

Pursuant to Article 79 paragraph (3) item 2) of the Law on Energy ("Official Gazette of the Republic of Macedonia" No. 96/18 and "Official Gazette of the Republic of North Macedonia" No. 96/19), as well as Article (17) of Electricity Balancing Market Rules ("Official Gazette of the Republic of North Macedonia" no. 179) and in accordance with Article (19) paragraph 1) item 18 of the Statute of AD MEPSO Skopje, The Board of Directors of the Transmission System Operator of the Republic of North Macedonia Joint Stock Company for transmission of electricity and management of the electricity system in state ownership, Skopje with Decision no. 02-5814 / 16 from 28.10.2019 adopted Procurement Rules of aFRR balancing capacity and aFRR balancing energy for secondary regulation, with Decision no. 02-6692 / 17 adopted an amendment to the Rules for procurement of aFRR balancing capacity and aFRR balancing energy for secondary regulation and with Decision no. 02-7338 / 4 adopted an amendment to the Procurement Rules of aFRR balancing capacity and aFRR balancing energy for secondary regulation and they read:

PROCUREMENT RULES OF aFRR BALANCING CAPACITY AND aFRR BALANCING ENERGY FOR SECONDARY REGULATION

I. INTRODUCTION

GENERAL PROVISIONS

Article 1

- (1) Pursuant to the Energy Law and the Electricity Balancing Market Rules, TSO is responsible for procurement of aFRR balancing capacity and aFRR balancing energy from Balancing Service Providers in order to ensure operational security, maintenance of frequency and voltage stability of the system.

Definition

Article 2

- (1) Secondary regulation (aFRR) is called automatic frequency restoration reserve, i.e. active power reserve that can be activated by an automatic control device to restore the system frequency to a nominal value.

Subject of procurement

Article 3

- (1) Pursuant to these Rules, TSO conducts monthly auctions for procurement of aFRR balancing capacity for each month separately, at least 15 days before the first day of delivery of the monthly product.

Manner of realization of the auctions for procurement of aFRR balancing capacity and balancing energy

Article 4

- (1) The TSO shall procure aFRR balancing capacity and balancing energy through an Internet-based platform.
- (2) The BSPs shall submit bids for aFRR balancing capacity and balancing energy on a platform operated by the TSO or on a third-party platform selected by the TSO.
- (3) The TSO determines the specifications of the platform, the rules of operation of the platform, communication protocols, and other technical characteristics of the platform and publishes this information on its website.
- (4) The TSO procures all aFRR balancing capacity and balancing energy through the platform. In exceptional cases of technical problems, the TSO collects bids with the help of other means of communication, e.g. e-mail.
- (5) The TSO shall promptly inform all registered BSPs about such exceptional situations along with the reasons, via e-mail and by publishing the information on its website.

TSO's request to the General Director of AD MEPSO

Article 5

The procedure for procurement of aFRR balancing capacity and balancing energy for the needs of the power system, shall be initiated by the Electricity Transmission System Operator (TSO), with a request to the General Director of AD MEPSO for approval of the procurement. The request contains:

- subject of the procurement,
- quantities of the procurement,
- planned funds.

Decision to start the procurement of aFRR

Article 6

- (1) Based on the request, the General Director shall adopt a Decision to start the procurement, which shall state:
 - subject of the procurement,

- quantities of the procurement,
- planned funds.

Procurement of aFRR balancing capacity and balancing energy

Article 7

- (1) Following the Decision for initiating the procurement of aFRR balancing capacity, the TSO shall publish on its website the necessary quantities for procurement of aFRR balancing capacity.
- (2) The TSO conducts monthly auctions for each month separately, at least 15 days before the first day of delivery of the monthly product. The date and time of the auction will be published by the TSO on its website.
- (3) The BSP may submit a bid for balancing capacity as a portfolio that does not exceed the value of the total eligible aFRR balancing capacity of all its balancing units in any given time period.

II. RIGHT TO PARTICIPATE

Balancing service providers

Article 8

- (1) The Balancing service providers shall be deemed to be qualified to submit balancing energy bids or balancing capacity bids upon signing of the Balancing Service Providers Agreement and entry in the Balancing Service Providers Registry.
- (2) On the day of entry in the Registry, the BSP acquires the right to participate in auctions, i.e. it has the right to submit bids for aFRR balancing capacity and aFRR balancing energy within the capacity of its balancing units registered for providing aFRR balancing service.
- (3) The BSP cannot provide both aFRR and mFRR from the same balancing unit at the same time.

III. AUCTION PRODUCTS

Standard product for aFRR balancing capacity

Article 9

- (1) The available capacity for aFRR is the difference between the operating point of the generators determined by the final daily schedule (base power of the balancing units) and the positive part of the regulation range.
- (2) The scope of regulation is the zone in which the AGC (automatic generation control) operates automatically in both directions (upward regulation and downward regulation).
- (3) The scope of regulation of the balancing unit shall be provided by setting the upper and lower limits by the operators in the BSP power plant within the technically available capacity.
- (4) A standard product for aFRR balancing capacity is an hourly product with the same value of upward and downward power for each accounting interval separately.
- (5) The TSO may decide to introduce additional products for aFRR balancing capacity depending on the operation and needs of the power system.

Standard product for aFRR balancing energy

Article 10

- (1) A standard product for aFRR balancing energy is an hourly product that is different for each direction and for each period.
- (2) The BSP must not link bids at a technical or economic level, which may link different bids from the balancing units that it manages, for different time periods that would be interdependent.

Technical details for activation, duration and method of activation of aFRR

Article 11

- (1) aFRR is activated automatically via the SCADA system of the TSO, which sends a signal to the balancing units of the BSP which are successfully included in the AGC, to activate the required balancing energy.
- (2) The TSO activates the aFRR balancing energy only from the balancing units awarded at the auctions for procurement of aFRR balancing capacity and aFRR balancing energy included in the dispatching schedule of the balancing units submitted by the BSP.
- (3) The balancing unit must enable remote control before the beginning of the hour, which is confirmed by the status for remote control in NDC. (If at least one balancing unit of the power plant is remotely installed, it is considered that this power plant is ready to participate in aFRR regulation).
- (4) In case of technical difficulties as a result of inability to activate balancing energy, the BSP shall send a report and a new dispatching schedule for the balancing units with available balancing units awarded at the auctions for procurement of aFRR balancing

capacity and aFRR balancing energy to the TSO, one hour before the hour of activation of the balancing unit, within the awarded balancing capacity.

- (5) The BSP's balancing units shall be deemed to operate properly in the aFRR if they operate cumulatively for at least 45 minutes in the respective hour.

Placing bids for aFRR balancing capacity by the BSPs

Article 12

- (1) The BSP at the auction for procurement of aFRR balancing capacity, submits bids as a portfolio for the quantity and price of aFRR balancing capacity.
- (2) The BSP at the auction for procurement of aFRR balancing capacity shall submit bids for aFRR balancing capacity in the following form:

ISP, Direction (Upward / Downward), Quantity (MW), Capacity Price (€ \ MW).

- (3) The balancing capacity prices are the same for upward regulation and downward regulation and should be expressed in EUR / MW, without VAT, rounded to two decimal places.

Placing bids for aFRR balancing energy

Article 13

- (1) The BSP at the auction for procurement of aFRR balancing energy, for the submitted bids for providing aFRR balancing energy on day D-1 for day D, should submit the names of the balancing units that will provide the awarded aFRR balancing capacity, the quantity of MW for each balancing unit respectively and the balancing energy prices, if they are within the minimum and maximum values for the price of aFRR balancing energy defined in paragraph (2) of this Article.
- (2) The bids for aFRR balancing energy shall be submitted as follows:

**ISP, Balancing Unit Name, Direction (Upward / Downward), Quantity (MW),
Energy Price (€ \ MWh).**

- (3) The submitted bids for aFRR balancing energy on day D-1 for day D should have the following values:
 - 1) for upward regulation the price of aFRR balancing energy delivered in D-1 for day D, may be less than or equal to the value HUPX + 50% for the corresponding

- hour achieved in DAM (Day Ahead Market),
- 2) for downward regulation the price of aFRR balancing energy supplied in D-1 for day D may be greater than or equal to the value HUPX - 50% for the corresponding hour achieved in DAM (Day Ahead Market).
- (4) The TSO has the right to organize auctions for day D, on day D-2 / D-3, in case of holidays, weekends, etc.
 - (5) In case of auctions for a period longer than D-1 when the values referred to in paragraph (2) of the same Article are not available, the BSPs shall submit bids without limitation of the balancing energy price and in accordance with those prices a merit order list shall be created. When the values referred to in paragraph (2) are available and if the balancing energy prices exceed them, they shall be reduced to the appropriate limits.
 - (6) In cases when the values from paragraph (2) reach a negative value or a value of zero, the balancing energy price will be calculated as an average price from the first positive and the next positive price of the HUPX hourly index, among which the negative price appears or zero.
 - (7) Balancing energy prices for upward and downward regulation may be different and should be expressed in EUR / MWh, excluding VAT, rounded to two decimal places.

Time period for submission bids for aFRR balancing capacity and aFRR balancing energy

Article 14

- (1) The BSPs may submit bids for aFRR balancing capacity and aFRR balancing energy on the auction platform for a period of time between the starting time of the submission of bids (hereinafter referred to as GOT) and the time of completion of the submission of bids (hereinafter referred to as GCT), determined by the TSO.
- (2) The TSO will publish on its website the starting time of the submission of bids - GOT and the time of completion of the submission of bids - GCT.

Selection of balancing capacity bids for aFRR

Article 15

- (1) The TSO selects the bids for aFRR balancing capacity according to the criterion of the cheapest bid, up to the total required aFRR balancing capacity.
- (2) In case of more than one bid with the same price, the first-submitted bid shall be placed first.

Decision for selection

Article 16

- (1) Based on the prepared report on the conducted auction for aFRR balancing capacity and balancing energy, the General Director shall make a decision for selection of the most favorable bidder, or a decision for annulment of the procedure.

Publication of the results

Article 17

- (1) The TSO informs the BSPs about the results of the auction through the platform and / or in electronic form (e-mail).

Objection by BSPs

Article 18

- (1) Any BSP who has a legal interest in obtaining the Procurement Agreement for aFRR balancing capacity and balancing energy and has remarks about omissions or errors in the realization of the auction and is not satisfied with the decision for selection of the most favorable bidder, may request a legal protection against the decisions, actions and omissions for undertaking actions by an appeal submitted to the Board of Directors of AD MEPSO, within 2 (two) calendar days from the day of receipt of the report for selection of the most favorable bidder, by submitting the appeal in person or by e-mail, with clearly and precisely explained reasons. The Board of Directors decides on the appeal of the bidder within 2 (two) days, counted from the day of receipt of the appeal.
- (2) The bidder who is not satisfied with the decision of the Board of Directors of AD MEPSO, within 2 (two) days counted from the day of receipt of the decision made by the Board of Directors of AD MEPSO, may initiate a dispute before the Energy Regulatory Commission (ERC), which resolves the dispute according to the dispute resolution procedure.
- (3) The procedure for initiating a dispute before the ERC does not delay the signing of the agreement between AD MEPSO and the most favorable bidder selected by AD MEPSO.

Signing an Agreement for procurement of aFRR balancing capacity and balancing energy

Article 19

- (1) AD MEPSO is obliged to sign an Agreement with the bidder / bidders that have been selected as the most favorable.

Article 20

- (1) Financial settlement for the procured balancing capacity and the activated balancing energy will be realized in accordance with Article 28 and Article 29 of the Balancing Rules.

Report to ERC

Article 21

- (1) AD MEPSO is obliged to submit a report to the Energy and Water Services Regulatory Commission for the conducted procurement of aFRR balancing capacity and aFRR balancing energy within 5 days from the signing of the Agreement.

Article 22

- (1) These rules enter into force from the day of their approval by the Board of Directors of AD MEPSO.

Annex 1: Model of aFRR Balancing Capacity and Balancing Energy Procurement Agreement