



MACEDONIAN TRANSMISSION SYSTEM OPERATOR

PROVISIONAL RULES
FOR
ALLOCATION OF YEARLY AVAILABLE TRANSFER CAPACITIES ON
INTERCONNECTIONS IN POWER SYSTEM OF THE REPUBLIC OF
MACEDONIA

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 „ AD MEPSO” upon a recommendation of the Transmission System Operator and a prior approval by the Energy Regulatory Commission of the Republic of Macedonia and Resolution no. 02-1154/1 dated 01.09.2011 and the Decision by the Board of Directors no 02-6799 dated 04.08.2011 adopted the:

PROVISIONAL RULES
FOR
ALLOCATION OF YEARLY AVAILABLE CROSS-BORDER 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 Capacities on interconnection lines in the power system of the Republic of Macedonia at yearly level (hereinafter referred to as „Yearly 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 available transmission capacity (ATC) on all interconnections (hereinafter referred to as „ Usage Right to Available Cross-border Transfer 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”.

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

(7) The exact dates of allocation procedures including the registration for participation in yearly auction 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.

Article 2

Determination of Transmission Capacity on Interconnection

- (1) Determination of net transfer capacity (*NTC*) on interconnection shall be 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 of 13 July 2009 on conditions for access to network and cross-border electricity exchange”).
- (2) AD MEPSO shall calculate the values of capacities (TTC, TRM, NTC, AAC, ATC) for yearly allocation period, every border and every direction, separately. These values are published on the Website www.mepso.com.mk

Article 3

General Principles of Transmission Capacity Allocation

(1) AD MEPSO will held yearly allocation for a part of the available transmission capacity (ATC) on interconnection lines in the Republic of Macedonia with the Republic of Serbia, the Republic of Bulgaria and the Republic of Greece.

(2) AD MEPSO shall be responsible for allocation of a half the total available transmission capacity at each border, if not otherwise mutually agreed by the operators of the transmission systems.

(3) AD MEPSO may organize allocation of the usage right to available transmission cross-border capacity at yearly level. For the year Y, the yearly allocation of available transmission capacity shall be held in the year Y-1 in compliance with the Calendar as to yearly allocation (hereinafter referred to as the „Calendar”) being an integral part of these yearly Provisional Rules and it is published on AD MEPSO Website (www.mepso.com.mk)

(4) A portion of the available transmission cross-border capacity that will remain unused following the implementation of the yearly (Y) allocation procedure, AD MEPSO shall be entitled to allocate the monthly, weekly or daily usages in compliance with the Provisional Rules for allocation of available transmission cross-border capacity at monthly and weekly levels.

Article 4

Method of Allocation of Available Transmission Capacity

(1) NTC and ATC values shall be calculated and published yearly for all borders and every allocation unit separately.

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

(3) At yearly auctions for transmission cross-border capacity „No netting-right without obligation” principle is applied.

Article 5

Participation in Allocation Procedure

(Right to Taking Part)

(1) Right to take part in yearly auctions for allocation of cross-border capacity has entities holding a valid license to do energy business: electricity trading and/or electricity generation, issued by the Energy Regulatory Commission in the Republic of Macedonia.

(2) The participants taking part in the allocation procedure are obliged to file a Registration Form to take part in the allocation procedure together with a Statement indicating that they accept the obligations and conditions defined in the Provisional Rules being an integral part of this yearly Provisional Rules including a license of doing energy business such as electricity trading or electricity supply. The Statement and the Registration form are an integral part of these yearly Provisional Rules.

(3) The forms such as Statement and Registration can be downloaded from AD MEPSO internet Website (www.mepso.com.mk). The Statement and Registration form should be submitted on an official enterprise headletter and apart from all data requested they must also contain obligatorily the name and surname of the authorized person, his/her position in the enterprise, his/her signature, an enterprise seal and an operational number.

(4) The market participant shall be obliged to submit a signed Statement and a Registration form until 2 o'clock p.m. at the latest from the day specified in the Calendar in the year Y-1 if it is willing to take part in the allocation of transmission capacity for the year Y. The forms signed, the Statement and the Registration, shall be submitted to AD MEPSO only by fax at no. ++389 2 3149039 or no. ++389 2 3112 225.

(5) AD MEPSO after receiving the statement and the Registration form will inform the submitters within a period of one (1) day on the acceptance or rejection to take part in the process of allocation procedure.

(6) The Statement that will be accepted by AD MEPSO shall be valid for the year Y in which the transmission capacity is allocated.

Article 6

Application Form for Participation in Allocation Procedure

(1) The participant is obliged to file an Application form in which he/she will maintain in a responsible manner that he/she represents the enterprise which operates in legal frames and is not under bankruptcy or a process of liquidation. The applicant shall maintain obligatorily that there is no any judicial proceedings in progress against him that might impair the fulfillment of conditions set out in the Rules or the Contract.

(2) The representative who will sign the Application form must be legally authorized by the company participating in the process of allocation and must be familiar with the obligations arising out of the signature affixed.

(3) In the Application form the following parameters need to be defined for participation in the procedure for allocation on interconnection lines.

- 1) Participant's data;
- 2) Direction (input or output);
- 3) Total demand of capacity in MW and number per blocks ($1 \text{ MW} \leq \text{one block} \leq 20 \text{ MW}$, with a step of 1 MW);
- 4) Price in case of congestion for each block separately
- 5) Time interval (from the first day in the year Y at 00:00 h until the last day in the year Y at 24:00);
- 6) Time of submission of application form.

Article 7

Procedure of Allocation

(1) The value for ATC shall be published until the 1st day at the latest in the last month of the year Y-1, with regard to capacity allocation for the year Y.

(2) The information on ATC shall be published on AD MEPSO internet Website (www.mepso.com.mk).

(3) The Application form referred to in Article 6 of these yearly Provisional Rules shall be submitted to AD MEPSO in compliance with the period specified in the Calendar.

(4) The Application form will be valid until the completion of the appropriate allocation procedure.

(5) All application forms arrived shall construe the list of Application forms. After the expire of the time limits for submission of application forms they are sorted and/or processed in compliance with the period specified in the Calendar.

(6) In sorting of the list of Application forms the criterion „Price“ shall apply. It means that a priority has the block with higher price, in case of congestion.

(7) If the totally offered blocks of each allocation unit are particularly higher than the published ATC for the appropriate allocation units, it shall be considered that there is congestion on that allocation unit.

(8) If two blocks appear with the same offered price in case of congestion they will be cut proportionally to the requested power up to ATC, and the participants are obliged to accept such determined quantities.

(9) In case that after fulfillment of this criterion a capacity remains unallocated this will be allocated taking into consideration the time of Bid submission.

(10) ATC is allocated in accordance with the sequence of sorting of the list of blocks. The participants in an auction who will be in the list shall be allocated the requested transmission capacity subject to an auction until its complete utilization.

(11) Participants who have obtained the usage right to transmission cross-border capacity at the auction, who have signed a Contract related to right to usage of transmission network and have paid all financial obligations to AD MEPSO arising on this ground will acquire the status beneficiaries of the usage right to a transmission cross-border capacity (hereinafter referred to as the „Beneficiaries“).

Article 8

Price of Allocated Capacity

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

(2) In case that the appropriate allocation unit whose capacity is subject to an auction has congestion, the price of the allocated capacity shall be 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 { last accepted price/marginal price (EUR/MWh) x allocated capacity (MW) x Number of years Y 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 shall be in EUR/MWh with one decimal place and is listed according to a falling/dropping sequence.

Article 9

Usage of Allocated Capacity

(1) The user/beneficiary should utilize the allocated capacity.

(2) The beneficiary shall be liable to pay the total price of allocated capacity regardless of the degree of its utilization.

(3) The beneficiary shall be liable to report the unused yearly capacity for month M, obtained at a yearly auction until the 7th day at the latest of month M-1 (**use it or lose it**). If the 7th day is a non-working day, the beneficiary is obliged to report the unused yearly capacity for month M in the following first working day.

(4) AD MEPSO shall be entitled to allocate the returned yearly capacity for month M at monthly, weekly, or daily levels according to the Provisional Rules related to allocation of available transmission cross-border capacity at monthly and weekly levels.

(5) In case that 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 the yearly Provisional Rules, AD MEPSO shall be entitled to fully reject the exchange program submitted from the Beneficiary and all cross-border and internal transactions will be brought to zero. In this case, AD MEPSO shall also be entitled to break 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.

(6) AD MEPSO shall guarantee 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 repairs. In the periods of scheduled disconnection of the interconnection line for repairs, the beneficiary shall not be entitled to payment.

Article 10

Transfer of Allocated Capacity

(1) The beneficiary may transfer the acquired right to usage of the cross-border capacity to another participant in the market or to more other participants in the market (transfer of capacity) who/which have signed a contract related to the right to usage of a cross-border capacities on the interconnection lines in the power system of the Republic of Macedonia .

(2) The participant in the market to whom the right to usage of a cross border capacity has been transferred shall acquire the status of a holder of the right after a confirmation for a transfer from AD MEPSO.

(3) The beneficiary may transfer the yearly capacity **at monthly level and it will refer to the entire calendar month.**

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

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

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

(7) The filled out Request for Capacity Transfer shall be sent to AD MEPSO by fax at no. ++ 389 2 3149 039 or ++389 2 3112 225, whereas a scanned copy of the filled out Form is to be sent by e-mail at the following addresses: zorani@mepso.com.mk or danielag@mepso.com.mk

(8) The Request for Capacity Transfer must be correctly completed, signed by both parties. The Form that will not be fully and correctly filled out will be rejected and not considered.

(9) The Request for Capacity Transfer applies to a transmission capacity allocated yearly and to one pair of participants in the capacity transfer. If the holder wishes to make a transfer of a capacity to more participants in the market, it (he) is obliged to submit to AD MEPSO a separate Request for Capacity Transfer for every participant to which/whom he transfers the right to usage.

(10) Transfer of yearly capacities on all borders may be carried out on the 7th day at the latest in the month M-1 for the month M. In case where the day for filing the Request with regard to transfer of a capacity is a national holiday or a non-business day then the Form will be delivered to AD MEPSO the first following working day.

(11) Upon the expire of the specified period of time laid down in paragraphs 7 and 8 of this Article, the Applications and requests arrived for capacity will be considered invalid.

(12) The Applications and requests for transfer of capacity submitted to AD MEPSO shall be binding for both parties and they may not be changed or withdrawn.

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

Article 11

Calculation of Payment

(1) After the completion of allocation procedure according to the time limit in the Calendar, AD MEPSO will submit the beneficiary information on the price of allocated capacity and an invoice that refers to the entire period of the year Y.

(2) The invoice should be paid in full prior to commencing of the year Y in accordance with the date specified in the Calendar otherwise the beneficiary loses the right to usage of the allocated capacity including the right to take part in monthly allocation procedures in the year Y.

(3) The sum in the invoice shall be expressed in Euro inclusive 18% VAT calculated. 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.

(4) The beneficiary shall be obliged to comply with the Contract with respect to a right to usage of the transmission network which applies to the allocation period.

(5) AD MEPSO shall be 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 prescribed by the Energy Regulatory Commission in the Republic of Macedonia, 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 auction;
- 4) Have failed to respect the obligations of these yearly Provisional Rules break them or in any way disturb them, or threat to disturb the auction procedure.

Article 12

Unforeseen Circumstances

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

(2) In case of unforeseen circumstances referring to inability to implement normal allocation procedure, AD MEPSO reserves the right to change the time of auction so that it will inform the participants that have applied in due time;

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

Article 13

Final Provisions

(1) The Energy Regulatory Commission in the Republic of Macedonia shall be responsible to monitor the awarding process of cross-border capacity and its allocation.

(2) These Provisional Rules shall enter into force on the day of their approval by the Energy Regulatory Commission in the Republic of Macedonia, and will be applicable 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 PROCEDURE
in the period 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 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 for sending exchange programs (schedules) to AD MEPSO and share of messages associated with the exchange.	
6	EIC code to submit application forms on capacity allocation and sending of exchange programs issued by AD MEPSO.	

[Please insert Company's name]

[Please, insert the name and surname of authorized person]

[Please, insert the position of authorized person in the 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-Makedonija			
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:

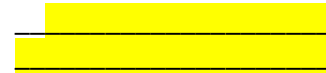
Authorized person	
Date of consent issue	
NOTICE	
Signature and seal	

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 or +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,
company's se**