



MACEDONIAN TRANSMISSION SYSTEM OPERATOR

PROVISIONAL RULES
FOR
ALLOCATION OF MONTHLY/WEEKLY AVAILABLE TRANSMISSION
CAPACITIES ON INTERCONNECTIONS IN THE POWER SYSTEM OF THE
REPUBLIC OF MACEDONIA

(hereinafter referred to as the „ Provisional Rules”)

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Pursuant to Article 12 under the Rules for Allocation of Cross-border Transmission Capacity (Official Gazette of the Republic of Macedonia No. 105/2011), and Article 19, item 18 of the by-Law, the Board of Directors within the Transmission System Operator of Macedonia, a joint stock company for electricity transmission and power system control, in state ownership „MEPSO” upon a recommendation of the Transmission System Operator and a prior approval by the Energy Regulatory Commission of the Republic of Macedonia and with Resolution no. 02-1154/1 dated 01.09.2011 and the Decision by the Board of Directors no 02-6799 dated 04.08.2011 has adopted the:

PROVISIONAL RULES
FOR
ALLOCATION OF MONTHLY/WEEKLY AVAILABLE TRANSMISSION
CAPACITIES ON INTERCONNECTIONS IN THE POWER SYSTEM OF THE
REPUBLIC OF MACEDONIA

Article 1

General Provisions

(1) These Provisional Rules for Allocation of Available Cross-border Transmission Capacity on interconnection lines in the power system of the Republic of Macedonia on monthly and weekly bases (hereinafter referred to as „Monthly and Weekly Provisional Rules”), define the method according to which AD MEPSO – Skopje as a transmission system operator (hereinafter referred to as „AD MEPSO”) awards (allocates) the usage right to monthly and weekly available transmission cross-border capacity (ATC) on all interconnections (hereinafter referred to as „Usage Right to Available Cross-border Transmission Capacity”) between the power system of the Republic of Macedonia and the neighboring power systems, satisfying the following principles:

- 1) Transparent, non-discriminatory and market-oriented procedure for awarding the usage right of available cross-border transmission capacities;
- 2) Optimization concerning utilization of available transmission cross-border capacities;
- 3) Maintenance of an appropriate degree of reliability in supply to consumers in the Republic of Macedonia in compliance with the Grid Codes for electricity transmission (Official Gazette of the RM No. ---/06 including the internationally accepted obligation by AD MEPSO-Skopje;
- 4) Transit of electricity to satisfy the electricity consumption outside the Republic of Macedonia within the frames of available transmission capacities, and in compliance with the applicable rules and regulations in the interconnection.

(2) The interconnection line (an interconnection) between the Republic of Macedonia and the Republic of Bulgaria consists of 400 kV OHTL Ss Dubrovo (Ss Stip) – Ss Crvena Mogila.

(3) The interconnection line (an interconnection) between the Republic of Macedonia and the Republic of Serbia consists of 400 kV OHTL Ss Skopje 5 – Ss Kosovo B.

(4) The interconnection line (an interconnection) between the Republic of Macedonia and the Republic of Greece consists of 400 kV OHTL Ss Dubrovo – Ss Thessaloniki and 400 kV OHTL Ss Bitola2 – SS Meliti.

(5) Every interconnection line has two directions. One direction on one interconnection line within the time period defined will be indicated as **an Allocation Unit – AU**. In case that one direction has more allocation periods with different time available cross border transmission capacities they are considered as one allocation unit.

(6) AD MEPSO will publish all significant information and time limits related to some phases on its Website (www.mepso.com.mk) on the following allocation procedure.

(7) The exact dates of procedures for awarding the right to usage of available transmission capacities at monthly and/or weekly auctions for the year Y will be published on AD MEPSO Website until 29th November at the latest for the year Y-1 as to capacity allocation for the year Y at monthly and weekly level.

(8) AD MEPSO is obliged to publish all important information and time limits on its Website connected with some phases of the next allocation procedure.

Article 2

General Terms

(1) The definitions of certain terms contained in the Law on Energy and Grid Codes regarding electricity transmission are also applied in these monthly and weekly Provisional Rules.

(2) Certain terms and expressions used in these monthly and weekly Provisional Rules have the following meaning:

AAC	Already allocated capacity
ATC	Available Transmission Capacity
Allocation unit	One direction of one interconnection within the framework of defined allocation Unit -AU
Allocation period	Time period for monthly auctions on band capacity ATC. Every month may have at least one allocation period (from the first day in the month at 00:00 h. until the last day in the same month at 24:00 h), or to be divided into more allocation periods with different values of ATC because of the expected situation in the power system and the scheduled disconnections in the transmission network.
Band	The same capacity value in MW during the entire period considered.
Contract	A contract between beneficiaries/users of transmission

	capacity and MEPSO
EIC-code	ETSO identification code
EMS	Transmission system operator of Serbia (Elektromreža Srbije)
ESO	Transmission system operator of Bulgaria
ENTSO-E	European Network of Transmission System Operator for Electricity
HTSO	Hellenic transmission system operator
MW	Megawatt
MWh	Megawatt hour
N-1 criterion	Criterion for certainty in analyses of transmission network according to any probable outlay of one element in the power system need not lead to endangering the safety operation of power system i.e. cascade disturbances that would cause interruption in supply to consumers (in more details for N-1 in Grid Codes for transmission of power and the ENTSO-E Operational Handbook).
Netting	Suppression of exchange schedules and/or power flows in opposite direction
NTC	Net Transfer Capacity
RWO	Rights without obligations
TRM	Transmission Reliability Margin
TTC	Total Transfer Capacity
UCTE	Union for Co-ordination of Transmission of Electricity
Auction price	Price for reservation of transmission capacity which the participant in allocation should pay if congestion occurs
Auction rules	A collection of rules within the frames of this document describing all aspects of allocation procedures
Application form	Application form for participation in allocation which defines the desired amount of capacity and maximum price that the participant in auction is willing to pay at given allocation unit.
OHTL	Overhead transmission line
VAT	Value added tax
Allocated capacity	Capacity allocated to participant for usage under certain conditions defined in these Provisional Rules.
PS	Power system
Explicit auction	Auction of cross-border transmission capacity
Congestion	Situation in which the sum of all requests on one allocation unit is higher than the available transmission capacity – ATC. (Congestion)
Calendar	Time table of procedure of allocation
Capacity	Cross-border transmission capacity in MW
List of requests	An amount of application forms/requests received.
MEPSO	Transmission system operator of Macedonia, a joint stock company for electricity transmission and power system control, in state ownership – MEPSO ,Skopje
MEPSO Internet site	www.mepso.com.mk
MEPSO facsimile	Fax number of MEPSO for allocation procedure: +389 2 3112 225 (+389 2 3149 039)

NBM	National Bank of Macedonia
Marginal price	The last accepted price
Block	A portion of a request
First-come-first-serve	Principle of the first application
ERC	Energy Regulatory Commission in the Republic of Macedonia
Participant in auction	A natural and/or legal entity participating in the auction.
Bid price	A maximum price that the participant is willing to pay at auction by unit block from Application.

Article 3

Determination of Transmission Capacity on Interconnection

(1) Determination of a net transfer capacity (*NTC*) on interconnection is made in cooperation with the neighboring transmission system operators in compliance with the recommendations and rules of the international organization ENTSO-E (Regulation no. 714/2009 of the European Parliament and the Council dated 13 July 2009 with regard to „ Conditions of Access to Network and Cross-border Electricity Exchange”).

(2) In determining the *NTC*, the following shall be considered, in particular:

- 1) Thermal limitations, voltage limitations and limitations conditioned by the stability of system:
- 2) N-1 criterion for reliability during calculation of total transfer capacity (*TTC*).
- 3) Transmission Reliability Margin (*TRM*),
- 4) Limitations of power system operation which are scheduled beforehand in compliance with the scheduled unavailability of elements in the network,
- 5) Limitations in operation of power system which are not scheduled before and which arise from the unscheduled unavailability of elements in the network.

(3) *ATC* is an available transmission capacity which means a difference between *NTC* and the already undertaken obligations for transmission (*AAC*).

$$\mathbf{NTC = TTC - TRM}$$

$$\mathbf{ATC = NTC - AAC}$$

(4) AD MEPSO is responsible for calculation of capacity values for every border and every direction, separately.

(5) Values of capacities are calculated monthly (*TTC*, *TRM*, *NTC*, *AAC*, *ATC*) as „band” values (the same value during the entire month), or as separate „band” values for different allocation periods during one month, and depending on the expected condition in the power system and the scheduled disconnections in the transmission network, AD MEPSO calculates the values of capacities accordingly for each of the allocated periods during one month *M* and will hold a separate allocation procedure in the course of month **M-1**.

(6) Values of capacities are calculated weekly as „band” values (the same value in the course of the entire week). Generally, capacity is weekly allocated that has

retained from the monthly allocation so that weekly AAC, ATC is also calculated, however AD MEPSO may calculate the total transfer capacity (TTC, TRM, NTC) subject to expected situation in the power system.

(7) AD MEPSO is liable to publish the values on its Website referred to in paragraphs 5 and 6 of this Article

Article 4

General Principles for Allocation by Borders

(1) AD MEPSO is responsible for allocation of a half the total available transmission capacity at each border accordingly, if not otherwise mutually agreed between the transmission system operators.

(2) AD MEPSO holds monthly or weekly allocations for a part of available transmission cross-border capacities (ATC) on interconnections between the Republic of Macedonia and the Republic of Serbia, the Republic of Bulgaria and the Republic of Greece.

Article 5

General Principles for Allocation by Time

(1) AD MEPSO organizes the award of right to usage of available transmission capacity on monthly and weekly bases.

(2) For the month M allocation of available transmission cross-border capacity is carried out in the month M-1 in accordance with the Calendar of Monthly Allocation Procedures (hereinafter referred to as the „Monthly Calendar”), construing an integral part of these monthly and weekly Provisional Rules and it is published on AD MEPSO Website (www.mepso.com.mk). Monthly auction for allocation is held by defining one or more allocation periods for month M subject to resolution of calculations with regard to transmission cross-border capacities for the given month.

(3) AD MEPSO may organize weekly procedures for allocation auctions to a part of the available transmission cross-border capacity that will remain free after the monthly auction for allocation held for month M, as well as in case of possible free capacity following the updated calculation or returned (unused) capacity from the monthly allocation auction.

(4) As to week W the allocation of available transmission cross-border capacity is carried out in the week W-1 consistent with the Calendar for weekly allocation procedures (hereinafter referred to as the „Weekly Calendar”) construing an integral part of these monthly and weekly Provisional Rules and it is published on AD MEPSO Website (www.mepso.com.mk).

(5) A portion of the available transmission cross-border capacity that will remain unused following the monthly allocation auctions and weekly allocation auctions, AD MEPSO may allocate ahead according to the first-come-first-served principle.

(6) To use the transmission cross-border capacity that has remained unused following the allocation auctions and weekly allocation auctions, it is obligatory to

make a request in writing on an enterprise headletter and this is delivered to AD MEPSO a day ahead (D-1) until 9 o'clock a.m. (CET) at the latest at the following facsimiles: +389 2 3112 225 or +389 2 3149 039. As to Saturday, Sunday and Monday, the request is delivered until 9 o'clock a.m. (CET) at the latest. For the non-working days and holidays the request shall be delivered the preceding working day until 9 o'clock a.m. (CET).

(7) The time to be accepted for documents received is the time indicated on the copy of facsimile transmission in AD MEPSO.

Article 6

Method of Monthly and Weekly Allocations of Transmission Capacity

(1) NTC and ATC are calculated and published on monthly and weekly bases for all borders, for every allocation unit, separately.

(2) For the part of transmission cross-border capacity that AD MEPSO is available of, the method of explicit auction of transmission capacity is applied with payment in case of congestion according to the last accepted price (marginal price).

(3) At monthly and weekly auctions of the transmission cross-border capacity "No netting-right without obligation" is applied.

Article 7

Participation in Allocation Procedure

(Right to participation)

(1) Right to participation in monthly and weekly auctions for allocation of cross-border capacity have entities holding valid licenses to do energy business: electricity trading and supply with electricity granted by the Energy Regulatory Commission in the Republic of Macedonia, and which are registered with AD MEPSO with a Statement and Registration Form as beneficiaries with a right to take part in an allocation procedure.

A copy of a valid license should be submitted to AD MEPSO attached to the Statement and Registration Form.

Article 8

Registration Form and Statement

(1) The participants taking part in the monthly and weekly auction for the first time are obliged to file a Registration Form for participation in an allocation procedure (hereinafter referred to as the „Registration Form”), a Statement for acceptance of obligations and conditions being defined in the yearly Provisional Rules for allocation (hereinafter referred to as the „Statement”) construing an integral part of these yearly Provisional Rules a license to do energy business such as electricity trading or electricity supply including documents laid down in Article 9 of these monthly and

weekly Provisional Rules. The Statement and the Registration Forms construe an integral part of these monthly and weekly Provisional Rules. The Statement Form and Registration Form are valid by the end of the current year.

(2) The participant in monthly and weekly auctions is obliged to submit a signed Statement Form and a Registration Form including other documents in compliance with these monthly and yearly Provisional Rules until the 5th day of month M-1 at the latest, by 2 o'clock in the afternoon to take part in allocation of transmission cross border capacity in the month M. The same documents apply also to participation in weekly auctions in the course of month M.

(3) Documents required are submitted to AD MEPSO by fax at no. +389 2 3112 225 or +389 2 3149 039 only for the first submission of the Application form for monthly and yearly allocations of transmission cross-border capacity in the current year and they apply to participation in other monthly and weekly allocation procedures by the end of the current year. .

Article 9

Documents Required Prior to Contract Signing

(1) The participant in monthly and weekly auction are obliged to submit the Statement Form and Registration Form accompanied with the following documents:

- 1) A certificate that the enterprises they represent are not undergoing bankruptcy or liquidation procedure.
- 2) A Certificate proving that a penalty sanction is not stated to it – prohibition against doing the profession, business or duty and/or provisional prohibition of doing the activity.
- 3) Legal authorization issued to representatives to represent enterprises in the process of allocation of transmission capacity and that they are familiar with the obligations arising out of this authorization.
- 4) A Certificate that over the last five (5) year a final verdict has not been made to it for participation in criminal organization, corruption, fraud or money laundry.
- 5) A license for doing energy business: electricity generation or electricity trading, or supply with electricity.

(2) All documents are to be submitted for the first participation in monthly and weekly auctions in the current year, respectively.

(3) The documents referred to in paragraph 1 of this Article are to be submitted in original or a verified copy true to original, which must not exceed more than six (6) months validity, and are submitted by fax.

(4) In case that AD MEPSO doubts the listed documents, it reserves the right to request information directly from competent authorities issuing the documents.

Article 10

Contract

(1) The participants of auctions whose documents are accepted by AD MEPSO under Article 9 of these monthly and weekly Provisional Rules, are entitled to take part in the monthly and weekly auctions, respectively.

(2) The participants in the auctions referred to in paragraph 1 of this Article are obliged to sign a Contract with AD MEPSO related to the right to usage of a cross-border transmission capacity on the interconnection line in the power system of the Republic of Macedonia (hereinafter referred to as the „Contract”) prior to filing of the first request for allocation of a transmission cross-border capacity.

(3) The signed contract by the participants in the auction procedure is faxed to AD MEPSO at +389 2 3112 225 or +389 2 3149 039 until the 7th calendar day in the month M-1 up to 12:00 noon at the latest, if the participant wishes to take part in the allocation procedure for monthly and/or weekly transmission capacity in the month M. The contract signed must include authorized person’s name and surname representing the firm, his/her position, his/her signature and company’s seal. The 20th day of the month M-1 at the latest, four (4) original Contracts are to be submitted to AD MEPSO in person or by mail, duly filled out and signed. The authorized AD MEPSO representatives will sign all four (4) copies of the contract of which two copies will be returned to the participant. A contract shall be signed for the current year.

(4) The mailed and signed original Contracts are a precondition for using the right to transmission capacities.

Article 11

Application Form for Participation in Procedure of Allocation

(1) The participants in the auction who have signed a Contract are obliged to submit a suitable Application Form with regard to participation in monthly or weekly auctions for allocation which construe an integral part of these monthly and weekly Provisional Rules and this is published on AD MEPSO Website.

(2) The participant’s representative in auction who shall sign the Application Form referred to in paragraph 1 of this Article must be legally authorized by the enterprise participating in the allocation process.

(3) The Application Form defines the following parameters for participation in the allocation procedure:

1) Participant’s data

2) Allocation unit: a border, a direction, a time interval:

◦ Time interval:

- For monthly auctions: a “band” (from the first day in the month at 00:00 h until the last day in the same month at 24:00 h); or in the allocation periods within the frameworks of one month;
- For weekly auctions: a “band” (from the first day in the week at 00:00 h until the last day in the same week at 24:00 h) and in case of the first or last week in the month only the days in that week falling in month M, from 00:00 h to 24:00 h).

AD MEPSO reserves the right to expand or decrease the time interval of weekly auction in relation to the calendar week.

- 1) The total capacity requirement in MW and number of blocks ($1 \text{ MW} \leq \text{one block} \leq 20 \text{ MW}$); with step of 1 MW); maximum 20 blocks per one allocation unit.
- 2) Price in case of congestion for every block separately (excluding VAT). The blocks in one request should be of different price, but not lower than 0,1 EUR/MWh. The price of all blocks is expressed in Euro/MWh with one decimal place.
- 5) Time for submission of Application Form.

Article 12

Allocation Procedure

(1) The monthly value for ATC is published in compliance with the Calendar, prior to commencement of the month M for which the allocation procedure is conducted. Information on ATC is accessible on AD MEPSO Website (www.mepso.com.mk).

(2) The Application Form for monthly allocation procedure should be submitted to AD MEPSO in compliance with the Calendar for monthly allocation procedure at fax no. +389 2 3112 225 or +389 2 3149 039.

(3) The number of Application Forms received as to monthly auctions for allocation makes the list of applications. After the expire of deadline for submission of Application Forms they shall be sorted i.e. processed in accordance with the period of time specified in the Calendar for monthly allocation procedure.

(4) While sorting the list of Application Forms regarding participation in monthly allocation procedure for blocks the criterion „Price” shall be applied, i.e. in case of congestion priority has the block of higher price.

(5) In case that in the Application Form as to taking part in a monthly capacity allocation procedure MW/price are not presented in the specified format (MWs as a rounded number and price with one decimal place), the software shall round up the number automatically according to the defined format. This way rounded values will be used in the Bid evaluation and the beneficiary is obliged to accept them.

(6) The participant shall accept in a monthly auction the possibility for its request to be reduced in case it is accepted the last, if the remaining available transmission capacity (a difference between the available capacity and the sum of the already allocated capacity) of a certain allocation unit is smaller than the value of the capacity requested. In that case its request will be reduced to a value being equal to the remaining transmission capacity.

(7) Should two blocks appear with the same offered price, marginal prices, in a case of a congestion, they will be proportionally reduced according to the requested power to ATC.

(8) ATC is allocated in compliance with the sorted list of blocks. The participants in auction which are on the list shall be allocated the requested transmission capacity subject to an auction until it is fully utilized.

(9) After the end of monthly allocation procedure, AD MEPSO will e-mail or fax every participant in the allocation procedure within the deadlines published on the internet Website, information on results from the allocation procedure. General information regarding the results from the allocation procedure will be published on AD MEPSO Website.

Article 13

Annex to Contract for Monthly Auctions

(1) After the completion of auction procedure, the participants in auction which/who have been awarded the usage right to transmission cross-border capacity are obliged to sign an Annex to Contract for the appropriate month. An Annex to a Contract is signed after the publication of results from allocation procedure, but before starting the usage of right to a transmission cross-border capacity and within the time periods published in the calendar.

(2) The signed Annexes to Contracts by AD MEPSO shall be faxed to participants which have obtained the right to usage of a transmission cross-border capacity at the auction. The participants who have obtained the right to usage of a transmission cross-border capacity at the auction are obliged to check and affix a signature and a seal of the enterprise after which they will fax them to AD MEPSO (fax no. +389 2 3112 225 OR +389 2 3149 039) in compliance with the time periods in the calendar.

(3) AD MEPSO is obliged to mail four (4) originals of each Annex to a Contract to participants who have obtained the right to usage of a transmission cross-border capacity. The authorized participants' representatives who have obtained the right to usage of a transmission cross-border capacity are obliged to sign all four (4) originals of the Annex to Contract of which two (2) copies will be retained and two (2) submitted to AD MEPSO in person or by mail.

(4) If the participants who have obtained the right to usage of a transmission cross-border capacity fail to sign the Annex to the Contract or fail to fax the copies within the anticipated time limits under the Calendar, they lose the right to usage of the awarded capacity in the current allocation procedure and their right is suspended to take part in the allocation procedure in the next month.

(5) The participants obtaining the right to usage of a transmission cross-border capacity at auction who have signed the Annex to the Contract and paid all financial obligations to AD MEPSO arising thereof, will acquire the status beneficiaries of right to usage of a transmission cross-border capacity (hereinafter referred to as the „Beneficiary”).

Article 14

Price of Allocated Capacity

(1) In case that the appropriate allocation unit whose capacity is subject to an auction has no congestion, the price of allocated capacity is 0 EUR/MWh.

(2) In case that the appropriate allocation unit whose capacity is subject to an auction has congestion, the price of allocated capacity is equal to a marginal price and all participants in the auction obtaining a capacity are obliged to pay the marginal price for using of capacity.

(3) The payment for using the capacity (EUR) = $\sum\{\text{last accepted price/marginal price (EUR/MWh)} \times \text{allocated capacity (MW)} \times \text{Number of hours in the period for which the capacity is allocated (h)}\}$ for all accepted auction offers.

(4) The blocks in one request should be of different price, but not lower than 0,1 EUR/MWh. The difference in price between two blocks must not be lower than 0,1 EUR/MWh. The price of all blocks is in EUR/MWh with one decimal place and shall be listed according to a falling sequence.

Article 15

Usage of Allocated Capacity

(1) The beneficiary should utilize the capacity allocated.

(2) The beneficiary is obliged to pay the total price with regard to allocated capacity regardless of its level of utilization.

(3) The beneficiary is obliged to return to AD MEPSO the unutilized transmission cross-border capacity allocated at monthly auction for the week *W* up to 10 o'clock a.m. at the latest, on Monday in the week *W-1* in order that it is allocated on a weekly auction for the week *W*.

(4) AD MEPSO is entitled to allocate the returned monthly capacity for **month M** at weekly level, in accordance with these monthly and weekly Provisional Rules.

(5) The beneficiary of the right to usage of a cross-border transmission capacity which for the same period reports both import and export should indicate the separate quantities for the appropriate directions (import and export) in the Application Form, and they cannot be added and deducted, respectively.

(6) Should the beneficiary fails to prevail to the rules for reporting and harmonization of exchange programs, to conditions prescribed by AD MEPSO and ENTSO-E including to these yearly Provisional Rules, AD MEPSO is entitled to fully reject the exchange program submitted from the beneficiary and all cross-border and internal transactions shall be brought to zero. In this case, AD MEPSO is entitled to revoke the right to usage of allocated capacity for year *Y* and to suspend the beneficiary's participation in the allocation procedure for the next year.

(7) AD MEPSO guarantees the right to usage of transmission cross-border capacity during the year *Y* except for the periods where the interconnection line is scheduled to be disconnected because of repair activities. In the periods of

scheduled disconnection of the interconnection line because of repair activities, the beneficiary is not entitled to payment.

(8) Should the beneficiary fails to prevail to the rules for reporting and harmonization of exchange programs, to conditions prescribed by AD MEPSO and ENTSO-E including to these monthly and weekly Provisional Rules, AD MEPSO is entitled to fully reject the exchange program submitted from the beneficiary and all cross-border and internal transactions shall be brought to zero. In this case, AD MEPSO is entitled to revoke the right to usage of allocated capacity for the month M and to suspend the beneficiary's participation in allocation procedure for the next month.

(9) AD MEPSO shall guarantee the right to usage of transmission cross-border capacity during the month M and week except for the periods where the interconnection line is scheduled to be disconnected because of repair activities. In the periods of scheduled disconnection to the interconnection line because of repairs, the beneficiary is not entitled to payment.

Article 16

Transfer of Allocated Capacity

(1) The beneficiary may transfer the acquired right to usage of a transmission cross-border capacity to another user or to other more market beneficiaries (transfer of capacity) having signed a Contract with respect to rights to usage of a cross-border transmission capacities on interconnection lines in the power system of Macedonia.

(2) A transfer of capacity may not be realized for awarding the right to usage of a transmission cross-border capacity at weekly auctions.

(3) The beneficiary having transferred a right to usage of a cross-border transmission capacity may use it, after confirmation of transfer by AD MEPSO.

(4) The beneficiary may carry out a full (the total amount of allocated yearly capacity for entire calendar month), or partial (a part of allocated yearly capacity for entire calendar month) transfer of capacity.

(5) The minimum value of a cross-border transmission capacity that the beneficiary may transfer to another participant in auctions organized by AD MEPSO is 1 MW.

(6) The beneficiary wishing to transfer the usage right of capacity and the participant to whom the usage right of capacity is transferred are obliged to submit to AD MEPSO a joint Request for Transfer of Capacity in writing. The form of the Request for Transfer of Capacity construes an integral part of these yearly Provisional Rules and is published on AD MEPSO Website.

(7) The filled out form „ Request for Transfer of Capacity” shall be faxed to AD MEPSO at ++389 2 3149 039 or ++389 2 3112 225, and a scanned copy of the completed form e-mailed to the following address (zorani@mepso.com.mk and danielag@mepso.com.mk).

(8) The form „ Request for Transfer of Capacity” must be correctly filled out, signed and verified by both sides. The Form that will not be fully and correctly filled out will be rejected and not taken into consideration.

(9) The form „ Request for Transfer of Capacity” applies to transmission capacity allocated on annual basis and to one pair of participants in capacity transfer. In case that the beneficiary is willing to make a transfer of capacity to more participants in the

market, it is obliged to submit to AD MEPSO a separate „Request for Transfer of Capacity” for every participant to whom it transfers the usage right.

(10) Transfer of capacity on all borders may be carried out daily (from 00:00 to 24:00 h in a certain day), and the delivery of an Application Form for Transfer of Capacity must be according to the following schedule:

- 1) For Tuesday (Application Form must be delivered by 12:00 o'clock on Thursday)
- 2) For Wednesday (Application Form must be delivered by 12:00 o'clock on Friday)
- 3) For Thursday (Application Form must be delivered by 12:00 o'clock on Monday)
- 4) For Friday (Application Form must be delivered by 12:00 o'clock on Tuesday)

(11) In case where the day for submission of the Request is a holiday, then the Form will be submitted to AD MEPSO the preceding working day. After the expiry of the above mentioned time limits the Request for capacity transfer received will be considered invalid.

(12) The Request for capacity transfer delivered to AD MEPSO is binding to both parties and it can not be changed or withdrawn.

(13) AD MEPSO is obliged, within one working day of receiving the Request (the forms) for capacity transfer, to reply to both parties in writing.

(14) Transfer of capacity may be realized only in case where the beneficiary has paid the usage right to transmission cross-border capacity for the month for which transfer of capacity is carried out including when the two beneficiaries in the capacity transfer have no unpaid obligations as to monthly auctions towards AD MEPSO.

Article 17

Calculations for Payment

(1) After the expiry of the allocation period, AD MEPSO is obliged to submit the beneficiary, in compliance with the time limits of the Calendar, information on price of the allocated capacity and an invoice that needs to be paid before the start of using the allocated capacity (for monthly auctions). The beneficiary, otherwise, will lose the right to capacity usage including the right to take part in the allocation procedure in the next month.

(2) The sum in the invoice will be expressed in Euro including 18% VAT calculated, and the beneficiaries will effect payment in denars equivalent according to the selling exchange rate of the National Bank in the Republic of Macedonia on the day of billing.

(3) The beneficiary is obliged to comply with the Contract related to right to usage of transmission network and to Annex to the Contract which relates to the allocation period.

Article 18

Exemption

(1) AD MEPSO is entitled to forbid further participation of beneficiaries who/which:

- 1) Have not paid their financial obligations on due time;
- 2) Have failed to respect the rules and procedures signed by the Energy Regulatory Commission, ENTSO-E and AD MEPSO in the preceding period;
- 3) Have declared bankruptcy, are insolvent, have blocked accounts or are under a liquidation procedure by which payment of obligations will be prevented arisen out of the monthly auction allocations;
- 4) Have failed to respect the obligations under these monthly and weekly Provisional Rules, or break them in any way, or threaten to disturb the auction procedure.

Article 19

Unforeseen Circumstances

(1) Unforeseen circumstances refer to inability to conduct normal implementation of monthly or weekly allocation procedure (auction) including to unexpected disturbances in the power system of the Republic of Macedonia under the Law on Energy and Grid Codes regarding electricity transmission.

(2) In case of unforeseen circumstances referring to inability as to implement allocation procedure normally, AD MEPSO shall reserve the right to change the auction time and inform the participants which have applied on due time;

(3) In case of unforeseen disturbances in the power system, AD MEPSO shall reserve the right to reduce or cancel these approved transmission capacities causing congestions in the transmission network. The cancellation of awarded right to transmission will be realized on the basis of sorting a list of bids received at the auction, starting with the block having the lowest offered price.

Special Provisions related to Weekly Auctions

Article 20

General

(1) The weekly auction for allocation in month M shall cover the period in which the usage of right to allocated transmission cross-border capacity starts on Monday at 00:00 o'clock and lasts until Sunday at midnight (24:00 h). For the first and last week in the month M, the weekly allocation procedure may also cover less or larger number of hours.

(2) AD MEPSO shall reserve the right to prescribe or decrease the time interval of weekly auctions in relation to calendar week.

(3) Allocation of capacities at weekly level is carried out on those allocation units where there is unallocated capacity after the implementation of monthly allocation

procedure i.e. on those allocation units having no congestion during the monthly allocation procedure, or if any beneficiary has given up of the capacity and caused release of capacity or a bigger total transmission cross-border capacity has been made possible due to newly occurred situation in the power system in the Republic of Macedonia, or because of eventual taken away capacity by AD MEPSO.

(4) For the weekly allocation procedures shall apply all general rules and conditions existing for monthly allocation procedures and refer to conditions for allocation of capacities, usage of allocated capacities and information on exchange programs in order to realize transactions consistent with these monthly and weekly Provisional Rules.

(5) AD MEPSO has no obligation to organize weekly allocation procedures every week, for every allocation unit and in every period of specific allocation units on which there is unused transmission capacity. The decision if the free (unused) transmission capacity on any allocation unit will be offered for allocation at weekly level is subject to expected condition in the power system in the Republic of Macedonia, the condition in the power systems of the neighboring countries, the expected power flows in the transmission system of the Republic of Macedonia and on the interconnection lines and values of free (unused) transmission cross-border capacities on specific allocation units.

(6) In case that AD MEPSO organizes weekly allocation procedure for a certain week W, a table will be published regarding available transmission cross-border capacities for weekly allocation procedure on AD MEPSO Website (www.mepso.com.mk) on Monday at the latest up to 11:00 o'clock, in the week W-1. This table will contain the following information: allocation unit for which weekly allocation procedure is conducted and values of ATC.

(7) The indicative Calendar for weekly allocation auction shall be published on AD MEPSO Website. Should AD MEPSO organize a weekly allocation auction for a certain week, the calendar with exact days and hours will be published on AD MEPSO Website.

(8) If the week W covers days of two months, the weekly allocation procedure shall cover only the days of the first or the last weeks in the month M.

(9) AD MEPSO shall reserve the right to expand or cut the time interval of weekly auction for the calendar week and implement the auction procedure in another day in the week W-1 for the week W in which the time limits will be provided in the calendar.

Article 21

Application Form of Weekly Auction

(1) The application form shall be submitted to AD MEPSO at fax no +389 2 3112 225 or +389 2 3149 039.

(2) AD MEPSO shall receive Application forms from participants for allocation of available transmission cross-border capacities at weekly level for week W in the first day of week W-1, from 12:00 (CET) to 14:00 (CET) if not otherwise provided in the calendar.

(3) Following the deadline with regard to receiving of an Application form, AD MEPSO shall process the Application forms received using the method of a marginal price and informs all the participants taking part in the weekly allocation procedure on the results of auction regardless of whether the capacity is allocated to them or not, the next day up to 12:00 o'clock (CET) in the week W-1. The general information on

results from the weekly allocation procedure will be published on AD MEPSO Website.

Article 22

Annex to Contract (for weekly auction)

(1) After the completion of weekly allocation procedure, the participants which/who have received the usage right to a transmission cross-border capacity are obliged to sign an Annex to Contract for the appropriate week. An Annex to a contract is signed upon publication of the results from the allocation procedure, but prior to usage of right to a transmission capacity and within the time limits published in the calendar.

(2) The signed Annexes to contracts by AD MEPSO are faxed to participants which/who have been awarded the right to usage of a transmission cross-border capacity. The participants which/who have been awarded the right to usage of a transmission cross-border capacity are obliged to check and affix an enterprise's seal on Annexes, after which they fax them to AD MEPSO (at no.+389 2 3112 225 or +389 2 3149 039) in compliance with the time limits in the calendar.

(3) AD MEPSO is obliged to mail four (4) originals of each Annex to Contracts to participants being awarded the usage right to a transmission cross-border capacity at auction. The authorized representatives from participants being awarded the usage right to a transmission cross-border capacity at auction are obliged to sign all four (4) original Annexes to Contracts, out of which two (2) copies will be retained and two (2) copies submitted to AD MEPSO in person or by mail.

(4) In case that the participants being awarded the usage right to a transmission cross-border capacity at auction fail to sign the Annex to Contract or fail to fax it within the time limits foreseen in the calendar, they lose the right to capacity usage allocated at weekly allocation procedure for the week W and the participant is suspended from the right to take part in the weekly allocation procedure during the month M and in the monthly and weekly procedures in the first next month, as well.

(5) The participants being awarded the usage right to a transmission cross-border capacity, which/who have signed the Annex to the Contract and paid all financial obligations to AD MEPSO arising on this ground will acquire the status users/beneficiaries to usage right to transmission cross-border capacity for the week W.

Article 23

Payment (for weekly auction)

(1) The price with respect to allocated capacity at weekly auction is calculated and billed based on the appropriate Annexes to Contracts upon the expire of the calendar month, as a sum for all weeks in which in the course of the preceding month the participant has been granted the usage right to a transmission cross-border capacity at weekly auctions in the month M. AD MEPSO will issue an invoice until the 7th calendar day in month M+1, for the entire calculation of month M. This invoice must be paid within the time period indicated in the invoice. To the amount specified in the invoice a value added tax (VAT) of 18% is added. The deadline for payment is

eight (8) days from the day of invoice issue. In a case of delay in payment an interest on arrears is computed under the law. In case of a failure to make the payment or delay in payment, the participant shall lose the right to take part in all monthly and weekly allocation procedures while these monthly and weekly Provisional Rules are valid.

Article 24

Final Provisions

(1) The Energy Regulatory Commission is responsible to monitor the awarding process of a cross-border capacity and its allocation.

(2) These monthly and weekly Provisional Rules shall enter into force on the day of their approval by the Energy Regulatory Commission, and apply following the day of their publication on AD MEPSO Website.

[Please insert: Name of Company/Enterprise]

[Please insert: Date]

[Please insert: Operational Number]

AD MEPSO
Bb Orce Nikolov St.,
1000 Skopje, R. Macedonia
Fax: +389 2 3112 225
+389 2 3149 039

REGISTRATION FORM FOR PARTICIPATION IN
YEARLY AUCTION
Between **1st January 2012 to 31st December 2012**

1	Full name of company/enterprise	
	Official address (company's head office)	
	Personal identification number of company	
	Tax number	
	Phone no.	
	Facsimile no.	
	E-mail address	
	Website	
2	Director's name (or another person authorized to represent the company without limitations and to sign Contracts and Annexes to Contracts)	
	Phone no.	
	Facsimile no.	
	E-mail address	
3	Contact person (or persons) to take a part in the procedure for a procedure of a monthly allocation of cross-border capacities	
	Phone no.	
	Facsimile no.	
	E-mail address	
4	Contact person (or persons) for issues related to exchange procedure (submission to AD MEPSO); this person/persons must be available 24 hours a day during 365 days in the year	
	Phone no.	
	Facsimile no.	
	E-mail address	
5	Official e-mail address to send exchange programs (schedules) to AD MEPSO and to share of messages associated with the exchange.	
6	EIC code to submit application forms on capacity allocation and to send exchange programs issued by AD MEPSO.	

[Please insert Company's name]

[Please, insert name and surname of authorized person]

[Please, insert position of authorized person in company]

[Signature of authorized person]

[Company's seal]

REQUEST FOR TRANSFER OF YEARLY CAPACITY

Date of submission of Request for capacity transfer: _____

1. Request by two participants in the capacity transfer

Border/Direction	Total obtained capacity at yearly auction	Period of using the right to transferred capacity	Transferred capacity
	(MW)	(dd.mm.yyy) –(dd.mm.yyy)	(MW)
Serbia-Macedonia			
Bulgaria-Macedonia			
Greece-Macedonia			
Macedonia-Serbia			
Macedonia-Bulgaria			
Macedonia-Greece			

2. Confirmation of capacity transfer

	Participant wishing to assign the right to usage of capacity	Participant to whom the right to usage of capacity is assigned
Company		
EIC code		
Authorized person		
Phone number of authorized person		
Fax number of authorized person		
E-mail to authorized person		
Signature authorized person and company's seal		

3. AD MEPSO consent for capacity transfer:

Authorized person	
Date of consent issue	
Notice	
Signature and seal	

APPLICATION FORM FOR ALLOCATION OF RIGHT TO USAGE OF CROSS-BORDER TRANSMISSION CAPACITY IN THE PERIOD: MW 2011

This Application Form defines the parameters for taking part in allocation of available transmission capacity on interconnection lines in the Republic of Macedonia. The Application Form shall be submitted to AD MEPSO on fax no. +389 2 3112 225; +389 2 3149 039 in the period from the date of Application submission according to the Calendar. The Application Forms that will arrive prior or after the specified time will be rejected (the time of the Application Form arrival is valid)

1	Data of Applicant	
	Full company's name	
	EIC	
	Official address (company's head office)	
	Bank account, number of account, Bank's address	
	Authorized person representing the company	
	Phone number of authorized person	
	Facsimile number of authorized person	
	E-mail address of authorized person	
	Contact person	
	Phone number of contact person	
	Fax number of contact person	
E-mail address of contact person		
2	Time of Application Form submission	
	Day/ month /year / hour	
	Number of pages in the Application Form	

##C MEPSO Transmission Capacity Request

##BIDS

<u>Allo-</u> <u>cation</u> <u>type</u> <u>(Y)</u>	<u>Trader's name</u>	<u>Trader EIC</u>	<u>Bid ID¹</u>	<u>Requested</u> <u>capacity</u> <u>MW²</u>	<u>Offered</u> <u>price</u> <u>EUR/MWh</u> <u>³⁴</u>	<u>From date</u>	<u>To date</u>

¹ MK - Macedonia, RS - Serbia, BG – Bulgaria, GR-Greece
² **1 MW ≤ one portion ≤ 20 MW**, with **resolution of 1 MW**, **max. 20 portions** per one allocation unit; 1 MW ≤ e порции по една алокациска единица
³ Price in EUR/MWh excluding VAT.
⁴ Portions in one Request and within one allocation unit should have different prices, none of them lower than **0.1 EURO/MWh**, resolution 1 decimal place; the portions (blocks) in one Request and in one allocation unit should be with different price, but not lower than **0.1 EURO/MWh**, **resolution 1 decimal place**.

Should the participant obtains the right to usage of transmission system capacity in the allocation procedure implemented by AD MEPSO, it is obliged to submit the following documents prior to signing the contracts at fax no. +389 2 3112 225 или +389 2 3149 039.

- A certificate that the companies/enterprises are not undergoing bankruptcy or liquidation procedure.
- A Certificate proving that a penalty sanction is not stated to it – prohibition against doing the profession, business or duty and/or provisional prohibition of doing the activity.
- Legal authorization issued to representatives to represent enterprises in the process of allocation of transmission capacity and that they are familiar with the obligations arising out of this authorization.
- A Certificate that over the last five (5) year a final verdict has not been made to it for participation in criminal organization, corruption, fraud or money laundry.

All documents must not exceed six (6) months.

If AD MEPSO doubts the listed documents above reserves the right to request information directly from authorities issuing the documents.

Date, name and surname, signature, ¹ MK - Macedonia, RS - Serbia, BG – Bulgaria, GR-Greece

¹ **1 MW ≤ one portion ≤ 20 MW**, with **resolution of 1 MW, max. 20 portions** per one allocation unit; 1 MW ≤ one portion (block) ≤ 20 MW, with a step 1 MW; maximum 20 portions per one allocation unit

¹ Price in EUR/MWh excluding VAT.

¹ Portions in one Request and within one allocation unit should have different prices, none of them lower than **0.1 EUR/MWh**, resolution 1 decimal place; Portions in one request and in one allocation unit should be with a different price, but not lower than **0.1 EUR/MWh**, resolution 1 decimal place

**Date, name and surname, signature,
company's sea**

