

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 mFRR balancing capacity and mFRR balancing energy for tertiary regulation, with Decision no. 02-6692 / 17 adopted an amendment to the Rules for procurement of mFRR balancing capacity and mFRR balancing energy for secondary regulation and with Decision no. 02-7338 / 4 adopted an amendment to the Procurement Rules of mFRR balancing capacity and mFRR balancing energy tertiary regulation and they read:

PROCUREMENT RULES OF mFRR BALANCING CAPACITY AND mFRR BALANCING ENERGY FOR TERTIARY REGULATION

I. INTRODUCTION

GENERAL PROVISIONS

Article 1

- (1) Pursuant to the Energy Law and the Electricity Balancing Market Rules, the TSO is responsible for procurement of mFRR balancing capacity and mFRR 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) Tertiary regulation (mFRR) called manual frequency restoration reserve, i.e., active power reserve that can be activated with a manual control device to restore the system frequency to a nominal value.

Subject of procurement

Article 3

- (1) Pursuant to these Rules, the TSO conducts monthly auctions for procurement of mFRR 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 mFRR balancing capacity and balancing energy

Article 4

- (1) The TSO shall procure mFRR balancing capacity and balancing energy through an Internet-based platform.
- (2) The BSPs shall submit bids for mFRR 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 electronic 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 mFRR 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 together 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 mFRR 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 mFRR

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 mFRR balancing capacity and balancing energy

Article 7

- (1) Following the Decision to start the procurement of mFRR balancing capacity, the TSO shall publish on its website the necessary quantities for procurement of mFRR 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 mFRR 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, BSP acquires the right to participate in auctions, i.e. it has the right to submit bids for mFRR balancing capacity and mFRR balancing energy within the capacity of its balancing units registered for providing mFRR 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 mFRR balancing capacity

Article 9

- (1) A standard product for mFRR balancing capacity is an hourly product with values that are the same or different in both directions for each period.

- (2) The TSO may decide to introduce additional products for mFRR balancing capacity depending on the operation and needs of the power system.
- (3) Minimum balancing capacity is 1 MW for upward regulation and / or downward regulation.

Standard product for mFRR balancing energy

Article 10

- (1) A standard product for mFRR balancing energy is an hourly product that is different for each direction and for each period.
- (2) The BSP may submit an unlimited number of bids for the required mFRR balancing energy within its technical capabilities.
- (3) The BSP must not link bids at the technical or economic level which may link different bids from the balancing units it manages, for different time periods that would be interdependent.

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

Article 11

- (1) According to the results of the daily auction for providing mFRR balancing energy, BSP submits to AD MEPSO a schedule for dispatching of balancing units that will be included in the process of balancing the power system using mFRR for day D, on day D-1, which is final.
- (2) mFRR is activated manually by AD MEPSO by submitting a request to the BSP with all relevant data for its activation.
- (3) AD MEPSO activates the mFRR balancing energy only from the Merit order list:
 - starting with the lowest balancing energy bids for upward regulation until the required amount of balancing energy is fulfilled, or
 - starting from the highest price for balancing energy for downward regulation, until the required amount of balancing energy is fulfilled.
- (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 who are able to provide mFRR balancing energy to AD MEPSO, one hour before the hour of activation of the balancing unit.
- (5) In exceptional cases, defined, AD MEPSO may activate bids for mFRR balancing energy with the help of other means of communication, and the BSPs will follow the instructions of AD MEPSO.

Submission of bids for mFRR balancing capacity by BSPs

Article 12

- (1) The BSP submits bids at the auction for procurement of mFRR balancing capacity as a portfolio for the quantity and price of mFRR balancing capacity.
- (2) The BSP shall submit bids for mFRR balancing capacity at the auction for procurement of mFRR 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.

Submission of bids for mFRR balancing energy by the BSPs

Article 13

- (1) The BSP for the submitted bids for providing mFRR balancing energy on day D-1 for day D, has the following possibilities:
 - 1) to submit the names of the balancing units that will provide the awarded mFRR balancing capacity, the quantities of MW for each balancing unit respectively and the balancing energy prices, if they are within the minimum and maximum values for the mFRR balancing energy price defined in paragraph (4) of this Article - mandatory bids, or
 - 2) to submit new bids with quantities of MW which will provide mFRR balancing energy beyond the value of the awarded mFRR balancing capacity and price of mFRR balancing energy which will be within the minimum and maximum values defined in paragraph (4) of this Article. In this case AD MEPSO will pay the BSP only for the provided mFRR balancing capacity - voluntary bids.
- (2) The BSP that has not participated in the auction for procurement of mFRR balancing capacity has the right to submit voluntary bids for mFRR balancing energy that will be in accordance with the price limits in paragraph 4) of this Article.
- (3) The mandatory and voluntary bids of the BSP that participated or did not participate in the auction for procurement of mFRR balance capacity shall submit the bids in the following form:

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

- (4) The submitted bids for mFRR balancing energy on day D-1 for day D should have the following values:
 - 1) for upward regulation the price of mFRR balancing energy delivered in D-1 for day D, may be less than or equal to the value $HUPX + 30\%$ for the corresponding hour achieved in DAM (Day Ahead Market),
 - 2) for downward regulation the price of mFRR balancing energy delivered in D-1 for day D, may be greater than or equal to the value $HUPX - 70\%$ for the corresponding hour achieved in DAM (Day Ahead Market).
- (5) The TSO has the right to organize auctions for day D, on day D-2 / D-3, in cases of holidays, weekends, etc.
- (6) In cases of auctions held for a period longer than D-1 when the values from paragraph 4) of this 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 from paragraph 4) are available and if the balancing energy prices exceed them, they will be reduced to the appropriate limits.
- (7) In cases when the values from paragraph 4) 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 or zero appears.
- (8) 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 of bids for mFRR balancing capacity and mFRR balancing energy

Article 13

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

Selection of balancing capacity bids for mFRR

Article 14

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

Selection of balancing energy bids for mFRR

Article 15

- (1) AD MEPSO selects the bids for mFRR balancing energy in accordance with the merit order lists.
- (2) In the merit order list, the bids shall be arranged in the following order:
 - 1) For upward regulation: first bid with the lowest price, until the required amount of balancing energy is provided.
 - 2) For downward regulation: first bid with the highest price, until the required amount of balancing energy is provided.
- (3) The acceptance of the bids for the mFRR balancing energy will be in accordance with the merit order lists.
 - 1) Balancing energy bids for upward regulation and downward regulation will be separated into different merit order lists;
 - 2) depending on the request for standard products for balancing energy, AD MEPSO can make more merit order lists.
- (4) In case of more than one bid with the same price, the first-submitted bid shall be placed first.

Decision to selection

Article 16

- (1) Based on the prepared report on the conducted auction for mFRR balancing capacity, 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 mFRR 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 decisions, actions and omissions for undertaking actions, by way of 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 may within 2 (two) days, counted from the day of receipt of the decision made by the Board of Directors of AD MEPSO to 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 mFRR 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 45 and Article 46 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 mFRR balancing capacity and mFRR 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 mFRR Balancing Capacity and Balancing Energy Procurement Agreement