



**Slovenia – Croatia Interconnection Capacity Access Rules**

**between the control areas  
of**

**ELEKTRO–SLOVENIJA, d.o.o. (“ELES”)**

**and**

**HEP – Operator prijenosnog sustava d.o.o. (“HEP OPS”)**

**for 2011**

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## Section I. Introduction

### Article 1.01. General Context

In accordance with Regulation (EC) n° 1228/2003 and Regulation (EC) n° 714/2009 of the European Parliament and of the Council which concerns the conditions for access to the network for cross-border exchanges in electricity, this Auction Rules set out the terms and conditions governing the Allocation via Auctions of Available Interconnection Capacity in both directions on the Slovenia-Croatia Interconnection.

Present Auction Rules, henceforth stipulate the provisions concerning the yearly, monthly and daily auctions, beginning with 1<sup>st</sup> of January, 2011 till 31<sup>st</sup> of December 2011, in the direction from Slovenia to Croatia and from Croatia to Slovenia.

### Article 1.02. Auction Procedure

The Available Transmission Capacity (ATC) on each interconnection is offered by the respective Auction Operator in form of Physical Transmission Rights (PTRs). The auctioning of Interconnection Capacity is not a commercially motivated activity but one aimed at providing a transparent market based method of congestion management. The importance of the interconnections for the liberalization of the electricity market requires a strict policy with regard to the collection of payments and default consequences.

For the allocation of ATC on the Slovenia-Croatia Interconnection:

- ELES operates as Auction Operator for capacities allocation in direction from Croatia to Slovenia and
- HEP OPS operates as Auction Operator for capacities allocation in direction from Slovenia to Croatia.

All relevant information related to allocation of PTRs is made available on the Auction Website of the Auction Operator according to the Auction procedures.

### Article 1.03. Definitions

In these Auction Rules (including any Annexes and Forms) the terms defined below (where appropriate in plural) shall, for all purposes of these Auction Rules have the meanings specified in this article (unless the context requires otherwise).

<b>All or Nothing Orders:</b>	Orders by the Auction Participant to buy only the exact amount of Capacity in MW indicated in his bid - if this is not possible, the Auction Participant does not want to buy anything. If the order is not a denominated "All or Nothing" the Auction Participant also accepts an amount of capacity smaller than the requested one.
<b>Annex:</b>	Document attached to these Auction Rules.
<b>Assigned PTRs:</b>	Capacity (MW) that the Auction Participant gains by notification of the

	Auction results in form of Physical Transmission Rights.
<b>Auction:</b>	Yearly, Monthly and/or Daily Auction held under these Auction Rules. The mechanism used to allocate Capacity via explicit Yearly, Monthly and/or Daily Auctions.
<b>Auction Operator:</b>	Legal entity which operates the Auctions and Secondary PTR Market.
<b>Auction Rules:</b>	These Auction Rules valid for the access to Slovenia–Croatia Interconnection.
<b>Auction Participant:</b>	Legal entity, participating in an Auction and/or Secondary PTR Market.
<b>Auction Specification:</b>	Information on a specific Auction provided on the Auction Website.
<b>Auction Tool/Auction System:</b>	IT system used by Auction Operator to receive Bids from Auction Participant, process them and return the results of the Auction.
<b>Auction Website:</b>	Website of the Auction Operator with the content as listed in Article 2.05 of these Auction Rules.
<b>Auctioning Day:</b>	All calendar days, on which Auctions take place. Bids can be submitted till a specific deadline on this day.
<b>Available Transmission Capacity (“ATC”):</b>	Part of the NTC that remains available, after each phase of the allocation procedure, for further commercial activity and which shall be offered in the Yearly, Monthly and Daily Auction procedures.
<b>Bank Guarantee:</b>	Bail in form of an irrevocable and directly enforceable bank guarantee valid for a limited period waiving any exceptions or set-offs.
<b>Beneficiary:</b>	Auction Participant that acquires a PTR as a result of a PTR Transfer.
<b>Bid:</b>	An offer submitted by a Auction Participant to purchase rights to use capacity pursuant to and in compliance with these Auction Rules; such an offer consists of two values per product: a capacity in MW and a price in Euro (€) per MWh for the direction Croatia – Slovenia and in Kuna (HRK) for the direction Slovenia – Croatia.
<b>Capacity Price:</b>	Price expressed in Euro (€) or in Kuna (HRK) payable by a PTR Holder as a result of the successful Bid in the Auction, being Marginal Price times Assigned PTR times number of hours the PTR refers to.
<b>Counterparty:</b>	Legal entity, which has been designated by the PTR Holder as his counterparty regarding nomination of schedules according to the Auction Rules.
<b>Curtailement:</b>	Reduction of already Assigned PTRs as described in Article 2.04.
<b>Cut-Off Time (COT)</b>	Cut-Off Time is a specified time providing a deadline, after Gate-Closure, for corrections by market parties of submitted, but mismatching schedules
<b>Daily Auction:</b>	PTR auctioning for the respective following day.
<b>Day of Execution:</b>	Day on which electricity transports using the Assigned PTRs take place.
<b>Daily ATC:</b>	Part of ATC to be allocated in the Daily Auction as described in relevant

	Articles of these Auction Rules.
<b>EIC-Code:</b>	ENTSO-E identification code, which univocally identifies Auction Participants in a cross-border trade (see <a href="http://www.entsoe.eu/fileadmin/user_upload/edi/library/eic/cds/area.htm">http://www.entsoe.eu/fileadmin/user_upload/edi/library/eic/cds/area.htm</a> ).
<b>ELES:</b>	ELEKTRO-SLOVENIJA, d.o.o. ("ELES") with registered office in 1001 Ljubljana, Hajdrihova 2, Slovenija. ELES is the Slovenian Transmission System Operator. ELES is the Auction Operator for the allocation of interconnection capacity from Croatia to Slovenia according to these Auction Rules.
<b>ENTSO-E ("European Network of Transmission System Operators for Electricity"):</b>	International Association with membership of European Transmission System Operators with the aim to promote the reliable operation, optimal management and sound technical evolution of the European electricity transmission system in order to ensure security of supply and to meet the needs of the Internal Energy Market.
<b>Force Majeure:</b>	As defined in Article 9.06.
<b>Gate-Closure Time (GCT)</b>	Gate Closure Time is a specified time providing a deadline for submission of schedules by market parties or a deadline for submission of Exchange-Programs for UCTE matching purposes. The GCT is related to the time-stamp of reception.
<b>HEP OPS:</b>	HEP - Operator prijenosnog sustava d.o.o (« HEP OPS ») with registered office in 10000 Zagreb, Kupska 4, Hrvatska. HEP OPS is the Croatian Transmission System Operator. HEP OPS is the Auction Operator for the allocation of interconnection capacity from Slovenia to Croatia according to these Auction Rules.
<b>Marginal Price:</b>	Price expressed in Euro (€) per MWh or in Kuna (HRK) per MW resulting from an Auction.
<b>Monthly Auction:</b>	PTR auctioning for the respective following month.
<b>Monthly ATC:</b>	Part of ATC to be allocated in the Monthly Auctions as described in the relevant Articles.
<b>Net Transfer Capacity ("NTC"):</b>	Maximum exchange program between two control areas compatible with security standards applicable in both areas and taking into account the technical uncertainties on future network conditions. The Net Transfer Capacity on the Slovenian-Croatian border is determined jointly by the Slovenian and Croatian Transmission System Operator. The Net Transfer Capacity can be reduced due to security problems. In this case a common procedure is applied.
<b>Nomination:</b>	Notification to the TSOs by a PTR Holder and his Counterparty of his schedules relating to the power expressed in integer value of MW which he wants to use within the capacity defined by the PTRs awarded to him.
<b>Party:</b>	Designates a TSO, an Auction Operator or an Auction Participant.

<b>Pro forma invoice:</b>	Invoice issued to the PTR Holder directly after the conclusion of the Yearly and/or Monthly Auction, which must be settled no later than within time-frames indicated in these Auction Rules or in the pro forma invoice.
<b>Physical Transmission Right (PTR):</b>	Right to use Interconnection capacity for electricity transports expressed in MW.
<b>Product:</b>	Whole or part of the Yearly, Monthly or Daily ATCs offered in an Auction with reference to a specific period of time.
<b>PTR Holder:</b>	Auction Participant that has obtained a PTR in the Auction or via Secondary PTR Market.
<b>PTR Transfer:</b>	Mechanism by which a PTR Holder may transfer a PTR to a Beneficiary.
<b>PTR Resale:</b>	Mechanism by which a PTR Holder may resell a PTR back to the Auction Operator.
<b>Reseller:</b>	PTR Holder that resells PTR to Monthly or Daily Auctions in respect of a Resale Notification.
<b>Resale Notification:</b>	Information about a PTR Resale submitted to the Auction Operator by a Reseller in electronic form.
<b>Secondary PTR Market:</b>	Mechanism that permits transfer or/and resale by a PTR Holder of the PTRs acquired at Yearly and/or Monthly Auctions according to these Auction Rules.
<b>Transfer Notification:</b>	Information about a PTR Transfer submitted to the Auction Operator by a Transferor in electronic form.
<b>Transferor:</b>	PTR Holder that executes a PTR Transfer to a Beneficiary in respect of a Transfer Notification.
<b>Transmission System Operators (TSOs):</b>	ELES and HEP OPS.
<b>Working Day:</b>	Every day except for Saturdays, Sundays, official holidays and days when no auction is held as listed in Annex III.
<b>Yearly Auction:</b>	PTR auctioning for the following year.
<b>Yearly ATC:</b>	Part of ATC to be allocated in the Yearly Auctions in form of PTRs.

#### **Article 1.04. General aspects of the Auction Rules**

These Auction Rules describe (among other aspects) the various types of Auctions, the requirements that Auction Participants must fulfil to participate in the Auctions, the Auction proceedings, the awarding of ATC as a result of the Auction and the use of Allocated Capacity after the Auction. Article 9.02 contains a limitation of liability. As a matter of course this liability limitation is in line with all relevant national and European legislation. These Auction Rules in particular are handling the allocation of Yearly, Monthly, and Daily ATCs on the Interconnection Slovenia–Croatia; they may be amended jointly by the TSOs along the way in order to improve or clarify provisions and procedures and to fill gaps according to Article 9.07.

#### **Article 1.05. Legal qualification of the awarding of PTRs pursuant to an Auction**

The auctioning and the secondary market are in respect of Interconnection capacity only. The auctioning, secondary market and awarding of PTRs and the financial settlement of the Auction results do not involve electricity transports or any rights, liabilities or financial aspects pertaining to electricity transports.

A successful Bid for Interconnection capacity binds the TSOs involved on that Interconnection for that Auction and the Auction Participant to fulfil their respective duties. TSOs are obliged to make ATC for electricity transports available to the PTR Holder while the PTR Holder is under the obligation to pay the Capacity Price to the respective Auction Operator.

#### **Article 1.06. Collection of debts**

Auction Operator collects all debts resulting from the Auction of PTRs for the auctions performed by him on the respective Interconnection as defined in Article 1.02 on behalf of both TSOs on that Interconnection.

ELES, acting as Auction Operator collects on behalf of both TSOs all debts resulting from the Auction of PTRs on the Slovenia–Croatia Interconnection, in direction from Croatia to Slovenia. HEP OPS, acting as Auction Operator collects on behalf of both TSOs all debts resulting from the Auction of PTRs on the Slovenia–Croatia Interconnection, in direction from Slovenia to Croatia.

Although ELES and HEP OPS collect these payments on behalf and in the name of both TSOs, Auction Participants accept by participating in the Auctions that they can only be discharged of their debts through payment to respective Auction Operator. Since payment by compensation would thwart the administrative structure of the cooperation between both TSOs, Auction Participants waive the right to offset any debts that arise in connection with an Auction to claims that those Auction Participants have on a TSO, whether or not arising out of an Auction.

## Section II. General

### Article 2.01 Yearly, Monthly and Daily Auctions

Separate Auctions are held for PTRs in each direction that means from Slovenia to Croatia and Croatia to Slovenia.

The following Auctions take place in each direction:

- a. Yearly Auctions in respect of PTRs for Yearly ATC from 1<sup>st</sup> of January through 31<sup>st</sup> of December 2011;
- b. Monthly Auctions in respect of PTRs for Monthly ATC from the first day through the last day of a calendar month within the year 2011;
- c. Daily Auctions in respect of PTRs for Daily ATC for each calendar day of the year 2011.

### Article 2.02 ATC for Yearly, Monthly and Daily Auctions

The NTCs which are the basis for auctioning in form of PTRs are agreed between Slovenia and Croatia according to the criteria defined by ENTSO-E.

1. The NTCs and ATCs for the respective Interconnection and direction are published on the Auction Website.
2. Auction Participants shall be timely informed of the Interconnection Capacity for each Auction by publication on the relevant Auction Websites.

### Article 2.03 Basis on which ATC is offered for Auction

1. PTRs are offered in units of 1 MW;
2. For Yearly, Monthly and Daily Auctions, PTRs are offered as Products defined, by the TSOs. The Products can be offered according to the following definitions:
  - a. Yearly Base: flat 00:00–24:00 from 1<sup>st</sup> January 2011 to 31<sup>st</sup> December 2011.
  - b. Monthly Base: flat 00:00–24:00 from 1<sup>st</sup> Day of the Month to the last Day of the Month.
  - c. Daily product: daily base.

These Products can be modified based on the mutual agreement between TSOs respecting the deadlines for publication of Auction Specifications for the relevant auction.

### Article 2.04 Firmness of PTRs

Yearly, Monthly and Daily ATC is offered on a firm basis except in case of curtailments due to circumstances of Force Majeure or if safe network operation can only be secured by curtailing allocated PTRs after taking into account all other available measures according to relevant national and European legislation.

Accept for curtailments of allocated PTRs in the event of Force Majeure where the PTR Holder is not entitled to any compensation, the PTR holder will be compensated at 100% of the total pay-

ments effectuated for the hours of curtailed PTRs (i.e. the PTR holder is compensated with the relevant Auction Price which he paid).

In cases of curtailment capacities are curtailed according to the following priority order:

- capacities allocated in Intraday allocation process;
- capacities allocated in daily auction;
- capacities allocated in monthly auction;
- capacities allocated in yearly auction.

Within each of the above listed groups of capacities, “pro rata” curtailment will be used, where the curtailed capacity will be rounded to the next higher full MW.

In any case ELES and/or HEP OPS shall inform about the curtailment:

- immediately the PTR holder and his Counterpart,
- by the 5<sup>th</sup> calendar day of the month M the PTRs holder of the amount of compensation for the month M-1.

## **Article 2.05 Auction Website**

Auction Operators operate and maintain, as part of their websites, an Auction Websites. On these websites the following publications are made:

- a. Auction Rules, and any alterations thereof;
- b. Announcements pursuant to these Auction Rules;
- c. Auction Specifications;
- d. Names, fax and telephone number(s), e-mail address (es) of Auction Operator or relevant TSOs’ contact persons;
- e. Formats of documents related to the Auction to be downloaded and used by Auction Participants;
- f. NTC;
- g. Auction Results (Marginal Price, allocated quantity for all products);
- h. Number of Auction Participants with successful Bids and overall number of Auction Participants;
- i. Anonymous Bids
- j. Planned Curtailments;
- k. Maintenance Periods;
- l. Indicative calendars for Yearly and Monthly Auctions;
- m. Other relevant information.

## **Article 2.06 Conduct of Auction Participants**

Prior to, during and after an Auction, Auction Participant must refrain from any action or behaviour which adversely affects or threatens to adversely affect competition in the bidding proceed-

ings or which aims at gaming or which in any other way disrupts or threatens to disrupt the Auction proceedings, or the transparency, cost-effectiveness or fairness thereof.

Auction Operator is entitled to report data to the competent authorities so they can take appropriate measures against those who act or behave or have acted or behaved in violation of the first paragraph, who misuse any right or position obtained pursuant to an Auction or who do not comply with any other provision of these Auction Rules.

### **Article 2.07 Currency**

Financial securities, price settlement and payments in respect of the Auctions as well as financial information are in Euro (€) for the Auctions conducted by ELES (direction from Croatia to Slovenia), and in Kuna (HRK) for the Auctions conducted by HEP OPS (direction from Slovenia to Croatia).

For Auction Participants not registered in Croatia invoices will be issued in EUR.

The exchange rate for Euro/Kuna for the capacity price will be fixed on the day on which the relevant auction is conducted based on the medium exchange rate EUR/HRK published by the Croatian National Bank (HNB) on the relevant auctioning day.

For Auction Participants registered in Croatia invoices will be issued in HRK.

If the exchange rate varies by 3 per cent or more, HEP OPS reserves the right to apply medium exchange rate EUR/HRK published by the Croatian National Bank (HNB) on the day of auction conduction, when issuing invoices for yearly auction on monthly basis.

Exchange rate difference will be separately shown on the invoice.

### **Article 2.08 Timing**

All timings set in these Auction Rules make reference to the Central European Time [CET].

## Section III. Participation requirements

### Article 3.01 Registration requirements

In order to participate in Auctions in the relevant direction on the Slovenian–Croatian border the applicant has to fulfil the requirements specified in Articles 3.02 and Article 3.03 below.

In order to apply for Auction participation the applicant has to:

- a. submit fulfilled Application for participation in auctions for cross–border transfer capacities allocation for relevant direction (see ANNEX I);
- b. submit a completed and signed Statement of Acceptance form given in Annex VI to the Auction Operator. The original form has to be submitted via mail to the address reported in Annex VIII. However, the Statement of Acceptance could be sent in advance via fax. By signing the Statement of Acceptance, the Auction Participant undertakes to comply with all the provisions contained in these Auction Rules and for the Interconnection and specific direction;

The Statement of Acceptance has an undetermined duration, notwithstanding the obligation for the Auction Participant to inform Auction Operators forthwith of any changes and notwithstanding the right of relevant TSOs to request a renewal of the registration and/or the documents to be submitted;

- c. submit an extract from the court register of companies, issued in the past sixty (60) days. If such certificates are not issued by the judicial authorities in the auction applicant's country of domicile, the applicant shall replace such certificate with the certificate of another competent authority;
- d. submit a document proving that the signatory of the application has been authorized by a lawful representative (in cases when the application is not signed by the lawful representative specified in the evidence from the previous item).

### Article 3.02 Financial guarantees

Yearly and Monthly Auctions will be settled monthly, directly on to the transaction account:

- of ELES for direction from Croatia to Slovenia on the basis of a pro forma invoice, and
- of HEP OPS for direction from Slovenia to Croatia on the basis of invoice.

The Auction Participant must settle the liabilities arising from his pro forma invoice/invoice respectively:

- For Yearly PTRs: according to the deadline specified on the pro forma invoice/invoice but not later than two (2) Working Days before the date of publication of Auction Specification for PTRs referred to the same month of the not settled Monthly PTRs;
- for Monthly PTRs: according to the deadline specified on the pro forma invoice/invoice but not later than two (2) Working Days before the date of publication of Auction Specification for Daily PTRs referred to the same month of the not settled Monthly PTRs.

Daily Auctions for direction Croatia to Slovenia (operated by ELES as Auction Operator):

Auction Participants who want to participate to daily auctions:

- will be provided with the balance sub account opened by ELES in the name of the Auction Participant for settlement of liabilities (Irrevocable authorization needed – Annex V). or, alternatively
- are required to provide ELES with a Bank Guarantee covering all outstanding debts resulting from the Daily Auctions. The minimum amount of the Bank Guarantee is Fifty thousand (50.000) Euros.

Bank Guarantee for auctions in direction Slovenia to Croatia (operated by HEP OPS as Auction Operator)

Auction Participants who want to participate to daily, monthly or yearly auctions in direction from Slovenia to Croatia are required to provide HEP OPS with a Bank Guarantee. The amount of the Bank Guarantee is three hundred fifty thousand (350 000) HRK.

### **Article 3.03 Requirements in respect of grid access**

In order to participate in yearly, monthly and daily auctions, the Auction Participant has to fulfil the following conditions:

- must be a Balance Responsible Party in Croatia  
or
- must be a Balance Responsible Party or must have signed a Contract for settlement of imbalances with the Balance Responsible Party in Slovenia.

For all auctions the same EIC Code has to be registered with both TSOs. Auction Participant is obliged to notify the Auction Operator of any changes in the information provided in the application not later than five (5) Working Days after the occurrence of a change.

### **Article 3.04 Deregistration, Suspension and Exclusion**

#### ***Deregistration***

Should the Auction Participant not wish to participate in any further auctions, he may submit a written request for deregistration to the respective Auction Operator. The request will be granted on condition that:

- The Auction Participant no longer possesses rights to use any Assigned PTRs and
- The Auction Participant has fulfilled all his obligations towards the respective Auction Operator.

Auction Participants who have been deregistered may apply for readmission by completing the entire registration process pursuant to this Section III.

#### ***Temporary Suspension***

Should the Auction Participant in any manner (a) be in default of payment, (b) institute or has instituted against him a proceeding seeking a judgement of insolvency or any other relief under insolvency law or (c) not fulfil the requirements regarding grid access for a respective Interconnection, then the Auction Participant is temporarily suspended from further Auctions by the respective Auction Operator until he fulfils again the requirements or up to the court ruling stating that the Auction Participant may still participate in Auctions, and this according to the rules of the country in which the Auction Participant is established.

***Exclusion***

Should the Auction Participant in any manner (a) infringe these Auction Rules or (b) declare bankruptcy or (c) be declared bankrupt by a court ruling, then the Auction Participant can be excluded from further Auctions and from the nomination at this Interconnection by the respective Auction Operator. The exclusion shall promptly be notified by the relevant Auction Operator to the Auction Participant by both facsimile transmission and mail. The Auction Participant shall be obliged to pay the Capacity Price for already Assigned PTRs.

## Section IV. Auction proceedings

### Article 4.01 Auctions Specification

The Auction Specifications consist of information regarding:

- Products made available for Auctions:
- ATC;
- Gate openings and closures;
- Timeframe for results publication;
- Deadline to contest results in accordance with Article 5.02;
- Other relevant information.

### Article 4.02 Yearly Auctions

ELES, as Auction Operator, will perform the joint allocation of available Yearly Interconnection Capacity from Croatia to Slovenia.

HEP OPS, as Auction Operator, will perform the joint allocation of available Yearly Interconnection Capacity from Slovenia to Croatia.

Detailed information about the Yearly Auction is published in Auctions Specifications according to the Article 4.01 of this Auction Rules.

Yearly Interconnection Capacity is published in the Auction Specifications on the Auction Websites seven (7) days before the start of the Yearly Auction.

Only those Bids submitted by Auction Participants, which meet the requirements of the Auction Rules in particular, those of Section III shall be considered in the Auction.

Each Auction Participant is informed of the outcome of his Bid(s) no later than 30 minutes after the conclusion of the Yearly Auction via relevant Auction System. The results of the Auctions are also published on the relevant Auction Website.

### Article 4.03 Monthly Auctions

ELES, as Auction Operator, will perform the joint allocation of available Monthly Interconnection Capacity from Croatia to Slovenia.

HEP OPS, as Auction Operator, will perform the joint allocation of available Monthly Interconnection Capacity from Slovenia to Croatia.

Monthly Interconnection Capacity is published in the Auction Specifications on the Auction Websites five (5) days before the start of the Monthly Auction.

Only those Bids submitted by Auction Participants, which meet the requirements of the Auction Rules in particular, those of Section III shall be considered in the Auction.

The Monthly Interconnection Capacity for both directions will consist of:

- the Monthly Interconnection Capacity resulting from the Monthly ATC;
- the Yearly Interconnection Capacity to be resold via Secondary PTR Market as Monthly products;
- the Yearly Interconnection Capacity which has not been paid or allocated.

Each Auction Participant is informed of the outcome of his Bid(s) no later than 30 minutes after the conclusion of the Monthly Auction through the relevant Auction System. The results of the Auctions are also published on the relevant Auction Website.

Detailed information about the Monthly Auction is published in Auctions Specifications according to the Article 4.01 of this Auction Rules.

#### **Article 4.04 Daily Auctions**

ELES, as Auction Operator, will perform the joint allocation of available Interconnection Capacity from Croatia to Slovenia, on a daily basis except for Saturdays, Sundays and days listed in Annex III.

HEP OPS, as Auction Operator, will perform the joint allocation of available Interconnection Capacity from Slovenia to Croatia, on a daily basis except for Saturdays, Sundays and days listed in Annex III.

The indicative Interconnection Capacity available for a Daily Auction is published on the Auction Websites no later than 18:00 the day before the Auctioning Day is taking into account. Final Interconnection capacity is published after the netting process approximately at **08:45** on D-1 Working Day.

The Daily Interconnection Capacity in both directions will consist of:

- the Daily Interconnection Capacity reserved exclusively for the allocation at Daily Auctions.
- the Yearly and Monthly Interconnection Capacity resulting from the Yearly and Monthly Auctions that was not nominated to the TSOs
- the Yearly and Monthly Interconnection Capacity resulting from the Yearly and Monthly Auctions that was nominated to the TSOs (netting);
- the Yearly and Monthly Interconnection Capacity to be resold via Secondary PTR Market as daily products;
- the Yearly and Monthly Interconnection Capacity which has not been paid or allocated;

The following steps are performed for the Daily Auction:

- Daily Auctions are held on the last Working Day preceding the Day of Execution except.
- Bids must be submitted to Auction System between 09:15 and 09:45 on the D-1 Working Day.

Only those Bids submitted by Auction Participants, which meet the requirements of the Auction Rules, in particular, those stated in Section III shall be considered in the Auction.

Each Auction Participant is informed of the outcome of his Bid(s) no later than 30 minutes after the conclusion of the Daily Auction through the relevant Auction System. The results of the Auctions are also published on the relevant Auction Website.

The above time schedules may be jointly modified by both TSOs acting as Auctions Operators via Auctions Specifications and publication on the relevant Auction Website.

#### **Article 4.05 Submission of Bids for Yearly, Monthly and Daily Auctions**

The Auction Participant submits a Bid via Auction System held by Auction Operator. On a particular auction date, only Bids for PTR products, which are the subject of the Auction, can be submitted.

The number of bids sent via Auction System is not limited.

If the Bid was not submitted in accordance with these Auction Rules it is considered as not valid.

Auction Participants may submit only Limited or All or Nothing Bids. Limited Bids shall be those Bids that represent an offer for allocation of transmission capacities without limitation of accepting transmission capacities, in which the Auction Participant sets the highest acceptable price for PTRs, i.e. the offer of the participant is accepted in the requested or decreased amount. All or Nothing bids shall be those Bids which can only be executed in the exact amount specified in the Bid. Any bid shall include the following information:

- Identification number of the Auction Participant;
- Product code;
- Maximum quantity in MW, rounded to one (1) MW;
- Net price excluding VAT, given in €/MWh for all bids in direction from Croatia to Slovenia and in HRK/MW for all bids in direction from Slovenia to Croatia. The price must be rounded to maximum of two decimal and shall not be equal or less than zero.

Time of receipt of a Bid on the Auction shall be the time stamp assigned by the Auction Operators Auction System upon entering of the Bid.

Auction Participants do not have the option to view the Bid Register they only see their own Bids.

Auction Operator does not see the prices in Bid Register during the Auction.

If the above specified Bid submission conditions cannot be implemented for a given Auction, Auction Operator notifies the Auction Participant, by telephone, fax or e-mail, of the switch to downgrade mode.

## **Article 4.06 Fallback procedures and Cancellation of an Auction**

### **1. Difficulties on the side of the Auction Operator (downgrade mode)**

In the event of technical difficulties on the side of the Auction Operator, the Auction Operator may change the auction schedule or cancel/repeat an auction already in progress or finished. The Auction Operator shall notify the Auction Participant of any such events via telephone, fax or e-mail. Auction Operator may under no circumstances be held responsible if it is unable to contact the Auction Participants via the communication channels above.

In cases where auction is cancelled or repeated all bids submitted prior to the cancel/repeat notice are deemed invalid and must be submitted again according to the conditions stipulated in the event of downgraded mode being adopted.

If the normal course of the yearly and monthly auction cannot be ensured through the Auction Tool/Auction System the auction shall be scheduled for another time period or cancelled.

If the daily auction cannot be ensured through the Auction Tool/Auction System the auction is automatically cancelled.

### **2. Difficulties on the side of the Auction Participant (downgrade mode)**

In case of technical difficulties on the side of the Auction Participant, his Bids may be sent to the Auction Operator by fax on the prescribed form published on the Auction website. Only those bids received by the Auction Operator at least fifteen (15) minutes before the end of the relevant auction shall be taken into account. The Auction Participant has to reconfirm the content of sent form with bids via telephone.

The Auction Operator shall enter the received bids in the Auction Tool, by virtue of which each bid shall be assigned a time stamp and shall become effective. Auction Participant may, for an individual auction for a specific border, send only one (1) form with not more than one (1) bid for an individual product.

## Section V. Determination of Auction results

### Article 5.01 Awarding of PTRs

All received and valid Bids are classified as follows:

a. Case 1:

If the sum of all Bids submitted for a given Auction falls short of or equals the total Interconnection Capacity, no Marginal Price is charged to the PTR holder.

b. Case 2:

If the sum of all Bids submitted for a given Auction strictly exceeds the Interconnection Capacity, a Marginal Price is charged to the PTR holder. For this purpose, the Bids are sorted out by the criterion price/time stamp, starting with the highest price and ending with the lowest one. Should several bids have the same price, the priority shall be given to Bids with earlier time stamp.

The requested Interconnection Capacities of the Bids are added up. Up to the Bid (marginal Bid), which represents the level above which the sum of the Interconnection Capacity requested by the Auction Participants strictly exceeds the Interconnection Capacity. Each Auction Participant receives the Interconnection Capacity requested at the price of this marginal Bid in form of a PTR. In cases where several Bids have the same price, the priority shall be given to Bids with earlier time stamp.

For direction from Slovenia to Croatia, held by HEP OPS, in cases where several Bids have the same price, the priority shall be given to Bids with higher bid quantity. In case of several Bids with equal price and quantity the priority shall be given to Bids with earlier time stamp.

The Marginal Price determined according to the above principle is used as a basis for calculating the charges for Interconnection Capacity Price and apply to all PTR holders.

PTRs are considered to have been awarded to a successful PTR holder at the moment that PTR holder has been informed by the respective Auction Operator.

### Article 5.02 Deadline for contesting results

The PTR holder is under the obligation to closely monitor the Auction results. The PTR Holder may contest the Auction results according to the conditions and within the deadlines as follows:

- for Yearly and Monthly Auctions: no later than one (1) Working Day after the Auction has been performed;
- for Daily Auctions: no later than two (2) hours after the gate closure for the publication of the Auction results in the relevant Auction System.

The contest has to be marked as “contest” and to be sent by fax and confirmed by letter to the contact indicated for relevant direction in Annex VII. The Auction Operator shall reply to the PTR Holder no later than:

- one (1) Working Day after the reception of the claim for Yearly and Monthly Auctions;
- no later than two (2) hours after the reception of the claim for Daily Auctions.

If the PTR Holder does not contest the Auction result within the deadline and under the condition specified above, the PTR Holder loses the right to contest.

## Section VI. Secondary PTR Market

ELES operates the Secondary PTR Market in direction from Croatia to Slovenia on behalf of both TSOs via ETSO Scheduling System. Secondary PTR Market in direction from Croatia to Slovenia consists of PTR Transfers and PTR Resale as noticed in Article 6.01 and Article 6.02.

HEP OPS operates the Secondary PTR Market in direction from Slovenia to Croatia on behalf of both TSOs via Auction System. Secondary PTR Market in direction from Slovenia to Croatia consists of PTR Transfers and PTR Resale as noticed in Article 6.01 and Article 6.02.

### Article 6.01 PTR Transfers

PTRs allocated through Yearly and Monthly Auctions or resulting from PTR Transfer may be transferred by a Transferor to a Beneficiary. PTRs allocated through daily auctions are not subject of PTR Transfer.

The PTRs Transferred must be indicated without taking account of any programmed curtailment, such as those described in Article 2.04.

TSOs reserve the possibility of applying the conditions defined in Article 2.04 in the event of Curtailments.

Beneficiary transferred PTRs can only be the Auction Participant that fulfils conditions for relevant direction specified in the Section III of these Auction Rules.

The minimum volume for a PTR Transfer is 1 MW over 1 hour.

In case the Auction Participant announces to transfer more capacity than it has purchased in the course of an auction the whole transfer shall not be valid.

#### a. Financial arrangements

Transfer of Capacity is allowed if all liabilities resulting from the auction of PTR that is a subject of Transfer is settled by Transferor.

The Transferor remains responsible of the Interconnection Capacity Price for the PTRs Transfers without any additional fee.

In case of curtailment, eventual indemnification according Article 2.04 shall be in favour of the Beneficiary.

#### b. Transfer Notification

Transfer Notifications for yearly and monthly PTRs must be notified to relevant Auction Operator via ETSO Scheduling System or exceptionally via fax (ELES) and via Auction System (HEP OPS).

Deadline for Transfer Notification for Yearly and Monthly PTRs: D-2 till 12:00 on Working Day (D: Day of Execution).

## **Article 6.02 PTR Resale**

### **a. Characteristics of PTR Resale**

PTRs allocated by Auction Operator through Yearly Auctions or resulting from PTR Transfer may be resold at Monthly or Daily Auctions.

PTRs allocated by Auction Operator through Monthly Auctions or resulting from PTR Transfer may be resold at Daily Auctions.

Minimum PTR that can be returned to TSOs:

- a) Yearly PTR can be returned as Monthly product of the same type.
- b) Yearly and Monthly PTR can be returned as Daily base.
- c) Daily product: resale is not possible.

The PTR Resale must be indicated without taking account of any programmed curtailment, such as those described in Article 2.04.

Auction Operator reserve the possibility of applying the conditions defined in Article 2.04.

In the event of curtailments before a Monthly and Daily Auction, PTR Resale is reduced proportionally throughout the complete period concerned by the PTR Resale.

### **b. Financial arrangements**

Auction Participant that resells Allocated Capacities to the TSO is entitled to financial compensation equal to the Auction Price determined on the relevant Monthly Auction – for yearly capacities resold on the monthly auctions or Auction Price determined on the relevant Daily Auctions – for yearly and monthly capacities resold on the daily auctions (including if the Auction Price is zero because of no congestion), however the compensation may not exceed the original payment (Auction Price) at which the yearly or monthly capacity was bought.

In cases where there is no capacities allocated on the monthly or daily auctions due to the cancellation of the auction and the auction is not repeated the Auction Participant that resold the capacities is entitled to compensation in the amount of original Auction Price at which the yearly or monthly capacity was bought.

### **c. Notification of Resale**

Resale Notifications for yearly and monthly PTRs assigned by Auction operator must be notified to Auction Operator via ETSO Scheduling System (ELES) or exceptionally via fax and via Auction System (HEP OPS).

PTRs have to be returned to the Auction Operator at least two (2) Working Days until 12:00 before the deadline for publication of Auction Specifications for Monthly and/or two (2) Working Days until 12:00 before execution of the relevant Daily auction

## Section VII. Capacity usage rules

### Article 7.01 Usage of PTRs acquired through Yearly, Monthly and Daily Auctions

General grid access for the use of Allocated Capacity is not covered by the scope of the Auction Rules unless otherwise stipulated in the following provisions.

ELES and HEP OPS carry out the transmission services in compliance with the legal requirements of grid access in each control area, possible electricity import bans and applicable rules of ELES and HEP OPS.

The use of reserved transmission capacities is done via the delivery of fixed schedules to ELES and HEP OPS in compliance with the legal requirements of grid access in each control area, possible electricity import bans and applicable market rules of ELES and HEP OPS.

The conditions for the general grid access for the use of Allocated Capacity in both control areas of ELES and HEP OPS can be fulfilled also by two Auction Participants and/or holders of reserved capacity, each of both is correctly registered/identified only at one side of the Interconnection in compliance with the legal requirements of grid access in each control area, possible electricity import bans and applicable market rules of ELES and HEP OPS.

#### a. Counterparty and PTR nomination for PTRs acquired through Yearly and Monthly Auctions

To use Allocated Capacity from yearly and monthly auctions the delivery of fixed schedules to ELES and HEP OPS has to be done in **D-1 Working Day before 08:00 (CET)** – Gate Closure Time – (GCT). After this time TSOs exchange their control area schedules (CAS).

If there is mismatch at GCT, affected market parties will send corrections of already submitted schedules to their TSO till **08:15** (Cut-Off Time – COT) and affected operators will send their corrected CAS.

If there is still mismatch between exchange programs, following rule will be applied:

- incompatible schedules that do not match in direction will be set to zero
- incompatible schedules that match in direction but do not match in values will be set to lower absolute values.

Submission of nominations after GCT is not allowed. Use of long term capacity (Yearly and Monthly) is based on the principle "use it or lose it". This means that reservations which are not used by fixed schedules at **08:00** (CET) will be made available to all Auction Participants in the daily auction procedures.

The nomination of Yearly and Monthly PTRs made to ELES and HEP OPS, is binding for PTR Holder and his Counterparty (ies).

#### **b. Counterparty and PTR nomination for PTRs acquired through Daily Auctions**

To use Allocated Capacity from daily auctions the delivery of fixed schedules to ELES and HEP OPS has to be done in **D-1 Working Day before 14:00 (CET)**.

Modifications of schedules after this time are not possible. Use is generally based on the principle "use it or lose it". Reservation of capacities purchased in the course of daily auctions cannot be returned to TSO for resale purpose.

The nomination of Daily PTRs made to ELES and HEP OPS, is binding for PTR Holder and his Counterparty (ies).

#### **Article 7.02 Intra-day procedure**

The agreed schedules after daily nomination cannot be modified. This means that assigned PTRs which are not used by schedules according to Article 7.01 shall be made available to all Auction Participants in an intra-day allocation process – processed by ELES in direction from Croatia to Slovenia and processed by HEP OPS in direction from Slovenia to Croatia on behalf of both TSOs based on the first-come-first-served principle.

Intra-day assignment of PTRs start after the finish of matching process between TSO related to nomination of daily PTRs.

The Auction Participant shall submit a Request for PTRs through Auction Tool/Auction System held by Auction Operator. In case of unavailability of Auction Tool/Auction System, Auction Participants should send their Requests via fax.

**The use of intraday PTRs shall be submitted according to relevant Rules for ELES and HEP OPS.**

## **Section VIII. Settlement / Payment**

### **Article 8.01 Generality**

The PTR Holder who fails to settle their liabilities pertaining to allocated PTRs will be suspended from any further auctions by the Auction Operator until the aforementioned participant has settled all his liabilities.

In order to be again allowed to participate in the next auctions, in the direction from Croatia to Slovenia, the PTR Holder is also obliged to pay the difference, if negative, between Auction Price set on the first auction at which the capacity was allocated and the Auction Price set on the following Auctions where the capacity is once again allocated.

### **Article 8.02 Settlement for Yearly, Monthly and Daily Auctions in direction Croatia to Slovenia**

#### **a) Settlement for yearly auctions**

After the results of yearly auctions have been published, the Auction Operator shall issue a pro forma invoice to all the PTR Holders of the allocated capacity. The pro forma invoices are then issued in equal monthly instalments based on the actual number of MWh in the individual month. The first pro forma invoice is issued for the period of the first two (2) months (January and February) directly after the publication of the yearly auction results while the remaining pro forma invoices are issued once a month (February for March). Liabilities arising from assigned transfer capacities need to be settled by the PTR Holder within the set deadline and in the amount defined on pro forma invoice, namely by remitting the outstanding amount onto the Auction Operator's bank account.

Payment deadline is set not later than two (2) Working Days before the date of publication of Auction Specification for PTRs referred to the same month of the not settled Yearly PTRs. ELES shall issue invoices for allocated yearly PTRs two (2) Working Days after the pro forma invoice is paid by the Auction Participant the latest.

In the event a PTR Holder fails to settle their liabilities within the set deadline, the entire transfer capacity allocated at the auction, on the basis of which the pro forma invoice is issued, is deemed as unallocated and the Auction Operator shall offer such transfer capacity at future auctions.

ELES is entitled to make adjustments of the yearly, monthly and/or daily settlement due to increases or introduction of taxes, duties, etc.

#### **b) Settlement for monthly auctions**

After the results of monthly auctions have been published, the Auction Operator shall issue a pro forma invoice to the Auction Participant namely for the entire allocated period. Liabilities arising from allocated monthly capacities need to be settled by the Auction Participants within the set deadline and in the amount defined on the pro forma invoice, namely by remitting the outstanding amount onto the Auction Operator's bank account.

Payment deadline is set not later than two (2) Working Days before date of publication of Auction Specification for Daily auction referred to the same month of the not settled Monthly PTRs. ELES shall issue the invoice for allocated monthly PTRs two (2) Working Days after the pro forma invoice is paid by the Auction Participant the latest.

In the event an Auction Participant fails to settle their liabilities within the set deadline, the entire transfer capacity allocated at the auction on the basis of which the pro forma invoice is issued, is deemed as unallocated and the Auction Operator shall offer such transfer capacity at future auctions.

**c) Settlement for daily auctions – Deposit Sub account**

Coverage and financial settlement performed at the daily auctions are run through deposit sub account. Deposit sub account is a special type of bank account which is opened by ELES on its own bank account for Auction Participant willing to participate at daily auctions. Deposit sub accounts are kept in euro (EUR) currency.

Only the Auction Operator has a power of disposal with financial assets kept on deposit sub accounts, namely on the basis of Irrevocable Authorization (see ANNEX V) given by the Auction Participant which thus authorizes the Auction Operator to dispose of these financial assets for the purposes of coverage and financial settlement arising from the daily auctions.

Interests on financial assets kept on deposit sub accounts appertain to the holders of these sub accounts at the interest rate defined with a respective decree on interest rates in force and issued by the bank. The interests are remitted by the bank onto the deposit sub accounts of the Auction Participants on the monthly basis.

In the event the Auction Participant wishes to withdraw financial assets or a part of the financial assets from his sub account, a written request has to be sent to the Auction Operator. Financial assets are returned to the bank account of the Auction Participant stated on the Auction Participants Application form within five (5) Working Days counting from the day when the request was received by the Auction Operator.

The handling costs of the deposit sub accounts are covered by the Auction Operator.

**d) Settlement for daily auctions – Coverage for daily auctions**

The participants of daily auctions need to keep financial resources on their deposit sub accounts/Bank Guarantee as collateral for fulfilling the liabilities arising from allocated transfer capacities. Bank Guarantee has to be provided to the Auction Operator according to the Annex VI.

Before each auction, the Auction Operator submits into Auction Tool all the information on net balance of financial assets kept on deposit sub accounts of the Auction Participants, namely by taking into account the net balance on deposit sub accounts at 6:00 am of the Auction day and disregarding any individual transfers or eventual changes in sub accounts' balance recorded after that time.

For Auction Participants who provided Bank Guarantee as an alternative to the use of deposit sub account, the Auction Operator submits into Auction Tool the amount of its Bank Guarantee.

Auction Participant may place their bids at an auction; however, the amount of the said bids (together with VAT which is added automatically by the Auction Tool) may not exceed the balance of financial assets kept on deposit sub account/Bank Guarantee. Available coverage of the Auction Participant is decreased with each submitted bid. The value of a bid which exceeds the available coverage is rejected and the Auction Participant is informed accordingly. Auction Participants have an insight into current balance of financial assets on their deposit sub account/Bank Guarantee via Auction Tool.

In the event the Auction Participant decides to participate at a number of auctions which are held at the same time, the bids placed at every auction – at which the participant partakes – are deducted from the available balance of financial assets kept on deposit sub account/Bank Guarantee or coverage of individual participant.

**e) Settlement for daily auctions**

Settlement for daily auctions is performed directly after the publication of the auction results. The System Operator is paid from deposit sub account appertaining to the Auction Participant in the entire amount of liabilities arising from the auction in question. Invoices are sent on the monthly basis for information/accounting purpose only.

Auction Participant, who provided Bank Guarantee as an alternative to the use of deposit sub account, shall be invoiced on a monthly basis. The copy of the invoice will be sent by fax and subsequently by post. Invoices have to be paid no later than eight (8) days upon issuing. After the payment of the invoice the value of the Bank Guarantee will be increased for the paid value.

**f) Invoicing disputes**

To be admissible, any claims made relative to an invoice must be notified by registered letter with acknowledgement of receipt to ELES, within five (5) Working Days of the invoice's date of issue. Beyond this period, the invoice shall be deemed to have been accepted by the PTR Holder. The above-mentioned registered letter must contain a precise and detailed description of the grounds for the objection to the invoice.

A claim in no way relieves the PTR's holder from the obligation to pay the invoice in accordance with the terms of Article 8.02

**Article 8.03 Settlement for Annual, Monthly and Daily Auctions in direction from Slovenia to Croatia**

**(a) Settlement for yearly auctions**

HEP OPS charges the liabilities arising from allocated transfer capacities at annual auction in advance on a monthly basis by dividing the total liabilities according to months with respect to the number of days in an individual month. The first invoice is issued for the period of the two months (January and February), and subsequent invoices are issued once monthly, by the second Working Day in the current month for the following month.

Auction participants are required to settle their liabilities from allocated transfer capacities by the payment date and in the amount specified in the invoice by making payment to the transaction account of the HEP OPS.

If an auction participant fails to settle its liabilities by the payment date, the entire transfer capacity allocated at the auction to which the invoice relates shall be deemed unallocated and allocated by HEP OPS at the next auction.

**(b) Settlement for monthly auctions**

HEP OPS charges the liabilities arising from allocated transfer capacities at monthly auctions in advance on a monthly basis for the entire allocation period by the 20<sup>th</sup> day of the current month for the following month.

Auction participants are required to settle their liabilities from allocated transfer capacities by the payment date and in the amount specified in the invoice by making payment to the transaction account of the HEP OPS.

If an auction participant fails to settle its liabilities by the payment date, the entire transfer capacity allocated at the auction to which the invoice relates shall be deemed unallocated and allocated by HEP OPS at the next auction.

**(c) Settlement for daily auctions**

HEP OPS charges the liabilities arising from allocated transfer capacities at daily auctions after the use of transfer capacity, for the first half of the current month by the 20<sup>th</sup> day of the current month, and for the second half of the month by the 5<sup>th</sup> of the following month.

**In case the amount for the first half of the month is less than 500,00 HRK we issue one invoice for the whole period.**

**(d) Invoicing and invoicing disputes**

The copy of the invoice will be sent by fax or e-mail, and original invoice by mail. The participant is obliged to inform HEP OPS if he did not receive the invoice for the payment within the given deadline.

**VAT and other taxes or levies – if any – shall be invoiced in accordance with the applicable law.**

**All bank fees have to be paid by the Auction Participant.**

Invoices have to be paid no later than eight (8) days upon issuing, **free of charge and without deduction and/or offsetting.**

If the participant shall not settle his obligations within the deadline, he shall be charged with the default interests regulated by law.

The participant shall submit complaints about eventual errors and irregularities to the HEP OPS by e-mail or fax within two (2) Working Days from receiving the invoice.

HEP OPS shall submit to the participant an answer to the complaint by e-mail or fax within two (2) Working Days after receiving complaint. The answer shall be final regarding financial obligations of the participant.

A claim in no way relieves the PTR's holder from the obligation to pay the invoice in accordance with the terms of this Article.

#### **Article 8.04 Resale and Curtailment credits**

- a) In case of Curtailments PTR Holders are obliged to issue invoice (based on data provided by ELES or HEP OPS) to the Auction Operator within the first week of the month M for the month M-1 together for yearly and monthly PTRs. The invoice will be paid by Auction Operator within fifteen (15) days from receipt of the invoice.
- b) **In case of Resale PTR Holders are obliged to** issue invoice (based on data provided by ELES or HEP OPS) to the Auction Operator within the first week of the month M for the month M-1 together for yearly and monthly PTRs. The invoice will be paid by the relevant Auction operator within fifteen (15) days from receipt of the invoice.

#### **Article 8.05 Exclusion of set-off**

A PTR Holder is in principal not entitled to offset any debts that arise in connection with an Auction to any claim on a TSO, whether or not arising out of an Auction. Claims of the TSOs can only be set off against claims of the Auction Participant which are uncontested or legally enforced.

Although each Auction Operator collects these payments on behalf and in the name of both TSOs on that Interconnection, Auction Participants accept by participating in the Auctions that they can only be discharged of their debts through payment to the appropriate Auction Operator and that payment of a debt to the other TSO shall not release them from this obligation. Moreover, as payment by compensation would thwart the administrative structure of the co-operation between both TSOs, Auction Participants waive the right to offset any debts that arise in connection with an Auction to claims that those PTR Holders have on a TSO, whether or not arising out of an Auction.

## Section IX. Miscellaneous

### Article 9.01 Information / Notices

Any notice given under these Auctions Rules is to be in writing and must be addressed to relevant TSO at the address mentioned in Annex VIII, except where these Auction Rules provide otherwise.

### Article 9.02 Limitation of Liability

1. The respective TSOs, either jointly or severally, shall not be liable to an Auction Participant or to a third party for any damages resulting from an Auction Participant's participating or not being able to participate in an Auction or in a PTR Transfer or in a PTR Resale, or from the results of the Auction and/or PTR Resale and/or PTR Transfer; or from an Auction not being held or cancelled and an Auction Participant shall hold harmless and indemnify the TSOs, jointly and severally, in respect of claims regarding such damages from third parties.
2. The respective TSOs will provide the PTRs awarded by the Auction and/or the PTR Transfer and/or a PTR Resale within the scope of their possibilities. This provision is subject to the technical possibility of transmitting electricity, which can be affected by Force Majeure, unexpected external influences (e.g. extreme load flow changes) or other serious operational conditions (e.g. power plant outages on an unexpected scale). The impairment will only be remedied by technically/economically feasible and appropriate actions complying with the relevant national and international requirements.
3. The respective TSOs shall only be liable for damage or loss incurred by Auction Participants or by third parties if it is the result of intent or gross negligence or culpable dereliction of an essential duty under these Auction Rules. In all the above cases, the respective TSOs liability shall be limited to the direct (actual) and documented damages. There is no TSOs liability whatsoever for any consequential damages.
4. The Auction Participant shall only be liable for damage or loss incurred by the respective TSO if it is the result of intent or gross negligence or culpable dereliction of an essential duty under these Rules. In all the above cases, Auction Participant's liability shall be limited to direct (actual) and documented damages. There is no Auction Participant's liability whatsoever for any consequential damages.
5. In no way shall the awarding of PTRs pursuant to these Rules be considered or construed to mean or imply that the Auction Participant is entitled to have electricity transports carried out, or that transport failures or restrictions are or imply a failure to supply Interconnection Capacity which has been awarded in an Auction.
6. The respective TSOs, either jointly or severally, do not assume responsibility for the timely arrival of Bids and/or Transfer Notifications and/or Resale Notifications.
7. For the purpose of this section "limitation of liability", TSOs only means the Auction Operator for the relevant Interconnection. In no way shall a TSO, which does not participate in the

Auctions at the relevant Interconnection where a claim from a Auction Participant is raised, be considered or construed to be jointly or severally liable for that claim.

### **Article 9.03 Confidentiality**

Both TSOs shall treat all information disclosed to them pursuant to these Auction Rules as confidential and they will refrain from disclosing such information to any third party without the prior consent of the Auction Participant concerned. Confidential information shall include all information delivered in writing and designated as "Confidential", or commercially sensitive information disclosed other than in writing but expressly mentioned as "Confidential".

Paragraph above shall not apply to disclosure of information to European Union institutions, governmental, regulatory authorities and court having jurisdiction on the above matters insofar as such disclosure is mandatory, nor to the disclosure of information to a court-of-law or an arbitrator insofar as such disclosure is ordered by the court or the arbitrator or is necessary for supporting a claim or defending the TSOs against a claim.

The provisions of this article shall not apply to any information disclosed to the TSOs as contemplated by said article if:

- a) before such disclosure it was public knowledge or, after such disclosure, becomes public knowledge through no fault of the TSOs;
- b) it was known to the TSOs before that disclosure and was not covered by an obligation of secrecy;
- c) after that disclosure the same information is received by the TSOs from a third party owing no obligation of secrecy to the respective Auction Participant in respect to such information.

### **Article 9.04 Severability**

If any part or provision of the Auction Rules and/or its Annexes are or become invalid, illegal, void and/or unenforceable, the remaining part(s) shall continue to be valid and enforceable and shall not be affected thereby. Any invalid, illegal, void and/or unenforceable part(s) or provision(s) shall be replaced by valid, legal and/or enforceable part(s) or provision(s) in order to achieve the intended economic and legal effect as far as possible.

### **Article 9.05 Disputes and Applicable Law**

All disputes arising out of these rules or related to their violation, termination or nullity shall be governed by Slovenian law with the exception of collision rules and ruled by Slovenian court or by Croatian law with the exception of collision rules and ruled by Croatian court depending on respective Auction Operator.

### **Article 9.06 Force Majeure**

"Force Majeure" means any unforeseeable event or situation beyond the reasonable control of a Party, and not due to a fault of such Party, which cannot reasonably be avoided or overcome,

and which makes it impossible for such Party to fulfil temporarily or definitively, its obligations hereunder in accordance with the terms of the Auction Rules.

The Party, which invokes Force Majeure, shall send the other Party notification describing the nature of Force Majeure and its probable duration.

The obligations, duties and rights of a Party subject to the Force Majeure, with the exception of confidentiality obligations defined in Article 9.03, shall be suspended from the beginning of the Force Majeure. The obligations, duties and rights shall be suspended for such period as it is reasonable having regard to the effect of the impediment on performance of the obligations, rights and duties under the Auction Rules.

The Party can in no circumstances be held responsible or held liable to pay any compensation for damage suffered, due to the non-performance or faulty performance of all or part of its obligations, when such non-performance or faulty performance is due to a Force Majeure.

The Party, which invokes Force Majeure, shall make the effort to limit the consequences and duration of the Force Majeure.

If a Force Majeure lasts for more than thirty (30) Days, the Auction Operator may suspend entitlement of the Auction Participant and/or the Auction Participant may request the withdrawal of its entitlement by sending notification by registered mail with acknowledgement of receipt, with due explanation, if Force Majeure adversely affects the essential obligations of the Parties under the present Auction Rules. The withdrawal or suspension of entitlement will take effect on the date of receipt of the said notification.

### **Article 9.07 Amendment of Rules**

1. Subject to point 2) below this Article, no modification of the Auction Rules shall take effect unless it is in writing and signed by the authorized representatives of both TSOs.
2. These Auction Rules are subject to the technical and legal conditions at the time of their publication on TSOs respective websites. If these conditions change materially, in particular due to legal requirements, action by authorities or Auction Rules imposed by the regulatory authority and/or agreements between the associations of the electricity industry at national or international level, or if the auctioning process is enhanced, the Rules will be amended. TSOs will publish such amendment on their respective websites after consulting with the Auction Participants and/or approval by the National Regulators in the relevant countries, if required by mandatory national regulation.

Subject that the Auction Participants have not notified the Auction Operator within a period of 5 (five) business days upon the publication of these alterations in the TSOs respective websites of their will to terminate the Statement of Acceptance, such amended rules will become effective upon publication by the TSOs on their respective websites.

## ANNEX I. Application for participation in auctions for cross-border transfer capacities allocation

### A) APPLICATION FOR PARTICIPATION IN AUCTIONS FOR CROSS-BORDER TRANSFER CAPACITIES ALLOCATION IN DIRECTION FROM CROATIA TO SLOVENIA

#### APPLICATION FOR PARTICIPATION IN AUCTIONS FOR CROSS-BORDER TRANSFER CAPACITIES ALLOCATION

The applicant hereby submits an application for participation in auctions for the allocation of cross-border transfer capacities, which are organized and implemented by Elektro-Slovenija, d.o.o. as the Transmission System Operator.

The mutual relations between the applicant and the Auction Operator are regulated in accordance with the *Slovenia-Croatia Interconnection Capacity Access Rules between the control areas of ELEKTRO-SLOVENIJA, d.o.o. ("ELES") and HEP - Operator prijenosnog sustava d.o.o. ("HEP OPS") and Allocation and Access rules to France-Italy, Switzerland-Italy, Austria-Italy, Slovenia-Italy, Greece-Italy Interconnections.*

#### 1. GENERAL INFORMATION ABOUT THE APPLICANT

<i>Full title or name of applicant</i>	
<i>Registered office or address of applicant</i>	
<i>Place / postal code</i>	
<i>Country</i>	
<i>Address for mail and invoices (if different from applicant's registered office)</i>	
<i>Phone</i>	
<i>Tax number</i>	
<i>Registration number of applicant</i>	
<i>EIC code of applicant</i>	

**2. AUCTIONS IN WHICH APPLICANT INTENDS TO PARTICIPATE (indicate yes or no)**

Direction Slovenia ->Italy	Annual auction	
	Monthly auctions	
	Daily auctions (fallback for BMC) <sup>1</sup>	
Direction Croatia ->Slovenia	Annual auction	
	Monthly auctions	
	Daily auctions <sup>2</sup>	

**3. PERSONS AUTHORIZED TO PARTICIPATE IN AUCTIONS**

Name and Surname	1.	2.
Business phone		
Cellphone		
Fax		
E-mail *		

Name and Surname	3.	4.
Business phone		
Cellphone		
Fax		
E-mail *		

\* e-mail addresses are used for all communication regarding the performance of auctions. In case you wish to receive all e-mails on common e-mail address, please write it below.

Common e-mail:\_\_\_\_\_

<sup>1</sup> needed complete Irrevocable Authorization allowing the Auction Operator to settle Auction Participants liabilities resulting from daily auctions to be held in case of Bilateral Market Coupling unavailability from funds deposited on Auction Participants deposit subaccount (minimum 10.000 EUR) or Bank Guarantee

<sup>2</sup> needed complete Irrevocable Authorization allowing the Auction Operator to settle Auction Participants liabilities resulting from daily auctions from funds deposited on Auction Participants deposit subaccount or Bank Guarantee

**4. ON-DUTY EMPLOYEE AUTHORIZED TO TAKE ACTION IN CASE OF RESTRICTED USE OF ALLOCATED CROSS-BORDER TRANSFER CAPACITIES**

Name	1.	2.
Phone number (reachable 24 h)		
Fax		
E-mail		

**5. FINANCIAL DATA AND CONTACT PERSON FOR FINANCIAL ISSUES**

<i>Name of the («applicants») bank</i>	
<i>Bank address</i>	
<i>SWIFT code</i>	
<i>IBAN code</i>	

Name	1.	2.
Business phone		
Cellphone		
Fax		
E-mail*		

\* for all e-mails regarding accounting and financial settlement of performed auctions

**6. EVIDENCE OF FULFILLED REQUIREMENTS:**

- a certified copy of the balance agreement or a certified copy of the contract on the settlement of imbalances concluded with the balance responsible party;
- an extract from the court register of companies, issued in the past sixty (60) days. If such certificates are not issued by the judicial authorities in the auction applicant's country of

domicile, the applicant shall replace such certificate with the certificate of another competent authority;

- a document proving that the signatory of the application has been authorized by a lawful representative (in cases when the application is not signed by the lawful representative specified in the evidence from the previous item):
- Statement of Acceptance for relevant border.

## 7. STATEMENTS

The applicant hereby declares that he/she was familiarized with the relevant Rules according to completed table under Point 2 of this Application prior to signing this Statement and accepts them. The applicant declares that all information given in this application and in the specified enclosures are true and accurate. The applicant declares that all possible changes in basic data or data given on this Application will be notified in the shortest doable time. All possible changes must be notified with re-completion of this Application for participation in auctions for cross-border transfer capacity allocation with stamp and signature of authorized person.

The applicant agrees that the Auction Operator may make any necessary inquiries with the competent authorities whenever this is deemed necessary. The acquired information shall be used exclusively for the needs of the auction's implementation and financial settlement.

Place:

Date:

Name and position:

Signature of authorized person:

Stamp:

**B) APPLICATION FOR PARTICIPATION IN AUCTIONS FOR CROSS-BORDER  
TRANSFER CAPACITIES ALLOCATION IN DIRECTION FROM SLOVENIA TO CROATIA**

The applicant hereby submits an application for participation in auctions for the allocation of cross-border transfer capacities, which are organized and implemented by HEP - Operator pri-jenosnog sustava d.o.o. as the Transmission System Operator.

**1. GENERAL INFORMATION ABOUT THE APPLICANT**

Full title or name of applicant	
Registered office or address of applicant	
Place/postal code	
Country	
Address for mail and invoices, if different from applicant's registered office	
Phone	
Fax (for invoices)	
E-mail	
Tax number	
Registration number of applicant	
EIC code of applicant	
Number of transaction account with bank details (SWIFT, IBAN, BANK ADDRESS)	
Responsible bank officer - name	
Number and type of licence to perform energy activity*	<p>_____</p> <input type="checkbox"/> Generator <input type="checkbox"/> Trader <input type="checkbox"/> Supplier
Number of the Contract on Balancing Energy*	

Number of Agreement Regulating Mutual Relations in the Electricity Market between Market Operator and market participant*	
---	--

\*for applicants registered in Croatia

**2. BORDERS ON WHICH APPLICANT INTENDS TO PARTICIPATE (indicate yes or no)**

Direction Slovenia - >Croatia	
Croatia – Hungary border (both directions)	
Croatia – Bosnia and Herzegovina border (both directions)	
Croatia – Serbia border (both directions)	

**3. PERSONS AUTHORIZED TO PARTICIPATE IN AUCTIONS**

Name	1.	2.
Department		
Business phone		
Cellphone		
Fax		
E-mail		

**4. APPLICANT'S CONTACT PERSONS - FINANCIAL ISSUES**

Name	1.	2.
Department		
Business phone		
Cellphone		
Fax		
E-mail		

**5. APPLICANT'S CONTACT PERSONS - TECHNICAL/IT SUPPORT ISSUES**

Name	1.	2.
Department		
Business phone		
Cellphone		
Fax		
E-mail		

**6. ON-DUTY EMPLOYEE AUTHORIZED TO TAKE ACTION IN CASE OF RESTRICTED USE OF ALLOCATED CROSS-BORDER TRANSFER CAPACITIES**

Name	1.	2.
Department		
Business phone		
Cellphone		
Fax		
E-mail		

**7. EVIDENCE OF FULFILLED REQUIREMENTS:**

- a copy of the balance agreement (in English or Croatian language), provided the System Operator is not a co-signatory of such agreement;
- an extract from the court register of companies (in English or Croatian language), issued in the past sixty (60) days. If such certificates are not issued by the judicial authorities in the auction applicant's country of domicile, the applicant shall replace such certificate with the certificate of another competent authority;
- a document proving that the signatory of the application has been authorized by a lawful representative (in cases when the application is not signed by the lawful representative specified in the evidence from the previous item; in English or Croatian language);

- Bank Guarantee or Deposit in amount of 350.000,00 HRK

## 8. STATEMENTS

The applicant hereby declares that he/she/it was familiarized with Auction Rules and all its constituent parts prior to signing this Statement and accepts them. The applicant declares that all information given in this application and in the specified enclosures is true and accurate.

The applicant agrees that the Auction Office may make any necessary inquiries with the competent authorities whenever this is deemed necessary. The acquired information shall be used exclusively for the needs of the auction's implementation and financial settlement.

Confirmation of the Application Form creates a contract between the Auction Office and Applicant.

### FOR APPLICANT

### FOR AUCTION OFFICE

Place and date

Place and date

Name and position

Name and position

Signature of authorized person

Signature of authorized person

Stamp

Stamp

## ANNEX II. Public holidays and days when no auction is held

<b>Date:</b>	<b>Description:</b>
01.01.2011. (Saturday)	New Year's Day (SLO/HR)
02.01.2011. (Sunday)	New Year's Day (SLO)
06.01.2011. (Thursday)	Epiphany (HR)
08.02.2011. (Tuesday)	Culture Day (SLO)
24.04.2011. (Sunday)	Easter Sunday (SLO/HR)
25.04.2011. (Monday)	Easter Monday (SLO/HR)
27.04.2011. (Wednesday)	National Resistance Day (SLO)
01.05. 2011. (Sunday)	Labour Day (SLO/HR)
02.05.2011. (Monday)	Labour Day (SLO)
03.06.2011. (Friday)	Corpus Christi (HR)
22.06.2011. (Wednesday)	Anti-Fascist Struggle Day (HR)
25.06.2011. (Saturday)	National Day (SLO/HR)
05.08. 2011. (Friday)	Victory and Homeland Thanksgiving Day (HR)
15.08.2011. (Monday)	Assumption Day (SLO/HR)
08.10.2011. (Saturday)	Independence Day (HR)
31.10.2011. (Monday)	Reformation Day (SLO)
01.11.2011. (Tuesday)	All Saints' Day (SLO/HR)
25.12.2011. (Sunday)	Christmas (SLO/HR)
26.12.2011. (Monday)	Independence Day/St. Stephen's Day (SLO/HR)

### ANNEX III. Scheduled dates of auctions in 2011 (indicative)

Yearly Auction		Date (indicative)
Year 2011	Publication of Auction Specifications Auction Day	02.12.2010 09.12.2010

Monthly Auctions		Date (indicative)
January 2011	Publication of Auction Specifications Auction Day	09.12.2010 14.12.2010
February 2011	Publication of Auction Specifications Auction Day	13.01.2011 18.01.2011
March 2011	Publication of Auction Specifications Auction Day	10.02.2011 15.02.2011
April 2011	Publication of Auction Specifications Auction Day	10.03.2011 15.03.2011
May 2011	Publication of Auction Specifications Auction Day	14.04.2011 19.04.2011
June 2011	Publication of Auction Specifications Auction Day	12.05.2011 17.05.2011
July 2011	Publication of Auction Specifications Auction Day	10.06.2011 15.06.2011
August 2011	Publication of Auction Specifications Auction Day	14.07.2011 19.07.2011
September 2011	Publication of Auction Specifications Auction Day	11.08.2011 16.08.2011
October 2011	Publication of Auction Specifications Auction Day	13.09.2011 19.09.2011
November 2011	Publication of Auction Specifications Auction Day	13.10.2011 18.10.2011
December 2011	Publication of Auction Specifications Auction Day	10.11.2011 15.11.2011

## ANNEX IV. Irrevocable Authorization

Pursuant to the provisions of the Rules on the Mode and Conditions of Cross-border Transfer Capacities Allocation dated \_\_\_\_\_ and in accordance with the rules and regulations of the system operator, Elektro-Slovenija, d.o.o.,

(company name) \_\_\_\_\_, represented by  
\_\_\_\_\_

hereby issues to

the company ELEKTRO-SLOVENIJA, d.o.o., Hajdrihova 2, 1000 Ljubljana,

the following

### IRREVOCABLE AUTHORIZATION

for the unrestricted disposal of funds deposited on subaccount no. SI56290000152003028\_\_\_\_ of deposit transaction account no. SI56290000152003028 held by ELEKTRO-SLOVENIJA, d.o.o., Hajdrihova 2, 1000 Ljubljana.

Bank and account number:

- the number of the account (IBAN): SI56290000152003028
- bank address: UniCredit Banka Slovenija d.d., Šmartinska 140, 1000 Ljubljana
- SWIFT (BIC) code: BACXSI22.

Place: \_\_\_\_\_, Date: \_\_\_\_\_

\_\_\_\_\_  
(Stamp and signature of representative of auctions participant)

## ANNEX V. Bank Guarantee

### a) Slovenian bank for direction Croatia – Slovenia

**Payment guarantee No....**

Name of the bank – Guarantor: .....

Applicant: .....

Beneficiary: Elektro – Slovenija, d.o.o., Ljubljana, Hajdrihova 2, Slovenia

Amount: EUR....

Expiry Date:

We .....( the Bank) have been informed that our Client ( Messrs....) will participate on Auctions for allocation of available cross–border transmission capacities performed by ELES as Auction operator.

In accordance with the relevant Auction Rules published on the web site [www.eles.si](http://www.eles.si) and as a security for their obligations a guarantee by a bank shall be furnished.

At the request of ..... ( Applicant), we .....( the Bank) hereby irrevocably and unconditionally undertake to pay to you on your first demand, waiving all rights of objection and defense, any amount up to a maximum of

EUR.....

upon receipt of your written request, stating that the amount claimed has fallen due and that ..... (the Applicant) have failed to fulfil their obligations.

For the purpose of identification, your request for payment has to be presented through the intermediary of a first rate bank confirming that the signatures are legally binding upon your firm. If, in this respect, such bank will make use of swift, it will have to transmit, in any case, the full request for payment and to confirm at the same time that the original of this document, legally binding upon your firm, has been forwarded to us.

The total amount of this guarantee will be reduced by any payment effected by us hereunder.

The demand for payment must be received no later than the Expiry date. The present guarantee will become null and void at the Expiry Date, irrespective of whether or not it has been returned to us by such date.

We (the Guarantor) may only be released from the obligations under the terms of the present guarantee before the Expiry Date, if the Beneficiary gives its written consent.

Any payment must be made within the seven (7) Working Days following receipt of demand for payment.

This guarantee is governed by Slovenian law, place of jurisdiction is Ljubljana.

Signature of the Guarantor

## b) Bank guarantee for direction Slovenia – Croatia

Date: \_\_\_\_\_

Guarantee No: \_\_\_\_\_

Applicant:

Beneficiary: HEP – Operator prijenosnog sustava d.o.o., Kupska 4, 10 000 Zagreb, Croatia

We, (name of bank) upon request of our clients herewith issue this guarantee and undertake irrevocably and unconditionally to transfer to you within 5 bank working days as from receipt of your first written demand, stating that our clients have not fulfilled their payment obligations, without examination of the underlying legal relationship and waiving all objections arising therefrom, amounts up to a total sum of

**HRK 350.000,00 (Croatian Kuna three hundred fifty thousand only)**

Altogether, to an account to be indicated by you.

Our guarantee will be automatically reduced by the amount of any payment effected to you by our clients through us with reference to our a. m. Guarantee number.

Our guarantee will expire automatically , as soon as we have received back the present instrument, however, on \_\_\_\_\_, at the latest, even if the present instrument is not returned to us, unless your claims by letter (sent by registered mail or by courier service), if any, have reached us on or before that date.

Any assignment, pledge or other disposition in favour of third party of the right to draw under this present guarantee is subject to our prior express approval.

This guarantee is governed by and shall be construed in accordance with the laws and regulations of the Republic of Croatia.

Signature of the Guarantor

## ANNEX VI. Statement of Acceptance

**Statement of acceptance of Slovenia – Croatia Interconnection Capacity Access Rules between the control areas of ELEKTRO–SLOVENIJA, d.o.o. (“ELES”) and HEP – Operator prijenosnog sustava d.o.o.(“HEP OPS”) for 2011**

Auction Participant:\_\_\_\_\_

\_\_\_\_\_

(Full Address)

EIC–Code–Nr.: \_\_\_\_\_

We hereby declare our intention to participate in the auction of available interconnection capacity for electricity transfers between Slovenia and Croatia. We fulfil all participation requirements of the Slovenia – Croatia Interconnection Capacity Access Rules between the control areas of ELEKTRO–SLOVENIJA, d.o.o. (“ELES”) and HEP – Operator prijenosnog sustava d.o.o.(“HEP OPS”) for 2011 (hereinafter Auction Rules). Moreover, we have read and fully and unconditionally accept to abide and to be bound by all rules and regulations and IT requirements of the Auction Rules, which have been published on the Auction Websites.

We acknowledge that our admission to participate in the auction may be withdrawn in case regulations of the Auction Rules are breached. We will provide all securities and guarantees required by the Auction Rules.

We undertake to directly inform you in case of any change occurred in the company’s status as declared herein.

Moreover, we have read and fully accept to abide and to bound by all rules and regulations and IT requirements of the English version of Auction Rules, which have been published on the Auction Operators Websites.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and position

\_\_\_\_\_  
Signature

## ANNEX VII. Contacts

The PTR holder takes note that calls may be recorded.

### **Elektro-Slovenia, d.o.o.**

Hajdrihova 2,  
1000 Ljubljana – Slovenia

#### *Auction Procedures*

Telephone1: +386 1 474 2646

Telephone2: +386 1 474 2651

Fax: +386 1 474 2652

E-mail1: ales.donko@eles.si

E-mail2: anja.dremelj@eles.si

#### *Scheduling issues:*

Telephone: +386 1 474 2117

Fax : +386 1 474 2142

E-mail: upo.so@eles.si

#### *Financial issues*

Telephone: +386 1 474 2485

Fax : +386 1 474 2472

## HEP – Operator prijenosnog sustava d.o.o.

Kupska 4

10 000 Zagreb – Croatia

### *Auction Procedures:*

Telephone1: +385 1 6321 846

Telephone2: +386 1 6322 514

Fax: +386 1 3621 446

E-mail1: [boris.markota@hep.hr](mailto:boris.markota@hep.hr)

E-mail2: [sinisa.piplica@hep.hr](mailto:sinisa.piplica@hep.hr)

### *Scheduling issues:*

Telephone: +386 1 6322 403

Fax: +386 1 3621 446

E-mail1: [heptso-sch@hep.hr](mailto:heptso-sch@hep.hr)

E-mail2: [ivan.ubrekic@hep.hr](mailto:ivan.ubrekic@hep.hr)

### *Financial issues*

Telephone: +385 1 6322 647

Fax : +385 1 6322 465

[E-mail2: gorana.stefanac@hep.hr](mailto:gorana.stefanac@hep.hr)