

Daily Allocation Rules of Cross Zonal Capacities on the border between the Bidding Zones

Of

ELEKTROENERGIEN SISTEMEN OPERATOR EAD

1618 Sofia, 201 Tsar Boris III blvd.

-hereinafter “**ESO**”-

and of

AD MEPSO

1000 Skopje, Maksim Gorki str. 4

-hereinafter „**MEPSO**”-

(“Daily Allocation Rules”)

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1 Definitions / Terms

Terms used herein and not otherwise defined herein shall have the meanings given such terms as follows:

- **Allocated Capacity:** for the daily auctions this is the Capacity that the Registered Participant gains by notification of the Auction results.
- **Allocation Office (Daily Allocation Office):** the entity executing the daily auction procedures and is commissioned by ESO.
- **Auction Price:** the price in EUR to be paid by Registered Participants for each MW and hour receiving a reservation of Capacity in case the total amount of the requested reservation of network capacity exceeds the ATC.
- **Available Transfer Capacity for Daily Auction (daily ATC)** - the part of the NTC that remains available, after each phase of the allocation procedure, considering the netting process, for further commercial activity and which shall be offered in the daily auction procedures.
- **Bid:** an offer submitted during an auction by a Registered Participant to purchase rights to use capacity pursuant to and in compliance with these Daily Allocation Rules; such an offer consists of two values per product (capacity per direction): a Capacity in MW and a Bid Price in euros per MW/h.
- **Bid Price:** the highest price which a Registered Participant is willing to pay for 1 MW of Capacity. He must be prepared to pay this Bid Price.
- **Bidding Zone:** means the largest geographical area within which market participants are able to exchange energy without Capacity Allocation;
- **Business Day:** every calendar day
- **Capacity Holder:** Registered Participant which has obtained a Capacity in an Auction or via transfer.
- **Control Area:** means a coherent part of the interconnected system, operated by a single system operator and shall include connected physical loads and/or generation units if any;
- **Cross Zonal Capacity (“Capacity”):** means the capability of the interconnected system to accommodate energy transfer between Bidding Zones;

- **Cut Off Time (“COT”)**: specified time providing a deadline for TSOs’ final matching of mismatching schedules submitted by market parties by GCT;
- **Curtailment of Allocated Capacities**: the reduction of Allocated Capacities by the Allocation Office (based on the request of ESO and/or MEPSO) in respect of the Registered Participants. Curtailment of Allocated Capacities shall only be used in case of Emergency Situation/Force Majeure when a TSO must act in an expeditious manner and redispatching or countertrading is not possible. Any such procedure shall be applied in a non-discriminatory manner.
- **Daily Allocation Rules**: the regulations set out in this document applicable to the allocation of the reservation of Capacities at the transmission Interconnections between the Bidding Zones of MEPSO and ESO;
- **EIC-Code**: Energy identification code serving to clear the identification of Registered Participants in a cross-border trade (see https://www.entsoe.eu/fileadmin/user_upload/edi/library/eic/EICRegistry.htm).
- **Emergency Situation** – the situation referred by Article 16 of Regulation (EU) 2019/943 where a TSO must act in an expeditious manner and Redispatching or Countertrading is not possible.
- **ENTSO-E (European Network of Transmission System Operators for Electricity)**: an International Association with membership of European Transmission System Operators.
- **ESO-ELEKTROENERGIEN SISTEMEN OPERATOR EAD(“ESO”)**, The Bulgarian Transmission System Operator with registered office at 201, Tsar Boris III Blvd., 1618, Sofia, Bulgaria. ESO is responsible for handling the daily auction procedures and operates on behalf of ESO and MEPSO
- **EU-Regulation**: the Regulation (EU) 2019/943 of the European Parliament and the Council of 5 June 2019, on the internal market for electricity and also Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU.
- **(1M EURIBOR + 3%) p.a.** - one-month interest rate at which euro interbank term deposits within the euro zone are offered by one prime bank to another prime bank (see <http://www.euribor.org>) increased by 3% and calculated by using pro-rata method.
- **Force Majeure**: means any unforeseeable or unusual event or situation beyond the reasonable control of a Registered Participants and/or ESO or MEPSO, and not due to a fault

- of the Registered Participant and/or the ESO or MEPSO, which cannot be avoided or overcome with reasonable foresight and diligence, which cannot be solved by measures which are from a technical, financial or economic point of view reasonably possible for the Registered Participant and/or the ESO or MEPSO, which has actually happened and is objectively verifiable, and which makes it impossible for the Registered Participant and/or the relevant TSOs to fulfil, temporarily or permanently, its obligations.
- **Gate-Closure Time (“GCT”)**: is a specified time providing a deadline for submission of schedule s by Registered Participant or a deadline for submission of schedule programs for matching purposes. The GCT is related to the timestamp of reception.
 - **Interconnection**: a single and/or double circuit lines between the Macedonian and Bulgarian transmission system which connects the Bidding Zones of MEPSO and ESO synchronously.
 - **AD MEPSO (“MEPSO”)**:, with registered office at 1000 Skopje, Maksim Gorki str. 4
 - **M:N schedule nomination**: Nomination of schedule by using Allocated Capacity could be realized in one or more cross-border electricity exchanges in one direction with several cross-border partners where one cross-border partner has to be BRP who has Allocated Capacity (“M:N” schedule nomination).
 - **Net Transfer Capacity (“NTC”)**: the maximum exchange program between two Bidding Zones compatible with security standards applicable in both areas and taking into account the technical uncertainties on future network conditions.
 - **Registered Participant (further market participant)**: A person and/or an entity which completed and signed a Statement of Acceptance (ANNEX 1) and Contact Data (ANNEX 2) with ESO and is taking part in the allocation procedures set out in the Daily Allocation Rules.
 - **Transfer**: the changing of the ownership of Allocated Capacity rights obtained in the course of yearly and monthly auctions between Registered Participants.
 - **Working Day**: every day of the week except Saturday, Sunday and Public Bulgarian Holidays (see ANNEX 3)

2 General Rules for the Auctioning of the Reservation of ATC on the ESO - MEPSO Interconnection

The following provisions shall in general apply to daily auctions:

A) Scope of the Daily Allocation Rules

1. The demand for Capacity at the Interconnection between MEPSO and ESO is usually much higher than the ATC. In order to obtain maximum transparency in the allocation of the ATC and to avoid discrimination in allocating the ATC, auctions shall be held. The Daily Allocation Rules are construed in accordance with the regulations set out by European law, in particular by the EU-Regulation and Bulgarian law as well as these set by Macedonian and Bulgarian Regulatory Authorities. In order to correspond with these legal requirements the auction covers the reservation of the ATC. The auctioning of the reservation of the ATC aims at providing a transparent method of congestion management.
2. This document contains the terms and conditions for the auctioning of the reservation of ATC at the Interconnection that is jointly offered by ESO and MEPSO. ESO and MEPSO will carry out the auctions of the daily ATC both for the Macedonian and for the Bulgarian side.
3. Auctions for daily ATC will be held in order to ensure that reservations of ATC will be valid for each side of the Interconnection. Auctions for daily ATC will be held by ESO. The auctions for the daily ATC will start on the 31st December with the publication of daily ATC for the 1st January.
4. MEPSO and ESO will fully accept the result of the individual auction procedures held by the other party provided these procedures are consistent with the terms and conditions of the Daily Allocation Rules and will carry out the transmission services according to the respective auction results in compliance with the legal requirements of grid access and applicable market rules.
5. The Daily Allocation Rules only deal with the reservation of ATC at the Interconnection. The auction of the reservation of ATC and the financial settlement of the reservation of ATC purchased via an auction do not include energy transports or any rights, liabilities or financial aspects concerning energy transports.

B) General Provisions

6. The ATC is determined by ESO and MEPSO in accordance with the applicable technical rules, particularly in accordance with the applicable rules published by the ENTSO-E, ap-

plicable laws and regulations in a transparent and non-discriminatory way. The ATC is published according to the regulations set out in the Daily Allocation Rules.

7. The daily ATC is offered for reservation by ESO through the use of the Auction Platform, on the website of ESO. The “Capacity User Guide Manual” document contains detailed information for using the Auction Platform. This document and the “Daily Allocation Rules” are published on the website of ESO www.eso.bg.
8. If the “Capacity User Guide Manual” conflicts with the “Daily Allocation Rules”, the “Daily Allocation Rules” shall prevail.
9. The Registered Participants will be informed in due time in the Auction Platform about the ATC for the reservation for the daily auction procedure.
10. The purchased Capacity or Capacity corresponding to submitted schedules can be curtailed as described in Chapter I of Section 3.
11. Each purchase of reservation of daily Capacity made pursuant to the Daily Allocation Rules shall be deemed to constitute a contract between ESO on the one hand and the Registered Participant on the other hand. With the purchase of reservation of Capacity the Registered Participant assumes the rights and the duties set out in the Daily Allocation Rules, especially the full payment of the Auction Price in due time.
12. With the delivery of a bid the Registered Participant shall be obliged to pay the Auction Price for the reserved Capacity, independent of the actual use and other transmission fees. The Registered Participants shall not be entitled to offset and/or withhold any debts arising in connection with obligations resulting from an auction to any claims of MEPSO and/or ESO, whether or not arising out of an auction.
13. Furthermore, with the delivery of a bid the Registered Participant accepts the auction regulations set out in the Daily Allocation Rules. If the Registered Participant does not submit to the Daily Allocation Rules, the Registered Participant shall be expressly barred from the participation in the auction process and the bids shall not be accepted by the Daily Allocation Office.
14. By notification of the Auction result the Registered Participant obtains the guarantee of MEPSO and ESO that by settlement of the payment (in accordance with the Daily Allocation Rules) Capacity shall be allocated in accordance with notified auction results with the exception of Emergency Situations, including Force Majeure.
15. To avoid problems related to the potential use of dominant position of a market player, the relevant authorities of both countries may adopt joint decision for restrictions in general or on an individual company on account of market dominance. The Allocation Office reserves the right to introduce such restrictions in the course of the year.

16. MEPSO and ESO reserve the right to amend and/or adapt the Daily Allocation Rules. The actual version of the Daily Allocation Rules will be published on the website of ESO (www.eso.bg) as well as on the website of MEPSO (www.mepso.mk) minimum 15 days before coming into force. By the delivery of a bid after the amendments and/or the adaptations being published, the Registered Participant submits to the new version of the Daily Allocation Rules.

C) Liability

17. MEPSO and/or ESO shall only be liable for any damage caused by willful misconduct or gross negligence. Claims for such damages arising out of the Daily Allocation Rules are limited to the damages typical and foreseeable, unless MEPSO and/or ESO have acted wilfully or by gross negligence. In no event shall MEPSO and/or ESO be liable for any loss of profit, loss of business, or any other damages of any kind. In any case the liability of MEPSO and/or ESO for damages arising out or related to the Daily Allocation Rules shall be limited to € 5 000, in total.
18. MEPSO and ESO undertake to carry out the provisions set out in the Daily Allocation Rules with the diligence of a careful businessman and control area manager in compliance with the applicable regulations set out by European law, respectively by the EU-Regulation, Macedonian and Bulgarian law and by the Macedonian and Bulgarian Regulatory Authorities.

D) Eligibility Requirements for participation in the Auctions

19. A precondition for participation in auctions for cross-border capacities is successful registration in the register of Allocation Office.
20. In order to be included in the register of ESO a legal entity has to fulfil the following requirements under the Bulgarian legislation:
 - Must have a registered EIC code;
 - To be registered at the Bulgarian/Macedonian power market following the Bulgarian/Macedonian Market Rules for electricity trading;
 - To have a valid and effective balancing responsibility contract with ESO/MEPSO;
 - To be a company which is not under bankruptcy or liquidation proceedings;
 - To be a company without any outstanding debts to ESO and/or MEPSO (for MEPSO only for invoices related to allocated cross border capacities).
21. ESO publishes at its Allocation Office the list of Registered Participants who are eligible to apply for auction participation according to the requirements as per Article 20. Any objections against the list shall be submitted in written form or electronically to ESO.

22. Without prejudice to the stated above the relevant Allocation Office has the right to ban access to the auctions to Registered Participants regardless of their register notification under section E) and F) in case there is enough evidence that at the time of an auction proceeding the Registered Participant does not meet the auction participation requirements."

E) Registration Procedure

23. Market participants intending to take part in cross-border auctions under these Daily Allocation Rules shall submit to ESO the following documents:
- Statement of Acceptance/Application Form – ANNEX 1 - duly completed and signed by legal representatives of the market participant;
 - Contact Data – ANNEX 2 - duly completed and signed by legal representatives of the market participant;
 - Tax registration certificate issued by the respective Taxation Authority in the country where the market participant is registered as legal person for taxation;
 - Certificate for Good Standing, issued earliest three months before application for participation in the auctions and confirming the actual status and last amendments in the company management, the respective representation rights included;
24. The statement of acceptance has to be of undetermined duration, notwithstanding the obligation of the market participant to inform the Allocation Office of any changes and notwithstanding the right of the Allocation Office to request a renewal of the registration and/or any document mentioned herein.
25. The applicant has to submit the above original documents for registration via post to 201, Tsar Boris III Blvd., 1618, Sofia, Bulgaria. However, the Statement of Acceptance could be sent also in advance to the Allocation Office via fax or e-mail using the contacts reported in the contact list. Where the originals of these documents are not drawn up in Bulgarian or English, they must be accompanied by translation in Bulgarian or English.
26. By signing and submitting the Application Form, the market participant confirms, that he has received, read and accepted the present Allocation Rules and undertakes to comply with all the provisions contained therein.
27. Any amendments in these Daily Allocation Rules, inclusive their replacement by new rules, shall not affect the validity of the Statement of Acceptance signed by the market participant. The Statement of Acceptance is unlimited by time, without prejudice to the right of the market participant to request a change of his status.
28. When receiving the Application Form for registration, ESO shall verify the adequacy of the information supplied and fulfilment of requirements stated above and in case all re-

quirements are fulfilled, ESO shall approve an Application Form within 10 (ten) Working Days after receiving it.

29. ESO acting as an Auction Office shall keep and publish a Register of Registered Participants with the following information:
- Name of Registered Participant;
 - EIC Code;
 - Date of Registration;
 - Status (Active, Suspended, Excluded, or Deregistered);
 - Date of Status Modification.
30. The registration becomes effective after inclusion in Register of Registered Participants with status "Active".

F) Update of Register

31. In case of change in the data provided in the course of registration, the Registered Participant is obliged to inform ESO within 5 (five) working days as of the change.
32. If an Registered Participant doesn't wish to participate in further auctions and no longer wants to be registered as a Registered Participant, he is obliged to submit a written request for deregistration to ESO. The request will be satisfied provided the Registered Participant has fulfilled all his financial obligations under these Auction Rules.
33. The Registered Participant shall be assigned status "deregistered" in the register under p. 29.
34. Registered Participant who has been deregistered from the register is entitled to be registered again following the registration procedure.
35. In case a Registered Participant:
- did not perform his obligations within the deadlines under these Auction Rules, or
 - does not have valid contract security under p. 20, it. 3,
- then the Registered Participant shall be suspended from the register under p. 29 and from further participation in Auctions, the Secondary Market and nominations in both directions (import/export) and shall be entered in the register with status "Temporary suspended".

36. Temporary suspension does not release the Registered Participant from his payment obligations. The suspended Registered Participant shall pay the transmission capacity price for already allocated Capacity Rights.
37. Temporary suspension shall be promptly notified by ESO to the Registered Participant, via fax or e-mail and shall be effective as of the date of receipt, but not later than the date of change of the status in the register.
38. Notification shall contain: the reason to revoke the right for participation in the Auctions, date on which the right is revoked, deadline for implementation of the obligations, including payment of the relevant sanctions.
39. Temporary suspension is for a term till 12:00 p.m. CET on the day following the working day on which the reasons for the suspension are eliminated.
40. Should the Registered Participant in any manner:
 - tried to participate by gaming or by any means breaks or threatens to break the Auction procedures;
 - systematically and/or intentionally breaks these Auction Rules;
 - is declared insolvent, bankrupt or is levied distraint;
 - is subject to court proceeding for insolvency, bankruptcy, liquidation or distraint;
 - was temporarily suspended and has not met the deadline to perform his outstanding liabilities as defined by ESO or has not performed any other obligations to ESO;
 - ceases to meet the requirements of p. 20;then the Auction Operator is entitled to immediately exclude him from the Register under p. 29.
41. The Registered Participant shall be promptly notified of the exclusion via fax and/or e-mail. The decision of ESO shall enter in force on the date on which it is received, but not later than the date of the status change in the Register.
42. The excluded Registered Participant is obliged to pay all outstanding invoices and/or claims to ESO within 5 (five) working days as of receipt of the Exclusion Notification.
43. The Registered Participant is assigned the status “Excluded”.

G) Transfer of Reserved Capacities purchased in the course of daily auctions

44. Reservations of capacities purchased in the course of daily auctions cannot be transferred.

H) Exceptional circumstances

45. Exceptional circumstances shall be serious disturbance to the functioning of the IT System(s) or devices used by the Allocation Office. Exceptional circumstances may be the reason for changing, cancelling or suspending an Auction. In case of exceptional circumstances the Allocation Operator/Daily Allocation Office shall inform all Registered Participants via telephone, fax or e-mail of the cancellation of the relevant auction(s), if possible. ESO will also publish information on his Allocation Website, if available. In cases where auctions are cancelled all Bids already submitted to the Capacity Allocation System are deemed as invalid.

I) Miscellaneous

46. If any part or provision of the Daily Allocation 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.

J) Place of Jurisdiction, Applicable Law, and Place of Performance

47. These Daily Allocation Rules shall be governed by and construed in accordance with Bulgarian law as well as by EU law and Regulation (EU) 2019/943. For the avoidance of doubt, the application of the UN Convention on the International Sale of Goods shall be excluded.
48. In case any dispute or differences arise from the Daily Allocation Rules and its ANNEXES or their violation, termination or becoming null or void, the parties concerned shall endeavour to reach an amicable settlement. The claimant is obliged to describe and present its claim in detail including the identification of the respective article/paragraph of the Daily Allocation Rules. However, in the event that such a settlement is not reached within thirty (30) days of first notification of the reason for the disputes, then all disputes arising in connection with the Daily Allocation Rules shall be resolved by the competent court. The place of jurisdiction for all disputes, arising from the auction processes, concerning the daily auctions, shall be the competent court at the registered seat of the Allocation Office.
49. To avoid any doubt, all disputes arising from these Daily Allocation Rules shall be settled according to the provision of p.47 and 48 . The application of clauses of any other contract concluded by the Allocation Office and a Registered Participant (e.g balance responsibility contract) shall be excluded.

50. The place of performance of all obligations of the Registered Participants resulting from the daily auctions held in accordance with these Daily Allocation Rules and its ANNEXES shall be the registered seat of the Allocation Office.

K) Contestation of Auction results

51. The Registered Participants may contest the Auction results within 1 (one) hour after the publication of the Daily Auction results, by sending a fax/Email message to ESO mentioning the grounds to contest the results.
52. If a Registered Participant does not contest the Auction results within the deadline, the Registered Participant loses the right to contest.

3 Specific Rules for the Daily Allocation of the Reservation of Transmission Capacities on the ESO-MEPSO Transmission Border (“Daily Allocation Rules”)

The Allocation of the reservation of the daily ATC at Interconnection points from MEPSO and ESO will be organized and executed electronically by ESO in user environment of the Auction Platform.

The rules and regulations for the daily auctions are principally laid down in these Daily Allocation Rules and specifically in the “Capacity User Guide Manual” published on the website of ESO www.eso.bg.

By accessing the daily auction the Registered Participant shall be obliged to accept the regulations set out in the Daily Allocation Rules and in the “Capacity User Guide Manual” published on the website of ESO www.eso.bg without any reservation.

With the entering of a bid into the daily auction the Registered Participant shall be obliged to pay the Auction Price for the reserved Capacity, independent of the actual use and other transmission fees. The Registered Participants shall not be entitled to offset and/or withhold any debts arising in connection with obligations resulting from an auction to any claims of MEPSO and/or ESO, whether or not arising out of an auction.

MEPSO and ESO reserve the right to change operationally a Business Day regime – i.e. time closures in reasonable cases, especially in case of technical problems, upon a public and individual notification done with sufficient time in advance, including a brief description of the reasons

MEPSO and ESO reserve the right to amend and/or adapt the Daily Allocation Rules and ESO reserve the right to adapt the “Capacity User Guide Manual”. The actual version of the Daily Allocation Rules will be published on the website of MEPSO (www.mepso.mk) and on the website of ESO (www.eso.bg) as well. The actual version of the “Capacity User Guide Manual” will be

published on the website of ESO www.eso.bg. By accessing the daily auction after the amendments and/or adaptations being published, the Registered Participant submits the bids in accordance with the valid version of the Daily Allocation Rules and/or the “Capacity User Guide Manual”.

Daily auctions will be held from Monday to Sunday (seven days a week) without any regards to the holidays in Bulgaria and North Macedonia.

Separate auctions shall be held for the reservation of Capacity in each of both directions.

ATC values are published by 08:55 AM (CET) in day D-1 for day D.

Each Registered Participant shall deliver his bids in the period starting from 9:00 AM (CET) until 09:45 AM (CET) in day D-1 for day D in the Auction Platform.

The bids shall be binding until the end of the auction and cannot be modified after deadline for delivery (9:45 AM (CET) in day D-1 for day D).

A) Auction Platform

The Auction Platform is a web-based system operated by ESO. The access to the Auction Platform is via ESO website. MEPSO and/or ESO shall not be liable for an uninterrupted provision of the Auction Platform. To access the Auction Platform the Registered Participant shall apply for account using the form published on the website of ESO www.eso.bg which shall be duly completed and signed by legal representatives of the Registered Participant.

The security, technical and operational support concerning the Auction Platform, particularly the “Capacity User Guide Manual”, are provided by ESO. ESO is to execute and administrate the daily auctions in correct, non-discriminatory and transparent manner in compliance with applicable national and European laws and/or regulatory requirements.

If the Auction Platform and/or the website of ESO is interrupted and/or suspended the allocation of daily available capacities will be cancelled. All relevant users of the Auction Platform will be informed immediately of the interruption and/or suspension of the Auction Platform and/or the website of ESO.

The whole communication with the Auction Platform will be archived. Each message from the Auction Platform is attached by a time stamp, both messages leaving the Auction Platform or messages received by the Auction Platform. The time stamp used is the time system from the Auction Platform.

B) Capacities

The daily ATC will be published and offered for reservation for each hour of a day for each transmission direction separately.

When determining the daily ATC the following will be taken into account:

- Monthly Capacity that has not been allocated in the monthly auction in the previous auctions;
- Yearly and/or monthly Capacity already allocated, which had to be withdrawn from the Registered Participant according to Yearly and Monthly Allocation Rules.;
- Yearly and monthly Capacity which was allocated and has not been nominated to MEPSO and ESO through long term nomination process by 08:00 (CET) for the following day.
- Netting effects based on nominations in the respective counter direction according to the following formula:

$$ATC_{mk-bg} = NTC_{mk-bg} - SCHLT_{mk-bg} + SCHLT_{bg-mk}$$

$$ATC_{bg-mk} = NTC_{bg-mk} - SCHLT_{bg-mk} + SCHLT_{mk-bg}$$

where

ATC_{mk-bg} – Daily ATC in direction MK-BG

ATC_{bg-mk} – Daily ATC in direction BG-MK

NTC_{mk-bg} – Agreed daily NTC in direction MK-BG

NTC_{bg-mk} – Agreed daily NTC in direction BG-MK

$SCHLT_{mk-bg}$ – Confirmed Long Term schedules in direction MK-BG

$SCHLT_{bg-mk}$ – Confirmed Long Term schedules in direction BG-MK

The daily ATC for reservation via daily auctions will be published, in the Auction Platform, daily by 8:55 AM (CET).

C) Bids for the Reservation of Capacity

In order to participate in the daily auction procedure, bids shall be submitted to the Auction Platform in accordance with the “Capacity User Guide Manual” document.

Bids are submitted by the Registered Participant according to the requirements stipulated in these Daily Allocation Rules.

Each Registered Participant may submit a maximum of 10 Bids

The total amount of the transmission capacities in the Bids for a given Auction shall not exceed the ATC;

Each Registered Participant bidding in the Auction Platform may submit a new version of the Bid File, until the deadline for submission of Bid. In this case (submission of multiple subsequent Bid Files by the same Registered Participant), the most recent Bid File with respect to the corresponding deadline is considered for acceptance by ESO.

Each Bid concerns Interconnection Capacity in units of 1 (one) MW with a minimum of 1 (one) unit and a maximum equal to the ATC over the Interconnections for each period of time.

Each Bid has to contain the following unambiguous and legible specifications:

The value of the Bid in €/MWh (maximum two decimals);

The amount, in the Bids are integer quantity (MW), with minimum 1 MW, of the required Interconnection Capacity.

The Bid (the most recent Bid in case of multiple subsequent Bid Files) is unconditional and irrevocable.

The Bid Price shall be more than 0.00 €/MW.

In case a Bid does not fully comply with the above rules, it is considered unacceptable and it is rejected during the Auction clearing process.

All Bids shall be submitted in conformity with the requirements for access to the Auction Platform and the Capacity User Guide Manual.

D) Auction Procedure for the Reservation of Capacity

The results of each Auction are determined for the respective Interconnections for each hour as follows:

The acceptable bids for Capacity are classified by descending order of Bids prices. The bids are summed in the order defined by the above classification.

- a. If the above sum is equal to or less than the amount of the Interconnection Capacity, offered for the Auction at the respective Interconnection, the clearing price is equal to zero.
- b. If the above sum exceeds the ATC for the Auction in question, then the bid(s) with the highest price for Capacity in an amount that does not exceed the ATC is (are) accepted. The remaining Capacity is awarded to the bidder(s) which has (have) submitted the next highest price bid(s) for Capacity (next entrance in the classification) in an amount that does not exceed the remaining Capacity; and so on for Capacity remaining after that.

- In case two or more bidders have submitted bids of the same price, that qualify according to the provision of paragraph (b) and which relate to Capacity in an amount that exceeds the offered or the remaining Capacity, the offered or the remaining Capacity will be awarded in proportion to the Capacity requested in the equally priced of the bids of these bidders, in units of at least one MW.
- In case the remaining Capacity must be awarded between two or more bidders, at equal other terms and in compliance with the above requirement, the Capacity Rights are being awarded in units of at least one MW and ESO has the right to consider the time of submission of the offers as a priority for awarding of Capacity Rights, in case when the first mentioned proportional principle happens to be inapplicable.
- Capacity is provided at the price of the last MW that is served due to insufficient auctioned capacity, (clearing price), which is the marginal price on the congested Interconnection. The clearing price shall be paid by all bidders that have been awarded Capacity (in the Auction) on the Interconnection.

E) Publication and Notification of the Results of an Auction

Allocation Office will publish the final results of the daily auction procedure daily by 10:00 AM (CET) in the Auction Platform.

The following information in the auction results will be available:

- Requested Capacity;
- Awarded Capacity;
- Auction price;
- Number of Registered Participants;
- Awarded companies;

F) Use of Reserved Capacity

General grid access for the use of reserved (purchased) Capacity is not covered by the scope of the Daily Allocation Rules unless otherwise stipulated in the applicable national regulations.

MEPSO and ESO will carry out the transmission services according to the respective auction results in compliance with the legal requirements of grid access in each Bidding Zone and applicable market rules of MEPSO and ESO.

Upon reservation of Capacity in the course of an auction, MEPSO and ESO commit themselves to ensure that the reserved Capacity is operationally feasible for the Registered Participant solely at the Interconnection with the exception of Emergency Situations, including Force Majeure.

The use of reserved transmission Capacities operates via the delivery of fixed and binding daily schedules to MEPSO and ESO in compliance with the legal requirements of grid access in each Control Area and applicable market rules of MEPSO and ESO. The reserved Capacities are used on the basis of the Daily schedules disposal respecting the principle M:N schedule nomination. The daily schedules for the following day must be received till Gate-Closure Time (GCT). The GCT is 14:30 (CET) in D-1 for day D.

MEPSO and ESO perform the matching of delivered individual fixed daily schedules on common border. Modification of mismatching daily Schedules is possible till Cut-Off Time (COT) for short term matching process at 15:00 (CET). Modifications of these schedules after this time are prohibited.

If still there is a mismatch MEPSO and ESO will modify the delivered daily schedules in accordance with the following rules:

- when value is different but the direction is the same, the lower value is considered;
- when there is missing exclusive cross-border partner or the directions are not correct, zero values are taken into account.

At the Cut-Off Time for matching process gate the fixed daily schedules will be fully accepted, partially accepted or rejected in accordance with the matching result.

The use of the reserved Capacity is based on the principle "use it or lose it".

MEPSO and ESO set the following prerequisites for using Capacity and for using their transmission networks:

- On ESO side – Registered participant who has a valid and effective balance responsibility contract with ESO;
- On MEPSO side – Registered participant who has a valid and effective balance responsibility contract with MEPSO.

The payment determined in the auction covers only the right for reservation of the Capacity at the bottleneck.

G) Transfer of Reserved Capacities

Reservation of capacities purchased in the course of daily auctions **cannot be transferred** to other Registered Participants.

H) Accounting, Losing of Allocated Capacity and Exclusion of Participating in Daily Auction Procedures

Within 5 (five) Working Days after the performance of the last daily auction for a calendar month, ESO shall issue to each Capacity Holder invoices with the amounts due for daily Capacity rights allocated in the timeframe of the month. ESO will send the issued invoice to the Registered Participant by e-mail, by fax or via eFaktura.bg or post.

The Capacity Holder shall pay to ESO the sum as per the invoice within the due date specified in the invoice. The payment deadline under the issued invoice shall be not less than 4 /four/ Working days after the date on which it was sent.

In case a payment is not settled in due time, the Capacity Holder shall pay to ESO in addition to the main payment also an interest for the amount due, according to the invoice, and ESO as Allocation Office shall suspend the Capacity Holder from the right to participate in the Auctions and from the right to nominate cross-border schedules up to the payment of the amounts due.

When the Capacity Holder is suspended from the Daily auctions, he loses any rights to take part in the Monthly Auctions.

When the Registered Participant is excluded from the Daily Allocation, he loses any rights over paid yearly and monthly Capacity Rights and also loses the right to nominate any cross-border schedules.

In case of delayed payment ESO is entitled to charge a default interest on a due amount for each commenced day of delay. The default interest rate is calculated based on the yearly amount of the Basic Interest Rate of National Bank of Bulgaria (BNB) + 10 percentage points. The interest rate in force from 1 January is applicable to the first semester of the year, and the rate in force from July 1 is applicable to the second semester of the year. The value of the Basic Interest Rate of the Bulgarian National Bank has published on its website: www.bnb.bg. The interest shall be paid to ESO within 4 (four) Working days after the date on which the document was sent.

I) Curtailment

Before COT for the daily matching process, the curtailment of Capacity may be applied for system security reasons, in Emergency Situations when TSOs must act in an expeditious manner and Redispatching or Countertrading is not possible or in situation of Force Majeure.

The reduction of schedules may be applied after COT for the daily schedules matching process only in Emergency Situations when TSOs must act in an expeditious manner and Redispatching or Countertrading is not possible or in situation of Force Majeure.

TSO which requests the curtailment shall issue a description of reasons and effects of curtailment for solving network or system problems and that will be published by both TSOs.

Capacity curtailments or reduction of submitted schedules shall have as reference a Capacity multiple of 1 MW and time-period multiple of an hour.

In case of Curtailment of Allocated Capacities or schedules reduction, following priority order is used:

- a) Capacity allocated in daily Auction.
- b) Capacity allocated in monthly and yearly Auction.

Within each of the above listed groups of Capacities, proportional curtailment will be used, in a non-discriminatory manner.

If there were monthly and yearly Allocated Capacities curtailed, the daily Auctions will be suspended on the respective border direction.

In case of curtailment, the Registered Participant will be reimbursed according to the rules given as follows:

1. Curtailment before the Cut-Off Time (COT) for the short time matching process

Before the cut-off time for the matching process the Allocated Capacity shall be reduced by Allocation Office based on the request of ESO and/or MEPSO according to these Auction Rules.

Allocation Office (based on request of ESO and/or MEPSO) informs by e-mail the Registered Participants of the curtailment of Allocated Capacities and will submit the values of the reduced Capacities. The Registered Participants have to submit their schedules to ESO and/or MEPSO taking into consideration the reduced Capacities.

In case of curtailment of Allocated Capacity from a yearly and/or monthly Auction before the cut-off time for the matching process, the Registered Participants whose Allocated Capacity have been curtailed shall be reimbursed by the Allocation Office for the curtailment. The amount for re-imbursement is calculated as curtailed MWs multiplied by hours of the curtailment multiplied by Auction Price.

In case of Curtailment of Allocated Capacity (Daily) before the COT for the matching process for daily schedules, the Registered Participant whose allocated Capacity has been curtailed will pay only the Capacity which was not been curtailed.

2. Curtailment after the Cut-Off Time (COT) for the short time matching process

After the cut-off time for the matching process, the reduction of schedules shall be implemented pursuant to the proceedings set forth in the relevant laws, and shall only be used in case of Force Majeure or Emergency Situations where the relevant TSO must act in an expeditious manner and re-dispatching or countertrading is not possible. Any such procedure shall be applied in a non-discriminatory manner.

The principle “use it or lose it” is applied. That means that Registered Participants who submit schedules less than their Capacity rights, shall lose any right over the remaining Capacity. In this case, curtailment is applied to Capacity corresponding to the submitted schedules, proportionally and using the same rules regarding the priority order as in case of curtailment performed before the cut-off time for the matching process.

In case of Curtailment of Allocated Capacity (Daily) after the COT for the matching process for daily schedules, the Registered Participant whose allocated Capacity has been curtailed will pay only the Capacity which was not been curtailed.

Contact list

ELEKTROENERGIEN SISTEMEN OPERATOR EAD

201, Tsar Boris III Blvd.,

1618, Sofia,

Bulgaria

fax: +359 2 96 96 189

Registration issues and Auction procedures:

Cross Border Exchanges Department

Telephone: +359 2 92 13 652

Fax : +359 2 98 10 102

e-mail: eso.auction@eso.bg

Financial issues

Accounting Department

Telephone: + 359 2 96 96 751

Fax : + 359 2 96 96 899

e-mail: fso@eso.bg

IT issues

IT Department

5 Vesletz street, Sofia

Telephone: +359 2 9213 636

Fax : + 359 2 9810 102

e-mail: itsupport@eso.bg

Legal issues

Legal Department

Telephone: +359 2 96 96 782

Fax : +359 2 96 26 189

ANNEX 1 - Statement of Acceptance

User:

Company name

Address:

Contact Person

Representative

Telephone and Fax N°

E-mail address:

Bank details /BIC, IBAN code

EIC-Code-Nr.:

We hereby declare our intention to participate in Daily Auctions for the Allocation and Assignment of Cross Border Transmission Capacity Rights by use of the Bulgarian – Macedonian Interconnection (hereinafter called the Auctions).

We fulfil all participation requirements (eligibility and registration requirements) set in the Daily Allocation Rules for the Coordinated Allocation of Capacities on the Interconnection between the Bidding Zones of AD MEPSO (“MEPSO”) and ELEKTROENERGIEN SISTEMEN OPERATOR EAD (“ESO”) (hereinafter called the Daily Allocation Rules).

Moreover, we hereby declare that we have read and, fully and unconditionally, accept to abide and to be bound by all rules, regulations of the Daily Allocation Rules, which have been published on the Websites of ESO and MEPSO.

We accept to be bound by any further amendment or new version of these Daily Allocation Rules, in force as of the moment of the relevant transactions.

We hereby declare that we have been lawfully and duly incorporated on(date of its incorporation) under the laws of (the State where the Participant has its registered offices), our legal representative is

Daily Allocation Rules

....., we are in good standing and we validly operate under the laws of the (State where the Participant has its registered offices). Furthermore, we hereby guarantee that:

1. we are not wound up,
2. we are without any outstanding debts to ESO and/or MEPSO (for MEPSO only for invoices related to allocated cross border capacities),
3. our affairs are not being administered by the Court,
4. we have not entered into an arrangement with creditors,
5. we have not suspended business activities and we are not in any similar situation arising from a relevant procedure under the laws of (the State where the Participant has its registered offices),
6. we are not the subject of proceedings for a) bankruptcy, or b) an order for compulsory winding up or c) administration by the Court or d) an arrangement with creditors or e) any other similar proceedings under the laws of(the State where the Participant has its registered offices).
7. we are registered market participants in the Bulgarian/Macedonian power market on

We also hereby declare that there is no condition under the laws of Bulgaria/North Macedonia, which prevents us from participating in the Daily Auctions and meeting our obligations in respect thereof.

We expressly authorize you to publish the name of our company in case of allocation/assignment of Capacity Rights and the related quantity and price of Capacity Rights assigned.

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

Date

Name and Position (said document should be signed by the legal representative of the Participant)

Signature

ANNEX 2 - Contact Data

	Initial information	Updated information
Company name		
EIC code		
Postal address		
Zip code		
Place		
Country		
Telephone number		
FAX number		
E-mail address		
Contact person General		
Telephone number		
Mobile phone number		
FAX number		
E-mail address		
Operational contact		
Telephone number		
FAX number		
E-mail address		
Contact person Financial		
Telephone number		
Mobile phone number		
FAX number		
E-mail address		
VAT-number		
Invoice address		
Postal address		
Zip code		
Place		
Country		
Legal representative(s)		

We confirm to ESO that the above information is true.

.....

.....

.....

Legal representative

Signature

Date

ANNEX 3 - Public Bulgarian Holidays

Date:	Description:
01.01.2024	New Year's Day
03.03.2024	Bulgarian National Holiday
01.05.2024	Labour Day
03.05.2024	Good Friday
04.05.2024	Holy Saturday
05.05.2024	Easter
06.05.2024	Easter second day, Day of the Bulgarian Army
24.05.2024	Day of the Bulgarian Education and Culture
06.09.2024	Day of the Alliance
22.09.2024	Day of the Independence of Bulgaria
24.12.2024	Christmas eve
25.12.2024	Christmas
26.12.2024	Christmas second day