

**Yearly and Monthly Auction Rules
for the allocation of
transmission capacities at the border between
the bidding zones of JP Elektromreža Srbije
("EMS") and
Crnogorski elektroprenosni sistem AD –
Podgorica ("CGES")**

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Definitions

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

(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.
Auctions	Market congestion management mechanism adopted by <i>TSOs</i> in order to allocate the available <i>Capacities</i> .
Auction Office	stands for EMS in its function as the <i>Auction Office</i> . EMS will be subject to all rights and responsibilities attributed to the <i>Auction Office</i> .
Auction Platform	An electronic web-based application (DAMAS system) with limited access operated by the <i>Auction Office</i> available at https://damas.ems.rs . Monthly and yearly <i>Auctions</i> arranged by the <i>Auction Office</i> are carried out through the <i>Auction Platform</i> .
Bid	a request of <i>Capacity</i> reservation (<i>Bid Amount</i>) at the specified price (<i>Bid Price</i>) submitted for the given capacity (MW, EUR/MW) per hour.
Auction rules	Yearly and monthly auctions rules for the allocation of transmission capacities at the border between the bidding zones of JP Elektromreža Srbije ("EMS") and Crnogorski elektroprenosni sistem AD – Podgorica ("CGES").
Auction price	Price of the last accepted <i>Bid</i> (marginal price), expressed in Euros, determined for each border and direction; paid by each <i>Auction Participant</i> for each MW of <i>Promise of Capacity</i> for each hour.
Emergency Situation	Conditions and/or events and/or circumstances which in the professional assessment of <i>EMS</i> and/or <i>CGES</i> 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.
Force Majeure	Conditions and/or events and/or circumstances which, or the results of which, are beyond the reasonable control of <i>EMS</i> and/or <i>CGES</i> , 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 <i>EMS</i> and/or <i>CGES</i> 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 <i>EMS</i> and/or <i>CGES</i> .
Time Stamp	The <i>Auction Platform</i> system time assigned to a message when it leaves and/or comes into the <i>Auction Platform</i> . The <i>Time Stamp</i> is definitive when settling disputes.
Allocated Capacity	The <i>Promise of Capacity</i> notified to an <i>Auction Participant</i> becomes <i>Allocated Capacity</i> when the <i>Auction Participant</i> fulfills the payment conditions stated in the Section 8.

	<i>Allocated Capacity</i> is guaranteed by both neighbouring TSOs, vis-à-vis <i>Auction Office</i> , in accordance with these <i>Auction Rules</i> .
EIC Code	Energy identification code serving to clear the identification of entities in a cross-border trade. EIC codes are issued by local issuing offices and a list of issued codes is published on the ENTSO-E website https://www.entsoe.eu/data/energy-identification-codes-eic/eic-approved-codes/ .
EMS (EMS AD Belgrade)	Company with registered office in Belgrade, at Kneza Miloša 11, Serbia and incorporated in the Serbian Register of Business Entitiea with the Company Identification No.20054182.
ENTSO-E	European Network of Transmission System Operators for Electricity – association of TSOs.
Bidding Zone	The largest geographical area within which market participants can exchange energy without allocating transmission capacity
Bid Amount	The requested amount of <i>Capacity</i> reservation in MW (integral part of a <i>Bid</i>).
ITR (Interconnection Trade Responsible)	Market participant recognized by <i>TSOs</i> as a party responsible for the nomination of <i>Allocated Capacity</i> . It must be identified with an <i>EIC-code</i> . On <i>EMS</i> side it is the market participant with a valid and effective balance responsibility contract concluded with <i>EMS</i> . On <i>CGES</i> side it is a legal entity that has entered into a balance responsibility contract with <i>CGES</i> and has registered with <i>CGES</i> for participation in the Auction.
Yearly Auction Procedure Calendar	Yearly Auction Procedure Calendar published on the website of the <i>Auction Office</i> with defined deadlines for conducting yearly <i>Auction</i> for the current calendar year: <ul style="list-style-type: none"> • Deadline for the announcement of the <i>Offered Capacity</i> • Deadline for submitting <i>Bids</i> to the <i>Auction Platform</i> • Deadline for annoucment of information on the results of the yearly <i>Auction</i> • Date of issue of the pro- forma invoice based on the results of the yearly <i>Auction</i> • Pro forma Invoice Payment Due Date • Date of commencement of use of transmission capacity • Deadline for returning annual capacity rights • Date of returning financial assets due to the return of annual capacity rights
Monthly Auction Procedure Calendar	Yearly Auction Procedure Calendar published on the website of the <i>Auction Office</i> with defined deadlines for conducting monthly <i>Auction</i> for the current calendar year: <ul style="list-style-type: none"> • Deadline for returning annual capacity rights • Deadline for the announcement of the <i>Offered Capacity</i> • Deadline for submitting <i>Bids</i> to the <i>Auction Platform</i> • Deadline for annoucment of information on the results of the monthly <i>Auction</i> • Date of issue of the pro- forma invoice based on the results of the monthly <i>Auction</i> • Pro forma Invoice Payment Due Date • Date of commencement of use of transmission capacity

	<ul style="list-style-type: none"> • Notice of Allocated capacity which has been returned and sold • Date of returning financial assets due to non-nomination of Capacity
Capacity	Cross-border transmission capacity (MW).
User	A person entitled to use the <i>Auction Platform</i> on behalf of <i>Auction Participant</i> .
CGES (Crnogorski elektroprenosn i sistem AD – Podgorica)	Company with registered office in Podgorica, at Bulevar Sveti Petar Cetinjski 18, incorporated in the Montenegrin Register of Business Entities with the Company Identification No. 4-0008972.
Promise of Capacity	By notification of the <i>Auction</i> result of yearly or monthly <i>Auction</i> , the <i>Auction Participant</i> gains the promise of the <i>Auction Office</i> that the <i>Capacity</i> shall be allocated.
Announcement of Auction Capacities	Document published on the <i>Auction Office</i> website specifying offered <i>Capacities</i> , period of reservation, and any additional information necessary for the <i>Auction</i> process.
Bid Data Sheet	a form with the unambiguous and legible specifications stated in Attachment A and Attachment B of Annex 5 for submitting <i>Bids to the Auction Office</i> in case of alternative yearly and monthly auction procedure. The form shall be filled in with capital letters.
Curtailment of Allocated Capacities	The reduction of <i>Capacity at the border</i> between the bidding zone of EMS and CGES in the event of Force Majeure or in Emergency Situations, where EMS and CGES must act in an expeditious manner.
Transmission System Operator	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.
Transmission System Operators	Transmission System Operators participating in this common auction procedure, i.e.EMS and CGES
Offered Capacity	The <i>Capacity</i> offered by the concerned TSOs on the border and direction for the period indicated in the <i>Auction</i> procedure and guaranteed by concerned TSOs.
Preliminary Auction Specifications	A document published on the <i>Auction Office</i> 's website stating the values of the <i>Offered Capacity</i> , <i>Reservation Period</i> and all other relevant data necessary for conducting the <i>Auction</i> before the start of the process of returning annual capacity rights,
Transferor	<i>The Auction Participant or ITR</i> who wishes to transfer the <i>Allocated Capacity</i> to another <i>Auction Participant or ITR</i> .
Transferee	<i>The Auction Participant or ITR</i> to whom the <i>Allocated Capacity</i> is transferred
Working Day	The calendar days from Monday to Friday, with the exception of Serbian public holidays the list of which for the current year is published on the website of the <i>Auction Office</i>
Reservation Period	The period for which <i>Capacity</i> is offered at the <i>Auction</i> .

CET	Central European Time
Token	A media holding an electronic certificate.
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.
Auction Participation Agreement for the allocation of the right to use cross- border transmission capacity (Contract)	Contract between the Auction Office and the Auction Participant for Auctions at Serbian-Montenegrin border.
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.
Auction Participant	A Market Participant identified with a unique <i>EIC-Code</i> , registered at the <i>Auction Office</i> in accordance with Article 3.1.
Market Participant	Legal or natural person, ie entrepreneur registered with the market operator and transmission system operator as a participant in the market of Montenegro in accordance with the Market Rules, respectively concluded a contract on balancing responsibility with the market operator and transmission system operator, or a legal entity or entrepreneur holding a valid license issued by the Energy Agency of the Republic of Serbia (for activities of electricity generation, wholesale electricity supply or electricity supply) or registered as a Balance Responsible Party in the Republic of Serbia in accordance with the Rules of Operation of the Electricity Market.
Auction Price	The price in EUR to be paid by each <i>Auction Participant</i> for 1 MW of <i>Capacity</i> for each hour.

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 *Energy Community Treaty* and the Decision of the Energy Community Ministerial Council, accepting EU Regulation a market-based mechanism shall be adopted to allocate transmission *capacity* among market participants.

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-Montenegrin border and to allocate available *Capacities* to market participants.

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

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

The aim of the common *Auction* is to ensure that the market participants are allocated an available Capacity in transparent and non-discriminatory manner

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

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

Article 1.3 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 yearly and monthly *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 12.1.

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-Montenegrin border.

Among other aspects, the *Auction Rules* prescribe 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 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 12.1, 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 10/.

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

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-Montenegrin border for the following *Reservation Periods*:

- for the yearly *Auction* – the *Reservation Period* starts on 1 January at 00:00h (CET) and ends on 31 December at 24:00 h (CET),
- for the monthly *Auction* – the *Reservation Period* starts on the 1st day at 00:00 h(CET) and ends on the last day at 24 :00 h (CET) for the time period with the same *Offered Capacity* values during the calendar month of the respective year.

If in one of the directions during the month there are several time periods with different values of the *Offered Capacity*, when organizing monthly auctions, for each period with the same *Offered Capacity* value, an independent auction is organized and a special *Auction Bid* is submitted.

The *Reservation Period* (one or more) and the *Offered Capacities* are listed in the *Announcements 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* (<http://www.ems.rs>) and on *Auction Platform* (<https://damas.ems.rs>), 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 (<http://www.ems.rs>).

Section 3

Procedure and Requirements for Participating in the Auction

Article 3.1 Registration and Acceptance of the Auction Rules

The following entities may take part in an *Auction*:

- **On EMS side** legal entity or entrepreneur which:
 - Hold at least one valid license issued by the Energy Agency of the Republic of Serbia for performing the following energy-related activities:
 - electricity generation,
 - wholesale electricity supply,
 - electricity supply,
 - or registered as a Balance Responsible Party in the Republic of Serbia in accordance with the Rules of Operation of the Electricity Market;
- **On CGES side** legal or natural person, ie entrepreneur registered with the market operator and transmission system operator as a participant in the market of Montenegro in accordance with the Market Rules, respectively concluded a balance responsibility contract with the market operator and transmission system operator,

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*.

The Market Participant submits a declaration of acceptance of the application of the Auction Rules when signing and verifying the model of the Auction Participation Contract for the allocation of the right to use cross-border transmission capacity (hereinafter: the Contract) (see Annex 1) to which it encloses:

- Original or certified copy of extract from the Commercial register, not older than 6 months (in Serbian, Montenegrin or English for Market Participants seat of which is not in the Republic of Serbia).
- A list of authorized representatives who are entitled to communicate with the Auction Office on behalf of the Market Participant and to discharge the obligations to the Auction Office on behalf of the Market Participant (see Annex 1).

The contract and related documents must contain complete and true information

Each *Auction Participant* is identified with a valid and unique *EIC-Code* issued for the *Auction Participant* and registered in the list of *EIC-codes*

A *Market Participant* who does not have a unique and valid *EIC code* can contact the local *EIC code* issuing office. *EIC codes* are issued in accordance with the rules of the local EIC code

issuing office.

The three signed copies of the Contract have to be delivered to the *Auction Office* in writing by mail, messenger/courier or personally. The Contract has to be delivered to the *Auction Office*'s address or personally to the filing office of the Auction Office (see Annex 2). The *Auction Office* will notify the *Market Participant* that it considers the Contract not submitted if it has been delivered by fax or e-mail or if it is incomplete, and the *Market Participant* has not, at the invitation of the *Auction Office*, remedied formal deficiencies within the time allowed.

The Auction Office shall submit a notice of acceptance or non-acceptance of the registration of the *Market Participant* as *Auction Participant* by e-mail to the address indicated in the Contract.

The deadline for delivery of the Contract to register *Auction Participants* for the yearly *Auction* is 12:00h CET three (3) *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 Contract to register *Auction Participants* for the relevant monthly *Auction* is 12:00h CET three (3) *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 date when the registration process for *Auction Participant* begins to run on its webpage <http://www.ems.rs>. A Contract delivered to the *Auction Office* or signed before this date will be considered premature and the *Auction Office* will not act on it.

Registration is valid for an indefinite number of *Auctions* conducted by the *Auction Office* for the calendar year, regardless of the obligation of the *Auction Participant* to immediately notify the *Auction Office* of any changes and regardless of the *Auction Office*'s right to request updating or resubmission of any part of the above registration documentation.

The accepted Contract signed by the authorized representative of the *Auction Office* and the *Auction Participant* is valid for an indefinite number of *Auctions* in a calendar year. The *Auction Rules* constitute the general terms and conditions of the aforementioned *Contract*.

Each *Auction Participant* may change its list of authorized representatives or other data listed in Appendix 1 of the Contract. Based on the updated and validly signed Appendix 1 of the Contract submitted by the *Auction Participant* to the persons responsible for the registration of the *Auction Participant* (see Annex 2), the *Auction Office* will confirm the registration change to the *Auction Participant* not later than three Business Days after the *Auction Office* receives the updated and validly signed Appendix 1 of the Contract. A Confirmation Notice will be emailed to the address indicated in the *Auction Participant* Contract.

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

Section 4

Auctions Algorithm and Determination of the Auction Price

Article 4.1 Border

The Serbian –Montenegrin border 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* making priority order for each direction separately i.e. for each *Auction* which the individual *Bids* relate to.

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*.

If there are two or more *Bids* 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 method and roundings to smaller integers. The remaining unallocated Offered Capacity, if any, will be allocated to the *Auction Participants* who submitted marginal *Auction Bids*, taking into account the *Time stamp* when submitting the *Bids*, 1 MW, starting with the *Auction Participant* who first entered the *Auction Bid*, until the remaining *Offered Capacity* is fully allocated

Article 4.3 Determination of the Auction Price

If accepted *Bids* do not exceed the *Offered Capacity* on the Serbian-Montenegrin border, 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 *Bid*.

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 *User* 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 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 before expiration of the deadline for submission of the data and if the *Auction Platform* confirmed the receipt. After the expiration of deadline, receipt of data will not be possible.

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 Bid 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 for deciding whether the Bid has been submitted within the deadline set for submission of the *Bids*. 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 *Bids* subject to Auction algorithm.

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

The *Auction Platform* is available to all *Auction Participants* who have a web browser, user account obtained from the *Auction Office* and an electronic certificate token

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 two (2) tokens to each new *Auction Participant* that holds a license for participating in the electricity market in the Republic of Serbia.

Auction Office will provide one (1) token to each new *Auction Participant* that is not licensed for participating in the electricity market in the Republic of Serbia.

Those *Auction Participants* who have already received tokens for participation in the auctions conducted by *EMS* or for access to the *EMS* information system for the administration of daily cross-border exchange schedules will use already activated tokens for the access to the *Allocation Platform* ie. they will not be issued additional tokens.

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:

- The representative of the *Auction Participant* could take over the token and the token password and sign the Declaration on take-over and use of the electronic certificate (see Annex 6) personally at *Auction Office* premises (Vojvode Stepe 412, Belgrade, Serbia) each *Working Day* from 09:00h till 14:00h CET or
- *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 6) 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 6) and send two originals back to the *Auction Office*. One original 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 Contract.

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 original of the 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.

Article 5.3 Access to the Auction Platform through the Web Service

The *Auction Office* may additionally, at the request of the *Auction Participant*, provide one (1) electronic certificate for access to the *Auction Platform* through the web service.

The *Auction Office* will issue an electronic certificate for access to the *Auction Platform* via the web service three (3) Business Days after the request from the *Auction Participant* has been received.

Auction Participants who have already received an electronic certificate for access to the *Auction Platform* through the web service will not be issued additional electronic certificates for access to the *Auction Platform* through the web service.

The *Auction Participant* can take over the electronic certificate for access to the *Auction platform* through the web service as follows:

- A representative of the *Auction Participant* can take-over the electronic certificate and sign the Declaration on taking-over and using the electronic certificate (see Annex 6), personally at the premises of the *Auction Office* (Vojvode Stepe 412, Belgrade, Serbia) each working day from 09:00 to 14:00 (CET) or the certificate, together with the Declaration on taking over the electronic certificate, will be sent to the Participant through a secure channel.

Section 6

Specific Rules for Yearly Auction

The specific rules for the 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 4. Information about use of the alternative yearly *Auction* procedure according to Annex 4 may be published by 12:00h CET on the last *Working Day* which is the day on which the deadline for delivery of *Bids* to the *Auction Platform* falls according to the Yearly Auction Procedure Calendar, which shall be published on the *Auction Office* webpage(<http://www.ems.rs>) along with all other information regarding implementation of the alternative yearly *Auction* procedure. 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 *Auctions* will be held on the date 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 reservation period 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 70 MW or it is equal to the *Offered Capacity* in case the *Offered Capacity* is less than 70 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 10 (ten) *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* 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 process

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 (unallocated) *Capacity* in the yearly *Auctions* will be offered in the monthly *Auctions*.

Article 6.3 Notification on 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 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*:

- Border and direction specifications
- 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 for announcing Auction results the *Auction Office* will also publish:

- Price curves from bids i.e. a tabular overview of bidding prices,
- List of *Auction Participants* who have been allocated a Capacity.

Each *Auction Participant* can access the *Auction* results through the *Auction Platform*. In addition to the above general information, the *Auction Participant* through the *Auction Platform*, individually for each *Auction*, has an insight into the status of its *Bids* (accepted, partially accepted or rejected), or has an insight into the *Promise of Capacity* in MW in each *Reservation Period*.

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 by alternative rules specified in Annex 4. Information about use of the alternative monthly *Auction* procedure according to Annex 4 may be published by 12:00h 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(<http://www.ems.rs>). Furthermore, the *Auction Office* will notify use of the alternative monthly *Auction* process 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 on the date set in the Monthly Auction Procedure Calendar. 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) Reservation period (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 70 MW or it is equal to the *Offered Capacity* in case the *Offered Capacity* is less than 70 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 10 (ten) *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 for the monthly Auction*. Deadlines for submitting *Bids* for the monthly *Auction* are specified in the *Monthly Auction Procedure Calendar*, which shall be published on the *Auction Office* webpage (<http://www.ems.rs>), with the exception of changing of the time closure according to a business day regime change (see Article 5.1).

Article 7.2 Auction process

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 (unallocated) *Capacity* in the monthly *Auctions* will be offered in the daily *Auctions*.

Article 7.3 Notification on 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 according to the *Monthly Auction Procedure Calendar*, no later than the deadline for announcing the results of the relevant monthly *Auction*:

- Border and direction specifications
- 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 (3) *Working days* after deadline for announcing *Auction* results the *Auction Office* will also publish:

- Price curves from bids i.e. a tabular overview of bidding prices,
- List of *Auction Participants* who have been allocated a *Capacity*.

Each *Auction Participant* can access the *Auction* results through the *Auction Platform*. In addition to the above general information, the *Auction Participant* through the *Auction Platform*, individually for each *Auction*, has an insight into the status of its *Bids* (accepted, partially accepted or rejected), or has an insight into the *Promise of Capacity* in MW in each *Reservation Period*.

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 *Auction Participants* and in RSD using the middle exchange rate of the National Bank of Serbia and on the date of payment for Serbian resident *Auction Participants*.

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*. This date is also the date of issuance of the Advance payment Invoice which the Auction Office is obliged to issue to the Serbian resident *Auction Participants*. On the first day after utilizing the *Allocated Capacity*, the *Auction Office* issues an invoice to the *Auction Participant*.

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 or e-mail. In case of sending the original pro-invoice / invoice by mail, copies of the pro-invoices/invoices are sent by e-mail, 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 full settlement.

The following VAT modes will be used:

For Serbian resident *Auction Participants*:

- 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. The *Auction Participant* will pay the full amount in EUR, including VAT, in accordance with the payment notes given in the proforma invoice.

- For non-Serbian resident *Auction Participants*:
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 fulfils 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*, *Auction Office* is entitled to enforce the completion of the *Contract* and hold the *Auction Participant* liable for paying the amount due for the Promise of Capacity, interests, charges and expenses arising from the enforcing of the completion of the *Contract*.

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 *CGES* whether or not arising out of an *Auction*.

Article 8.2 Payment for Yearly Auction

Payment for the *Promise of Capacity* will be made on the basis of pro forma invoices/ invoices and in twelve monthly amounts/installments rounded to two decimals. Each amount is to be paid for the following month in advance.

The *Promise of Capacity* will be considered Capacity Allocated following the payment of each monthly amount for the next calendar month by the *Auction Participant*

The pro forma invoice for the yearly *Auctions* shall be issued on the day defined in the *Yearly Auction Procedure Calendar* as the day for issuing the pro forma invoice for the relevant month. The due date of invoice shall be defined in the *Yearly Auction Procedure Calendar* as the deadline for payment for the relevant month.

If the payment on the basis of the pro forma invoice for yearly *Auctions* is not settled by the due date of the pro forma invoice for the relevant month, the *Auction Office* will warn the *Auction Participant* by e-mail that the payment has not been made in due time.

If, despite the warning, the *Auction Office* does not receive the payment by the end of the second Working Day from the due date of the invoice for payment for the relevant month, the *Auction Participant* loses the *Promise of Capacity* gained by way of the yearly *Auction* for the relevant month and for the remaining months in the current calendar 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 a subsequent *Auction*.

Article 8.3 Payment for Monthly Auction

Payment for the *Promise of Capacity* will be made on the basis of pro forma invoices/ invoices issued by the *Auction Office* for the monthly amount. Each amount is to be paid for the following month in advance.

The *Promise of Capacity* will be considered Capacity Allocated following the payment of each monthly amount by the *Auction Participant*

The pro forma invoice for the monthly *Auctions* shall be issued on the day defined in the *Monthly Auction Procedure Calendar* as the day for issuing the pro forma invoice for the relevant month. The due date of the invoice shall be defined in the monthly *Auction Procedure Calendar* as the deadline for payment for the relevant month.

If the payment on the basis of the pro forma invoice for monthly *Auctions* is not settled by the due date of the pro forma invoice for the relevant month, the *Auction Office* will warn the *Auction Participant* by e-mail that the payment of the proforma/invoice has not been made in due time.

If, despite the warning, the *Auction Office* does not receive the payment by the end of the second Working Day from the due date of the invoice for payment for the relevant month, the *Auction Participant* loses the *Promise of Capacity* gained by way of the monthly *Auction* for the relevant month and for the remaining months in the current calendar 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 a subsequent *Auction*.

Section 9 Returning Annual Capacity Rights

Article 9.1 General provisions

The Holder of the *Allocated Capacity* at yearly *Auction* may return to the *Auction Office* part or the entire amount of the Allocated Capacity for reallocation at the next monthly *Auction*.

The returned *Allocated Capacity* represents a constant integer amount of MW within the time frame of the next monthly *Auction*.

The minimum amount of returned *Allocated Capacity* is one (1) MW within the time frame of the next monthly *Auction*.

The *Auction Office* makes available the returned annual *Allocated Capacity* at the next monthly *Auction*, increasing accordingly the *Offered Capacity* published in the Preliminary *Auction Specification*.

Article 9.2 Return procedure

The Holder of the annual *Allocated Capacity* who wishes to return its Allocated Capacity must send a request to the *Auction Office* via the *Auction Platform* no later than the deadline specified in the *Monthly Auction Procedure Calendar* for the next *Auction* at which the *Allocated Capacity* will be returned.

The deadline for submitting request for the return of capacity rights is from 08:00 to 11:00 (CET) on the day preceding the day of the monthly *Auctions*.

The return request must contain the following information:

- EIC with the Holder of the *Allocated Capacity*;

- identification of the time frame of the next monthly *Auction* at which the *Allocated Capacity* is returned; and
- the amount of Allocated Capacity to be returned.

In order to be able to return the *Allocated Capacity*, the Holder of the *Allocated Capacity* must:

- send a request before the deadline, and
- meet its due financial obligations in accordance with these Allocation Rules

If the above conditions are met, the *Auction Office*, without delay, shall send the Holder of the *Allocated Capacity* via the *Auction Platform* a notice of acceptance or rejection of the request for return of capacity.

If the request is accepted, the Allocation Platform reduces the total amount of Allocated Capacity by the returned amount.

The Holder of the Allocated Capacity who wishes to change the request for the return of the Capacity, sends via the Auction Platform a new request with the changed amount of the Allocated Capacity that he wants to return before the deadline for the return of the Allocated Capacity. In cases where the amount of Allocated Capacity has been changed to zero (0) MW, it is considered that the Holder of the Allocated Capacity has waived the request.

If the Auction Platform cannot register a return as specified in this chapter, the *Auction Platform* may apply a fallback data exchange procedure. In the case of the fallback procedure, the Holder of the *Allocated Capacity* shall submit the request for the return of the *Allocated Capacity* at yearly auctions by e-mail within the deadlines and under the conditions set out in Article 9.2 of these Rules.

Article 9.3 Reimbursement to the holders of the Allocated Capacity returned to the Auction Office

Holder of the *Allocated Capacity* who returned the *Allocated Capacity* to the *Auction Office* are entitled to be reimbursed in the amount of the marginal price realized during the respective following monthly Auction, calculated for each hour as follows:

- Marginal Auction Price at which the *Allocated Capacity* was re-allocated in Euros / MW per hour multiplied by
- the amount in MW that was re-allocated.

Upon successful return, the *Auction Participant* ceases to be the Holder of the *Allocated Capacity* for the returned amount of the *Allocated Capacity*. This means that all rights and obligations of the *Auction Participant* related to the returned amount of *Allocated Capacity* cease to be valid. All rights and obligations of the *Auction Participant* related to the retained part of the *Allocated Capacity* shall remain unchanged.

The Auction Office will deliver the notice on the sold capacity to the *Auction Participant* in accordance with the *Yearly Auction Procedure Calendar* published on www.ems.rs.

The Action Participant will send an invoice to the Auction Office for the returned right to the annual capacity with all the elements prescribed by the laws in force in the Republic of Serbia.

The invoice for the returned right to the annual capacity shall be issued on the day defined by the *Calendar of the annual auction procedure* as the day for issuing the invoice for the relevant month. The due date for collection is defined by the *Yearly Auction Procedure Calendar* as the deadline for payment for the relevant month.

The originals of the invoice are sent to the *Auction Office* by mail or e-mail. In the case of sending the original by mail, copies are sent by e-mail on the day of issue indicated on the invoice.

The Auction Office will reimburse all participants for the returned *Allocated Capacity* in proportion to the returned *Allocated Capacity* in the amount of funds collected from the monthly auctions.

All bank fees of the intermediary bank (if any) shall be borne by the *Auction Participant*.

Section 10 Use of the Allocated Capacity

Article 10.1 Nacional commercial terms and conditions

The General Rules for Access to the Network for the Use of *Allocated Capacity* are not covered by the *Auction Rules* unless otherwise stated in the following provisions.

EMS and CGES shall perform the service of transmission of electricity according to the results of the *Auction* and in accordance with the regulations regarding access to the transmission system in each of the *Bidding Zones* and in accordance with the applicable market rules in the *Bidding Zones* of *EMS* and *CGES*.

After reserving a *Capacity* at the *Auction*, *EMS* and *CGES* undertake to ensure that the *Allocated Capacity* is guaranteed to the *Auction Participant*, except in case of Force Majeure and/or unplanned system conditions.

The *TSOs* set the following prerequisites for using *Allocated Capacity*:

- **on *EMS* side**— legal entity or entrepreneur which has concluded a balance responsibility contract with *EMS - Serbian ITR*,
- **on *CGES* side** – legal or natural person, ie entrepreneur registered with the market operator and transmission system operator as a participant in the market of Montenegro in accordance with the Market Rules, respectively concluded a balance responsibility contract with the market operator and transmission system operator- Montenegrin *ITR*.

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

Article 10.2 Nomination of the Allocated Capacity

Nomination of the *Allocated Capacities* must be in compliance with the requirements stated in Article 9.1.

In case of *Allocated Capacities* at Annual and Monthly Auctions, cross-border exchange schedules relating to the Serbian-Montenegrin border must be received by CGES and EMS within the time period for nominating cross-border exchange schedules for the following day, based on *Allocated Capacities* at yearly and monthly *Auctions*, in accordance with the applicable market rules of each *Transmission System Operator*. Submission of the cross-border exchange schedules for the next day on the basis of *Allocated Capacity* at yearly and monthly auctions is accomplished through one or more one-way transactions, with one of the participants in the transaction always an ITR that has *Allocated Capacity* or to which *Allocated Capacity* is transferred ("M: N" - registration of daily schedules). The end of the time period for the submission of cross-border exchange schedules by *Allocated Capacities* at the yearly and monthly *Auctions* is 08: 00h (CET). Modification to cross-border exchange schedules by Serbian and Montenegrin ITRs after this time are prohibited. The use is based on the "Use it or Sell it" principle, which means that the *Allocated Capacity* from the yearly and monthly Auctions not used through the submission of cross-border exchange schedules will be made available to *Auction Participants* in the daily Auction.

CGES and EMS shall compare the submitted individual fixed cross-border exchange schedules at the common border. If there is a difference, CGES and EMS will allow Serbian and Montenegrin ITRs to modify the submitted cross-border exchange schedules until the end of the deadline for the acceptance of long-term cross-border schedules at 08: 30h (CET). If there is still a mismatch at the "cut-off" time for accepting cross-border exchange schedules by long-term *Allocated Capacities*, CGES and EMS will modify the submitted cross-border exchange schedules in accordance with the following rules:

- when value is different, the lower value is decisive,,
- when there is missing value from the cross-border partner, or the directions are incorrect, zero values are taken.

At the expiration of time for reconciliation process, fixed exchange schedules between Bidding Zones will be fully accepted, partially accepted or rejected (zero (0) is accepted) in accordance with the result of the reconciliation.

Article 10.3 Use it or Sell It (UIOSI) principle for non-nominated Allocated Capacity

For each day, all non-nominated yearly and monthly Allocated Capacity is automatically taken into account for the ATC calculation at daily auctions and refunded to the *Allocated Capacity Holder*.

For holders of yearly and monthly *Allocated Capacity*, the reimbursement for non-nominated yearly and monthly *Allocated Capacity* is set as the difference between *Allocated Capacity* at yearly and monthly *Auctions* and the value of reconciliation result multiplied by the price achieved at daily auctions in the corresponding hour. The price at daily auctions is defined by the *Daily Auction Rules* between CGES and EMS.

EMS will send a notice to the holders of the *Allocated Capacity* about the capacity that remained non-nominated, which was sold at daily auctions, as well as the total amount of the fee in euros, in accordance with the "Use it or sell it" principle. The notice will be sent no later than the first calendar day of the following month and will refer to the *Allocated Capacity* and Reimbursement Right for the previous month. Upon receipt of this notice, but not after more than five (5) working days, the Holder of the *Allocated Capacity* will issue an invoice to EMS,

which will contain all the elements prescribed by the laws in force in the Republic of Serbia. This invoice is issued with the due date for collection defined by the *Monthly Auction Procedure Calendar* as the payment deadline for the relevant month.

Payment for *Allocated Capacity* will be made non-discriminatory (in proportion to the non-nominated yearly and monthly Allocated Capacity) in the amount collected from daily auctions, i.e. to the extent that CGES has raised appropriate funds from Registered Participants who have purchased *Allocated Capacity* at daily auctions.

In case the *Auction Office* has not received the full amount from CGES for the purpose of full reimbursement to the holder of the Allocated Capacity in accordance with the "Use it or sell it", principle the reimbursement will be made on a pro-rata basis, in proportion to the total financial compensation of each holder. Upon receipt of the full amount, the *Auction Office* will submit to the responsible holders of the *Allocated Capacity* a new Notice of sold capacity for the remaining payment based on the principle of "Use it or sell it".

The originals of the invoice are sent to the *Auction Office* by mail or e-mail. If the original invoice is sent by mail, copies of the invoice are sent by e-mail on the issuing date indicated on the invoice.

All bank fees of the intermediary bank (if any) are borne by the holder of the *Allocated Capacity*.

If for some reason the Information System or devices used by EMS and / or CGES and / or the EMS and / or CGES website is interrupted and /or suspended, for which reason it is not the possible to allocate unregistered early or monthly *Allocated Capacity* at daily auctions, no the "Use it or sell it " principle may be applied and the holders of the *Allocated Capacity* for non-nominated yearly and monthly *Allocated Capacity* will not be reimbursed for non-nominated yearly and monthly *Allocated Capacity* due to the impossibility of conducting a daily auction.

If capacity curtailment is performed in case of Extraordinary Circumstances or Force Majeure, after the deadline for long-term schedule reconciliation process, and before publishing the results of daily auctions, non-nominated yearly and monthly *Allocated capacity* that is not subject to curtailment, will be reimbursed based on the "Use it or sell it " principle.

Section 11

Transfer of Right to Allocated Capacity

Article 11.1 General conditions

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

The Transferor and the 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 12.2) are transferred together with the *Capacity*.

Transfer of right to *Allocated Capacity* can only be made if the *Auction Participant* that wishes to transfer the right to *Allocated Capacity* has paid in full for yearly/ monthly*Capacity*

allocation for the relevant month to which the *Capacity* Transfer relates.

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

The *Allocated 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 of the period for which the *Capacity* is allocated).

The *Auction Participant* may transfer the right to the *Allocated Capacity* in full (the full amount of *Allocated Capacity* in MW for all hours on that day), or partially (a part of the full amount of *Allocated Capacity* in MW for all hours on that day). This means that only one (the same) value of the *Capacity* entitlement can be transferred within one day for each hour on that day.

The minimum value of *Capacity* which one *Auction Participant* may transfer to another *Auction Participant* is 1 MW. The value of *Capacity* to be transferred cannot be greater than the value of the *Allocated Capacity* (acquired at the Auction), that is, the *Capacity* value that the *Capacity Transferor* has at the time of the transfer of right.

Article 11.2 Transfer of Right to the Capacity through the Auction Platform

The *Auction Participant* having an *Allocated Capacity* shall transfer the rights to the *Allocated Capacity* to another *Auction Participant*, or to several other *Auction Participants* through the *Auction Platform*.

Transfer of rights to *Allocated Capacity* can be made no earlier than 12: 00h (CET) six days before the first day of month M, and no later than 12: 00h (SEV) three days before the first day of using *Allocated Capacity*. After this deadline, transfer of the right to the *Allocated Capacity* is not possible.

The *Transferor* submits a request for transfer of rights directly into the *Auction Platform*. The *Transferee* , within 4 hours of the submission of the transfer request, must confirm the transfer of the *Capacity Allocation* right in the *Auction Platform*. Otherwise, the transfer of capacity rights is automatically canceled. The *Transferee* is obliged to check with the *Auction Office* before confirming the transfer of *Capacity* right that the *Transferor* has settled the financial obligations for that capacity. In the event that the *Transferor* has not paid the capacity received, the *Auction Office* shall cancel such transfer of right. This rule also applies to all transfers of rights arising from the initial transfer of capacity rights.

The transfer of the rights to the *Capacity* confirmed in the *Auction Platform* by both *Auction Participants* is binding on both *Auction Participants* and after its submission to the *Auction Office* cannot be changed or withdrawn.

The *Auction Office* will refuse to transfer *Capacity Rights* that the *Auction Participants* have confirmed in the *Auction Platform* in the event that the rights transfer is not valid or the *Transferor* has not paid for the Promise of Capacity. This also applies to successive transfers of rights to the same *Allocated Capacity* when the *Auction Participant* has not previously contacted the *Auction Office* by e-mail or telephone to verify that the submitted right transfer is

possible, ie whether the transfer of the right to the capacity is valid.

All records of the transfer of rights to the *Allocated Capacity* are stored in the *Auction Platform*.

Article 11.3 Fallback Procedure for Transfer of Right to the Capacity

The rules for the transfer of rights to *Allocated Capacity* organized electronically in the *Auction Platform*'s user environment set out in this section may be superseded in the event of technical problems with the backup procedure for transferring the rights to *Allocated Capacity*.

All *Auction Platform* users will be notified without delay of the inability to transfer the rights to the *Allocated Capacity* through the Auction Platform.

Auction Participants executing transfer of the rights to the Allocated Capacity are obliged to submit to the *Auction Office* a joint request for the transfer of the rights to the *Allocated Capacity*, individually for the *Capacity* allocated at each *Auction* that has a 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 the right to capacity is submitted exclusively in writing, by filling in the form "Request for Capacity Transfer in case of a fallback procedure" (see Annex 3), which is also published on the website of the Auction Office. The completed form of the relevant Request for Capacity Transfer shall be delivered to the Auction Office by fax and e-mail (scanned copy) to the fax number and e-mail address provided for the purposes of the 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)*. 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.

The Request for Capacity Transfer delivered to the *Auction Office* shall be binding for both *Auction 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 fax or e-mail to the *Transferor*, as well as to the *Transferee*.

The deadline for transfer of the Capacity Rights is 12: 00h (CET) three Working days before the first day of using the *Capacity*.

Section 12

Capacity Curtailment

CGES and EMS as concerned *TSOs* have committed themselves to guarantee the *Allocated Capacity* with the exception of cases set forth in this Section.

The *Offered Capacity* may be curtailed before the announcement of *Auction* results.

Capacity Offered or the *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*, the

limination 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, such as redispatching, in order to solve *Emergency Situations or Force Majeure* and enable *Auction Participant or ITRs* to use their *Allocated Capacity*.

Article 12.1 Priority Order for Capacity Curtailment

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

1. *Allocated Capacity in intra-day Auctions,*
2. *Allocated Capacity in daily Auctions,*
3. *Promise of Capacity or Allocated Capacity in monthly Auctions,*
4. *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 *TSO* affected by the *Emergency Situations or Force Majeure*). The *Auction Office* shall inform 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 or Force Majeure*, and about the necessity of a new submission of the adjusted exchange schedules on the affected border using adapted *Allocated Capacity* after curtailment.

The *TSOs* must 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,ie. reduced.

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

Article 12.2 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*, 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* shall 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 13

Miscellaneous

Article 13.1 Liability

The *Auction Office* shall be liable for damage caused by gross negligence or wilful 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 held 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 *CGES*, 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 *CGES* 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 good business entity and a responsible transmission system operator, in compliance with the applicable laws and regulations in the electricity sector. *TSOs* have undertaken a similar obligation vis-à-vis *Auction Office*.

Article 13.2 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 13.4 of *Auction Rules*, shall be carried out in Serbian, 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* shall 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.

Article 13.3 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 entitled to request data in accordance with the law, who are correspondingly bound by the obligation of confidentiality.

Article 13.4 Dispute resolution, venue and applicable law

These *Auction Rules* shall be governed by and construed in accordance with the laws of Serbia.

In the event of disputes that may arise as a result of the application of the Contract and the *Auction Rules* as an integral part thereof, or due to breach, termination or invalidation thereof, the *Auction Office* and the *Market Participant* shall endeavour to reach an amicable settlement.. The party invoking the existence of the cause of the dispute shall be obliged to provide the other party with a reasoned notice of the existence of the reason for the dispute, stating the article from the Contract and the *Auction Rules* that has been breached, inviting the other party for amicable dispute settlement.

In the event that the *Auction Office* and the *Market Participant* fail to reach an amicable settlement within thirty (30) days of the first notification of the reason for the dispute, the Parties agree to settle the dispute before the Belgrade Commercial Court.

The place of performance of all obligations of the *Auction Participants* resulting from the Contract shall be the registered seat of the *Auction Office*.

Article 13.5 Auction Rules Validity, Effectiveness and Changes

The *Auction Rules* shall become effective following the approval of the relevant regulatory authorities and shall apply in the available transmission capacity allocation process for 2022 and futher in both directions at the Serbian – Montenegrin border.

The *Rules on the Implementation of the Transparent Congestion Management and Allocation of Cross-Border Electricity Transmission Capacities* (Official Gazette of Montenegro 54/2017 of 24 August 2017) shall apply to auctions for the allocation of *Capacities* in both directions at the Serbia-Montenegro border, for the part within the CGES jurisdiction.

In case of termination of these Rules, the principles of the *Auction Rules* could be changed. *Auction Participants* will be informed in advance about changes.

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 13.6 List of Annexes

Annex 1 Contract on participation in auctions for allocation and use of cross-border transmission capacity.

Annex 2 List of Contacts

Annex 3 Request for Capacity Transfer in case of Fallback Procedure

Annex 4 Alternative Yearly and Monthly Auction Procedure

Annex 5 Complaint procedure

Annex 6 Declaration on take-over and use of the electronic certificate

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

Annex 1 Contract on participation in auctions for allocation and use of cross-border transmission capacity

1. Join stock company „Elektromreža Srbije” Belgrade, 11 Kneza Miloša St., Company Identification No. 20054182, TIN.103921661 (hereinafter: Auction Ofice or EMS JSC),represented by General Manager, represented by Aleksandar Kurćubić, Executive Director for System and Market Operation (power of attorney by General Manager of EMS AD No. _____ dated _____

2. XXXXX, in _____ St._____ Company Identification No._____, TIN _____, EIC _____ (hereinafter:Market Participant), represented by _____ (function of the authorized representative),

Have concluded:

Article 1. Subject matter of the Contract

The Auction Office and the Market Participant hereby regulate their mutual relations with respect to the exercise of the Market Participant's right to participate in the Auctions for the allocation of transmission capacities at the borders between Bidding Zones of EMS JSC Belgrade and CGES and the rights and obligations in case of capacity allocation at the Auction, in accordance with the yearly and monthly auction rules for the allocation of transmission capacities at the border between Bidding Zones of EMS JSC Belgrade (“EMS”) and Crnogorski elektroprenosni sistem JSC(“CGES”) for year 20__ .

The Auction Rules have been published on the Auction Office website, www.ems.rs and form an integral part of this Contract.

The terms used in this Contract have the same meaning as in the Auction Rules Definitions.

Article 2. Declaration of the Market Participant

The Market Participant declares that it is fully acquainted with the Auction Rules, and undertakes to abide by and irrevocably accept, without any reservations and restrictions, the provisions of the Auction Rules, as well as any possible subsequent amendments to the Auction Rules that the Market Participant will be timely notified in accordance with Section 13.5 of the Auction Rules.

The Market Participant warrants that the information in Appendix 1 to this Contract-t is accurate and complete.

The market participant also declares that it is registered in accordance with the laws of the country of origin, that it has not gone bankrupt, that it is not subject to liquidation proceedings, that it is not subject to judicial or other proceedings that could jeopardize the fulfillment of the conditions specified in Auction Rules, as well as no outstanding debts to the Auction Office or CGES.

Article 3.
Obligations of the Auction Office and Market Participants

The Auction Office and the Market Participant undertake to perform their duties professionally and to comply with their obligations set out in the Contract and the Auction Rules which constitutes an integral part of this Contract.

Article 4.
Applicable Law and Dispute Resolution

This Contract shall be governed by the law of the Republic of Serbia.

In the event of disputes that may arise as a result of the application of the Contract and the Auction Rules as an integral part thereof, or due to breach, termination or invalidation thereof, the Auction Office and the Market Participant shall endeavour to reach an amicable settlement. The party invoking the existence of the cause of the dispute shall be obliged to provide the other party with a reasoned notice of the existence of the reason for the dispute, stating the article from the Contract and the Auction Rules that has been breached, inviting the other party for amicable dispute settlement.

In the event that the Auction Office and the Market Participant fail to reach an amicable settlement within thirty (30) days of the first notification of the reason for the dispute, the Parties agree to settle the dispute before the Belgrade Commercial Court.

The place of performance of all obligations of the Auction Participants resulting from the Contract shall be the registered seat of the Auction Office.

Article 5.
Data Confidentiality

The Parties agree that the obligations under this Contract and the information provided during the implementation of this Contract are considered confidential and shall not be published or disclosed to any third party.

If it is necessary to provide such information to state authorities, organizations and institutions, or bodies of international organizations of which the Republic of Serbia or EMS AD is a member, each Party shall notify the other Party in writing before providing any information.

Article 6.

The list of Authorized Market Participants (Appendix 1) is an integral part of the Contract. Each Market Participant may change its list of authorized representatives or other information specified in Appendix 1 to the Auction by submitting a validly signed Appendix 1 to the Auction Office.

Article 7.

This Contract shall enter into force upon signature by the authorized representatives of the Market Participants and the Auction Office and shall expire on 31 December 20__.

This Contract has been executed in 3 (three) identical counterparts, 2 (two) for the Auction Office and 1 (one) for the Market Participant.

For the *Auction Participant*

Date: _____

Signature

For EMS AD Beograd

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 *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 6) for the registered *Market 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 4)

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

- for financial issues

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

Address for delivery of the contract:	
Address for delivery of the pro-forma invoice/invoice:	
e-mail which pro-forma invoice/invoice shall be sent to:	

The *Market Participant* declares that each *User* shall be trained and instructed according to the *Auction*.

The *Market Participant* agrees to notify the *Auction Office* immediately of any changes to the information contained in this form.

Date:

For the *Market Participant*

Signature

Annex 2 List of Contacts

Contracts (see Annex1) 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.

In case of implementing fallback procedure for Capacity Transfer *Auction Participants* have to submit **Request for Capacity Transfer in case of fallback procedure** (see Annex 3) to the following fax number and scanned copy to the following e-mail address:

EMS: **+381 11 3970 695** alokacija@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.
Marko Janković	+381 11 39 57 028	<u>marko.jankovic@ems.rs</u>	+381 11 39 70 695
Nikola Tošić	+381 11 39 57 176	<u>nikola.tosic@ems.rs</u>	

Registration of Market Participants and financial issues

Name	Phone No.	E mail	Fax No.
Jelena Pejović	+381 11 39 57 112	<u>jelena.pejovic@ems.rs</u>	+381 11 39 70 695
Jasmin Ličina		<u>jasmin.licina@ems.rs</u>	

Capacity Transfer

Name	Phone No.	E mail	Fax No.
Auction Office	+381 11 30 91 876	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 and Surname	Phone No.	E mail	Fax No.
Jovana Drašković	+381 11 30 91 876	dusan.babic@ems.rs jovana.draskovic@ems.rs	+381 11 39 70 695
Dušan Babić	+381 11 39 57 360		

Auction Platform Helpdesk – IT support

– Access to IT system, Electronic certificates (tokens)

Name and Surname	Phone No.	E mail	Fax No.
Jovana Tekić Novaković	+381 11 39 57 100	jovana.tekicnovakovic@ems.rs	+381 11 39 70 695

Financial issues

Name and Surname	Phone No.	E mail	Fax No.
Jelena Pejović	+381 11 39 57 112	jelena.pejovic@ems.rs	+381 11 39 70 695
Jasmin Ličina		jasmin.licina@ems.rs	

Annex 3 - Request for Capacity Transfer in case of Fallback 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
Montenegro – Serbia			
Serbia – Crna Montenegro			

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 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 *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 V of this Annex 4, by the deadline for delivery of yearly *Auction* or deadline for delivery of 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 *Auction Participant* submitting the *Bids* (name of the *Auction Participant*, unique *EIC-Code*), name of the person authorized by the *Auction Participant* in the Contract 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 70 MW or it is equal to the *Offered Capacity* in case the *Offered Capacity* is less than 70 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 10 (ten) *Bids* for the border and direction.

- g) 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 4. 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 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 *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

Two *Working Days* after the deadline for announcing the results of the yearly *Auction* or two *Working Days* after the deadline for announcing the results of the monthly *Auctions* for the border and all directions for which *Bids* are considered, the *Auction Office* will fax to all *Auction Participants* whose *Auction Bids* are considered next information (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 *Auction Participant* in MW in Reservation Period.
- 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 for *Bids* exclusion.

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 for announcing the results of the yearly *Auction* or five *Working days* after deadline for announcing the results of the monthly *Auction*:

- Total *Promise of Capacity*
- Total requested *Capacity*
- *Auction Price*
- Number of *Auction Participants*
- Number of *Auction Participants* who obtained the *Promise of Capacity*
- Number of *Bids* placed in *Auction*
- List of *Auction Participants* who have been allocated the *Capacity*
- Price curves, tabular overview of bidding prices

Attachment A

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

Bid Sheet for yearly auction –year

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

From	Montenegro
To	Serbia

Bid No.	Identifier	MW	EUR/MWh
1	MERS1		
2	MERS1		
3	MERS1		
4	MERS1		
5	MERS1		

From	Serbia
To	Montenegro

Bid No.	Identifier	MW	EUR/MWh
1	RSME1		
2	RSME1		
3	RSME1		
4	RSME1		

5	RSME1		
---	-------	--	--

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----- year

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

From	Montenegro
To	Serbia

Bid No.	Identifier	MW	EUR/MWh
1	MERS1		
2	MERS1		
3	MERS1		
4	MERS1		
5	MERS1		

From	Serbia
To	Montenegro

Bid No.	Identifier	MW	EUR/MWh
1	RSME1		
2	RSME1		

3	RSME1		
4	RSME1		
5	RSME1		

Date:

Signature

Attachment V

In case that alternative yearly or monthly Auction procedure according to Annex 4 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 5 Complaint procedure

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:

1. date
2. identification of *Auction Participant*
3. name, e-mail address and telephone of contact person of the *Auction Participant*
4. brief description of the situation – i.e., the subject matter
5. detailed description of the situation
6. 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.

The *Auction Office* shall respond to the complaint within 5 (five) days.

The complaint does not delay the publication and confirmation of the results of the relevant monthly or early *Auction*.

The foregoing provisions shall not affect the right of the *Auction Participant* to file a complaint with the competent regulatory authority in accordance with the law.

Annex 6 Declaration on take-over and use of the electronic certificate

For:

Name of the Auction	
Address,Counntry	
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 (via web browser or web service) for the purposes of communication with the *Auction Platform* 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* (Contract).

V

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

Hardware token and/or certificate 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 EMS AD Beograd as *Auction Office*

For the *Auction Participant*

Signature

Signature