Participating in the Auctions

Article 3.1 Registration and Acceptance of the Auction Rules

Section 4 Auction Algorithm and Determination of the Auction Price

Article 4.1 Border

Article 4.2 Algorithm

Section 5 Auction Platform

Article 5.1 General Conditions

Article 5.2 Access to the Auction Platform

Section 6 Specific Rules for the Yearly Auction

Article 6.1 Bids for the Reservation of Capacity in Yearly Auction

Article 6.2 Auction Proceeding

Article 6.3 Notification of the Results of an Auction

Section 7 Specific Rules for Monthly Auction

Article 7.1 Bids for the Reservation of Capacity in Monthly Auction

Article 7.2 Auction Proceeding

Article 7.3 Notification of the Results of an Auction

Section 8 Payment

Article 8.1 General provisions

Article 8.2 Payment for Yearly Auction

Article 8.3 Payment for Monthly Auction

Section 9 Use of the Allocated Capacity

Article 9.1 National Commercial Terms and Conditions

Article 9.2 "1:1" – System Notification

Article 9.3 Scheduling

Article 9.4 Use of the Allocated Capacity for Deliveries of Balancing Energy

Section 10 Transfer of Allocated Capacities

Article 10.1 General provisions

Article 10.2 Capacity transfer via Auction Platform

Article 10.3 Backup procedure for Capacity Transfer

Section 11 Capacity Curtailment

Article 11.1 Priority Order for Capacity Curtailment
Article 11.2 Reimbursement for Allocated Capacity Curtailment

Section 12 Miscellaneous

Article 12.1 Liability
Article 12.2 Communication
Article 12.3 Data Security and Protection
Article 12.4 Dispute resolution, venue and applicable law
Article 12.5 Auction Rules Validity, Effectiveness and Changes
Article 12.6 List of Annexes

Definitions

Terms used herein shall have the following meanings unless otherwise defined.

Allocated Capacity – The *Promise of Capacity* notified to *Auction Participants* in yearly or monthly *Auctions* becomes *Allocated Capacity* when fulfilling the payment conditions stated in the Section 8. *Allocated Capacity* is guaranteed by both neighbouring TSOs, vis-à-vis *Auction Office*, in accordance with these *Auction Rules*.

Announcement of Auction Capacities – document published on the *Auction Office* website specifying offered *Capacities*, period of reservation, and any additional information necessary for the *Auction* process.

Auction – congestion management mechanism adopted by TSOs in order to allocate the available *Capacities*.

Auction Platform– an electronic web-based application with restricted access operated by the *Auction Office* available at <https://damas.ems.rs>. Monthly and yearly *Auctions* provided by the *Auction Office* are carried out through the *Auction Platform*.

Auction Office – stands for EMS (in its function as the *Auction Office*). EMS will be subject to all rights and responsibilities attributed to the *Auction Office*.

Auction Participant – a person and/or an entity identified with a unique *EIC-Code*, registered at the *Auction Office* in accordance with Article 3.1. *EIC-Codes* are issued by local issuers and published on https://www.entsoe.eu/fileadmin/user_upload/edi/library/eic/cds/area.htm.

Auction Price – the price in EUR determined for border and direction in accordance with Section 4, to be paid by each *Auction Participant* for each MW of *Promise of Capacity* for each hour.

Auction Rules - Yearly and monthly auctions rules for the allocation of transmission capacities at the border of control areas of JP Elektromreža Srbije and MAVIR ZRt. for the year 2014.

Bid – a request of *Capacity* reservation (*Bid Amount*) at the specified price (*Bid Price*) submitted for the given border and direction.

Bid Amount – the requested amount of *Capacity* reservation in MW (integral part of a *Bid*).

Bid Price – the price in EUR which *Auction Participant* is willing to pay for 1MW of *Capacity* for each hour.

Bid Sheet – a form with the unambiguous and legible specifications stated in Attachment A and Attachment B of Annex 6 for submitting *Bids* to the *Auction Office* in case of alternative yearly and monthly auction procedure. The form shall be filled in with capital letters.

Capacity – cross-border transmission capacity in MW.

Congestion – means a situation in which an interconnection linking national transmission networks, cannot accommodate all physical flows resulting from cross-border trade requested by market participants because of a lack of capacity of the interconnectors and/or the national transmission systems concerned.

Contract – contract between the *Auction Office* and the *Auction Participant* for *Auctions* at Serbian-Hungarian border for 2014 created by confirmation of the Registration Form of *Auction Participant* by the *Auction Office*. The *Auction Rules* constitute the terms and conditions of the contract.

Control Area – a coherent part of the interconnected system operated by a single TSO.

Curtailement of Allocated Capacities - The reduction of *Capacity in Emergency Situations*, including, but not limited to, those caused by *Force Majeure*, on the interconnection between Hungary and Serbia where *EMS* and *MAVIR* must act in an expeditious manner.

Daily Auction Rules – Daily auction rules for the allocation of capacities on the interconnection between the control areas of JP Elektromreža Srbije and MAVIR ZRt.

EU Regulation – Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity concerning common rules for internal market in electricity.

EIC-Code – Energy identification code serving to clear the identification of entities in a cross-border trade (see https://www.entsoe.eu/fileadmin/user_upload/edi/library/eic/cds/area.htm)

Emergency Situation – conditions and/or events and/or circumstances which in the professional assessment of *EMS* and/or *MAVIR* put under risk the security of supply, provision or transmission of electricity or the technical safety of a given national transmission system or its significant part such as, but not limited to, those caused by *Force Majeure* and/or unplanned network conditions

EMS (JP Elektromreža Srbije) – company with registered office at Beograd, Kneza Miloša 11, Serbia and incorporated in the Serbian Business Register with the Company Identification No.20054182.

Energy Community Treaty – Treaty establishing the Energy Community between the European Community on the one hand and Albania, Bulgaria, Bosnia and Herzegovina, Croatia, FYR Macedonia, Montenegro, Romania, Serbia and UNMIK on the other hand, signed on October 25, 2005.

ENTSO-E – European Network of Transmission System Operators for Electricity – association of TSOs.

(1M EURIBOR + 3%) p.a. - one-month interest rate at which euro interbank term deposits within the euro zone are offered by one prime bank to another prime bank (see <http://www.euribor.org>) increased by 3% and calculated by using pro-rata method.

Force Majeure – conditions and/or events and/or circumstances which, or the results of which, are beyond the reasonable control of *EMS* and/or *MAVIR*, and which cannot be

prevented or overcome with reasonable foresight and diligence, such as but not limited to international superimposed loop flows, atmospheric phenomena considered irresistible due to their cause or on account of their size or duration, unexpected or irresistible generation capacity outages or limitations, if *EMS* and/or *MAVIR* are only able to counteract them by endangering the security of supply, and/or which cannot be solved by measures which are from a technical, financial and/or economic point of view reasonably possible for *EMS* and/or *MAVIR*.

ITR (Interconnection Trade Responsible) – Market participant recognized by *TSOs* (as nomination validators) for the nomination of *Allocated Capacity*. It must be identified with an *EIC-code*. On *EMS* side it is the market participant with a valid and effective balance responsibility contract with *EMS*. On *MAVIR* side it is the market participant with a valid and effective balancing contract with *MAVIR* (balance responsible party) and with a valid and effective system usage contract. The balance responsible party is the nomination validator of *Allocated Capacities* of members of Hungarian balance-groups.

MAVIR (MAVIR ZRt.) – company with registered office at H-1031 Budapest Anikó u. 4. Hungary and incorporated in the Business register with the Company Identification No 01-10-044470.

Offered Capacity – the *Capacity* offered by the concerned *TSOs* on the border and direction for the period indicated in the *Auction* procedure and guaranteed by concerned *TSOs*.

Promise of Capacity – by notification of the *Auction* result of yearly or monthly *Auction*, the *Auction Participant* gains the promise of the *Auction Office* that, by settlement of the payment in accordance with Section 8, *Capacity* shall be allocated.

Reservation Period – the period for which *Capacity* is offered in the *Auction*.

Reservation Subperiod – is a part of *Reservation Period* in which *Offered Capacity* for *Reservation Period* cannot be guaranteed due to planned maintenance. In such *Reservation Subperiod* *Capacities* assigned to *Auction Participants* according to Section 4 on a given border and direction, and for the given *Reservation Period*, are proportionally reduced to the amount of *Capacity* announced for the given border, direction and *Reservation Subperiod*. The duration of *Reservation Subperiod(s)* and *Capacity* announced for the *Reservation Subperiod(s)* are specified in the *Announcement of Auction Capacities*. *Reservation Subperiods* are used to make available maximum of *Capacity* in yearly and/or monthly *Auctions*.

Time Stamp - the *Auction Platform* system time assigned to a message when it leaves and/or comes into the *Auction Platform*. The *Time Stamp* is definitive when settling disputes.

Transferor - the *Auction Participant* or *ITR* who wishes to transfer the *Allocated Capacity* to another *Auction Participant* or *ITR*.

Transferee - the *Auction Participant* or *ITR* to whom the *Allocated Capacity* is transferred.

TSO - means a natural or legal person responsible for operating, ensuring the maintenance of, and, if necessary, developing the transmission system in a given area and where applicable its interconnections with other systems, and for ensuring the long-term ability of the system to

meet reasonable demands for the transmission of electricity.

TSOs - Transmission System Operators participating in this common auction procedure, i.e. EMS and MAVIR.

User - a person entitled to use the *Auction Platform* in the name of *Auction Participant*.

Working Day – the calendar days from Monday to Friday, with the exception of Serbian public holidays (see Annex 9).

Unless context requires otherwise, any wording in the *Action Rules* denoting the singular also applies to the plural as logic requires, and vice versa. Furthermore, the same principle of inclusion applies to references of gender.

Section 1 Preamble

Article 1.1 Considerations

The demand for cross-border transmission and capacity reservations at the Serbian-Hungarian border is usually much higher than the available capacity.

According to *EU Regulation* and *Energy Community Treaty*, a market-based mechanism should be adopted to allocate transmission capacity among market players.

In order to achieve maximum transparency in the allocation of this transmission capacity and to avoid discrimination in allocating capacities, *TSOs* will organise common auctions, i.e. a common allocation of cross-border capacities.

Article 1.2 General Principles

TSOs agreed to introduce a common auctioning procedure of *Capacities* on the Serbian-Hungarian border and to allocate available *Capacities* on the congested border to market players.

Due to the technical constraints in the regional transmission grid, the border may be congested.

The *Auction Rules* are constructed in accordance with the *EU regulation*, mandatory national laws of *TSOs*, and regulations set forth by national Regulatory Authorities.

The aim of the common *Auction* is to offer the market participants an easy, transparent, and non-discriminatory system for *Capacity* allocation.

Capacities are offered firm, i.e. concerned *TSOs* have committed themselves vis-à-vis *Auction Office* to guarantee the *Allocated Capacity* with the exception of cases described in Section 11.

Auctions for yearly and monthly *Capacities* for the year 2014 will be held in order to ensure that each reservation of *Capacity* on the Serbian-Hungarian border shall be valid for both sides of the border where the *Capacity* is allocated. *Capacities* will be offered to the market participants through the common *Auction* procedure.

TSOs have committed themselves vis-à-vis *Auction Office* to offer through the *Auction Office* and through the *Auctions* all *Capacity* recognized as available for commercial activity at the time of the *Offered Capacity* computation.

The Methodology for computation of capacity limits for Serbian-Hungarian border shall be based on the standard *ENTSO-E* methodology for calculation of Available Transfer Capacity.

Article 1.3

The Auction Office

The *Auction Office* is responsible for carrying out the *Auctions* in accordance with the *Auction Rules*. The *Auction Office* conducts the *Auctions* and provides the market participants and

concerned *TSOs* with all relevant information. *TSOs* have agreed that for the 2014 *Auctions*, the function of *Auction Office* will be provided by *EMS*. Therefore, the contractual relations in the framework of these *Auctions* will only be between *EMS* and the *Auction Participant*.

TSOs have committed themselves vis-à-vis *Auction Office* to make the *Capacity* available to the extent that it has been allocated to the *Auction Participants*, with the exception of cases described in Article 11.1.

Section 2 General

Article 2.1

Scope of the Auction Rules

These *Auction Rules* contain the terms and conditions for the allocation of the *Capacity* in both directions of the Serbian-Hungarian border.

Among other aspects, the *Auction Rules* describe the requirements which the *Auction Participants* in the *Auction* must fulfill in order to participate, the *Auction* algorithm (including the determination of *Auction Price* as a result of *Auction*), and the conditions for using the *Allocated Capacity*.

By notification of the *Auction* result in case of yearly and/or monthly *Auction*, the *Auction Participant* gains a promise of the *Auction Office* that, through settling payment in accordance with Section 8, the *Capacity* shall be allocated in accordance with notified *Auction* results, with the exception of cases described in Article 11.1, i.e. the *Auction Participant* gains the *Promise of Capacity*.

TSOs have committed themselves vis-à-vis *Auction Office* to accept the result of the common *Auctions* and to reserve the *Capacities* for *Auction Participants* according to the individual *Auction* results. Each *TSO* has committed itself to carry out the transmission services in accordance with their individual respective prerequisites, and in accordance with the legal requirements applicable to them /see Section 9/.

Grid access is not covered and granted by the scope of *Auction Rules* or the *Auction* results.

Auction Price is set forth independently of the actual use, and other transmission fees if applicable, separately in each *Control Area*.

Article 2.2 Auctions

The *Auction Office* organizes yearly and monthly *Auctions*.

Auctions are held for *Capacity* to be reserved for both directions on the Serbian-Hungarian border for the following *Reservation Periods*:

- for the yearly *Auction* – the *Reservation Period* starts on 1 January 2014 and ends on 31 December 2014,
- for the monthly *Auction* – the *Reservation Period* starts on the 1st day and ends on the last day of a calendar month for the year 2014,

Prospective *Reservation Subperiod(s)* and *Capacity* announced for *Reservation Subperiod(s)* are specified in the *Announcement of Auction Capacities*. Procedure of *Capacity* reduction in *Reservation Subperiods* is set forth in Annex 5. Any *Capacity* which should become *Promised Capacity* to *Auction Participant* after the proportional reduction in *Reservation Subperiod* is rounded down to entire MWs. Reduction of *Promised Capacity* in *Reservation Subperiod* shall not be the subject of any compensation.

The *Offered Capacities* for yearly and monthly *Auctions* shall be published in the *Announcements of Auction Capacities* on the website of the *Auction Office* (<http://www.ems.rs>) and on *Auction Platform* (<https://damas.ems.rs>), according to the deadlines set forth in Annex 3.

Section 3

Procedure and Requirements for Participating in the Auction

Article 3.1

Registration and Acceptance of the Auction Rules

Only market participants who declare legally binding and irrevocably their full and complete knowledge and acceptance of the valid and effective *Auction Rules* which are published at the website of the *Auction Office* may take part in an *Auction*.

This declaration is done by the *Auction Participant* through the delivery of a validly-signed Registration Form (see Annex 1) together with following documents:

- Original or verified copy of an extract from the Commercial or Company register (in Serbian, Hungarian or English).
- A list of the authorized representatives who are entitled to communicate with the *Auction Office* in the name of the *Auction Participant* and to execute statements towards the *Auction Office* which bind the *Auction Participant* (see Attachment 1 of Annex 1).

All the sections of the Registration Form must contain complete and true information.

Each *Auction Participant* is identified with a valid and unique *EIC-Code* issued for the *Auction Participant* as a subject of law and registered in the list of *EIC-codes* published by *ENTSO-E* on https://www.entsoe.eu/fileadmin/user_upload/edi/library/eic/cds/area.htm. The *EIC-Code* of each of *Auction Participants* has to be different.

The three signed copies of the Registration Form have to be delivered to the *Auction Office* in writing by mail, messenger/courier or personally. The Registration Form has to be delivered to the *Auction Office's* address or personally to the filing office of the *Auction Office* (see Annex 2). The Registration Forms delivered by fax or e-mail will be null and void and rejected by a refusal note. For the avoidance of doubt, the rejected Registration Form shall be considered null and void as of their submission.

The *Auction Office* may verify information provided in the delivered Registration Forms and in their attachments. The *Auction Office* is entitled to refuse to register a market participant in case of any discrepancy and/or misrepresentation in the Registration Form.

The *Auction Office* will confirm registration or refusal by sending a note to *Auction Participant* no later than three *Working Days* following the receipt of the Registration Form by the *Auction Office*.

The confirmation or refusal note will be sent by e-mail to the e-mail address filled in the Registration Form. If the *Auction Office* refuses to register a market participant, the reason(s) will be stated in the refusal note.

The deadline for delivery of the Registration Form to register *Auction Participants* for the yearly *Auction* is 12:00h CET seven *Working Days* before the deadline 2Y (see Annex 3). The deadline for delivery of the Registration Form to register *Auction Participants* for the relevant monthly *Auction* is 12:00h CET seven *Working Days* before the deadline for the delivery of *Bids* to the relevant monthly *Auction* – deadline 2M (see Annex 3).

The *Auction Office* will announce the start of the registration process on its webpage <http://www.ems.rs>. A Registration Form delivered to the *Auction Office* or signed before this date will be rejected.

The declaration is valid for an indefinite number of *Auctions* for 2014, notwithstanding the obligation of the *Auction Participant* to inform the *Auction Office* forthwith of any changes and notwithstanding the right of the *Auction Office* to request any update or resubmission of any part of the registration documentation described above.

Confirmation of the Registration Form (through approval signed by the representative of the *Auction Office* and its registration in company archives) creates a *Contract* between the *Auction Office* and *Auction Participant* for *Auctions* for 2014. Registration Forms rejected through a refusal note will be null and void.

The *Auction Rules* constitute the terms and conditions of the aforementioned *Contract*.

Each *Auction Participant* may change its list of authorized representatives or other data listed in Attachment 1 of the Registration Form. Based on a validly-signed notification of change delivered by the *Auction Participant* to the fax number of the *Auction Office* (see Annex 2), the *Auction Office* will confirm the registration of the change or send a refusal note on the registration of the change to the *Auction Participant*, at the latest, three *Working Days* after the receipt of the notification of change by the *Auction Office*. The confirmation or refusal note will be sent by e-mail to the e-mail address filled in the Registration Form of the *Auction Participant*. The change becomes valid with the delivery of the confirmation to the *Auction Participant*. If the *Auction Office* refuses to register the change, the reason will be contained in the refusal note. The *Auction Participant* has to deliver the original of the notification of change by mail, messenger, or personally to the *Auction Office*, at latest, on the 5th *Working Day* after the delivery by fax.

With regard to the fact that *Auctions* are carried out through the *Auction Platform*, an *Auction Participant* interested in participating in *Auctions* is also obliged to fulfill prerequisites for access to the *Auction Platform* stated in Article 5.2.

In the event that the *Auction Participant* does not fulfill the payment conditions set forth in Section 8, the procedures and rules determined in Section 8 shall be applied.

Section 4

Auctions Algorithm and Determination of the Auction Price

Article 4.1 Border

The Serbian – Hungarian border is included into the common *Capacity* allocation procedure.

The reservation of *Capacity* (equal to full or reduced *Bid Amount*) is a result of the *Auction* process based on the individual *Bid Prices* for the border and direction. This process takes into account *Offered Capacities* on the border.

Article 4.2 Algorithm

The *Auction Office* arranges all *Auction Bids* received in descending order according to the individual *Bid Price* (merit order) on the border and direction to which the individual *Bids* relate.

If the considered *Bid*, together with already accepted *Bids*, does not exceed the *Offered Capacity* on the border, it will be accepted by the *Auction Office*, and the required *Capacity* will be assigned to the *Auction Participant*.

If the considered *Bid*, together with already accepted *Bids*, exceeds the *Offered Capacity* on the border, the considered *Bid* will be accepted with a reduced *Bid Amount* up to the *Offered Capacity*. The *Capacity* allocation on the border and direction limited by the given *Offered Capacity* is finished at this moment.

If there are two or more *Bids* on the merit order with an identical *Bid Price*, and the sum of all these *Bids* together with *Bids* already accepted, exceeds the *Offered Capacity* on the border (marginal *Bids*), all marginal bids are accepted with a reduced *Bid Amount* up to the *Offered Capacity* using pro-rata reduction.

To avoid problems related to the potential use of dominant position of any market participant, the relevant Regulatory and/or Competition Authorities, may impose additional restrictions in general or on an individual company on account of market dominance.

Determination of the Auction Price

If accepted *Bids* do not exceed the *Offered Capacity* on the Serbian-Hungarian border and direction, then the *Auction Price* for the border and direction is equal to zero.

If received *Bids* exceed the *Offered Capacity* on the border, the *Auction Price* equals the lowest *Bid Price* of all *Bids* accepted on the border and direction, i.e. the price of the last accepted.

The *Auction Participant* is obliged to pay the *Auction Price* determined for the border and direction for each MW of *Promise of Capacity* according to Section 8 hereto.

Section 5 Auction Platform

Article 5.1 General Conditions

The *Auction Office* will organize and execute the common *Auction* of the yearly and monthly available *Capacity* electronically in the *User* environment of the *Auction Platform*.

The *Auction Office* will provide the *Users* with documentation of the *Auction Platform* (on web site <http://www.ems.rs>), and operational instructions, related to using of the *Auction Platform* and *Users* support.

The *Auction Office* reserves the right to change operationally a business day(s) regime (dates and times of Auctions procedures in Annex 3) in reasonable cases, especially when the following technical problems arise: a general collapse of the Internet, a collapse of all Internet connections of the *Auction Platform*, or a collapse of *Auction Platform* (servers, database or *Auction Platform* application error).

All *Users* of the *Auction Platform* will be informed, without undue delay, of the actual operational situation.

All the time data specified in connection with the *Auction Rules* – especially deadlines for data transfer, announcement of results, etc. – are in *Auction Platform* system time. The system time is available in the *User* account environment.

A data receipt will be valid only if the data had been accepted by the *Auction Platform* server by the deadline and if the *Auction Platform* confirmed the receipt. After the deadline, the receipt of data given will be rejected due to the expiration of the deadline.

In order to participate in the *Auction* procedure, *Bids* shall be submitted to the *Auction Platform*. Already submitted *Bids* may be modified by the *Auction Participant* before the deadline for delivery.

After entry/modification of the *Bids*, the *Auction Participant* receives a confirmation. Should there be a failure in entering or modifying the *Bids*, the *Bids* will be refused, and the *Auction Participant* will be informed of the reason(s) for refusal by a message in the *Auction Platform*. The last accepted and confirmed modification of the *Bids* shall be binding on the *Auction Participant*.

Confirmation of receipt of the *Bids* at the *Auction Platform* is the decisive criterion in meeting the time limit. The *Auction Participant* is responsible for the evidence of the timelines of the delivery of *Bids* and/or its modifications to the *Auction Office*.

Bids which do not fulfill any of the requirements stated in the *Auction Rules* shall be excluded and shall not be included among the assessed *Bids*.

Unless otherwise provided for in any specific case, the *Users* can send data to (or receive data from) the *Auction Platform* in two ways:

- via electronic forms (html),
- through the XML file.

Article 5.2 Access to the Auction Platform

Each *Auction Participant* is required to use an electronic certificate (cryptographic hardware token) and *Auction Platform* User account for the purposes of accessing the *Auction Platform* and executing business transactions via the *Auction Platform*.

Auction Office will provide one (1) token to each *Auction Participant*.

Those *Users* who have already obtained a token for participation in common auctions organized by *EMS* or for access to *EMS* scheduling system will use that token and an additional token will not be issued to them.

After confirmation of the *Auction Participant* registration by the *Auction Office* (Article 3.1.), the *Auction Office* shall set the *Auction Platform* User account and issue a token with an electronic certificate within three (3) *Working Days*.

Taking over of tokens by the *Auction Participant* can be performed in the following manner:

- 1. The representative of the *Auction Participant* could take over the token and the token password and sign three copies of the Declaration on take-over and use of the electronic certificate (see Annex 11) personally at *Auction Office* premises (Vojvode Stepe 412, Belgrade, Serbia) each *Working Day* from 09:00h till 14:00h CET or
- 2. *Auction Office* could send the token via express mail and three copies of the Declaration on take-over and use of electronic certificate (see Annex 11) to the official address of the *Auction Participant*. After receiving the token and documentation, the *Auction Participant* shall sign all three copies of the Declaration on take-over and use of the electronic certificate (see Annex 11) and send two copies back to the *Auction Office* (original by mail and scanned copy by fax). One copy of the Declaration on take-over and use of the electronic certificate is kept by the *Auction Participant*. After receipt of the Declaration on take-over and use of the electronic certificate by the *Auction Office*, the token password will be sent to the *Auction Participant* by e-mail to the e-mail address stated in Attachment 1 of the Annex 1.

The *Auction Participant* shall inform the *Auction Office* on the preferred manner for token take-over one *Working Day* after receiving the confirmation of registration.

The *Auction Office* will activate the token after receipt of the signed Declaration on take-over and use of the electronic certificate and send by e-mail User name and initial password for access to the *Auction Platform* to the *Auction Participant*. After receipt of information on the User name and initial password, the *Auction Participant* should change the password.

The *Auction Participant* shall keep all information related to the access to the *Auction Platform* as personal and confidential and shall be liable for any direct or indirect damages resulting from any unauthorized disclosure of such information. The *Auction Office* is not liable for any and all unauthorized use of the token, User name and password.

The *Auction Office* shall be entitled to prevent the *Auction Participant* from accessing the *Auction Platform* in the case it finds any discrepancy such as, but not limited to, the following: information on the *Auction Participant*, the certificate, or expiration of the certificate, or the *Contract* is not effective.

Section 6

Specific Rules for the Yearly Auction

The specific rules for yearly *Auction* organized electronically in the *User* environment of the *Auction Platform* set forth by this Section may be replaced in case of technical problems with the electronic solution identified by Auction Office by the alternative rules specified in Annex 6. Information about use of the alternative yearly *Auction* procedure according to Annex 6 may be published by 12:00h CET on the last *Working Day* before the day on which the deadline 2Y falls (see Annex 3). Information shall be published on the Auction Office webpage (<http://www.ems.rs>). Furthermore, the *Auction Office* will notify the use of the alternative yearly *Auction* procedure to all *Auction Participants* by e-mail.

Article 6.1

Bids for the Reservation of Capacity in Yearly Auction

The *Auction Office* will organize and execute the common *Auction* of the yearly available *Capacity* electronically in the *User* environment of the *Auction Platform*.

Yearly *Auction* will be held on dates according to Annex 3.

Each *Bid* submitted to the yearly *Auction* must contain the following unambiguous and legible specifications:

- a) The identification of the *User*.
- b) The specification of the border and direction.
- c) The year to which the *Bid* refers.
- d) *Bids* with following specifications:
 - i. The amount of the *Capacity* to be allocated in MW without decimals; the minimum amount of a single *Bid* is 1 MW; the maximum amount of a single *Bid* for the border and direction is 30 MW or it is equal to the *Offered Capacity* in case the *Offered Capacity* is less than 30 MW.
 - ii. The *Bid Price* in EUR/MWh with a maximum of two decimals. The *Bid Price* has to be more than zero (minimum value is 0.01 EUR/MWh).

Each *Auction Participant* can deliver up to 5 (five) *Bids* for the border and direction.

Each *Auction Participant* shall deliver its *Bids* in the *Auction Platform* from 09:00h till 13:00h CET in the Day for submitting *Bids* (deadline 2Y) for the yearly *Auction* (deadlines are specified in Annex 3), with the exception of changing of the time closure according to a business day regime change (see Article 5.1).

Article 6.2 Auction Proceeding

All *Bids* which fulfill the above-mentioned requirements will be evaluated, and the *Auction Price* will be determined in accordance with the rules stated in Section 4.

In case there are no newly recognized technical limitations of *Capacity*, any remaining *Capacity* in the yearly *Auctions* will be offered in the monthly and daily *Auctions*.

Article 6.3

Notification of the Results of an Auction

The *Auction Office* publishes results of yearly *Auction* on the *Auction Office's* webpage (<http://www.ems.rs>) for each border direction by the deadline 3Y (deadlines are specified in Annex 3):

- Total *Promise of Capacity*
- Total requested *Capacity*
- *Auction Price*
- Number of *Auction Participants* in *Auction*
- Number of *Auction Participants* in *Auction* who obtained the *Promise of Capacity*
- Number of *Bids* placed in *Auction*

Three *Working days* after deadline 3Y the *Auction Office* will also publish:

- Price curves

Each *Auction Participant* in a specific *Auction* can access the following data related to the *Bids* submitted to the specific *Auction* via *Auction Platform* at latest by 17:00h CET on the day on which deadline 3Y falls, with the exception of a change of this time closure according to a business day regime change (see Article 5.1):

- *Reservation Period*.
- Specification of border and direction.
- *Promise of Capacity* to the *Auction Participant* in MW for *Reservation Period*.
- *Reservation Subperiod(s)*
- *Promise of Capacity* to the *Auction Participant* in MW in *Reservation Subperiod(s)*
- *Auction Price*

Section 7

Specific Rules for Monthly Auction

The specific rules for monthly *Auction* organized electronically in the *User* environment of the *Auction Platform* set forth by this Section may be replaced in case of technical problems with the electronic solution identified by the *Auction Office* by alternative rules specified in Annex 6. Information about use of the alternative monthly *Auction* procedure according to Annex 6 may be published by 12:00h CET on the last *Working Day* before the day on which the deadline 2M falls (see Annex 3). Information shall be published on the *Auction Office* webpage (<http://www.ems.rs>). Furthermore, the *Auction Office* will notify use of the alternative monthly *Auction* procedure to all *Auction Participants* by e-mail.

Article 7.1

Bids for the Reservation of Capacity in Monthly Auction

The *Auction Office* will organize and execute the common *Auction* of the monthly available *Capacity* electronically in the *User* environment of the *Auction Platform*.

Monthly *Auctions* will be held in dates according to Annex 3.

Each *Bid submitted* to the monthly *Auction* must contain the following unambiguous and legible specifications:

- a) The identification of the *User*.
- b) The specification of the border and direction.
- c) The month to which the *Bid* refers.
- d) *Bids* with following specifications:
 - i. The amount of the *Capacity* to be allocated in MW without decimals; the minimum amount of a single *Bid* is 1 MW; the maximum amount of a single *Bid* for the border and direction is 30 MW or it is equal to the *Offered Capacity* in case the *Offered Capacity* is less than 30 MW.
 - ii. The *Bid Price* in EUR/MWh with a maximum of two decimals. The *Bid Price* has to be more than zero (minimum value is 0.01 EUR/MWh).

Each *Auction Participant* can deliver up to 5 (five) *Bids* for the border and direction.

Each *Auction Participant* shall deliver its *Bids* in the *Auction Platform* from 09:00h till 13:00h CET in the Day for submitting *Bids* (deadline 2M) for the monthly *Auction* (deadlines are specified in Annex 3), with the exception of changing of the time closure according to a business day regime change (see Article 5.1).

Article 7.2 Auction Proceeding

All *Bids* which fulfill the above-mentioned requirements will be evaluated, and the *Auction Price* will be determined in accordance with the rules stated in Section 4.

In case there are no newly recognized technical limitations of *Capacity*, any remaining *Capacity* in the monthly *Auctions* will be offered in the daily *Auctions*.

Article 7.3

Notification of the Results of an Auction

The *Auction Office* publishes results of monthly *Auction* on the *Auction Office's* webpage (<http://www.ems.rs>) for each border direction by the deadline 3M (deadlines are specified in Annex 3):

- Total *Promise of Capacity*
- Total requested *Capacity*
- *Auction Price*
- Number of *Auction Participants* in *Auction*
- Number of *Auction Participants* in *Auction* who obtained the *Promise of Capacity*
- Number of *Bids* placed in *Auction*

Three *Working days* after deadline 3M the *Auction Office* will also publish:

- Price curves

Each *Auction Participant* can access the following data related to the *Bids* submitted to the specific *Auction* via *Auction Platform* at latest by 17:00h CET on the day on which deadline 3M falls, with the exception of a change of this time closure according to a business day regime change (see Article 5.1):

- *Reservation Period*.

- Specification of border and direction.
- *Promise of Capacity* to the *Auction Participant* in MW for *Reservation Period*.
- *Reservation Subperiod(s)*
- *Promise of Capacity* to the *Auction Participant* in MW in *Reservation Subperiod(s)*
- *Auction Price*.

Section 8 Payment

Article 8.1 General provisions

The relevant currency for invoicing is EUR. The payment is executed in EUR for non-Serbian resident companies and in RSD using the middle exchange rate of the National Bank of Serbia on the date of payment for Serbian resident companies.

The date of payment or settlement of payment is the date upon which the given amount is credited to the account of the *Auction Office*.

Pro-invoices/ Invoices have to be paid no later than on the due date stated on the pro-invoice/ invoice, free of charge and without deduction. The *Auction Participant* shall not be entitled to offset any amount, or withhold any debts arising in connection with obligations resulting from an *Auction*, against any claims of the *Auction Office*, whether or not arising out of an *Auction*.

The *Auction Office* will invoice the *Auction Participant* for amounts due resulting from the *Promise of Capacity* to *Auction Participant*, rounded to two decimal places. The *Auction Office* will adjust the amount due in case there are increases or decreases, or the introduction or abolition of taxes, duties, or other comparable situations.

Original pro-invoices/ invoices are sent to the *Auction Participant* concerned by mail. Copies of the pro-invoices/invoices are sent by fax, at the latest, on the issue date of the pro-invoices/ invoice.

All bank fees connected with the payments resulting from participation in *Auction* procedure have to be paid by the *Auction Participant*. Bank fees of the intermediary bank (if applicable) will be covered by the *Auction Participant*.

In case of delayed payment, the *Auction Office* is entitled to charge interest rates on the amount due for each day which has commenced during the delay. The daily interest rate for payments in EUR is set regularly on the first *Working Day* of each calendar month of the year as an amount equalling (1M EURIBOR + 3%) p.a. calculated using pro-rata method. The daily interest rate for payments in RSD is the default interest rate calculated in compliance with the law.

Each payment is identified by the payment identification number, which is the number of the pro-invoice/invoice. The payments shall match the amount of the debt (*i.e.* the amount indicated on the relevant issued invoices) via the payment identification number stated as a number on the pro-invoices/ invoices and the invoiced/paid amount. In case the amount of the payment and/or payment identification number of the payment differs from the invoiced data, the debt is considered as unpaid until its final manual clearance.

The following VAT modes will be used:

For Serbian resident companies:

- VAT as given by Serbian law mode. In this mode, the *Auction Office* will charge VAT on the payment and will show it separately on the pro-invoice/invoice and the *Auction Participant* will pay the total amount in EUR, VAT included, according to the payment instructions given in the pro-invoice/invoice.

For non-Serbian resident companies:

- No VAT is charged. In this mode, the *Auction Participants* must provide the *Auction Office* with their European or national VAT Number and are obliged to settle the VAT with the respective national tax office.

If the *Auction Participant* does not fulfill or only partially fulfills any obligation resulting from the *Contract* in due time, especially if the *Auction Participant* does not pay the full *Auction Price* within the time limits set out in the *Auction Rules*, *EMS* and *MAVIR* are entitled to enforce the completion of the *Contract* and hold the *Auction Participant* liable for the *Auction Price*, interests, charges and expenses arising from the enforcing of the completion of the *Contract* or to withdraw from the *Contract* and hold the *Auction Participant* liable for the total damage resulting from the withdrawal, such as, but not limited to fees, including attorney's fees, expenses and deficiencies caused by lower *Auction Prices* in the event of a re-auctioning of the capacity. The *Auction Participant* shall not be entitled to offset and/or withhold any debts arising in connection with obligations resulting from an *Auction* to any claim of *EMS* and/or *MAVIR* whether or not arising out of an *Auction*.

Article 8.2

Payment for Yearly Auction

Payment for the allocation of auctioned *Capacity* will be made on the basis of pro-invoices/invoices and in twelve monthly amounts/installments rounded to two decimals. Each amount is to be paid for the following month in advance. Each monthly amount has to be paid based on the pro-invoice/invoice issued by the *Auction Office*.

Following the payment of each monthly amount, the respective *Capacity* is allocated for the following calendar month.

The monthly pro-invoice/invoice is issued by the deadline 4Y for the relevant month (see Annex 3). The due date of the pro-invoice/invoice shall be the deadline 5Y for the relevant month (see Annex 3).

The *Auction Participant* is entitled to ask the *Auction Office* after a successful yearly *Auction* for an earlier pro-invoice/invoice at any time, but under the consideration of a necessary handling time.

If the payment is not settled by the due date, the *Auction Office* will warn the *Auction Participant* on the following calendar day by fax or by e-mail that the payment of the pro-invoice/invoice has not been credited to the account of the *Auction Office*.

If the payment is not received by the deadline 5Y for the relevant month (see Annex 3) the *Auction Participant* loses the *Promise of Capacity* gained by way of the yearly *Auction* for the relevant month and for the rest of the remaining months of the year. In this case the participation of *Auction Participant* in monthly and daily *Auctions* will be suspended until the date when all due payments of the *Auction Participant* are settled.

The released *Capacity* will be included in the *Offered Capacities* in subsequent *Auctions*.

Article 8.3

Payment for Monthly Auction

Payment for the allocation of *Capacities* will be made on the basis of a pro-invoice/invoice for the monthly amount. Each amount is to be paid in advance. Each amount has to be paid based on the pro-invoice/invoice issued by the *Auction Office*.

The pro-invoice/invoice is issued by the deadline 4M for the relevant month (see Annex 3). The due date of the invoice shall be the deadline 5M for the relevant month (see Annex 3).

If the payment is not settled by the due date, the *Auction Office* will warn the *Auction Participant* on the following *Working Day* by fax or by e-mail that the payment of the pro-invoice/invoice has not been credited to the account of the *Auction Office*.

If the payment is not received by the deadline 5M for the relevant month (see Annex 3) the *Auction Participant* loses the *Promise of Capacity* gained by way of the monthly *Auction* for the relevant month. In this case the participation of *Auction Participant* in monthly and daily *Auctions* will be suspended until the date when all due payments of the *Auction Participant* are settled. The released *Capacity* will be included in the *Offered Capacities* in subsequent *Auctions*.

Section 9

Use of the Allocated Capacity

Article 9.1

National Commercial Terms and Conditions

The *Allocated Capacity* may only be used by the *ITR* if the *ITR* fulfills the “1:1” – system notification (registered exclusive cross-border partnership) and the prerequisites for cross-border transmission network use on the Serbian-Hungarian border.

The *TSOs* set the following prerequisites for using *Allocated Capacity* and for using their transmission networks:

- **On EMS side** - A valid and effective balance responsibility contract with *EMS* .
- **On MAVIR side** - A valid and effective balancing contract with *MAVIR* or membership of a Hungarian balance-group and a valid and effective system usage contract (the nomination validator of *Allocated Capacities* of members of balance-groups is the balance responsible party)

i.e. only *ITRs* (*Interconnection trade responsables*) can nominate *Allocated Capacity*.

Article 9.2 "1:1" – System Notification

The “1:1” – system notification is based on one *EIC-Codes* nomination. Each of the *ITRs* (identified with *EIC-Code*) may be only included as one cross-border partner in exclusive registered couple for the Serbian-Hungarian border.

“1:1” – system prerequisites for conclusion of cross-border transmission on the Serbian-Hungarian border may be fulfilled in the following way for couple *ITR X* (with registered *EIC-Code X*) – *ITR Y* (with registered *EIC-Code Y*):

- i) *ITR X* fulfills the conditions on *EMS* side, as stated in Article 9.1 for the use of *Capacity* and for the use of the *EMS*' transmission networks, i. e. *ITR* is recognized in this *Control Area* as a party responsible for submitting schedules to *EMS*, and
- ii) *ITR Y* fulfills the conditions on *MAVIR* side, as stated in Article 9.1 for the use of *Capacity* and for the use of the *MAVIR*'s transmission networks, i. e. *ITR* is recognized in this second *Control Area* as a party responsible for submitting schedules to *MAVIR*, and
- iii) *ITR X* notifies his exclusive cross-border partner (*ITR Y*) for the Serbian-Hungarian border in *MAVIR* network, and
- iv) *ITR Y* notifies his exclusive cross-border partner (*ITR X*) for the Serbian-Hungarian border in *EMS* network.

EMS and *MAVIR* will carry out the registration of the *ITRs* who fulfill “1:1” - system prerequisites for Serbian-Hungarian border. The registration is possible only for whole calendar months. The *ITR* and his exclusive cross-border partner together have to deliver by fax and by e-mail (scanned copy) notification (see Annex 8 of *Auction Rules* or Annex 3 of *Daily Auction Rules*) with the specification of required validity of the exclusive cross-border partnership registration by 12:00h CET of the 5th *Working Day* before the 1st day of the calendar month for which notification/registration should be valid. The fax numbers and e-mail addresses assigned for 1:1” - system notification are stated in Annex 2. Rules for change of the already registered 1:1 couple are the same as those for the registration of a 1:1 couple as determined above in this paragraph.

If the requirements stated in this article are fulfilled, *EMS* and *MAVIR* shall confirm the registration to the concerned *ITR*, or *ITR* and his exclusive cross-border partner by fax or e-mail, and after that the registration of the exclusive cross-border partnership becomes valid.

EMS and *MAVIR* register the 1:1 couple after checking whether the *EIC Codes* notified in the 1:1 couple are published on the *ENTSO-E* webpage.

The registered 1:1 partnership is valid for the use of intraday, daily, monthly and yearly *Capacities*.

Article 9.3 Scheduling

The use of the *Allocated Capacities* must be in compliance with the requirements stated in Article 9.1 and 9.2

In case of *Allocated Capacity* from the yearly and monthly *Auction*, the schedules concerning the Serbian-Hungarian border must have been received by *MAVIR* and *EMS* during the long term schedule declaration gate for the following day in accordance with individual national market rules of each of the *TSOs* valid at the time of delivery. Gate closure time for long term declaration is 08:00h CET. Modifications of these schedules by *ITRs* after this time are prohibited. The use is based on the principle "use it or lose it". This means that *Allocated Capacity* from the yearly and monthly *Auction* which is not used by fixed schedules at this moment or *Allocated Capacity* from the yearly and monthly *Auction* which is not confirmed as *Capacity* to be reserved for deliveries of balancing energy (see Article 9.4) will be made

available to all market participants under the daily *Auction* procedure.

MAVIR and *EMS* compare/match delivered individual fixed schedules on common border. If there is a mismatch *MAVIR* and *EMS* will allow *ITRs* to modify the delivered schedules till the cut-off time for long term acceptance gate at 08:30h CET. If still there is a mismatch at cut-off time for long term acceptance gate, *MAVIR* and *EMS* will modify the delivered schedules in accordance with the following rules:

- when value is different, the lower value is decisive,
- when there is missing exclusive cross-border partner or the directions are not correct, zero values are taken into account.

The fixed schedules will be fully accepted, partially accepted or rejected in accordance with the matching result.

Article 9.4

Use of the Allocated Capacity for Deliveries of Balancing Energy

In order to extend possibilities of *TSOs* to ensure safe and reliable operation of transmission system, i.e. also firmness of *Allocated Capacities*, specific rules for *Capacities* used for deliveries of balancing energy have been adopted.

Monthly or yearly *Allocated Capacity* obtained in yearly and monthly *Auction* which is confirmed to be reserved for deliveries of balancing energy is not subject of principle "use it or lose it" (see Article 9.3.).

Pre-requisites for confirmation of *Allocated Capacity* to be reserved for deliveries of balancing energy are as follows:

- a) *ITR* has been chosen for providing of ancillary services organized according to national market rules by a *TSO* for specified time period and
- b) *ITR* has concluded with the *TSO* appropriate agreements for deliveries of ancillary services from abroad and
- c) time period according to Letter a) above of this Article shall be specified in Notification of Capacity Reservation for Balancing Energy Deliveries and has to comprise at least 7 successive calendar days and
- d) amount of *Allocated Capacity* to be confirmed to be reserved for deliveries of balancing energy has to be the same for all hours in the time period and
- e) *ITR* together with the *TSO* has to inform the *Auction Office* of the planned use of the *Allocated Capacity* for deliveries of balancing energy by delivery of the Notification of Capacity Reservation for Balancing Energy Deliveries (see Annex 7) no later than 12:00h CET of the 5th *Working Day* before the start of time period according to Letter a) above of this Article. Notification of Capacity Reservation for Balancing Energy Deliveries has to be delivered to the *Auction Office* by fax and by e-mail (scanned copy) to the fax number and e-mail address assigned for Notification of Capacity Reservation for Balancing Energy Deliveries (see Annex 2). Confirmation of *Allocated Capacity* to be reserved for deliveries of balancing energy becomes effective with the receipt of the *Auction Office's* confirmation of the notification registration by both *ITR* and the *TSO* by fax.

TSOs reserve their rights to change their respective national commercial requirements for the use of the *Allocated Capacities* determined in Section 9.

Section 10

Transfer of Allocated Capacities

Article 10.1 General provisions

The *Capacity* transfer will be provided for *Capacity* allocated in yearly or monthly *Auctions*. Only *Allocated Capacity* is freely transferable.

Both *Auction Participant(s)* and/or *ITR(s)* (i.e. the *Auction Participant* or *ITR* who wishes to transfer the *Allocated Capacity* to the other *Auction Participant* or *ITR*– *Transferor* and the *Auction Participant* or *ITR* to whom the *Allocated Capacity* is transferred – *Transferee*) accept that all rights and obligations resulting from these *Auction Rules* (with exception of obligation payment for the allocation of *Capacity* and right to reimbursement according to Article 11.2) are transferred together with the *Capacity*, and the *Transferor* is a guarantor.

The transfer of *Capacity* may be realized only if the *Auction Participant* who wishes to transfer *Allocated Capacity* - *Transferor* has fully paid for the allocation of yearly/monthly *Capacities* for the relevant month for which the transfer of *Capacity* is accomplished.

The *Auction Platform* contains information on the *Allocated Capacity* of each *Auction Participant/ITR*. All *Capacity* appearance (auction, transfer) is stored and identified by a unique number and date of appearance.

The *Capacity* can be transferred on a daily basis (one or more whole calendar days starting from 00:00h of the first day till 24:00 h CET of the last day). The *Auction Participant/ITR* may transfer *Capacity* in full (the full amount in MW of the *Allocated Capacity*) or partially (a part of the full amount in MW of the *Allocated Capacity*). In addition, only one value of *Capacity* can be transferred during one day for every hour in that day.

Minimum value of the *Capacity* which one *Auction Participant/ITR* may transfer to another *Auction Participant/ITR* is 1 MW. The transferable volume should not exceed the volume of *Allocated Capacity* (gained at *Auction*).

Article 10.2 Capacity transfer via Auction Platform

The *Auction Participant/ITR* who possesses *Allocated Capacity* shall transfer the *Capacity* to another *Auction Participant/ITR* or to several other *Auction Participants/ITRs* via *Auction Platform*.

Capacity transfer can be performed every day starting from 12:00 CET six days before the first day of the corresponding month but not later than 12:00 CET three days before the first day of usage of the *Allocated Capacity*. After this deadline transfer of *Allocated Capacity* is not possible.

Transferor shall submit transfer directly in the *Auction Platform*. *Transferee* must confirm *Allocated Capacity* transfer in *Auction Platform* within 4 hours after the transfer has been entered, but must ensure, before confirming the transfer in the *Auction Platform*, that the submitted transfer is possible according to the rules by contacting *Auction Office* by e-mail

and telephone.

Capacity transfer confirmed by both *Auction Participants/ITRs* in *Auction Platform* shall be binding for both *Auction Participants/ITRs* and after its submission to the *Auction Office* it cannot be changed or withdrawn.

Auction Office will reject *Capacity* transfer confirmed in the *Auction Platform* by *Auction Participants/ITRs* in case that transfer is not valid or *Capacity* was not paid by *Transferor*. This applies also for consecutive transfers of the same *Capacity* when *Auction Participants/ITRs* did not previously contact *Auction Office* by e-mail and telephone to check whether the submitted transfer is possible and the transfer was not valid.

All *Allocated Capacity* transfer history will be stored.

Article 10.3 Backup procedure for Capacity transfer

The rules for *Capacity* transfer organized electronically in the *User* environment of the *Auction Platform* defined in this Section may be replaced in case of technical problems, with the following backup procedure for *Capacity* transfer.

All *Users* of the *Auction Platform* will be informed, without undue delay, of non-availability to execute *Capacity* transfers via *Auction Platform*.

The *Auction Participants/ITRs* executing the *Capacity* transfer are obliged to submit to the *Auction Office* a joint request for the *Capacity* transfer separately for the *Capacity* allocated in each *Auction* which has unique identification number. With this number each *Auction* in the *Auction Platform* is unambiguously designated concerning its reservation period, border and direction.

The request for the transfer of *Capacity* is submitted exclusively in writing, by filling in the form of the Request for Capacity Transfer in case of Backup procedure (see Annex 4) published also on the *Auction Office* web site. The completed form of the relevant Request for Capacity Transfer shall be delivered to the *Auction Office* by fax and by e-mail (scanned copy) to the fax number and e-mail address assigned for *Capacity* Transfer (see Annex 2). The form of the Request for Capacity Transfer shall be filled in properly with all required data about the *Transferor* and the *Transferee*, with signatures of authorized persons of both *Auction Participant(s)/ITR(s)*. The Request for Capacity Transfer without all the required data for both *Auction Participant(s)/ITR(s)* will not be taken into consideration and it will be rejected.

Request for Capacity Transfer delivered to the *Auction Office* shall be binding for both *Auction Participants/ITRs* and after its submission to the *Auction Office*, it cannot be changed or withdrawn. Within one *Working Day* after the receipt of the Request for Capacity Transfer the *Auction Office* will respond in writing to the submitted Request for Capacity Transfer. The *Auction Office* will send the reply by fax or e-mail to the *Transferor*, as well as to the *Transferee*.

Deadline for transferring the *Capacity* is three *Working Days* before first day of usage of *Capacity* at 12:00 CET.

Section 11 Capacity Curtailment

Concerned *TSOs* have committed themselves vis-à-vis *Auction Office* to guarantee the *Allocated Capacity* with the exception of cases set forth in this Section. This means the *Offered Capacity* may be curtailed before the announcement of *Auction* results.

Capacity allocated in the *Auction* may be curtailed for any individual or all hours of a day in *Emergency Situations*, including those caused by *Force Majeure* or other circumstances, the elimination of which is not feasible for the affected *TSO* where the *TSO* must act in an expeditious manner.

TSOs shall undertake all measures and management activities, as redispatching, in order to solve *Emergency Situation* and enable *Auction Participants/ITRs* to use their *Allocated Capacity*.

Article 11.1

Priority Order for Capacity Curtailment

In case of Capacity Curtailment, the following curtailment order will be used:

- a) *Allocated Capacity* in daily *Auctions*.
- b) *Promise of Capacity* or *Allocated Capacity* in monthly *Auctions*.
- c) *Promise of Capacity* or *Allocated Capacity* in yearly *Auctions*.

Within each of the above-listed groups of *Capacities*, proportional curtailment of *Capacity* will be used. Any *Capacity* which remains to *Auction Participant/ITR* after the proportional curtailment is rounded down to entire MWs.

Capacity curtailment is announced by the *Auction Office* based on the decision of a *TSO* (if the curtailment is not announced by the *Auction Office*, the *Auction Participants/ITRs* will be informed by the affected *TSO*). The *Auction Office* informs immediately all *Auction Participants* by a message in the *Auction Platform* about the date, duration and extension of curtailment, including details on reasons which caused the *Emergency Situation*, and about the necessity of a new submission of corrected exchange schedules on the affected border using adapted *Allocated Capacity* after curtailment.

The *TSOs* will notify by e-mail without undue delay each *Auction Participant/ITR* whose *Capacity* (acquired by its participation in *Auction* or via *Capacity* transfer) has been curtailed.

Each *TSO* is responsible for the execution/curtailment of submitted schedules in accordance with the individual national rules.

Article 11.2

Reimbursement for Allocated Capacity Curtailment

In case of curtailment due to *Force Majeure*, *Auction Participant* whose *Capacity* has been curtailed has no right to be reimbursed by the *Auction Office* for the curtailment.

In case of curtailment in *Emergency Situations*, other than those caused by *Force Majeure*, each *Auction Participant* whose *Allocated Capacity* has been curtailed will be reimbursed by the *Auction Office* for the curtailment. The amount for reimbursement is calculated as

curtailed MWs multiplied by hours of the curtailment multiplied by *Auction Price*.

The *Auction Office* will without undue delay inform each relevant *Auction Participant* about the scope of the curtailment and about the amount of reimbursement to be paid. *Auction Participant* shall issue a request for the reimbursement for the amount notified by *Auction Office* which shall be settled by the 8th *Working Day* after the delivery of the original request to the *Auction Office*.

The *Auction Office* will pay the reimbursement amount based on the request issued by the *Auction Participant* in case of *Allocated Capacity*. Any further reimbursement or compensation with respect to such damages shall be excluded.

Section 12 Miscellaneous

Article 12.1 Liability

The *Auction Office* shall be liable for damage caused by gross negligence or willful misconduct of the *Auction Office*. In such a case the following rules apply: Claims for damages arising out of or related to these *Auction Rules* are limited to the damages typical and foreseeable. The *Auction Office* shall not be liable for any loss of profit, loss of business, or any other indirect incidental, special or consequential damages of any kind. The liability of the *Auction Office* shall be limited to € 5 000 in total for an *Auction Participant* and a year.

The same limitations apply to *EMS* (in its function as *TSO*) and *MAVIR*, should they be considered liable despite the fact that the *Contract* is concluded between the *Auction Office* and the *Auction Participant*. In this case, the limit of € 5 000 counts for the *Auction Office*, *EMS* (in its function as *TSO*) and *MAVIR* together.

The amount for compensation in case when curtailment is paid according to Article 11.2 is excluded from the above mentioned limitation.

The *Auction Office* undertakes to carry out its duties and comply with its obligations under these *Auction Rules* with the diligence of a specialized professional and as a responsible *Control Area* manager, in compliance with the applicable laws and regulations in the electricity sector. *TSOs* have undertaken a similar obligation vis-à-vis *Auction Office*.

Article 12.2 Communication

The contact persons of *Auction Office* appointed for communication are listed in Annex 2.

The *Auction Office* and each *Auction Participant* have the right to change the list of contact persons.

The *Auction Office* shall announce each change to the list of contact persons on the web site and inform *Auction Participants* by e-mail or by fax. The new contact details of *Auction Office* will be considered official on the *Working Day* following the transmission of the e-mail or the fax. The *Auction Participant* shall announce the change in accordance with Article 3.1 hereto.

These *Auction Rules* and all related notices, legal procedures, and communications thereunder, and the dispute settlement procedures provided in Article 12.4 of *Auction Rules*, shall be carried out in English, to the extent permitted by rules of public policy relating directly or indirectly to these procedures.

Unless stated otherwise in these *Auction Rules*, e-mail service shall be deemed effective at the time when the electronic message is confirmed to the sender as delivered to the recipient and/or the recipient acknowledges the receipt thereof.

In the event of difficulties in using e-mail, notices may be served by fax, hand delivery, courier or post; and the service will be deemed as effective on the date of receipt.

In case of any uncertainty, the *Auction Participants* or the *Auction Office*, respectively, is entitled to ask the sending party to repeat the effort.

The entire communication with the *Auction Platform* will be archived by the *Auction Office*. Each *Auction Participant*, as well as the *Auction Office*, undertakes herein not to dispute or claim as invalid any action carried out via the *Auction Platform* in accordance with these *Auction Rules*, on the basis that the respective acts have been done in the form of an electronic data exchange. Furthermore, each *Auction Participant*, as well as the *Auction Office*, state that they shall consider the *Auction Office* data logs from the databases of the *Auction Office* made in line with these *Auction Rules*, to be reliable evidence, unless it is proved otherwise.

A time stamp is attached to every message leaving the *Auction Platform* or received by the *Auction Platform*. The time stamp uses the system time as that from the *Auction Platform*.

If the *Auction Platform* or the website <https://damas.ems.rs> is interrupted and/or suspended, all relevant *Users* of the *Auction Platform* will be informed, without undue delay, of the interruption and/or suspension of the *Auction Platform*.

Article 12.3 Data Security and Protection

Commercial data transferred from the *Auction Participant* to the *Auction Platform* via the Internet is secured by means of encryption (SSL). Every *Auction Participant* has to have his own electronic certificate to access the system. For every business data exchange, the standard PKI (Public key infrastructure) is used. This mechanism enables the authorization of transactions and retrospective identification of *Auction Participant* who entered data into the *Auction Platform* or who executed specific operations. All operations done via the *Auction Platform* system are registered with the information of *Auction Participant* and time stamp.

Each *Auction Participant* undertakes to follow all the security rules specified in the *Auction Rules*. In particular, the *Auction Participant* undertakes to make sure that:

- The *Auction Platform User* entitled to submit *Bids* keeps his private key in a manner so that no other person can get access to the key;
- The *Auction Platform User* entitled to submit *Bids* shall use his private key and a certificate exclusively in line with the *Auction Rules* for communication;
- The *Auction Platform User* entitled to submit *Bids* shall inform the *Auction Office* immediately of any disclosure or possible disclosure of his private key.

The *Auction Office* is entitled to process all data of the *Auction Participant* and the *Auctions* and to send it to *TSOs* and to publish it according to the terms of these *Auction Rules*.

For the rest, *TSOs* undertake not to use or otherwise process the data they obtained pursuant to these *Auction Rules* for any purpose except those strictly required for the performance of the obligations hereunder. Also, they will not disclose any of the information or related information to any third party other than those of their directors, employees, professional advisors, and representatives, as well as regulatory authorities, which have a strict need to know the information for the proper performance and monitoring of these *Auction Rules* and who are correspondingly bound in writing by the same strict obligations of confidentiality.

Nothing herein shall prevent *TSOs* from disclosing data (i) upon the order of any court or administrative agency, (ii) upon the request or demand of, or pursuant to any regulation of, any regulatory agency or authority, (iii) to the extent reasonably required in connection with the exercise of any remedy hereunder, (iv) to a party's legal counsel or independent auditors, and (v) to any permitted assignee hereunder, provided that such assignee agrees in writing to be bound by the provisions of these *Auction Rules*.

Article 12.4

Dispute resolution, venue and applicable law

These *Auction Rules* shall be governed by and construed in accordance with the laws of Serbia excluding provisions of Serbian private international law, as well as by EU law, *EU Regulation* and *Energy Community Treaty*. For the avoidance of doubt, the application of the UN Convention on the International Sale of Goods shall be excluded.

In the event of any dispute or differences arising from the *Auction Rules* and its Annexes or related to its violation, termination or becoming null or void, the parties concerned shall endeavor to reach an amicable settlement. The claimant is obliged to describe and present his claim in detail including the identification of an article of the *Auction Rules* which has been breached. However, in the event that such a settlement is not reached within thirty (30) days of first notification of the reason for the disputes, then all disputes arising in connection with the *Auction Rules* shall be resolved by a three-person Arbitral Tribunal appointed in accordance with the rules of arbitration of the United Nations Commission of International Trade Law (Uncitral Rules). The parties concerned shall accept the award of the above-mentioned arbitrators as final and binding, and the award may be entered in any court having jurisdiction or an application may be made to the court for juridical acceptance of the award and an order for its enforcement, as the case may be. All costs and expenses incurred in connection with any arbitral proceedings hereunder shall be born by the losing party, except as provided otherwise in the arbitral award.

The place of jurisdiction for all disputes, arising from the auction process concerning yearly and monthly *Auctions*, shall be the registered seat of the *Auction Office*.

The place of performance of all obligations of the *Auction Participants* resulting from the yearly and monthly *Auctions* held in accordance with the *Auction Rules* shall be the registered seat of the *Auction Office*.

Above mentioned provisions of this article have no impact to the right of the *Auction Participant* taking part in *Auctions* to file a complaint against a *TSO* which refuses use of, or

access to, the system to relevant Regulatory Authority in accordance with national law implementing the *EU Regulation*.

Article 12.5 Auction Rules Validity, Effectiveness and Changes

The *Auction Rules* are valid and effective for the allocation of *Capacity* in both directions on the Serbian – Hungarian border.

The principles of the *Auction Rules* could be changed during the year 2014. *Auction Participants* will be informed in advance about changes.

The *Auction Rules* and its prospective changes are the subject of Regulatory Authorities approval before they become valid.

If any provision of these *Auction Rules* is declared - in an arbitral, judicial or regulatory decision - to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected.

The same applies in case of an involuntary gap in these *Auction Rules*.

Prospective changes in the *Auction Rules* concerning yearly *Auctions* have to be published on the web page of the *Auction Office* 10 days, at the latest, before the changes coming into force. Furthermore, all *Auction Participants* who already gained *Auction Promises of or Allocated Capacity* have to be informed by letter of the changes prepared. However, the *Auction Rules* for yearly *Auctions* may only be changed as an amendment reflecting changes in the generally binding legal EU, Energy Community Treaty and/or national regulations.

Prospective changes in the *Auction Rules* concerning monthly *Auctions*, which come into force for the forthcoming monthly *Auction* at the earliest, have to be published by the *Auction Office* 5 days, at the latest, before the day set for publishing *Offered Capacities* on the web page of the *Auction Office*.

By accessing the *Auction* after the amendments and/or adaptations are published, the *Auction Participant* submits to the valid and effective version of the *Auction Rules*.

Article 12.6 List of Annexes

Annex 1	Registration Form
Annex 2	List of Contacts
Annex 3	Auctions Procedure Schedule
Annex 4	Request for Capacity Transfer in case of Backup procedure
Annex 5	Procedure of Capacity Reduction in Reservation Subperiods
Annex 6	Alternative Yearly and Monthly Auction Procedure
Annex 7	Notification of Capacity Reservation for Balancing Energy Deliveries
Annex 8	“1:1” – System Notification
Annex 9	List of Serbian Public Holidays
Annex 10	Complaint procedure
Annex 11	Declaration on take-over and use of the electronic certificate

The annexes shall constitute an integral part of these *Auction Rules*.

Annex 1 Registration Form

Registration form for the participation in yearly/monthly auctions on Serbian-Hungarian border

Name of the company/entrepreneur	
Address, Country	
Commercial/company register No.	
Name of representative	
VAT No.	
E-mail address	
Telephone No.	
Fax No.	
EIC-Code identifying Auction Participant	
Name and EIC-Code of BRP/Interconnection Trade Responsible	

With the delivery of this validly-signed Registration Form, the company/entrepreneur identified in table above (hereinafter the *Auction Participant*) declares that it has full and complete knowledge of the valid *Auction Rules*, which are published at the website of the *Auction Office* and that it accepts them in a manner legally binding and irrevocable.

The *Auction Participant* also declares, in a manner legally binding and irrevocable that he accepts possible changes in the *Auction Rules*, as described in Article 12.5 of the *Auction Rules*.

The *Auction Participant* also declares that it is a business company or entrepreneur operating and incorporated under law and it is not subject to bankruptcy or liquidation proceedings, that there are no courts or other proceedings in progress against it that would threaten the fulfillments of the conditions set out in the *Auction Rules*.

The *Auction Participant* also declares that it has not any debts outstanding to the JP Elektromreža Srbije and MAVIR ZRt.

Confirmation of the Registration Form creates a *Contract* between the *Auction Office* and the *Auction Participant* for *Auctions* at Serbian-Hungarian border for 2014. The *Auction Rules* constitute the terms and conditions of the *Contract*. Through the confirmation of the Registration Form, the *Auction Participant* is registered by the *Auction Office*.

This declaration is valid for an indefinite number of *Auctions* for 2014, notwithstanding the obligation for the *Auction Participant* to inform the *Auction Office* forthwith of any changes and notwithstanding the right of the *Auction Office* to request a renewal of the declaration.

The *Auction Participant* declares that the Registration Form and its Attachments contain complete and true information.

This Registration Form has been made in 3 (three) identical copies, 2 (two) for the *Auction Office* and 1 (one) for the *Auction Participant*.

Attachments:

1. A list of authorized representatives who are entitled to communicate with *Auction Office* and to execute statements towards the *Auction Office* which bind the *Auction Participant*
2. Original or verified copy of an extract from the Commercial/Company Register (in Serbian, Hungarian or English).

Date: _____

For the *Auction Participant*

Signature

JP Elektromreža Srbije as the *Auction Office* approves the above-mentioned registration form, and registers the *Contract* concluded herewith between JP Elektromreža Srbije and *Auction Participant* under registration number: _____

Date: _____

For JP Elektromreža Srbije

Signature

Annex 1 - Attachment 1

A list of authorized representatives of the Auction Participant

The *Auction Participant* appoints the following persons to be authorized to act on behalf of *Auction Participant*:

- for signing of the *Contract*

Name	Telephone No.	Mob. phone No.	Fax No.	E-mail

- for signing of the Declaration on take-over and use of electronic certificate (Annex 11) for the registered *Auction Participant* according to *Auction Rules*.

Name	Telephone No.	Mob. phone No.	Fax No.	E-mail

- for submitting *Bids* to the *Auction Office* , including submitting *Bids* in case of alternative monthly *Auction* procedure (in accordance with Annex 6)

Name	Telephone No.	Mob. phone No.	Fax No.	E-mail

- for financial issues

Name	Telephone No.	Mob. phone No.	Fax No.	E-mail

Company address (to be filled in case of address change)	
---	--

The *Auction Participant* declares that each *User* shall be trained and instructed according to the *Auction Rules* for the year 2014.

Date:

For the *Auction Participant*

Signature

Annex 2 - List of Contacts

Registration Forms (see Annex 1) must be delivered by market participants to the *Auction Office* at the following address:

JP Elektromreža Srbije
Auction Office/Market Division
Vojvode Stepe 412
11040 Beograd
Srbija

For personal deliveries on the above mentioned address filing office is open between 09:00h and 14:00h CET on *Working Days*

Any confirmation issued by the filing office of the *Auction Office* confirms only the date and time of receiving of the document - not the document's accuracy or whether or not it is correct.

Auction Participants have to submit "**1:1**"-**System Notification Form** (see Annex 8) to the following fax number and scanned copy to the following e-mail addresses:

EMS: +381 11 3970 217 schedule@ems.rs
MAVIR: +36 1 356 6893 arampiac@mavir.hu

In case of executing backup procedure for *Capacity* transfers *Auction Participants* have to submit **Request for Capacity Transfer in case of Backup procedure** (see Annex 4) to the following fax number and scanned copy to the following e-mail address:

EMS: +381 11 3970 695 alokacija@ems.rs

Auction Participants have to submit **Notification of Capacity Reservation for Balancing Energy Deliveries** (see Annex 7) to the following fax number and scanned copy to the following e-mail address:

EMS: +381 11 3970 217 schedule@ems.rs

Auction Participants may use for other communication with *Auction Office* following fax numbers and contacts:

Auction Rules

Name	Phone No.	e-mail	Fax No.
Mr Dejan Stojčevski	+381 11 39 70 665	dejan.stojcevski@ems.rs	+381 11 39 70 695
Mr Vladimir Janković		vladimir.jankovic@ems.rs	

Registration of Auction Participants

Name	Phone No.	e-mail	Fax No.
Ms Jelena Pejović Mr Jasmin Ličina	+381 11 39 70 665	jelena.pejovic@ems.rs jasmin.licina@ems.rs	+381 11 39 70 695

“1:1”- System Notification, Notification of Capacity Reservation for Balancing Energy Deliveries

Name	Phone No.	e-mail	Fax No.
Ms Jadranka Janjanin Scheduling Operator	+381 11 39 70 299 +381 11 24 72 077	jadranka.janjanin@ems.rs schedule@ems.rs	+381 11 39 70 217

Capacity Transfer

Name	Phone No.	e-mail	Fax No.
Auction Office	+381 11 30 91 875	alokacija@ems.rs	+381 11 39 70 695

Auction Platform Helpdesk – User support (Auction Platform Operators)

– Monthly and Yearly Auctions operation and other operational issues

Name	Phone No.	e-mail	Fax No.
Mr Marko Janković Mr Nikola Tošić Auction Office	+381 11 30 91 875	marko.jankovic@ems.rs nikola.tosic@ems.rs alokacija@ems.rs	+381 11 39 70 695

Auction Platform Helpdesk – IT support

– Access to IT system, Electronic certificates (tokens)

Name	Phone No.	e-mail	Fax No.
Mr Radovan Delić	+381 11 30 91 876	radovan.delic@ems.rs	+381 11 39 70 695

Financial issues

	Phone No.	e-mail	Fax No.
Ms Jelena Pejović	+381 11 39 70 665	jelena.pejovic@ems.rs	+381 11 39 70 695
Mr Jasmin Ličina		jasmin.licina@ems.rs	

Annex 3 - Auctions Procedure Schedule (Payment Schedule)

Yearly Auction

Publishing Offered Capacities	Day for submitting Bids (09:00 – 13:00 CET)	Publishing results until 17:00 CET
Deadline 1Y	Deadline 2Y	Deadline 3Y
12.11.2013.	26.11.2013.	26.11.2013.

	Issuing invoices Deadline 4Y	Due date of invoices Deadline 5Y
January	28.11.2013	06.12.2013
February	12.12.2013	20.12.2013
March	16.01.2014	24.01.2014
April	13.02.2014	21.02.2014
May	13.03.2014	21.03.2014
June	11.04.2014	19.04.2014
July	15.05.2014	23.05.2014
August	12.06.2014	20.06.2014
September	10.07.2014	18.07.2014
October	15.08.2014	23.08.2014
November	11.09.2014	19.09.2014
December	09.10.2014	17.10.2014

Monthly Auction

	Publishing Offered Capacities	Day for submitting Bids (09:00 - 13:00 CET)	Publishing results until 17:00 CET	Issuing invoices	Due date of invoices
	Deadline 1M	Deadline 2M	Deadline 3M	Deadline 4M	Deadline 5M
January	03.12.2013	10.12.2013	10.12.2013	12.12.2013	20.12.2013
February	07.01.2014	14.01.2014	14.01.2014	16.01.2014	24.01.2014
March	04.02.2014	11.02.2014	11.02.2014	13.02.2014	21.02.2014
April	04.03.2014	11.03.2014	11.03.2014	13.03.2014	21.03.2014
May	02.04.2014	09.04.2014	09.04.2014	11.04.2014	19.04.2014
June	06.05.2014	13.05.2014	13.05.2014	15.05.2014	23.05.2014
July	03.06.2014	10.06.2014	10.06.2014	12.06.2014	20.06.2014
August	01.07.2014	08.07.2014	08.07.2014	10.07.2014	18.07.2014
September	06.08.2014	13.08.2014	13.08.2014	15.08.2014	23.08.2014
October	02.09.2014	09.09.2014	09.09.2014	11.09.2014	19.09.2014
November	01.10.2014	07.10.2014	07.10.2014	09.10.2014	17.10.2014
December	05.11.2014	12.11.2014	12.11.2014	14.11.2014	22.11.2014

The Auction Office reserves the right to operationally change dates and times according to the Article 5.1.

Annex 4 - Request for Capacity Transfer in case of Backup procedure

This form shall be delivered the following fax number:
+381 11 3970 695

The scanned copy of this form shall be delivered to the following e-mail address:
alokacija@ems.rs

Date of submitting request: _____

Binding request for capacity transfer by both Auction participant(s)/Interconnection Trade Responsible(s)

Border/Direction	Auction ID	Period of usage of capacity rights	Allocated Capacity
		dd.mm.yyyy. – dd.mm.yyyy.	MW
Hungary - Serbia			
Serbia - Hungary			

Acknowledgement for capacity transfer

	Transferor	Transferee
Company name		
EIC code		
Name of the authorized person		
Phone no.		
Fax no.		
E-mail		
Signature and seal		

Confirmation of JP EMS as *Auction Office*

Authorized person	
Confirmation Date	
COMMENTS	
Signature and seal	

Annex 5 - Procedure of Capacity Reduction in Reservation Subperiods

Algorithm for Reduction in *Reservation Subperiods* defined for the yearly or monthly Auction:

The summary *Promise of Capacity for Auction* [MW] is evaluated as the sum of the *Promises of Capacity* of all bids in the *Auction*.

The coefficient for reduction R in the *Auction* is calculated as

$$R = \text{ATC in } \textit{Reservation Subperiod} / \text{summary } \textit{Promise of Capacity for Auction} \text{ [MW]}$$

The reduction is performed for each *Auction Participant* as follows:

- The *Promise of Capacity* for the *Auction Participant* is evaluated and stored in the system.
- The new *Promise of Capacity* for the *Auction Participant* which is equal to the Total Promised Capacity [MW] is evaluated as

$$\text{Total Promised Capacity [MW]} = \text{Promise of Capacity [MW]} * R.$$

The value is rounded down to whole MW.

The Total Promised Capacity [MW] value is stored in the system as the final capacity promised to the *Auction Participant* in the *Auction*.

Above described procedure of Capacity Reduction in *Reservation Subperiods* is applied for all days, for which the *Reservation Subperiods* are announced.

Annex 6 - Alternative Yearly and Monthly Auction Procedure

The specific rules for yearly and monthly *Auction* organized electronically in the *User* environment of the *Auction Platform* set forth by Section 6 and Section 7 of *Auction Rules* may be replaced in case of technical problems with the electronic solution identified by *Auction Office* by alternative rules specified below in this Annex 6. The *Auction Office* will notify the use of the alternative yearly or monthly *Auction* procedure to all *Auction Participants* by message in *Auction Platform* and by e-mail.

Substitution of Article 6.1 and Article 7.1 Bids for the Reservation of Capacity

In order to participate in the yearly or monthly *Auction* procedure, *Bids* must be submitted exclusively by fax (fax number +381 11 3970 695). The *Auction Office* does not accept any responsibility for the security and legibility of data transmitted by fax.

Bids have to be delivered to the *Auction Office*'s fax numbers specified on Attachment C of this Annex 6, by the deadline 2Y for the yearly *Auction* or deadline or 2M for the monthly *Auction*. Deadlines are specified in Annex 3.

Each *Bid Sheet* (shown in Attachment A and B of Annex 6) must contain the following unambiguous and legible specifications:

- a) Identification of the *Auction Participant* submitting the *Bids* (name of the *Auction Participant*, unique *EIC-Code*), name of the person authorized by the *Auction Participant* in the Registration Form who submits the *Bids*.
- b) Specification of the border and direction.
- c) *Bids* with following specifications:
 - i. The amount of the *Capacity* to be allocated in MW without decimals; the minimum amount of a single *Bid* is 1 MW; the maximum amount of a single *Bid* for the border and direction is 30 MW or it is equal to the *Offered Capacity* in case the *Offered Capacity* is less than 30 MW.
 - ii. The *Bid Price* in EUR/MW with a maximum of two decimals. The *Bid Price* has to be more than zero.

Each *Auction Participant* can deliver up to 5 (five) *Bids* for the border and direction.

- d) The signature of the person whose name is entered in the *Bid Sheet* and the *Auction Participant* seal.

The *Bid Sheets/Bids* specifying all data mentioned above must be submitted, without any reservation, in the format shown in Attachment A (Yearly Auction) or Attachment B (Monthly Auction) of Annex 6. The *Bid Sheets/Bids* are binding and cannot be modified after their delivery. The *Auction Participant* may withdraw his *Bid Sheet*. A declaration of withdrawal has to be received by the *Auction Office* in writing by the deadline 2Y for the yearly *Auction* or deadline 2M for the monthly *Auction*. Deadlines are specified in Annex 3.

Bid Sheets or individual *Bids* (the *Bids* are valid independent of each other) which do not fulfill the requirements specified above of this Annex shall be excluded and shall not be included among the assessed *Bid Sheets/Bids*. In case of two *Bid Sheets* with different *Bids* submitted for the same border and direction by one *Auction Participant*, both *Bid Sheets* shall be excluded and shall not be included among the assessed *Bid Sheets*.

The *Auction Participant* is responsible for the evidence of the timeliness of the delivery of *Bids* or declarations of withdrawal to the *Auction Office*.

Substitution of Article 6.3 and Article 7.3 Notification of the Results of an Auction

The *Auction Office* will notify each *Auction Participant* whose *Bid* was included in a specific *Auction* two *Working days* after the deadline 3Y for the yearly *Auction* or two *Working days* after deadline 3M for the monthly *Auction*, for each border and direction on which his *Bids* were evaluated, of the following information by fax message (deadlines are specified in Annex 3):

- Specification of border and direction.
- *Reservation Period*.
- *Promise of Capacity* to the *Auction Participant* in MW in *Reservation Period*.
- *Reservation Subperiod(s)*.
- *Promise of Capacity* to the *Auction Participant* in MW in *Reservation Subperiod(s)*.
- *Auction Price*

Exemption:

In case the *Bids* of an *Auction Participant* were excluded from the evaluation, the *Auction Office* will send him, without undue delay, only the refusal note including reason of excluding.

The *Auction Office* publishes results of yearly or monthly *Auction* on the *Auction Office's* webpage (<http://www.ems.rs>) for each border and direction five *Working days* after the deadline 3Y for the yearly *Auction* or five *Working days* after deadline 3M for the monthly *Auction*:

- Total *Promise of Capacity*
- Total requested *Capacity*
- *Auction Price*
- Number of *Auction Participants* in *Auction*
- Number of *Auction Participants* in *Auction* who obtained the *Promise of Capacity*
- Number of *Bids* placed in *Auction*
- Price curves

Attachment A

This form shall be delivered the following fax number: +381 11 3970 695

Bid Sheet for yearly auction – year 2014

Name of the <i>Auction Participant</i>	
EIC-Code of the <i>Auction Participant</i>	
Name of the person authorized to submit the <i>Bid</i>	

From	Hungary
To	Serbia

Bid No.	Identifier	MW	EUR/MWh
1	HURS1		
2	HURS1		
3	HURS1		
4	HURS1		
5	HURS1		

From	Serbia
To	Hungary

Bid No.	Identifier	MW	EUR/MWh
1	RSHU1		
2	RSHU1		
3	RSHU1		
4	RSHU1		
5	RSHU1		

Date:

Signature

Attachment B

This form shall be delivered the following fax number: +381 11 3970 695

Bid Sheet for monthly auction – *name of month* 2014

Name of the Auction Participant	
EIC-Code of the Auction Participant	
Name of the person authorized to submit the Bid	

From	Hungary
To	Serbia

Bid No.	Identifier	MW	EUR/MWh
1	HURS1		
2	HURS1		
3	HURS1		
4	HURS1		
5	HURS1		

From	Serbia
To	Hungary

Bid No.	Identifier	MW	EUR/MWh
1	RSHU1		
2	RSHU1		
3	RSHU1		
4	RSHU1		
5	RSHU1		

Date:

Signature

Attachment C

In case that alternative yearly or monthly Auction procedure according to Annex 6 is used *Auction Participants* have to submit *Bid Sheets* (Attachment A or Attachment B) to the following fax numbers:

+381 11 3970 695

Any Bids submitted to another EMS' fax number shall be null and void and shall be not included among assessed *Bids*.

Annex 7 - Notification of Capacity Reservation for Balancing Energy Deliveries

This form shall be delivered the following fax number:
+381 11 3970 217

The scanned copy of this form shall be delivered to the following e-mail address:
schedule@ems.rs

Name of the <i>Interconnection Trade Responsible</i>	
EIC-Code of the <i>Interconnection Trade Responsible</i>	
Name of the person authorized to submit the Notification	
Fax No.	

	From (dd.mm.yy)	To (dd.mm.yy)	Auction Type (Yearly or Monthly)
Period			

Volume [MW]	
--------------------	--

From	
To	

Fields "From" and "To" may be Hungary or Serbia.

	<i>Interconnection Trade Responsible</i>	<i>TSO – Receiver of Balancing Energy Deliveries</i>
Date		
Signature		

Annex 8 - “1:1” – System Notification

This form shall be delivered the following fax numbers:
+381 11 3970 695 and +36 1 356 6893

The scanned copy of this form shall be delivered to the following e-mail address:
schedule@ems.rs and arampiac@mavir.hu

	From (dd.mm.yy)	To (dd.mm.yy)
Period (whole calendar month only)		

	EMS	MAVIR
Name of the <i>Interconnection Trade Responsible</i>		
Address		
VAT No.		
EIC-Code		
Company representative		
Telephone No.		
Fax No.		
E-mail address		
Date		
Signature		

Annex 9 - List of Serbian Public Holidays

01.01.2014.	(Wednesday)	New Year's Day (RS)
02.01.2014.	(Thursday)	New Year's Day (RS)
07.01.2014.	(Tuesday)	Christmas Day (RS)
15.02.2014.	(Saturday)	National holiday (RS)
16.02.2014.	(Sunday)	National holiday (RS)
17.02.2014.	(Monday)	National holiday (RS)
18.04.2014.	(Friday)	Easter Friday (RS)
19.04.2014.	(Saturday)	Easter Saturday (RS)
20.04.2014.	(Sunday)	Easter Sunday (RS)
21.04..2014.	(Monday)	Easter Monday (RS)
01.05.2014.	(Thursday)	Labour Day (RS)
02.05.2014.	(Friday)	Labour Day (RS)
11.11.2014.	(Tuesday)	Armistice day (RS)

Annex 10 - Complaint procedure

Specific initiative concerning the monthly and yearly Auctions

Should the *Auction Participant* come to conclusion that the *Auction Rules* have been breached by an incorrect calculation, incorrect output from data check, or incorrect evaluation of data by the *Auction Platform*, the *Auction Participant* is entitled to initiate through its representative, the *Auction Platform* User examination procedure. The request must be delivered to one of the Contacts of *Auction Platform* operators (Annex 2) by signed fax message, an electronically signed e-mail, or via registered mail, and must contain:

- date
- identification of *Auction Participant*
- name, e-mail address and telephone of contact person of the *Auction Participant*
- brief description of the situation – i.e., the subject matter
- detailed description of the situation
- well-founded means of proof (downloads from logs, communication records, etc.)

Auction Platform operators will confirm the receipt of such a complaint via e-mail.

If the *TSOs* and the *Auction Participant* could not reach an agreement within 10 days the *Auction Participant* may refer a complaint pursuant to the process described in the *Auction Rules* to the relevant national Regulatory Authority according to national legislation compliant with EU regulation. The *Auction Participant* shall indicate in the complaint the *TSO*, to whom process the complaint concerns. The national Regulatory Authority of the concerned *TSO*, acting as dispute settlement authority shall issue a decision after receipt of the complaint within the time frame set forth in the Directive 2009/72/EU.

The *TSOs* are obliged to give all information to the proceeding Regulatory Authority, which is necessary to handle the complaint in due time.

Should a complaint be assessed as groundless or unjustified and *Auction Office* has expend financial resources on handling the complaint, *Auction Participant* is obliged based on written request of *Auction Office* to cover/compensate costs incurred.

The above described initiative shall not have suspensive impact on the results of the relevant daily, monthly or yearly *Auction*.

The complaint procedure according to *EU Regulation* described in this Article does not affect the right of the *Auction Participant* set forth in Article 12.4.

Annex 11 - Declaration on take-over and use of the electronic certificate

For:

Name of the Auction Participant	
Address, Country	
Name of the person authorized to sign the Declaration	

I.
Auction Rules, Section 5 specify the conditions of use of electronic certificates. This document is made only with the intention to allow the *Auction Participant* communicate with the *Auction Platform* while using the electronic certificate.

II.
 The electronic certificate does not identify a specific *User* but it only identifies and recognizes the *Auction Participant* as a legal person or entrepreneur.

III.
 The *Auction Participant* declares that it has implemented a technical device - communication server (web services client) for the purposes of communication with the *Auction Platform* by means of web services in order to carry out the transactions and to accept obligations specified in the *Auction Rules*.

IV.
 As of the signature date of this document by the *Auction Participant's* representative, all of the *Auction Participant's* transactions in connection with the use of *Auction Platform* identified by its electronic certificate bind the *Auction Participant* as if performed by any of all the Authorized representatives as nominated in Attachment 1 of Annex 1 of the *Auction Rules* (Registration Form).

V.
 The Auction Participant declares that he took over the following electronic certificate:

Hardware token specification:

Hardware No.: _____

Certificate No. : _____ Valid till: _____

VI.
 In case of loss, damage or compromised security of the electronic certificate the *Auction Participant* is obliged to inform the *Auction Office* as soon as possible and the *Auction Office* will revoke the certificate immediately.

Date:

For JP EMS as *Auction Office*

Signature

For the *Auction Participant*

Signature