

**Daily Auctions Rules for Allocation of Transmission Capacities
at the border between the bidding zones of EMS AD Belgrade
 (“EMS”)**

and

Crnogorski elektroprenosni sistem AD - Podgorica (“CGES”)

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Definitions

Under the Daily Auction Rules (including annexes and forms), the terms defined in this section (including the plural where necessary) shall have the meaning set forth in this section (unless the context otherwise requires).

(1M EURIBOR + 3%) p.a.	One-month interest rate at which one first-rate bank offers another first-rate bank time deposits in the euro zone (see: http://www.euribor.org), plus 3% and calculated using the proportional method.
Auction	Market-based congestion management method adopted by Transmission System Operators for the allocation of available Capacities.
Auction Office	CGES as Auction Office. CGES is subject to all the rights and responsibilities assigned to the Auction Office.
Auction DA platform	An electronic web-based application (Auction day-ahead DA platform) with restricted access operated by the Auction Office. Daily Auctions conducted by the Auction Office are carried out through the Auction DA Platform.
Auction Price	The price of the most recently accepted Bid (marginal price) in Euros for each hour, determined for each border and direction in accordance with Section 4. It is the price to be paid by each Auction Participant for each MW of Allocated Capacity, at that hour at that border and direction.
Emergency Situations	Conditions and/or events and/or circumstances which, according to the expert opinions of EMS and/or CGES, put the security of delivery, supply or transmission of electricity, or the technical safety of the national transmission system concerned or any significant part thereof, at risk.
Force Majeure	Conditions, events or circumstances, and the consequences thereof, which are beyond the reasonable control of CGES or EMS and which cannot be prevented or overcome by reasonable predictions and actions, such as (but not limited to internationally imposed free flows of electricity) atmospheric phenomena which could not have been avoided due to their cause, magnitude or duration, and unexpected or unavoidable outages, that is, limited operation of production capacities if CGES or EMS can only take measures against them that jeopardize security of delivery and supply, as well as anything that cannot be resolved by measures that are from a technical, financial or economical point of view reasonably available to CGES or EMS.
Time Stamp	The Auction DA Platform system time when a message leaves or comes into the Auction DA Platform. The Time Stamp is definitive when settling disputes.
Allocated Capacity	The capacity that the Auction Participant obtains upon the notification of the Auction Results. Allocated capacity is guaranteed by the Transmission System Operators that have agreed with the Auction Office to do so, in accordance with these Daily Auction Rules.

EIC code	An identification code for energy entities, which serves to clearly identify entities in cross-border exchanges. 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)	A company with its registered office in Belgrade, Kneza Miloša 11, Serbia, which is registered with the Business Registers Agency under the registration number 20054182.
ENTSO-E	Association of European Transmission System Operators for Electricity.
Capacity Agreement Identification (“CAI”)	A mark that uniquely identifies the right to capacity.
Bid Amount	The required amount of Capacity in MW (an integral part of the Bid).
ITR (Interconnection Trade Responsible)	A market participant recognized by the Transmission System Operators as responsible for the nomination of the Allocated Capacity. It must be identified by the EIC code. On the EMS side, it is a market participant with a valid balance responsibility contract concluded with the EMS. On the part of CGES, it is a legal entity that has entered into a balance responsibility contract with CGES and has registered with CGES for participation in the Auction.
Capacity	Cross-border transmission capacity in MW.
User	The person entitled to use the Auction DA Platform on behalf of the Auction Participant.
CGES (Crnogorski elektroprenosni sistem AD Podgorica)	Legal entity with its registered office in Podgorica, Bulevar Svetog Petra Cetinjskog br. 18, registered with the Central Registry of Legal Entities of Montenegro under number: 4-0008972.
Transmission System Operator	Legal entity responsible for the operation, maintenance and, if necessary, development of the transmission system in a given area and, where applicable, its interconnections with other systems, as well as ensuring the long-term system capability to meet the reasonable demands for electricity transmission.
Transmission System Operators	Transmission system operators participating in this joint auction procedure, i.e. EMS and CGES.
Bid	A request of the Auction Participant for Capacity Reservation with a clearly defined amount of the requested Capacity (Bid Amount) at the specified price (Bid Price) to be delivered for a specific border and direction (MW, EUR/MW/h).
Bid Price	The price in Euro that the Auction Participant is willing to pay for 1 MW of Capacity for each hour.

Offered Capacity	The capacity offered and guaranteed by the Transmission System Operators concerned at the border and direction for the period indicated in the Auction Procedure.
Daily Auction Rules	Daily Auction Rules for the allocation of transmission capacities at the border between the bidding zones of EMS AD Belgrade ("EMS") and Crnogorski elektroprenosni sistem AD – Podgorica ("CGES").
Working Day	Calendar days, from Monday to Friday, except for public holidays in Montenegro.
Bidding zone	The largest geographical area within which market participants can exchange energy without allocating transmission capacity.
Reservation Period	The period for which Capacity was offered at the Auction.
CET	Central European time
Energy Community Treaty	Treaty establishing the Energy Community between the European Community, on the one hand, and Albania, Bulgaria, Bosnia and Herzegovina, Croatia, North Macedonia, Montenegro, Romania, Serbia and UNMIK, on the other hand, signed on 25 October 2005.
Contract on the right of access to the transmission system (Contract)	The contract between the Auction Office and the Auction Participant for participation in the Auction on the border between Montenegro and Serbia, concluded with the confirmation of the registration form of the Auction Participant by the Auction Office. Daily Auction Rules constitute the general conditions of this contract.
EU Regulation 714/2009	Regulation 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.
Auction Participant	Entity with a unique EIC code, registered with the Auction Office, in accordance with Article 3.1.

Section 1. Introduction

Article 1.1 Introductory Notes

In accordance with the Energy Community Treaty and the decision of the Ministerial Council of the Energy Community accepting the implementation of the EU Regulation 714/2009, a market mechanism for allocating Capacity to market participants is established.

In order to achieve maximum transparency in the allocation of this transmission capacity and to avoid discrimination in the allocation of capacities, Transmission System Operators will organize joint allocation of cross-border capacities.

Article 1.2 General Principles

Transmission System Operators have agreed to establish a common auction procedure for allocating available Capacities at the Montenegro-Serbia border to market participants.

Due to technical limitations in the regional transmission network, congestion may occur on the Serbia-Montenegro border.

Daily Auction Rules have been developed in accordance with the EU Regulation and the Energy Community Treaty, the national laws applicable by the Transmission System Operators, and the regulations established by the national regulatory authorities.

The purpose of the joint Auctions is to offer market participants a transparent and impartial way to allocate available Capacity.

Transmission System Operators have undertaken to offer, through the Auction Office and Auction, all available Capacities in the Reservation Period for which the Offered Capacity has been determined.

Methodology for calculating Capacity for the Montenegro - Serbia border is based on the ENTSO-E methodology for calculating the available transmission capacity. In determining the daily available transmission capacity, the following shall be taken into account:

- monthly Capacity not allocated in the monthly Auction;
- the annual and/or monthly capacity already allocated but which has been withdrawn from the Auction Participants on the basis of non-payment;
- annual and monthly Capacity allocated but not nominated to EMS and CGES in the nomination procedure of daily work plans based on long-term Capacities according to the “use or sell” principle (UIOSI);
- netting effects based on nominations of daily work plans in the opposite direction.

Article 1.3 Auction Office

The Auction Office is responsible for organizing the Auctions in accordance with the Daily Auction Rules.

The Auction Office shall conduct Auctions and provide relevant information to market participants and Transmission System Operators.

Transmission System Operators agree that daily Auctions, in the function of the Auction Office, will be conducted by CGES. Therefore, the contractual relations within the meaning of these Auctions cover only the relationship between CGES and the Auction Participant.

Transmission System Operators have undertaken to make the Capacity available to the extent it is allocated to the Auction Participant through the Auction Office, with the exception of the cases described in Section 10.

Section 2. General

Article 2.1 Framework of Daily Auction Rules

These Daily Auction Rules contain the terms and conditions for the allocation of daily Capacity in both directions at the Montenegro-Serbia border.

Among other things, the Daily Auction Rules lay down the conditions that the Auction Participant must satisfy in order to participate in the Auction, the auction algorithm (including the determination of the Auction Price as a result of the Auction), as well as the conditions for using the Allocated Capacity.

By publishing the results of the daily Auction, Capacity is allocated to the respective Auction Participants. Auction information is available on the Auction Office website.

Transmission System Operators have undertaken to accept the results of the joint Auctions and to reserve the Capacities for the Auction Participants in accordance with the individual results of the Auction. Each Transmission System Operator has undertaken to provide transmission services on its own terms, in accordance with the law applicable to them (see Section 8).

Access to the transmission system is not covered and guaranteed by the Daily Auction Rules or Auction Results.

Article 2.2 Auctions

The Auction Office shall organize daily Auctions.

Auctions are being held for the reservation of Capacity for both directions at the Montenegro-Serbia border, for the following reservation periods:

- for Daily Auction - The reservation period covers every single hour within 24 hours of a certain calendar day (23 or 25 hours when changing the time calculation).

The daily Auction Capacities offered are published on the Auction DA Platform (<https://ess.cges.me/Auction-Client/>) until 09:00h (CET) on the day when the Daily Auction is held except in case of change of the daily operating regime (see Articles 5.1 and 6.2).

If the allocated annual and monthly capacities are restricted, the daily Auctions and intraday allocations on the respective border and direction will be suspended.

Section 3. Procedures and requirements for participating in the auction

Article 3.1 Registration and Acceptance of the Daily Auction Rules

Transmission System Operators set the following prerequisites for participating in the Daily Auction:

- **On the EMS side** – a legal entity or entrepreneur that has entered into a balance responsibility contract with EMS.
- **On the CGES side** – a legal or natural person, that is entrepreneur, which is registered with the transmission system operator and market operator as a participant in the market of Montenegro in accordance with market rules, or concluded a balance responsibility contract with the market operator and transmission system operator.

Only market participants who declare under full legal responsibility that they are fully aware of the Daily Auction Rules and that they irrevocably accept the applicable Daily Auction Rules published on the Auction Office website are entitled to participate in the Daily Auction.

The Auction Participant shall make this declaration by submitting a properly signed registration form (see Annex 1). If the Auction Participant registers for the first time to participate in daily Auctions, a registration form must be submitted together with the following documents:

- the original or a certified copy of the extract from the business register (in the Montenegrin, Serbian or English language);
- taxpayer registration certificate;
- a list of authorized representatives who have the right to communicate with the Auction Office on behalf of the Auction Participant and to discharge their obligations towards the Auction Office (see Addendum 1 to Annex 1).

In case of changes in the data submitted in the registration process, the Auction Participant is obliged to submit updated versions of these documents.

All parts of the registration form must contain complete and accurate information.

Each Auction Participant is identified by one valid and unique EIC code issued for the Auction Participant, in accordance with the law, and registered in the list of EIC codes published on the ENTSO-E website.

Three signed copies of the registration form must be submitted to the Auction Office in writing by post, courier or in person. The registration form shall be submitted to the Auction Office address or in person to the Auction Office archive (see Annex 2). The registration form shall be deemed not to have been submitted if it is submitted by fax or e-mail or if it is incomplete, of which the Auction Office shall inform the applicant, stating the reasons why the registration has not been completed. The Auction Office may request to supplement the information provided in the registration forms and their attachments within a reasonable period. The notification of confirmation or rejection of the registration shall be sent by e-mail to the address entered into the registration form. The deadline for submission of the registration form for the registration of the Auction Participant for daily Auctions is 12:00 hours (CET), five (5) working days before the date of the daily Auction.

The declaration is valid for an indefinite number of Auctions, regardless of the obligation of the Auction Participant to notify the Auction Office immediately 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 registration form, signed by the authorized representative of the Auction Office and recorded in the archive of the Auction Office, shall be considered the Contract between the Auction Office and the Auction Participant for daily Auctions in the calendar year. The Daily Auction Rules constitute the general conditions of the Contract.

Each Auction Participant may change its list of authorized representatives or other information indicated in Appendix 1 of the registration form. Based on the updated and validly signed Appendix 1 of the registration form submitted by the Auction Participant to the persons responsible for the registration of the Auction Participant (see Annex 2), the Auction Office shall confirm to the Auction Participant the registration of such change not later than three (3) working days after receiving the updated and validly signed Addendum 1 of registration form. The notification of the confirmation will be sent by e-mail to the address entered into the Auction Participant registration form.

Since the Auctions are conducted through the Auction DA Platform, the Auction Participant is obliged to fulfil the preconditions for access to the Auction DA Platform referred to in Article 5.2.

Section 4. Auction algorithm and determination of auction price

Article 4.1 Border

The border Montenegro-Serbia is included in the common daily Capacity Allocation procedure.

Reservation of Capacity (equal to full or reduced Bid Amount) is the result of an Auction procedure based on individual Bid Prices for that border and direction. This procedure takes into account the Offered Capacities at this border.

Article 4.2 Algorithm

The Auction Office shall arrange all received Bids in descending order based on the individual Bid Prices, creating a priority order for the border and direction to which the individual Bids refer.

Where the Bid, which is considered together with the Bids already accepted, does not exceed the value of the Offered Capacity at that border, the Auction Office will accept it and the required Capacity will be allocated to the Auction Participant.

Where the Bid, which is considered together with the Bids already accepted, exceeds the value of the Offered Capacity at that border, that Bid will be accepted with the Bid Amount reduced

to the value of the Offered Capacity unless the "all or nothing" option is selected. At this point, the allocation of Capacities on that border and direction ends because of reaching the limit set by the value of the Offered Capacity.

If in the priority order there are two or more Bids with the same Bid Price, and the sum of all these Bids, together with the Bids already accepted, exceeds the value of the Offered Capacity (marginal Bids), while ranking the priority will be given to the Bids with an earlier time indicated in the message.

Article 4.3 Determination of Auction Price

If the sum of all accepted Bids does not exceed the value of the Offered Capacity on the border and direction, the Auction Price for that border and direction will be zero.

If the sum of all received Bids exceeds the value of the Offered Capacity on that border, the Auction Price will be equal to the lowest Bid Price of all Bids accepted on that border and direction, i.e. the price of the last accepted bid.

The Auction Participant is obliged to pay the Auction Price established for that border and direction for each MW of Allocated Capacity, in accordance with Section 7 of these Rules.

Section 5. Auction DA Platform

Article 5.1 General Conditions

The Auction Office shall organize and conduct joint Auctions to allocate daily available Capacities electronically in the Auction DA Platform user environment.

The Auction Office shall provide the users with documentation for using the Auction DA Platform (on the website <http://www.cges.me/trziste/pravila-za-alokaciju-kapaciteta>), instructions for using the Auction DA Platform, as well as customer support.

The Auction Office reserves the right to change the daily operating regime in reasonable cases, especially when the following technical problems arise: the general collapse of the Internet, the collapse of all Internet connections of the Auction DA Platform, the collapse of the Auction DA Platform (servers, database or error in the Auction DA Platform applications) or the collapse of information systems used by CGES and/or EMS in the nomination process.

All users of the Auction DA Platform will be promptly informed of their current operational status.

All deadlines defined in the Daily Auction Rules, especially deadlines for data transmission, notification of results, etc., are defined in the Auction DA Platform system time. The system time shall be available to the user upon direct access to the Auction DA Platform.

The receipt of data will only be valid if the data are accepted by the Auction DA Platform server prior to the deadline for submitting these data and the Auction DA Platform confirms that receipt. Once this deadline has expired, data reception will not be possible.

To be considered in the Auction Procedure, the Bids must be submitted to the Auction DA Platform. The Auction Participant may modify the Bids already submitted prior to the deadline for submitting Bids.

After entering/modifying the Bid, the Auction Participant shall receive confirmation. If an irregularity occurs while entering and modifying the Bid, the Bids will be rejected and the Auction Participant will be informed of the reason/reasons for rejecting the Bid by a message on the Auction DA Platform. The last accepted Bid and the confirmed Bid modification are binding on the Auction Participant.

Confirmation of receipt of the Bid on the Auction DA Platform shall be a decisive criterion for deciding whether the Bid has been submitted within the deadline set for submission of Bids. The Auction Participant is responsible for the timely submission of the Bid and/or its changes to the Auction Office.

Bids that do not meet any of the conditions set out in the Daily Auction Rules must be rejected and cannot be included in the Bids to be processed by the auction algorithm.

Users may submit information to (or receive information from) the Auction DA Platform in two ways:

- through direct entry, or
- via XML file.

Article 5.2 Access to Auction DA Platform

In order to access the Auction DA Platform, the Auction Participants shall have an application installed that can be downloaded from the Auction Office web server. The Auction DA Platform is available to all Auction Participants that have a user account obtained from the Auction Office.

After the Auction Office confirms the receipt of the documentation on the registration of the Auction Participant, a user account is opened on the Auction DA Platform.

The Auction Participant is obliged to submit a fully completed and signed request (Annex 5) for opening and modifying the account for all users. By signing the request, the user accepts the obligations and rules of conduct set out herein. The request must contain complete and accurate information. The Auction Office will create a user account and password within three (3) working days after receiving the request. One Auction Participant can have multiple user accounts.

Each user with a user account shall be notified of the establishment or modification of their user account by e-mail to the contact address specified in the request. The information that the Auction Office sends by email shall include an entry key consisting of a username and a new password in case of a new user account. The user is required to change the password when logging in for the first time. The user is obliged to treat this information confidential. The Auction Participant is responsible for all direct and indirect damages resulting from the unauthorized disclosure of this information by the user. The Auction Office shall not be held responsible for the unauthorized use of the entry key, which includes the username and password.

The Auction Office may verify the information provided in the request sent by potential users and not to open a user account in case of any discrepancies between the given data or doubt of its existence. The Auction Office may deny the user access to the Auction DA Platform in case of finding out any discrepancies such as false information about the user or expiration of the contract between the Auction Office and the Auction Participant or non-compliance with the Daily Auction Rules.

The Auction Participant is obliged to keep all information about access to the Auction DA Platform personal and confidential and shall be held liable for any direct or indirect damages arising from any unauthorized disclosure of such information. The Auction Office shall not be held responsible for any unauthorized use of the username and password.

The Auction Office is entitled to deny the Auction Participant access to the Auction DA Platform in the event of finding out irregularities such as, but not limited to the information about the Auction Participant, or in case the contract is no longer in force or in case of non-compliance with the Daily Auction Rules by the Auction Participant.

Section 6. Daily Auction Specific Rules

The Auction Office shall organize and conduct the joint daily available Capacity Auctions electronically in the Auction DA Platform user environment.

Daily Auctions will be held every day (Monday - Sunday).

Article 6.1 Bids for capacity reservation in daily Auction

Each Bid submitted for the Daily Auction by the Auction Participant must contain the following unambiguous and clear specifications:

- a) identification of the user,
- b) specification of the border and direction,
- c) the day to which the Bid refer,
- d) for each hour of the day, Bids with the following specifications:
 - i. the amount of the Capacity requested in MW, excluding decimals; the minimum amount of one Bid is 1 MW; the maximum amount of one Bid for a given border and direction is equal to the Offered Capacity,
 - ii. the Bid Price in EUR/MW per hour with a maximum of two decimals. The offered price must be higher than zero (the minimum value is 0.01 EUR/MW per hour).

Only Auction Participants that meet the prerequisites for using the Capacity at a given border (see Section 8) are entitled to participate in the daily Auction at this border.

Article 6.2 Auction Procedure

If the Offered Capacities for a Daily Auction cannot be published by 09:00 h (CET) due to a change in the daily operating regime (see Article 5.1), the daily Auction for this day will be

postponed until 12:00 (SEV) at the latest. If it is not possible to ensure the smooth conduct of the daily auction starting at 12:00, the Daily Auction will not be organized, and no compensation may be claimed by the market participant.

All users of the Auction DA Platform will be promptly informed of their current operational status.

The Auction Office is obliged to take all reasonable measures to avoid cases where a daily Auction is not organized or is cancelled.

Each Auction Participant submits its Bids from 09:00 (SEV) via the Auction DA Platform, except in case of a change in the daily operating regime (see Article 5.1).

The deadline for submission of bids is 30 minutes from the beginning of the auction procedure.

Bids that do not meet any of the requirements set out in the Daily Auction Rules must be rejected and may not be included in the Bids to be processed.

All Bids that meet the requirements set out in this Section will be subject to evaluation and the Auction Price will be determined in accordance with the rules set out in Section 4.

Article 6.3 Auction Results

The Auction Office shall publish the results of the Daily Auction every day until 09:45 h (CET), except in case of a change in the daily operating regime (see Article 5.1). The following results will be published through the Auction DA Platform and on the Auction Office website (<http://www.cges.me/trziste/aukcije-kapaciteta>) and on the ENTSOe Transparency platform:

- date and reservation period,
- specification of border and direction,
- total capacity required by the Auction Participant for each hour in MW,
- total Allocated Capacity to the Auction Participants for each hour in MW,
- Auction Price for each hour in EUR/MW/h,
- Net Transmission Capacity (NTC),
- Offered Capacity.

The following information is available after 09:45h (CET) (except in case of a change in the daily operating regime (see Article 5.1)) for the Auction Participant in the Auction Platform, for each border and direction at which their Bids have been evaluated:

- date and reservation period,
- identification of the Auction,
- specification of border and direction,
- Offered Capacity,
- Allocated Capacity in MW,

- Auction Price in EUR/MW per hour,
- Bid status,
- Capacity Agreement Identification (CAI).

If the results of the Daily Auction are not published through the Auction DA Platform by 13:00h (CET) in case of a change in the daily operating regime (see Article 5.1), the daily Auction for that day and for a given border will be cancelled and the market participant may not claim any compensation on these grounds.

All relevant users of the Auction DA Platform shall, without unreasonable delay, be notified of the interruption and/or suspension of the operation of the Auction DA Platform.

Section 7. Payment

Article 7.1 General Provisions

Payment is executed in EUR.

The date of payment or execution of payment is the day on which the said amount is credited to the Auction Office account.

Invoices must be paid no later than the date indicated on the invoice, with no fees or deductions. The Auction Participant shall not be entitled to compensate any amount or withhold any debts arising from the obligations towards the Auction, on the basis of any claim of the Auction Office, whether or not these claims arose as a result of the Auction.

The Auction Office will issue an invoice to the Auction Participant for the amount owed in the name of Allocated Capacity, rounded to two decimal places. The Auction Office will adjust the amount due in the event of an increase or decrease in the amount, or the introduction or exemption of taxes, duties, or other similar situations.

The original invoices shall be sent to the Auction Participant by mail. Copies of the invoices shall be sent by email, at the latest on the day the invoice is issued.

The Auction Participant shall pay all bank fees for transactions arising from participation in the Auction Procedure. Bank costs of the intermediary bank (if any) shall be borne by the Auction Participant.

In the event of late payment, the Auction Office is entitled to charge interest on the amount due for each day which has commenced during the late payment. The daily interest rate for payment in EUR is determined on the first working day of each calendar month during the year, in an amount equal to 1M EURIBOR + 3% per annum, calculated by the proportional method.

Each payment has its own identification number, which is in fact an account number. The payment must correspond to the amount of the debt (i.e. the amount indicated on the corresponding invoice issued) through the identification number indicated on the invoice and the accrued/paid amount. In case the payment amount and/or identification number differs from the calculation data, the debt will be considered as unpaid until the settlement of the entire debt.

Article 7.2 VAT Payment:

For legal entities having their seat in Montenegro:

- VAT is calculated in accordance with the applicable VAT Law. Under this model, the Auction Office will charge VAT for the payment amount and will separately indicate it in the invoice and the Auction Participant will pay the full amount in EUR including VAT, according to the payment instructions given in the invoice.

For legal or physical entities or entrepreneurs not having their seat in Montenegro:

- VAT is not charged. Under this model, the Auction Participants are required to submit their tax identification numbers to the Auction Office and to pay VAT to the competent state tax authorities.

If the Auction Participant fails to fulfil, or only partially fulfils, the obligations arising from the Contract within the specified period of time, and in particular if the Auction Participant fails to pay the full Auction Price within the period specified in the Daily Auction Rules, the Auction Office shall have the right to terminate the Contract and hold the Auction Participant liable for payment of Auction Price, interest, fees and charges arising from termination of the Contract.

The Auction Participant shall not be entitled to offset and/or withhold the debts relating to the obligations arising out of the Auction, on the basis of other claims towards CGES and/or EMS, whether or not they are a result of the Auction.

Article 7.3 Payments for Daily Auctions

Payment for Allocated Capacities will be made on the basis of an invoice for the monthly amount. This amount is paid for the previous month on the basis of the invoice issued by the Auction Office.

The invoice includes payments for all daily Auctions. The deadline for issuing the invoice is the first working day of the next month. The deadline for an invoice payment is nine calendar days after the deadline for issuing invoice.

If the payment is not made by the due date, the Auction Office shall warn the Auction Participant by fax or e-mail the next working day that the payment of the invoice has not been made to the Auction Office account.

If payment is not received one working day after the deadline for payment of invoice, the participation of the Auction Participant in monthly and daily Auctions as well as intraday allocations will be suspended until the Auction Participant makes all payments due.

Section 8. Use of Allocated Capacity

Article 8.1 National Commercial Conditions

Unless otherwise indicated in the following provisions, the general rules for access to the network for the use of Allocated Capacity are not covered by the Daily Auction Rules.

EMS and CGES shall render the transmission service 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 of EMS and CGES.

Following the capacity reservation at the Auction, EMS and CGES shall undertake to guarantee the Auction Participant the Allocated Capacity, except in case of Force Majeure and/or unforeseen system conditions.

Transmission system operators shall establish the following prerequisites for the use of Allocated Capacity and for the use of their transmission networks:

- **on the EMS side** - a legal entity or entrepreneur who has entered into a balance responsibility contract with EMS (Serbian ITR);
- **on the CGES side** – a legal or natural person, or entrepreneur, which is registered with the transmission system operator and market operator as a participant in the Montenegrin market in accordance with market rules or has entered into a balance responsibility contract with the market operator and the transmission system operator (Montenegrin ITR).

Article 8.2 Nomination of Allocated Capacity

The use of Allocated Capacity is in accordance with the conditions set out in Article 8.1.

Once the procedure for daily Auctions and publication of results is completed, the conditions for the use of Allocated Capacities are met by submitting cross-border exchange plans based on the daily Allocated Capacity within the date specified for daily nominations of the exchange plans at 14:30h (CET), in accordance with the individual, national market rules of each transmission system operator applicable at the time of delivery.

The nomination of the cross-border exchange plans for the next day based on Allocated Capacity is carried out through one or more transactions in one direction, with the sum of the nominated transactions that shall not exceed the ITR Allocated Capacity, and one of the participants in the transaction shall always be ITR that has Allocated Capacity (“M:N” – nomination of daily plans).

The cross-border exchange plans submitted shall contain information that clearly determines the Allocated Capacity (a unique Capacity Agreement Identification and capacity type).

CGES and EMS shall harmonize the submitted individual cross-border exchange plans on the common border. Modification of non-compliant cross-border exchange plans is possible until the expiry of the harmonization process at 15:30h (CET). After this deadline, Serbian and Montenegrin ITRs may not modify the submitted exchange plans.

If there is still a mismatch, CGES and EMS will modify the submitted exchange plans in accordance with the following rules:

- where the values differ, a lower value is taken;
- where the values from a cross-border partner are missing or directions are not correct, zero values are taken.

At the expiration of the time for the harmonization process, the fixed cross-border exchange plans will be fully accepted, partially accepted or rejected (i.e. zero value accepted) in accordance with the result of the harmonization.

This use is based on the "use it or lose it" principle. This means that the Capacity allocated in the Daily Auction, which has not been used through fixed exchange plans at this time, will be made available to all market participants in accordance with the Intraday Allocation Procedure.

Section 9. Transfer of Rights to Allocated Capacity

For the Capacity allocated at daily Auctions it is not possible to transfer the capacity rights.

Section 10. Capacity Curtailment

The Allocated Capacity may be curtailed in the event of an emergency or Force Majeure.

The curtailment of the Allocated Capacity may apply before the harmonization process has expired.

The curtailment of capacity or reduction of work plans will apply for a period of one or more hours.

The Transmission System Operator that requested the curtailment shall describe the reasons and consequences of the curtailment for network or system troubleshooting, which shall be published by both Transmission System Operators.

In case of the curtailment of Allocated Capacities or reduction of work plans, the following order shall apply:

1. Allocated Capacity at intraday allocation
2. Allocated Capacity at Daily Auction
3. Reserved or Allocated Capacity at the Monthly Auction
4. Reserved or Allocated Capacity at the Annual Auction

Within each of the above Capacity groups, proportional capacity curtailment will be used.

If the daily Allocated Capacities are curtailed, the intraday allocation will be suspended on the appropriate border and direction.

Prior to the expiration of the time for the harmonization process, the Auction Office shall reduce the Allocated Capacity upon request of one or both Transmission System Operators, in accordance with the applicable Daily Auction Rules.

The Auction Office (upon request by CGES and/or EMS) shall inform the holder of the capacity rights about the curtailment of the Allocated Capacities and shall submit the values of reduced Capacities. Serbian and Montenegrin ITRs shall submit daily cross-border exchanges to EMS and CGES that take into account reduced capacities.

In case of the curtailment of Allocated Capacity from the daily Auction prior to the expiration of time for the harmonization process, the Auction Participant whose Allocated Capacity is curtailed shall pay only for the remaining part of the Capacity, as in the case of Force Majeure.

Section 11. Suspension of Auction Participants

If the Auction Participant

- a) in any way violates the Daily Auction Rules,
- b) by its conduct influences or threatens market competition in the daily Capacity Allocation process, or
- c) loses his license, declares bankruptcy, becomes insolvent or a payment ban is imposed upon it,

the Auction Participant, after confirmation by another Transmission System Operator, may be suspended by CGES or EMS without delay from daily allocation procedures. The Auction Participant will be notified of the suspension by fax and e-mail without delay.

Section 12. Miscellaneous

Article 12.1 Liability

The Auction Office shall be liable for any damage caused by gross negligence or wilful misconduct of the Auction Office. In which case, the following rules apply:

Claims for damages arising out of, or related to, these Daily Auction Rules are limited to damages that are ordinary and foreseeable.

The Auction Office shall not be held liable for any loss of profit, loss of business or other associated indirect, special or consequential damages of any kind.

The Auction Office's obligation is limited to a total of € 5,000 per Auction Participant and year.

The same limitations apply to EMS and CGES, if they are held liable, despite the fact that the Contract is concluded between the Auction Office and the Auction Participant. In this case, the limitation of € 5,000 applies altogether to CGES (in the role of the Auction Office) and EMS.

The Auction Office undertakes to carry out its duties professionally and comply with its obligations under these Daily Auction Rules, as a responsible company and responsible operator of the bidding zone, in accordance with applicable laws and regulations in the energy sector. Transmission system operators have assumed similar obligations towards the Auction Office.

Article 12.2 Communication

The contact persons appointed on behalf of the Auction Office for communication are listed in Annex 2.

The Auction Office and each Auction Participant are entitled to change the contact list.

The Auction Office shall post notice on the website of any change to the list of contact persons and notify the Auction Participants thereof by fax or e-mail. The new contact details of the Auction Office shall become official one (1) working day after email or fax has been forwarded. The Auction Participant is required to anticipate changes in accordance with Article 3.1 of this document.

These Daily Auction Rules and all related notices, legal procedures and communications thereunder, as well as the dispute settlement procedures referred to in Article 12.4 of the Daily Auction Rules, shall be in the Montenegrin language, to the extent provided for by law and regulations that directly or indirectly refer to these procedures.

Unless otherwise indicated in these Daily Auction Rules, delivery of e-mail shall be deemed to have taken place as soon as the sender receives confirmation that the email has been delivered to the recipient, and/or the recipient acknowledges receipt thereof.

In the event of difficulties in using e-mail, notices may be faxed, delivered in person, by courier or by post, and the service shall be deemed to have been provided on the day of receipt.

In case of any ambiguity, the Auction Participant or Auction Office may ask the sending party to repeat the procedure.

The Auction Office shall archive all communication through the Auction DA Platform. Each Auction Participant, as well as the Auction Office, hereby undertakes not to challenge or to consider invalid the activity carried out through the Auction DA Platform, in accordance with these Daily Auction Rules, on the basis of the fact that the appropriate actions have been performed in the form of electronic data exchange. Furthermore, each Auction Participant, as well as the Auction Office, shall declare that they would consider the data logs from the Auction Office database prepared in accordance with these Daily Auction Rules as reliable evidence, unless proven otherwise.

The time entered on the message is attached to each message that goes or comes from the Auction DA Platform. This timestamp uses the system time from the Auction DA Platform.

If the operation of the Auction DA Platform and/or the website <https://ess.cges.me/Auction-Client/> is interrupted and/or suspended, all relevant users of the Auction DA Platform shall be notified without delay of the interruption or suspension of the operation of the Auction DA Platform.

Article 12.3 Data Protection and Security

The commercial information that the Auction Participant sends online to the Auction DA Platform is protected by means of encryption (SSL). For each business data exchange, a standard Public Key Infrastructure (PKI) is used, which is provided by the Auction Office. This mechanism ensures the issuance of the authorization for transactions and the appropriate identification of the Auction Participant that has entered the information into the Auction DA Platform or performed specific operations. All operations conducted through the Auction DA Platform system are recorded, including information about the Auction Participant and the time entered in the message.

Each Auction Participant undertakes to comply with all safety rules set out in the Daily Auction Rules. The Auction Participant specifically undertakes to ensure that:

- the user authorized to submit the Bid keeps his private key so that no other person has access to that key;
- the user authorized to submit the Bid uses his private key and certificate exclusively in accordance with the Daily Auction Rules;
- the user authorized to submit the Bid immediately notifies the Auction Office of the disclosure, or potential disclosure, of his private key.

The Auction Office is authorized to use all information about the Auction and Auction Participants and send it to the Transmission System Operators and publish it in accordance with the terms of these Daily Auction Rules.

For the rest, Transmission System Operators undertake not to, for any other purpose, use or otherwise process data obtained in accordance with these Daily Auction Rules, except for the purpose of fulfilling obligations under these Rules. Transmission system operators may not disclose information to any third party except to persons who, in accordance with the law, have the right to request the data and who have appropriately assumed the obligation to maintain the confidentiality of the data.

Article 12.4 Dispute resolution, place and governing law

These Daily Auction Rules are governed by the laws of Montenegro (except the laws concerning the international private law in Montenegro) and interpreted in accordance with those laws, EU Regulation 714/2009 and the Energy Community Treaty. For the avoidance of doubt, the UN Convention on the International Sale of Goods does not apply.

In the event of a dispute, or differences that may arise as a result of the application of the Daily Auction Rules and its Annexes, or in connection with a breach, termination or invalidation, the parties to the dispute should find a mutually agreed solution. The initiator of the procedure shall describe in detail and present his objection and state the article from the Daily Auctions Rules that has been violated. If no amicable settlement can be reached within thirty (30) days after the first notice of the reason for the dispute, all disputes, with the exception of the ordinary courts, arising from the Daily Auction Rules shall be settled by a three-member arbitration panel in accordance with the rules for arbitration and mediation of the International Arbitration Centre of the Austrian Federal Chamber of Commerce in Vienna (Vienna Rules). The substantive law of Austria shall apply. The language of the arbitral proceedings shall

English. The parties to the dispute shall accept the award of the aforementioned arbitrators as final and binding, and the award may be referred to a court having jurisdiction, or they may apply to the court for judicial acceptance of the award and order its enforcement, as the case may be. All costs incurred as a result of an arbitration proceeding under these Daily Auction Rules shall be borne by the losing party, unless otherwise provided for by the arbitral award.

The competent court for all disputes resulting from the auction procedures for daily Auctions shall be the court at the registered office of the Auction Office.

The place of the performance of all obligations of the Auction Participants resulting from daily Auctions held in accordance with the Daily Auction Rules shall be the registered seat of the Auction Office.

The foregoing provisions of this Article shall not affect the right of the Auction Participant participating in the Auction to file a complaint with the regulatory authority against the Transmission System Operator that refuses to use and access the transmission system, in accordance with national law applying EU Regulation 714/2009.

Article 12.5 Validity period, entry into force and amendments to Daily Auction Rules

The Daily Auction Rules shall enter into force after obtaining approval from competent regulatory authorities and shall apply to the allocation of Capacities for 2022 onwards in both directions on the Serbia-Montenegro border.

The principles of the Daily Auction Rules are subject to change and the Auction Participant shall be notified in advance of their changes and amendments.

Prior to entry into force of the Daily Auction Rules and any amendments thereto, approval from the regulatory authorities shall be obtained.

If any provision of these Daily Auction Rules is declared invalid, illegal or unenforceable by a decision of the arbitration, court or regulatory authority, it shall not affect the validity, legality and effectiveness of the remaining provisions of these Rules. The same applies in case of unintentional differences in these Daily Auction Rules.

Any amendments to the Daily Auction Rules in respect of the daily auctions shall be posted on the Auction Office's website no later than ten (10) calendar days prior to entry into force of such amendments.

By accessing the Auction after posting amendments and/or modifications, the Auction Participant shall agree to comply with the version of the Daily Auction Rules which is then in force and as such applies.

Article 12.6 List of Annexes

- Annex 1 Registration Form
- Annex 2 List of Contact Persons
- Annex 3 List of Montenegrin Public Holidays
- Annex 4 Appeal Procedure
- Annex 5 Registration at the Auction DA Platform

Annexes shall constitute an integral part of these Daily Auction Rules.

Annex 1. Registration Form

Registration form for the participation in daily auctions on the Montenegro-Serbia border

Name of the company/entrepreneur	
Address, Country	
Commercial Entities Register number	
Name and surname of representative	
VAT number	
ID number/TIN	
Email address	
Tel.	
Fax	
EIC code for the identification of the Auction Participants	

By submitting this registration form with a valid signature, the company/entrepreneur identified by the above table (hereinafter referred to as the Auction Participant) declares that it is fully aware of the applicable Daily Auction Rules published on the Auction Office website and that it accepts them in a legally binding and irrevocable manner.

The Auction Participant also declares in a legally binding and irrevocable manner that it accepts possible amendments to the Daily Auction Rules as set out in Article 12.5 of the Daily Auction Rules.

The Auction Participant also declares that it represents an entrepreneur or company established by law, and that it is not subject to bankruptcy or insolvency, and that no legal or other proceedings are instituted against it, which could jeopardize the fulfilment of the conditions specified by the Daily Auction Rules.

The Auction Participant also declares that it has no outstanding debts to EMS or CGES.

By confirming the registration form, the Contract has been entered into between the Auction Office and the Auction Participant for Auctions on the Montenegro-Serbia border. The Daily Auction Rules shall constitute the general conditions of the Contract. The Auction Office has registered the Auction Participant by confirming the registration form.

This statement applies to an unlimited number of daily Auctions, notwithstanding the obligation of the Auction Participant to immediately notify the Auction Office of any changes, and notwithstanding the Auction Office's right to seek renewal of this statement.

The Auction Participant declares that the registration form and its enclosures contain complete and true information.

This registration form is made in 3 (three) identical copies, out of which 2 (two) for the Auction Office and 1 (one) for the Auction Participant.

The Auction Participant declares that the registration form and its enclosures contain complete and true information.

Enclosures:

1. List of authorized representatives entitled to communicate with the Auction Office and make statements to the Auction Office that are binding upon the Auction Participant.
2. The original or certified copy of excerpts from the Commercial Entities Registry (in Montenegrin or one of the official languages in Montenegro or English).
3. The original or certified copy of the Taxpayer Registration Certificate.

For Auction Participant

Date: _____

Signature

Crnogorski elektroprenosni sistem AD Podgorica, as the Auction Office, shall approve the registration form and register the Contract concluded between CGES and the Auction Participant under the registration number: _____

For CGES

Date: _____

Signature

Addendum 1 to Annex 1

List of authorized representatives of the Auction Participants

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

- for signing of the Contract

Name and surname	Tel.	Mobile phone	Fax	E-mail

- for signing of the Declaration on take-over and use of electronic certificate (Annex 7) by the registered Auction Participant according to Daily Auction Rules

Name and surname	Tel.	Mobile phone	Fax	E-mail

- for submitting Bids to the Auction Office

Name and surname	Tel.	Mobile phone	Fax	E-mail

- for financial issues

Name and surname	Tel.	Mobile phone	Fax	E-mail

Address of company/entrepreneur (fill in in case of changes to the address)	
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The Auction Participant declares that each user shall be trained and instructed according to the Daily Auction Rules.

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

Date:

For Auction Participant

Signature

Annex 2. List of Contact Persons

The Auction Participant shall submit a registration form to the Auction Office (see Annex 1) at the following address:

Crnogorski elektroprenosni sistem AD – Podgorica

NDC

**Bul. Svetog Petra Cetinjskog 18
20000 Podgorica
Crna Gora**

For personal delivery to the address above, the Archive is open every working day from 09:00 to 14:00h (CET).

A certificate issued by the Auction Office Archive confirms only the date and time of receipt of the document but not whether the document is correct and complete.

Auction participants shall submit a scanned registration form (see Annex 1) at the following email address:

EMS: schedule@ems.rs

Auction participants may use other types of communications with the Auction Office via the following fax and contact numbers:

Registration of Auction Participants

Name and surname	Tel	e-mail	Fax
Biljana Ivanović	+382 20 407 622	biljana.ivanovic@cges.me	
Mirjana Božović Glogovac	+382 20 414 762	mirjana.glogovac@cges.me	+382 20 225 962

Auction DA Platform – User Support (Auction DA Platform Operators) – Functioning of Daily Auctions and other operational issues

	Tel	e-mail	Fax
Biljana Ivanović	+382 20 407 622	biljana.ivanovic@cges.me	
Mirjana Božović Glogovac	+382 20 414 762	mirjana.glogovac@cges.me	+382 20 225 962

Auction DA Platform – Information and Technological Support

– Access to information system

	Tel	e-mail	Fax
Biljana Ivanović Mirjana Božović Glogovac	+382 20 407 622 +382 20 414 762	biljana.ivanovic@cges.me mirjana.glogovac@cges.me	+382 20 225 962

Financial Issues

	Tel	e-mail	Fax
Tijana Drinčić Ana Bojat	+382 20 407 619 +382 20 407 648	tijana.drincic@cges.me ana.bojat@cges.me	+382 20 225 962

Annex 3. List of Montenegrin Public Holidays

01.01.	New Year's Day
02.01.	New Year's Day
01.05.	Labour Day
02.05.	Labour Day
21.05.	Independence Day
13.07.	National Day

Annex 4. Appeal Procedure

Special initiative regrading daily Auctions

If the Auction Participant comes to the conclusion that the Daily Auction Rules have been violated by miscalculation, incorrect result of data verification or incorrect evaluation, the Auction Participant is entitled to initiate the verification procedure through its representative. The request shall be submitted to the contact persons from the Auction Office by fax or registered mail within two (2) working days from the day of receipt of the invoice, or other relevant document, and shall contain:

- date,
- identification of the Auction Participant,
- name, email address and phone numbers of the contact person,
- brief description of the situation, or the subject-matter of the objection,
- detailed description of the situation,
- valid evidence (copies of logs, communication records, etc.).

If the parties cannot reach an agreement within 30 days, the Auction Participant may submit a complaint to the relevant national regulatory authority, in accordance with national legislation and EU Regulation.

Transmission system operators shall provide the regulatory authorities with all information which is necessary to handle the complaint within the specified time limit.

According to the initiative described above, the notification and confirmation of the results of the relevant daily Auction cannot be delayed.

Annex 5. Registration at Auction DA Platform

Auction Participant

Full name:	
EIC code:	
Authorized person:	

Auction Participant requires:

- setup
- modification
- deletion

of the user account on the Auction DA Platform for the following user:

User

Name and surname:		
E-mail:		
Tel:		
	Sends	Receives

Pursuant to the Daily Auction Rules, the content of which is known to the above user, the user is authorized to perform operations on the Auction DA Platform in accordance with the user's rights, in which case represents the Auction Participant mentioned above.

The login information (username and password) will be sent to the user at the above email address (e-mail) and it is obliged to change the password at first login.

Date _____

Authorized person of Auction Participant

User