

Yearly and Monthly Auctions Rules

**for the Allocation of Cross Zonal Capacities between the
Bidding Zones of**

EMS AD Beograd (“EMS”)

and

AD MEPSO (“MEPSO”)

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Definitions

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

Allocated Capacity – The *Promise of Capacity* notified to *Registered 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 neighboring *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(s) 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://aukcijaatc.mepso.com.mk/> Monthly and yearly *Auctions* provided by the *Auction Office* are carried out through the *Auction Platform*.

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

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

Auction Rules - Yearly and Monthly Auctions Rules for the Allocation of Cross Zonal Capacities between the Bidding Zones of EMS AD Beograd (“EMS”) and AD MEPSO(“MEPSO”)

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 *Registered Participant* is willing to pay for 1MW of *Capacity* for each hour.

Bidding Zone – means the largest geographical area within which market participants are able to exchange energy without allocation of *Capacity*.

Bid Sheet – a form with the unambiguous and legible specifications stated in Attachment A and Attachment B of Annex 4 for submitting *Bids* to the *Auction Office* in case of alternative yearly and monthly auction procedure.

BRP – Balance Responsible Party

Capacity – cross zonal capacity in MW.

Capacity Agreement Identification – an identification that uniquely identifies *Allocated Capacity*.

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 *Registered Participant* for *Auctions* at Serbian-Macedonian border created by confirmation of the Registration Form of *Registered Participant* by the *Auction Office*. The *Auction Rules* constitute the terms and conditions of the contract.

Curtailement of Allocated Capacities - The reduction of *Capacity* between the *Bidding Zones* of North Macedonia and Serbia in case of *Force Majeure* or *Emergency Situations* where *EMS* and *MEPSO* must act in an expeditious manner.

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. *EIC-Codes* are issued by local issuers and published on <https://www.entsoe.eu/data/energy-identification-codes-eic/eic-approved-codes/>

Emergency Situation – conditions and/or events and/or circumstances which in the professional assessment of *EMS* and/or *MEPSO* 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.

EMS (EMS AD Beograd) – 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, Republic of North 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 – any unforeseeable or unusual event or situation beyond the reasonable control of a *Registered Participant* and/or the relevant *TSOs*, and not due

to a fault of the *Registered Participant* and/or the relevant *TSOs*, which cannot be avoided or overcome with reasonable foresight and diligence, which cannot be solved by measures which are from a technical, financial or economic point of view reasonably possible for the *Registered Participant* and/or the relevant *TSOs*, which has actually happened and is objectively verifiable, and which makes it impossible for the *Registered Participant* and/or the relevant *TSOs* to fulfil, temporarily or permanently, its obligations.

MEPSO (AD MEPSO) – The Joint Stock Company for electricity transmission and power system control with registered office at Maksim Gorki No.4 1000 Skopje, Republic of North Macedonia and incorporated in the Business register with the Company Identification No 5933781

- **Monthly Auction Procedure Calendar** - Monthly Auction Procedure Calendar published on the website of the Auction Office with defined deadlines for conducting monthly Auction for the current calendar year as well as information on dates relevant for invoice issuance and payment. Deadline for the announcement of the Offered Capacity
- Deadline for submitting Bids to the Auction Platform
- Deadline for announcement of information on the results of the monthly Auction
- Date of issue of the invoice based on the results of the monthly Auction
- Invoice Payment Due Date

Nomination Rules – Rules with regard to the notification of use of Allocated Capacity between the Bidding Zones of EMS and MEPSO.

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 *Registered Participant* gains the promise of the *Auction Office* that, by settlement of the payment in accordance with Section 8, *Capacity* shall be allocated.

Registered Participant – a person and/or an entity identified with a unique *EIC-Code* and registered at the *Auction Office* in accordance with Article 3.1.

Reservation Period – the period for which *Capacity* is offered in the *Auction*. It can be a part of or a whole calendar month.

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 *Registered Participant* or *ITR* who wishes to transfer the *Allocated Capacity* to another *Registered Participant* or *ITR*.

Transferee - the *Registered 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 MEPSO.

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

Working Day – the calendar days from Monday to Friday, with the exception of Macedonian public holidays and corresponding non-working days

Yearly Auction Procedure Calendar - Yearly Auction Procedure Calendar published on the website of the Auction Office with defined deadlines for conducting yearly Auction for the current calendar year **as well as information on dates relevant for invoice issuance and payment:**

- Deadline for the announcement of the Offered Capacity
- Deadline for submitting Bids to the Auction Platform
- Deadline for announcement of information on the results of the yearly Auction
- Date of issue of the invoice based on the results of the yearly Auction
- Invoice Payment Due Date

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

According to *EU Regulation* and *Energy Community Treaty*, a market-based mechanism should be adopted to allocate cross zonal 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 organize common auctions, i.e. a common allocation of cross zonal capacities.

Article 1.2 General Principles

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

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 Y will be held in order to ensure that each reservation of *Capacity* on the Serbian-North Macedonian 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-North Macedonian 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 *Auctions*, the function of *Auction Office* will be provided by *MEPSO* based on the Agreement between *MEPSO* and *EMS*. Therefore, the contractual relations in the

framework of these *Auctions* will only be between *MEPSO* and the *Registered 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 *Registered 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-North Macedonian border.

Among other aspects, the *Auction Rules* describe the requirements which the *Registered 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 *Registered 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 *Registered 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 *Registered 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 *Bidding Zone*.

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-North Macedonian border for the following *Reservation Periods*:

- for the yearly *Auction* – the *Reservation Period* starts on 1st day and ends on the last day of each calendar year,
- for the monthly *Auction* – the *Reservation Period(s)* start on the 1st day and end on the last day of each calendar month,

Prospective *Reservation Period(s)* and *Capacity* announced for *Reservation Period(s)* are specified in the *Announcement of Auction Capacities*.

The *Offered Capacities* for yearly and monthly *Auctions* shall be published in the *Announcements of Auction Capacities* on the website of the *Auction Office* (<https://aukcijaatc.mepso.com.mk/>) and on *Auction Platform* <https://aukcijaatc.mepso.com.mk/>, according to the deadlines for the announcement of the *Offered Capacities* defined in the *Yearly Auction Procedure Calendar* and the *Monthly Auction Procedure Calendar* which are published on the *Auction Office* website..

Section 3

Procedure and Requirements for Participating in the Auction

Article 3.1 Registration and Acceptance of the Auction Rules

In order to participate in *Auctions*, the legal entities shall be either in the eligibility list of *MEPSO* or in the list of *EMS*.

In order to be included in the eligibility list of *MEPSO*, a legal entity has to fulfil the following requirement:

- To be registered as market participant according to the valid Market rules in the Republic of North Macedonia.
- To be a company without any outstanding debts for invoices related to allocated cross border capacities on North Macedonian bidding zone borders.

In order to be included in the eligibility list of *EMS*, a legal entity has to meet the following requirement:

- To have a valid license issued by Energy Agency of Serbia for electricity production, supply of electricity, wholesale supply of electricity or public supply of electricity, or to have valid and effective Balance responsibility contract.
- To be a company without any outstanding debts for invoices related to allocated cross border capacities on Serbian bidding zone borders.

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 market 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 not older than three months from the issuing date (in North Macedonian, Serbian or officially translated in English).
- A list of the authorized representatives who are entitled to communicate with the *Auction Office* in the name of the market participant and to execute statements towards the *Auction Office* which bind the market participant (see

Attachment 1 of Annex 1).

All the sections of the Registration Form must contain complete and true information. Each market participant is identified with a valid and unique *EIC-Code* issued for the market participant as a subject of law and registered in the list of *EIC-codes* published by *ENTSO-E* on:

<https://www.entsoe.eu/data/energy-identification-codes-eic/eic-approved-codes/>

The three signed copies of the Registration Form have to be delivered to the *Auction Office* in writing by registered 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 the market participant no later than five *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 market participant as *Registered Participant* for the yearly *Auction* is 12:00 (CET) seven *Working Days* before the deadline for the delivery of *Bids* to the relevant yearly *Auction* as defined in the *Yearly Auction Procedure Calendar*. The deadline for delivery of the Registration Form to register market participant as *Registered Participant* for the relevant monthly *Auction* is 12:00 (CET) seven *Working Days* before the deadline for the delivery of *Bids* to the relevant monthly *Auction* as defined in the *Monthly Auction Procedure Calendar*.

The *Auction Office* will announce the start of the registration process on its webpage <https://aukcijaatc.mepso.com.mk/>. 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 in a calendar year*, notwithstanding the obligation of the *Registered 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.

Market participant is considered as *Registered Participant* once it receives the confirmation of the registration signed by the representative of the *Auction Office*, in which case only the signed Registration Form creates a *Contract* between the *Auction Office* and *Registered Participant* that allows it to participate in *Auctions*. 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 *Registered Participant* may change its list of authorized representatives or other data listed in Attachment 1 of the Registration Form. Based on updated and validly-signed Attachment 1 of the Registration Form delivered by the *Registered Participant* by e-mail to the e-mail addresses of the persons responsible for registration of *Registered Participant* (see Annex 2), the *Auction Office* will confirm the registration of the change to the *Registered Participant*, at the latest, three *Working Days* after the receipt of the updated and validly-signed Attachment 1 of the Registration Form. The confirmation will be sent by e-mail to the e-mail address filled in the Registration Form of the *Registered Participant*. The change becomes valid with the delivery of the confirmation to the *Registered Participant*.

With regard to the fact that *Auctions* are carried out through the *Auction Platform*, a *Registered 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 *Registered 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 – North Macedonian 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 and the direction, it will be accepted by the *Auction Office*, and the required *Capacity* will be assigned to the *Registered 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. In case that after fulfillment of this criterion *Capacity* remains unallocated this will be allocated taking into consideration the time of *Bid* submission.

Determination of the Auction Price

If accepted *Bids* do not exceed the *Offered Capacity* on the Serbian-North Macedonian 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 bids.

The *Registered 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 www.mepso.mk), 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 defined in the *Yearly Auction Procedure Calendar* and *Monthly Auction Procedure Calendar*) 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 and new dates and times for the *Auction* which was postponed.

The system time is available in the *User* account environment.

All the time data specified in the *Yearly Auction Procedure Calendar* and *Monthly Auction Procedure Calendar*, especially deadlines for data transfer, announcement of results, etc. – are in *Auction Platform* system time. The system time is available to the *User* when accessing directly to the *Auction Platform*.

A data receipt will be valid only if the data had been accepted by the *Auction Platform* server by the deadline. 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 *Registered Participant* before the deadline for delivery.

The last accepted *Bids* shall be binding on the *Registered Participant*. The *Registered Participant* is responsible for 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*.

Article 5.2 Access to the Auction Platform

After registration by the *Auction Office* (Article 3.1.), the *Auction Office* shall set the *Auction Platform User* account.

For using of the *Auction platform* the *Registered Participant* is obliged to provide token according to the procedures described on the following link: <https://aukcijaatc.mepso.com.mk/PublicPage/Help.aspx#user-manual>. The certificate for token will be generated by *MEPSO* and sent to *Registered Participant*.

The *Registered 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 *User* name and password.

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

Section 6

Specific Rules for the Yearly Auction

In case of technical problems identified in Article 5.1 the yearly *Auction* could be postponed.

In particular, in case of technical problems identified in Article 5.1, the specific rules for yearly *Auction* organized electronically in the *User* environment of the *Auction Platform* set forth by this Section may be replaced by the alternative rules specified in Annex 4. Information about use of the alternative yearly *Auction* procedure according to Annex 4 may be published by 12:00 (CET) on the last *Working Day* before the day on which

the deadline for delivery of *Bids* to the *Auction Platform* falls according to the *Yearly Auction Procedure Calendar*, Information shall be published on the *Auction Office* webpage (<http://www.mepso.com.mk>). Furthermore, the *Auction Office* will notify the use of the alternative yearly *Auction* procedure to all *Registered 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 set in the *Yearly Auction Procedure Calendar* . 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 specific direction is 20 MW
 - ii. The *Bid Price* in EUR/MWh with a maximum of one decimal. The *Bid Price* has to be more than zero (minimum value is 0.1 EUR/MWh).

Each *Registered Participant* can deliver up to 20 (twenty) *Bids* for specific direction.

Each *Registered Participant* shall deliver its *Bids* in the *Auction Platform* from 09:00 till 13:00 (CET) in the Day for submitting *Bids* for the yearly *Auction* set in the *Yearly Auction Procedure Calendar*, 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.mepso.com.mk>) for each border direction no later than 17:00h (CET) on the day that, according to the *Yearly Auction Procedure Calendar*, is set as the deadline for announcing the results of the yearly *Auction*:

- ATC (Available Transfer Capacity)
- Total *Promise of Capacity*
- Total *requested Capacity*

- *Auction Price*
- *Number of Registered Participants in Auction*
- *Number of Registered Participants in Auction who obtained the Promise of Capacity*
- *Number of Bids placed in Auction*
- *List of Registered Participants in Auction who obtained the Promise of Capacity*

In accordance with Regulation (EC) No. 543/2013/EC and Manual of procedure issued by *ENTSO-E, Auction Office* shall provide to the Electricity Market Fundamental Information Platform (EMFIP) developed by *ENTSO-E*, the following information for Serbian-North Macedonian border:

- *Yearly offered cross-zonal capacity*
- *Total Capacity already allocated*
- *Yearly Auction results (the Capacity requested by the market, the Capacity allocated to the market, the price of the Capacity, the Auction revenue per border)*

Section 7

Specific Rules for Monthly Auction

In case of technical problems identified in Article 5.1 the monthly *Auction* could be postponed.

In particular, in case of technical problems identified in Article 5.1, the specific rules for monthly *Auction* organized electronically in the *User* environment of the *Auction Platform* set forth by this Section may be replaced by the alternative rules specified in Annex 4. Information about use of the alternative monthly *Auction* procedure according to Annex 4 may be published by 12:00 (CET) on the last *Working Day* before the day on which the deadline for delivery of *Bids* to the *Auction Platform* falls according to the *Monthly Auction Procedure Calendar* Information shall be published on the *Auction Office* webpage (www.mepso.mk). Furthermore, the *Auction Office* will notify use of the alternative monthly *Auction* procedure to all *Registered 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 set in the *Monthly Auction Procedure Calendar* which is published on the *Auction Office* website.

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 20MW

ii. The *Bid Price* in EUR/MWh with a maximum of one decimal. The *Bid Price* has to be more than zero (minimum value is 0.1 EUR/MWh).

Each *Registered Participant* can deliver up to 20 (twenty) *Bids* for the specific direction.

Each *Registered Participant* shall deliver its *Bids* in the *Auction Platform* from 09:00 till 13:00 (CET) in the Day for submitting *Bids* for the monthly *Auction* set in the *Monthly Auction Procedure Calendar*, which shall be published on the *Auction Office* webpage 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.mepso.mk>) for each border direction according to the *Monthly Auction Procedure Calendar*, no later than the deadline for announcing the results of the relevant monthly *Auction*:

- ATC (Available Transfer Capacity)
- Total *Promise of Capacity*
- Total *requested Capacity*
- *Auction Price*
- Number of *Registered Participants* in *Auction*
- Number of *Registered Participants* in *Auction* who obtained the *Promise of Capacity*
- Number of *Bids* placed in *Auction*
- List of *Registered Participants* in *Auction* who obtained the *Promise of Capacity*

In accordance with Regulation (EC) No. 543/2013/EC and Manual of procedure issued by *ENTSO-E*, *Auction Office* shall provide to the Electricity Market Fundamental Information Platform (EMFIP) developed by *ENTSO-E*, the following information for Serbian-North Macedonian border:

- Monthly offered cross-zonal capacity
- Total *Capacity* already allocated
- Monthly *Auction* results (the *Capacity* requested by the market, the *Capacity* allocated to the market, the price of the *Capacity*, the *Auction* revenue per border)

Section 8

Payment

Article 8.1 General Provisions

The relevant currency for invoicing is EUR. The payment is executed in EUR for non-Macedonian resident companies and in MKD using the middle exchange rate of the National Bank of North Macedonia on the date of invoicing for Macedonian 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*.

Invoices have to be paid no later than on the due date stated on the invoice, free of charge and without deduction. The *Registered 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 *Registered Participant* for amounts due resulting from the *Promise of Capacity to Registered Participant*, rounded to one decimal place.

Original invoices are sent to the *Registered Participant* concerned by registered mail. Copies of the invoices are sent by e-mail

All bank fees connected with the payments resulting from participation in *Auction* procedure have to be paid by the *Registered Participant*. Bank fees of the intermediary bank (if applicable) will be covered by the *Registered 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 equaling (1M EURIBOR + 3%) p.a. calculated using pro-rata method. The daily interest rate for payments in MKD 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 North Macedonian resident companies:

- VAT as given by North Macedonian law mode. In this mode, the Auction Office will charge VAT on the payment and will show it separately on the invoice and the Registered Participant will pay the total amount in MKD, VAT included, according to the note given in the invoice.

For non- North Macedonian resident companies:

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

If the *Registered Participant* does not fulfill or only partially fulfills any obligation resulting from the *Contract* in due time, especially if the *Registered Participant* does not pay the full *Auction Price* within the time limits set out in the *Auction Rules*, or stops to fulfill requirements for participation in *Auctions* stated in Article 3.1, *EMS* and *MEPSO* are entitled to enforce the termination of the *Contract* and hold the *Registered Participant* liable for the *Auction Price*, interests, charges and expenses arising from the enforcing of the termination of the *Contract*, for the total damage resulting from the termination, such as, but not limited to fees, including attorney's fees, expenses and lost profit that may occur as a result of deficiencies caused by lower *Auction Prices* in the event of a re-auctioning of the capacity. The *Registered 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 *MEPSO* 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 invoices and in twelve monthly amounts/installments rounded to one decimal. Each amount is to be paid for the respective month in advance taking into consideration the number of hours of usage. Each monthly amount has to be paid based on the 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 invoice is issued by the deadline of 1 working day after the day of publishing the results of *Yearly Auction* defined in the article 6.3 paragraph 1 for monthly installment for January by the deadline of 2 working days after the day of publishing the results of *Monthly Auction* defined in the article 7.3 paragraph 1 for the installments for other months. The due date of the invoice shall be 6 working days after issuing invoice for monthly instalment for January and 8 working days after issuing of invoices for monthly installments for other months.

If the payment is not settled by the due date, the *Auction Office* will warn the *Registered Participant* by e-mail that the payment of the invoice has not been credited to the account of the *Auction Office*.

If the payment is not received two *Working Days* after the due date of the invoice for payment for the relevant month defined in the Article 8.2 paragraph 3 for the relevant month the *Registered Participant* loses the *Promise of Capacity* gained by way of the *yearly Auction* for the relevant month. In this case, the *Auction Office* shall deprive the *Registered Participant* from transfer and nomination of *Capacity*.

If the *Registered Participant* pays all due payments (according to this Agreement), until one day before the date of Publishing *Offered Capacities* of monthly auction defined in the Article 7.1 paragraph 2,, it will be allowed to him to:

- use the promise of capacity gained by way of the *yearly auction* for the relevant month

- participate in monthly auctions
- participate in daily auctions.

If the *Registered Participant* doesn't pay the promised capacity from the yearly auction (according to this Agreement), until one day before the date of Publishing *Offered Capacities* of monthly defined in the Article 7.1 paragraph 2, , the contract with the *Registered Participant* will be terminated. In this case, the capacity will be deducted from the *Registered Participant* for that month and for all months until the end of the year. The deducted capacity will be offered as released capacity at the next monthly auctions.

The *Registered Participant* whose contract has been terminated will not have right to participate in cross-border transmission capacity auctions until he settles all debts related to allocated cross border capacities on North Macedonian bidding zone borders.

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

Article 8.3 Payment for Monthly Auction

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

The invoice for the monthly *Auction* shall be issued by the deadline of 2 working days after the day of publishing the results of *Monthly Auction* defined in the article 7.3 paragraph 1 for the relevant month. The due date of the invoice shall be 8 working days after issuing invoice for *Monthly Auction* for relevant month.

If the payment is not settled by the due date, the *Auction Office* will warn the *Registered Participant* by e-mail that the payment of the invoice has not been credited to the account of the *Auction Office*.

If the payment is not received two *Working Days* after the due date of the invoice for payment for the relevant month as defined in Article 8.3 paragraph 2 the *Registered Participant* loses the *Promise of Capacity* gained by way of the monthly *Auction* for the relevant month. In this case the participation of *Registered Participant* in monthly and daily *Auctions* will be suspended until the date when all due payments related to the *Monthly auctions* (according to this Agreement) of the *Registered Participant* are settled for the relevant month.

If the participant pays all due payments (according to this Agreement), until one day before the date of Publishing *Offered Capacities* of monthly *Auction* defined in the Article 7.1 paragraph 2, it will be allowed to him to participate in monthly *Auction*.

If the participant pays all due payments related to the monthly auctions (according to this Agreement) until three working days before the day for daily *Auction*, it will be allowed to him to participate in daily *Auction*.

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

Section 9

Use of the Allocated Capacity

Nomination Rules contains terms and conditions for nomination of *Allocated Capacity*. *Auction Office* shall publish the *Nomination Rules* on its website.

Persons eligible to nominate *Allocated Capacity* shall fulfill the requirement described in *Nomination Rules*.

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 *Registered Participant(s)* (i.e. the *Registered Participant* who wishes to transfer the *Allocated Capacity* to the other *Registered Participant* – *Transferor* and the *Registered Participant* 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*) are transferred together with the *Capacity*, and the *Transferor* is a guarantor.

The transfer of *Capacity* may be realized only if the *Registered 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 *Transferor* may transfer the yearly and/or monthly *Capacity* to the *Transferee* at daily level (one or more calendar days starting from 00:00 of the first day till 24:00 (CET) of the last day) and it will refer to the entire day (24 hours) in full (the total amount of monthly *Allocated Capacity* for the entire calendar days) or partially (a part of the allocated yearly and/or monthly capacity for entire calendar days). The minimum value of a *Capacity* that can be transferred is 1 MW. In addition, only one value of *Capacity* can be transferred during one day for every hour in that day. The transferable volume should not exceed the volume of *Allocated Capacity* (gained at *Auction*).

Article 10.2 Capacity Transfer via Auction Platform

The *Registered Participant* who possesses *Allocated Capacity* shall transfer the *Capacity* to another *Registered Participant* or to several other *Registered Participants* 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 *Registered Participants* in *Auction Platform* shall be binding for both *Registered Participants* 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 *Registered Participants* 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 *Registered Participants* 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 *Registered Participants* 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 3) 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 e-mail (scanned copy) to the 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 *Registered Participant(s)*. The Request for Capacity Transfer without all the required data for both *Registered Participant(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 *Registered Participants* 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 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 15:00 (CET).

Section 11

Capacity Curtailment

Article 11.1 General Provisions

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.

The *Allocated Capacity* or *Capacity* corresponding to submitted schedules can be curtailed in case of *Emergency Situation* or *Force Majeure*.

The curtailment of *Allocated Capacity* can be applied before the cut-off time for the matching process.

The reduction of schedules can be applied only in case of transmission constraints after the cut-off time for the matching process.

Capacity curtailments or schedule reductions shall have as reference a time-period multiple of an hour.

TSO, which requested curtailment, shall issue a description of reasons and effects of curtailment for solving network or system problems and that will be published by both *TSOs* on their web sites.

In case of Curtailment of *Allocated Capacities* or schedules reduction, following priority order is used:

- a) *Capacity* allocated in intraday *Auction*
- b) *Capacity* allocated in daily *Auction*.
- c) *Capacity* allocated in monthly and yearly *Auction*.

Within each of the above listed groups of *Capacities*, proportional curtailment will be used, in a non-discriminatory manner.

If there were monthly and yearly *Allocated Capacities* curtailed, the daily and intraday *Auctions* will be suspended on the respective border direction.

Article 11.2 Curtailment before the Cut-off Time for the Matching Process

Before the cut-off time for the matching process the *Allocated Capacity* shall be reduced by *Auction Office* based on the request of *EMS* and/or *MEPSO* according to these *Auction Rules*.

Auction Office (based on request of *EMS* and/or *MEPSO*) informs by e-mail the *Registered Participants* of the curtailment of *Allocated Capacities* and will submit the values of the reduced *Capacities*. The *BRPs* have to submit their schedules to *EMS* and/or *MEPSO* taking into consideration the reduced *Capacities*.

In case of curtailment of *Allocated Capacity* from a yearly and/or monthly *Auction* before the cut-off time for the matching process, the *Registered Participants* whose *Allocated Capacity* have been curtailed shall 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*.

Article 11.3 Curtailment after the Cut-off Time for the Matching Process

After the cut-off time for the matching process, the reduction of schedules shall be implemented pursuant to the proceedings set forth in the relevant laws and shall only be used in case of *Force Majeure* or *Emergency Situations* where the relevant *TSO* must act in an expeditious manner and redispatching or countertrading is not possible. Any such procedure shall be applied in a non-discriminatory manner.

The principle “use it or lose it” is applied. That means that *BRPs* who submit schedules less than their *Capacity* rights, shall lose any right over the remaining *Capacity*. In this case, curtailment is applied to *Capacity* corresponding to the submitted schedules, proportionally and using the same rules regarding the priority order as in case of curtailment performed before the cut-off time for the matching process.

The *Registered Participants* shall be reimbursed by the *Auction Office* for the curtailed capacity which has not been available for usage. The amount for reimbursement is calculated as curtailed MWs multiplied by hours of the curtailment multiplied by *Auction Price*. *Auction Office* will send the credit note to the *Registered Participant* at latest till the 10th calendar day of the month following the month in which the curtailment occurred.

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 a *Registered Participant* and a year.

The same limitations apply to *MEPSO* (in its function as *TSO*) and *EMS*, should they be considered liable even though the *Contract* is concluded between the *Auction Office* and the *Registered Participant*. In this case, the limit of € 5 000 counts for the *Auction Office*, *MEPSO* (in its function as *TSO*) and *EMS* 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 *Bidding Zone* manager, in compliance with the applicable laws and regulations in the electricity sector. *TSOs* have undertaken a similar obligation vis-à-vis the *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 *Registered 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 *Registered Participants* by e-mail. The new contact details of *Auction Office* will be considered official on the *Working Day* following the transmission of the e-mail. The *Registered 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.

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 *Registered 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 *Registered 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 *Registered 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 www.mepso.mk 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 *Registered Participant* to the *Auction Platform* via the Internet is secured by means of encryption. All operations done via the *Auction Platform* system are registered with the information of *Registered Participant* and time stamp.

The *Auction Office* is entitled to process all data of the *Registered 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 Republic of North Macedonia excluding provisions of Macedonian private international law, as well as by *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 the

actual and local jurisdiction of the Arbitration court of the Economic Chamber of Republic of North Macedonia. 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 borne 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 *Registered 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 *Registered 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 – North Macedonian border.

The principles of the *Auction Rules* could be changed during the year. *Registered 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 *Registered 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

Registered 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 Request for Capacity Transfer in case of Backup procedure
- Annex 4 Alternative Yearly and Monthly Auction Procedure

- Annex 5 Complaint procedure

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-Macedonian border

Name of the company/entrepreneur	
EIC-Code identifying market participant	
Official address, Country	
Commercial/company register No.	
Legal representative(s)	
VAT No.	

With the delivery of this validly-signed Registration Form, the company/entrepreneur identified in table above (hereinafter the market 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 market 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 market 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 market participant also declares that it has not any debts outstanding to the *EMS* and *MEPSO*.

Confirmation of the Registration Form creates a *Contract* between the *Auction Office* and the market participant for *Auctions* at Serbian-Macedonian border for 20--. The *Auction Rules* constitute the terms and conditions of the *Contract*. Through the confirmation of the Registration Form, the *Registered Participant* is registered by the *Auction Office*.

This declaration is valid for an indefinite number of *Auctions* for 20__, notwithstanding the obligation for the market 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 market participant declares that the Registration Form and its Attachments contain complete and true information.

- MEPSO reserves the right to unilaterally terminate the Agreement at any time:
- if the Market participant does not fulfill the prerequisites stipulated in Article 3.1 of the Yearly and Monthly Auction Rules.
 - if the Market Participant does not act in line with their respective obligations set out in this Agreement and the Yearly and Monthly Auction Rules;
 - if insolvency or liquidation proceedings of the Market participant have been initiated

This Registration Form and its Attachment have been made in 3 (three) identical copies, 2 (two) for the *Auction Office* and 1 (one) for the market participant.

For the market participant

Date: _____

Signature

MEPSO as the *Auction Office* approves the above-mentioned registration form, and registers the *Contract* concluded herewith between MEPSO and market participant.

For MEPSO

Date: _____

Signature

Annex 1 - Attachment 1

A list of authorized representatives of the market participant

The market participant appoints the following persons to be authorized to act on behalf of market participant:

- for signing the *Contract*

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

- for submitting Bids to the *Auction Office*, including submitting *Bids* in case of alternative *Auction* procedure (in accordance with Annex 4)

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

- for financial issues

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

Valid postal address for sending the Registration form:	
Valid postal address for sending the Invoices:	
Official e-mail for sending Invoices:	

The market participant is obliged to inform the *Auction Office* promptly in case of any changes identified in the table above.

For the market participant

Date: _____

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:

MEPSO
Maksim Gorki 4
1000 Skopje, Republic of North Macedonia
Tel: +389 2 3149 016

For personal deliveries on the above mentioned address filing office is open between 09:00 and 14:00 (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.

In case of executing backup procedure for *Capacity transfers Registered Participants* have to submit **Request for Capacity Transfer in case of Backup procedure** (see Annex 3) (scanned copy) to the following e-mail address:

MEPSO: schedule@mepso.com.mk

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

Auction Rules

Name	Phone No.	e-mail	Mobile
Nenad Jovanovski	+38923149005	nenad.jovanovski@mepso.com.mk	+389 75437427
Vancho Shahpaski	+38923140269	vanco.sahpaski@mepso.com.mk	+38977716369
Romeo Josifoski	+38923149073	romeoj@mepso.com.mk	+38971368911

Registration of Registered Participants

Name	Phone No.	e-mail	mobile
Frosina Golabovska	+389 23149 016	frosinap@mepso.mk	+389 71 377 743

Auction Platform Helpdesk – User support (Auction Platform Operators)
– Monthly and Yearly Auctions operation and other operational issues

	Phone No.	e-mail	Mobile
Zivorad Serafimoski	+389 23149 039	zivorad.serafimoski@mepso.com.mk	+38975250391

Financial issues

	Phone No.	e-mail	Mobile
Ljiljana Pecelj Poliksena Petrusheska	+389 2 3149 090 +389 2 3149 894	liljanap@mepso.mk poliksena.petruseska@mepso.com.mk	
Frosina Golabovska	+389 23149 016	frosinap@mepso.mk	+389 71 377 743

Annex 3 - Request for Capacity Transfer in case of Backup procedure

The scanned copy of this form shall be delivered to the following e-mail addresses:

schedule@mepso.mk
schedulemepso@gmail.com

Date of submitting request: _____

Binding request for capacity transfer by both *Registered Participants*

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

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 MEPSO as *Auction Office*

Authorized person	
Confirmation Date	
COMMENTS	
Signature and seal	

Annex 4 - 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 4. The *Auction Office* will notify the use of the alternative yearly or monthly *Auction* procedure to all *Registered 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 e-mail. The *Auction Office* does not accept any responsibility for the security and legibility of data transmitted by e-mail.

Bids have to be delivered to the *Auction Office's* e-mail address specified on Attachment C of this Annex 4, by the deadline for delivery of *Bids* to the *Auction Platform* falls according to the *Yearly Auction Procedure Calendar* for the yearly *Auction* and *Monthly Auction Procedure Calendar* for the monthly *Auction*

Each *Bid Sheet* (shown in Attachment A and B of Annex 4) must contain the following unambiguous and legible specifications:

- a) Identification of the *Registered Participant* submitting the *Bids* (name of the *Registered Participant*, unique *EIC-Code*), name of the person authorized by the *Registered 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 20 MW.
 - ii. The *Bid Price* in EUR/MWh with a maximum of one decimal. The *Bid Price* has to be more than zero.

Each *Registered Participant* can deliver up to 20 (twenty) *Bids* for the border and direction.

- d) The signature of the person whose name is entered in the *Bid Sheet* and the *Registered 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 4. The *Bid Sheets/Bids* are binding and cannot be modified after their delivery. The *Registered Participant* may withdraw his *Bid Sheet*. A declaration of withdrawal has to be received by the *Auction Office* in writing by the deadline for submission of *Bids* for the yearly *Auction* or deadline for submission of *Bids* for the monthly *Auction*. Deadlines for submission of *Bids* are defined in the *Yearly Auction Procedure Calendar* and *Monthly Auction Procedure Calendar*.

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 *Registered Participant*, both *Bid Sheets* shall be excluded and shall not be included among the assessed *Bid Sheets*.

The *Registered 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 *Registered Participant* whose *Bid* was included in a specific *Auction* two *Working days* after the deadline for announcing the results of the yearly *Auctions* or two *Working days* after deadline for announcing the results of the monthly *Auctions* for the monthly *Auction*, for each border and direction on which his *Bids* were evaluated, of the following information by e-mail the deadlines are specified in the *Yearly Auction Procedure Calendar* and the *Monthly Auction Procedure Calendar*

- Specification of border and direction.
- *Reservation Period*.
- *Promise of Capacity* to the *Registered Participant* in MW in *Reservation Period*.
- *Auction Price*

Exemption:

In case the *Bids* of the *Registered 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 (www.mepso.mk) for each border and direction five *Working days* after the deadline for announcing the results of the yearly *Auction* or five *Working days* after deadline for announcing the results of the monthly *Auction* (the deadlines are specified in the *Yearly Auction Procedure Calendar* and the *Monthly Auction Procedure Calendar*):

- ATC (Available Transfer Capacity)
- Total *Promise of Capacity*
- Total requested *Capacity*
- *Auction Price*
- Number of *Registered Participants* in *Auction*
- Number of *Registered Participants* in *Auction* who obtained the *Promise of Capacity*
- Number of *Bids* placed in *Auction*
- List of *Registered Participants* in *Auction* who obtained the *Promise of Capacity*

Attachment A

Bid Sheet for yearly auction – year Y

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

From	North Macedonia
To	Serbia

Bid No.	Identifier	MW	EUR/MWh
1	MKRS1		
2	MKRS1		
3	MKRS1		
4	MKRS1		
5	MKRS1		

From	Serbia
To	North Macedonia

Bid No.	Identifier	MW	EUR/MWh
1	RSMK1		
2	RSMK1		
3	RSMK1		
4	RSMK1		
5	RSMK1		

For the market participant

Date: _____

Signature

Attachment B

Bid Sheet for monthly auction

name of month Y

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

From	North Macedonia
To	Serbia
Reservation period	<i>dd.mm.yy-dd.mm.yy</i>

Bid No.	Identifier	MW	EUR/MWh
1	MKRS1		
2	MKRS1		
3	MKRS1		
4	MKRS1		
5	MKRS1		

From	Serbia
To	North Macedonia
Reservation period	<i>dd.mm.yy-dd.mm.yy</i>

Bid No.	Identifier	MW	EUR/MWh
1	RSMK1		
2	RSMK1		
3	RSMK1		
4	RSMK1		
5	RSMK1		

For the market participant

Date: _____

Signature

Attachment C

In case that alternative yearly or monthly Auction procedure according to Annex 4 is used *Registered Participants* have to submit *Bid Sheets* (Attachment A or Attachment B) to the e-mail address specially opened and dedicated for this purpose. *Auction Office* will inform all Registered Participant about e-mail address in due time.

Any Bids submitted to another *MEPSO* e-mail shall be null and void and shall be not included among assessed *Bids*.

Annex 5 - Complaint procedure

Specific initiative concerning the monthly and yearly Auctions

Should the *Registered 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 *Registered 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 e-mail, or via registered mail, and must contain:

- date
- identification of *Registered Participant*
- name, e-mail address and telephone of contact person of the *Registered 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 *Registered Participant* could not reach an agreement within 10 days the *Registered Participant* may refer a complaint pursuant to the process described in the *Auction Rules* to the relevant National Regulatory as defined in the Directive 2009/72/EC.

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

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