The Commercial Code of the Wholesale Electricity Market

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1. Glossary and Definitions

1.1. Acronyms and abbreviations

1.1.1 In this Commercial Code of the Electricity Wholesale Market, hereinafter called Comercial Code, the following acronyms and abbreviations are used:

1.2. Definitions

1.2.1 In this Commercial Code, the following words and expressions have the meanings given in the table:

AAC	Already Allocated Capacity
ATC	Available Transfer Capacity
BM	Balancing Market
BRP	Balance Responsible Party
DAM	Day-Ahead Market
MCP	Market Clearing Price
NTC	Net Transfer Capacity
TRM	Transmission Reliability Margin
TSO	Transmission System Operator
TTC	Total Transmission Capacity
MO	Market Operator
NES	National Energy System
AS	Settlement Administrator
MO	Metering Operator
MO	Metering Operator
BMO	Balancing Market Operator
UCTE	Union for the Co-ordination of Transmission of Electricity

Allocated Capacity	The Import or Export capacity allocated to a Licensed Party, according to section 9
Already Allocated Capacity	The Import or Export capacity previously allocated to a Licensed Party, but not necessarily used by that party
Ancillary Services	Services ensured usually by producers, at the TSO's request, in order to maintain the National Electricity System's operational safety level, as well as the quality of electricity, according to the norms
Appeal	Notification through which an economic agent signals a dispute existing on the wholesale electricity market
Approved Meter Value	Metered value, approved according to section 11
Approved Physical Notification	Physical Notification approved by the Transmission System Operator
Auction Participant	License Holder registered by the Transmission System Operator as participant in the auction for the transfer capacities in accordance with section 9
Auction Period	Period defined by the Transmission System Operator for the allocation, through an auction, of the transfer capacities in accordance with the requirements of section 9
Auto-Producer	Physical or legal person producing, besides the basic activities, electricity, including heat under cogeneration regime, necessary, mainly, for its own consumption
Availability Declaration	Document submitted to the Transmission System Operator according to requirements in Section 6, specifying the availability of the Dispatchable Units of that particular Producer in the next calendaristic week
Available Balancing Energy	The quantity of Balancing Energy that can be made available to the Transmission System Operator by a Dispatchable Unit or a Dispatchable Load during a Dispatch Interval
Available Margin	The quantity of electricity corresponding to the Secondary Regulation that a Dispatchable Unit can make available for the Transmission System Operator, at its command, during a Dispatch Interval
Available Transfer Capacity	The quantity of the NTC still available for commercial transactions, specifically the positive difference between NTC and Already Allocated Capacity
Balance Responsibility	The responsibility of each Licensed Party towards the Transmission System Operator for maintaining the balance between the realized and the contracted own values of its production, consumption and exchanges of electricity, as the case may be

Balance Responsibility Agreement	Standardized convention established by the Transmission System Operator, which provides the mutual rights and responsibilities between the Transmission System Operator and the Balance Responsible Party; it is signed by the Transmission System Operator and the Licensed Party who requires to be registered as Balance Responsible Party
Balance Responsible Party	Licensed Party registered by the Transmission System Operator as Balance Responsible Party according to section 10; a Balance Responsible Party may also assume balancing responsibility for other Licensed Parties
Balancing Settlement Account	Settlement account established by the Settlement Administrator for each participant in the BM, to be used for settling the transactions concluded on the Balancing Market and for Reserves
Balancing Energy	Quantity of electricity corresponding to the Secondary, Fast Tertiary and Slow Tertiary Regulation
Balancing Market	Centralized market organized and administered by the Transmission System Operator together with the Balancing Market Operator in order to collect and use the Balancing Energy Offers submitted by the Balancing Market Participants, in order to ensure the safety and operational stability of the National Electricity System and to solve the Network Constraints
Balancing Market Agreement	Standardized Convention established by the Balancing Market Operator, which provides for the mutual rights and responsibilities between the Balancing Market Operator and each Balancing Market Participant; it is signed by the Balancing Market Operator and by each Participant in the Balancing Market
Balancing Market Operator	Market operator who ensures the registration of the Balancing Market Participants, as well as the collection and the formal control of the Balancing Energy Offers The Balancing Market Operator is CN Transelectrica SA
Balancing Market Participant	Licensed Party registered as Balancing Market Participant by the Balancing Market Operator, in accordance with the requirements of Section 7
Balancing Market System	Information System established and maintained by the Transmission System Operator, also used by the Balancing Market Operator for the administration of the Balancing Market
Block Exchange	Electricity exchange between two Balance Responsible Parties
BM Closing Time	The hour up to which the Offers on the Balancing Market can still be submitted to the Balancing Market Operator, which is 5:00 p.m. on the Trading Day preceding the Delivery Day(s)
BM Identification Code	Alpha-digital code allocated to each Balancing Market Participant by the Balancing Market Operator

Border Trading Zone	All Trading Zones different from the National Trading Zone
BRP Settlement Account	Settlement account established by the Settlement Administrator for each Balance Responsible Party, to be used for settling the Imbalances and for reallocating the additional income resulted from the market splitting, the additional costs or incomes resulted from the system balancing and the supplementary costs or incomes related to the priority productions
BRP Identification Code	Alpha-digital code allocated to each Balance Responsible Party by the Transmission System Operator
BRP Imbalance	The difference between the Net Contractual Position and the Net Metered Position of a Balance Responsible Party
BRP Physical Notification	Physical Notification submitted by a Balance Responsible Party, establishing the operational schedule for the generation, exchanges and consumption of electricity in the NES, as well as for the Imports and Exports of the market participants for which the Balance Responsible Party has the Balance Responsibility
BRP Register	Register prepared and updated by the Transmission System Operator, which contains specific information about the registered Balance Responsible Parties
Business Day	Calendaristic day, excepting Saturdays, Sundays and any day declared as legal holiday in Romania
Central Balancing Account	Treasury account opened by the Settlement Administrator at at any bank located on Romanian territory for the settlement of the Balancing Market Transactions, Imbalances and Notification Imbalances and for the payments afferent to the reallocation of the additional costs or revenues resulted from the system balancing
Central Congestion Account	Treasury account opened by the Settlement Administrator at any bank located on Romanian territory for payments related to the internal congestions management and to the reallocation of the additional income resulted from market splitting
Central DAM Account	Treasury account, opened by the Settlement Administrator at any bank located on Romanian territory, for the settlement of the Day-Ahead Market ttransactions, for the payments owed to the Market Operator and for the payments related to the reallocation of the supplementary costs or incomes corresponding to the Priority Productions
Centralized Market	Location where electricity transactions take place between different economic agents, intermediated by a central counterpart, based on specific rules
Commercial Code	Collection of documents regulating the participation and the commercial relations on the electricity wholesale market

Competent Authority	National Energy Regulation Authority – ANRE
Connection Point	The physical point where a system user is connected to the NES
Consumer	Physical or legal person that purchases or consumes electricity for its own needs and, possibly, for a sub-consumer connected to its installations
Contracted Delivery	The quantity of electricity considered as being delivered by or to a Balance Responsible Party according to the latest Approved Physical Notification of that Balance Responsible Party, including the Block Exchanges, Exports, Imports and Transactions engaged on the Day-Ahead Market or on the Balancing Market
Daily Offer	Offer for Upward and/or Downward Regulation on the Balancing Market submitted by a Participant in the Balancing Market
DAM Agreement	Framework-convention established by the Market Operator, which provides for the mutual rights and responsibilities between the Market Operator and each DAM Participant; it is signed by the Market Operator and each DAM Participant
DAM Closing Time	The hour up to which the DAM Offers can still be submitted to the Market Operator, which is 11:00 a.m. on the Trading Day preceding the Delivery Day(s)
DAM Identification Code	Alpha-digital code allocated to each DAM Participant by the Market Operator
Day-Ahead Market	Centralized market for selling and purchasing electricity during the Delivery Day(s) that come right after the Trading Day
Delivery Day	The calendar day right after the Trading Day
Dispatch Instruction	Command given by the Transmission System Operator, according to the Technical Code of the Transmission Grid (Grid Code), to the Dispatchable Units, the Dispatchable Consumers or the operators of the Distribution Networks, in order to maintain the normed parameters of the NES, including the use of the System Services
Dispatch Interval	Period of one (1) hour, for which each Electricity Producer who owns Dispatchable Units, each Dispatchable Consumer or Balancing Responsible Party, as the case is, must submit Physical Notifications according to the requirement of Section 6
Dispatch Log	Register in which the Transmission System Operator records all the Dispatch Instructions issued according to the Technical Code of the Transmission Grid
Dispatchable Consumers	Consumer with consumption sites registered with Dispatchable Load
Dispatchable Load	Consumption site where the consumed power can be modified upon request by the Transmission System Operator

Dispatchable Unit	Generation Unit registered as Dispatchable Unit according to the Technical Code of the Transmission Grid
Distribution Agreement	Contract concluded between a Distributor and a Licensed Party for the delivery, by the Distributor, of the electricity distribution service
Distribution Code	Collection of technical regulations establishing rules and procedures, mandatory for all the participants on the Electricity Market, for the planning, development, operation, administration and maintenance of the Distribution Networks
Distribution Network	Electric network having the nominal line voltage up to 110 kV inclusively
Distributor	Legal person holding the License granted by the Competent Authority for the operation of a Distribution Network
Downward Regulation	Delivery of Balancing Energy to cover a generation surplus in the NES by reducing the production of a Dispatchable Unit or by increasing the consumption of a pumping accumulation plant registered as Dispatchable Load
Eligible Consumer	The Consumer that may choose its supplier and directly contract the necessary energy with the supplier, having access to the transmission and/or distribution networks
Export	Physical or commercial supply of electricity from the NES to other countries
Fast Tertiary Regulation	Centralized regulation of the active power of several generation units in order to recover the secondary regulation reserve, according to the conditions mentioned in The Technical Code of the Transmission Grid
Fast Tertiary Reserve	Power reserve ensured by generation units that are qualified to realize the synchronizing and loading in maximum 15 minutes
Financial Day	Day when the commercial banks are open for financial operations
Franchise Area	The Network area for which the License granted by the Competent Authority to the Franchise Supplier is valid
Franchise Supplier	Supplier having the right and the responsibility to deliver electricity for the Captive Consumers, according to the License held
Grid Code	Normative document part of the regulatory system specific to the electricity transmission and the dispatch management of NES.
Green Certificate	Document attesting a quantity of 1 MWh electricity generated from renewable energy sources. The Green Certificate can be distincly transactioned from the electricity quantity associated to it, on a bilateral or centralized market
Hydro Unit	A Production Unit using hydro energy, including plants on the rivers, cascade plants with a dam (accumulation) and pumping accumulation/storage plants
Imbalance	The difference between the planned and the realized values for the production, consumption and exchanges related to a Balance Responsible Party, a Production Unit or the NES as a whole, as the case may be

Imbalance Deficit Price	The unitary price that a Balance Responsible Party must pay to the Transmission System Operator for the positive imbalances of that BRP, as determined according to the requirements of section 12
Imbalance Notice Time	Time in minutes, by which an announcement about an Information Imbalance is submitted in advance by the Electricity Producer to the Transmission System Operator
Imbalance Surplus Price	The unitary price that a Balance Responsible Party must receive from the Transmission System Operator for the negative imbalances of that BRP, as determined according to the requirements of section 12
Import	Physical or commercial supply of electricity from other countries to the NES
Information Imbalance	A measure of the difference between the planned and the achieved production for a certain Dispatchable Unit, as well as of the time by which this imbalance has been notified in advance to the Transmission System Operator
Information Imbalance Clearing Account	Clearing account established by the Settlement Administrator for each Electricity Producer who operates one or more Dispatchable Units, to be used for settling the Information Imbalances
Interconnection	Equipment (e.g. line or transformer) through which two regulation areas or two *electric energy systems* are connected
Interval Meter	Metering equipment capable to measure, store and transfer the metered values of the amounts of transported active and reactive energy, delivered in a Metering Point, during each Dispatch Interval
Legal contest	Notification by which an economic agent reports a dispute on the wholesale electricity market
License	The technical and legal document issued by the competent authority, through which upon request of a physical/legal Romanian or foreign person, permission is granted to commercially operate certain energy capacities within the sector of electricity and heat produced in cogeneration or to deliver services necessary to coordinate NES operation and the electricity market, respectively.
License Area	Network area for which the License of the Transmission System Operator or the License of a Distributor is valid, as the case may be
Licensed Party	Legal person holding a license granted by the competent authority
Market Settlement Account	Settlement account established by the Settlement Administrator for each DAM Participant, to be used for settling the Transactions concluded on the Day-Ahead Market
Market Clearing Price	The price at which the Transactions on the Day-Ahead Market are concluded in a certain Trading Zone, during a certain Trading Interval

Market Operator	Legal person which ensures the trading of the amounts of energy on the electricity market and which determines the prices on the Day-Ahead Market, fulfilling the functions provided by this Commercial. The Market Operator is SC Opcom SA
Merit Order	The ordering of the Price-Quantity Pairs from the Daily Validated Offers, established and used by the Transmission System Operator to determine the Price-Quantity Pairs that will be accepted for the supply of the Balancing Energy
Meter Value	The electricity amount metered or considered to be metered during a Dispatch Interval
Metered Deliveries	Electricity deliveries metered in a Connection Point between the NES and a Producer or a Consumer, as the case may be, or in a Connection Point where the Network of a Network Operator is connected with the Network of another Network Operator, as well as the Network Losses
Metering Code	Technical regulation within the specific legislation of the electricity sector establishing the compulsory requirement and the principles for the metering of the electricity exchanged between the installations belonging to legal or physical persons which carry on activities of production, transmission, distribution, supply or utilization
Metering Database	Database established by each Metering Operator, which comprises the Meter Values of all the Metering Points from the corresponding License Area
Metering Operator	Economic agent who installs, maintains, administers and operates an electricity metering system. The economic agents appointed as metering operators are: - Transmission System Operator, to ensure metering on the wholesale market; - Producers, to ensure metering of Non-Dispatchable Groups for deliveries in the dispatchable network - Dispatchable Operator, to ensure metering on the retail market
Metering Point	Point of an electrical network where electricity is metered
Metering Register	Register prepared and updated by each Metering Operator, which includes the technical, administrative and physical data relevant for each Metering Point in the corresponding License Area, according to the Technical Code for Electricity Metering
Monthly Balancing Market Statement	Monthly adjustement statement prepared by the Transmission System Operator for each Balancing Market Participant, synthesizing the contracted and the accomplished Balancing Energy deliveries of the Balancing Market Participants, Dispatchable Units or Dispatchable Loads, as the case may be, on the Balancing Market during each calendaristic month
National Trading Zone	That part of the NES where the electricity Consumers and Producers in Romania are connected

Net Consumption	The energy taken by an electricity Consumer from the NES
Net Contractual Position	Net difference between the Contracted Deliveries supplied by a Balance Responsible Party and the Contracted Deliveries supplied to that BRP during a Dispatch Interval
Net Metered Position	In the case of a Balance Responsible Party which is not a Network Operator, the difference between the aggregated Net Consumption for all Consumers for which that BRP has taken the Balance Responsibility and the aggregated Net Production for all Producers for which that BRP has taken the Balance Responsibility; in the case of a Balance Responsible Party which is a Network Operator, the Net Metered Position includes the Network Losses and the electricity delivered to or received from other Network Operators
Net Production	Electricity delivered by a Production Unit to the NES
Net Transfer Capacity	The positive difference between TTC and TRM
Network	The ensemble of lines, including their support and protection elements, electric substations and other electrical equipment connected together; the Network may be for transmission or for distribution
Network Constraint	Operational situation when the energy transmission between two junctions or *system zones* leads to not observing the parameters regarding the *operational safety of the NES*, being necessary the deviation from the *merit order* of the *dispatchable units*
Network Losses	The integral, function of time, on a determined interval, of the difference between the total active power at the input and at the output of a Network, respectively.
Network Operator	The Transmission System Operator or a Distributor, as the case may be
Non-Dispatchable Unit	Production Unit which is not a Dispatchable Unit
Non-Eligible / Captive Consumer	Consumer which, for technical, economical or regulatory reasons, may not choose its supplier
Non-Working Day	Saturdays, Sundays and any day declared as legal holiday in Romania
Offer	In the case of the Day-Ahead Market, it means a Purchase Offer or a Sale Offer, as the case may be; in the case of the Balancing Market, it means a Daily Offer or a Standing Offer, as the case may be

Physical Notification	A document that establishes the operation schedule for the net production, exchanges and consumption of electricity in the NES, as well as for Exports or Imports, according to the bilateral transactions concluded by the market participants
Price Scale	The interval between zero and the highest price within which the price of a Day-Ahead Market Offer or a Balancing Market Offer must be placed, as the case may be; different Price Scales may be established for the Day-Ahead Market and for different types of Balancing Energy
Price-Quantity Pair	A combination between one price and one quantity, indicating the price at which a party intends to sell or to purchase, as the case may be, an electricity amount that will not exceed the given quantity; this price may also represent a minimum or a maximum price
Primary Regulation	Automatic and rapid regulation (time<30sec.) of the active power of the *generation units* under the action of their own speed regulators, in order to maintain the balance between production and consumption at a frequency close to the set value, ensuring the safety of the *network* based on the principle of production partners' solidarity
Primary Reserve	Power reserve that, when frequency deviates from the set value, can be automatically mobilized in 30 seconds and can remain operational for minimum 15 minutes
Priority Production	The production of any Production Unit owned by a Licensed Party, for which preferential sale rights are granted according to the requirements of section 13
Procurement Period	Period defined by the Transmission System Operator for purchasing Ancillary Services or Network Losses according to section 8 requirements
Producer	Physical or legal person, Licensed Party, with the specific activity of producing electricity, including in cogeneration
Producer Physical Notification	A Physical Notification submitted by a Producer, establishing the operational schedule of its Dispatchable Units and specifying the amount of Ancillary/System Services made available for the Transmission System Operator from the respective Dispatchable Units
Production Unit	A single ensemble of rotative machines aimed at transforming another form of energy into electric energy
Purchase Offer	The Offer submitted by a DAM Participant to purchase electricity from the Day-Ahead Market
Ramp-Rate	The speed of loading or unloading a Dispatchable Unit or a Dispatchable Load, as the case may be, as registered according to The Technical Code of the Transmission Grid as part of the Standing Technical Data
Required Margin	The amount of Balancing Energy that must be available during each Dispatch Interval as determined by the Transmission System Operator according to the requirements of section 7

Required Regulation	The quantity of Balancing Energy that the Transmission System Operator needs to select at a certain moment in time according to the requirements of section 7
Reserve	Guaranteed availability for certain Ancillary Services, including Secondary and Tertiary Regulation that the Transmission System Operator has contracted according to the requirements of section 8
Schedule Submission Time	The hour up to which a Physical Notification can be submitted to the Transmission System Operator, which is 3:00 p.m. on the Trading Day preceding the Delivery Day
Scheduling System	Information system established and maintained by the Transmission System Operator in order to receive, verify and process the Physical Notifications
Secondary Regulation	Centralized automatic regulation of the frequency (exchange power with the frequency correction) in order to bring the frequency/exchange power to the set values in maximum 15 minutes
Secondary Reserve	Power reserve that, when the frequency and/or the exchange power balance deviate from the set values, can be automatically mobilized in maximum 15 minutes
Sale Offer	Offer submitted by a DAM Participant to sell electricity on the Day-Ahead Market
Settlement Administrator	Distinct department organized within S.C. OPCOM S.A. to achieve the settlement functions assigned to it by this Commercial Code.
Settlement Bank	Bank agreed by the AS where the participant in the Wholesale Electricity Market has opened a cash account at and which has accepted to conclude an agreement by which it obliges itself to pay the settlement statements sent by the AS, within the limits of the available balance of the participant's account, without his prior approval.
Settlement Statement	Adjustment statement prepared by the Settlement Administrator where all values of an Account Owner that have to be debited or credited to the settlement account are recorded as per the requirements of Section 12.
Slow Tertiary Regulation	Centralized regulation of the active power of several *generation units* in order to recover the fast tertiary regulation reserve, according to the conditions provided by the Technical Code of the Transmission Grid
Slow Tertiary Reserve	Power reserve ensured by generating groups with a start-up and loading time which is less than 7 hours
Stand-by	All measures to be taken in order to maintain a Dispatchable Unit, after being started or desynchronized, in a status that permits immediate synchronization with the NES at the Transmission System Operator's command

Standing Offer	Offer submitted by a Trading Participant for a Dispatchable Unit or a Dispatchable Load, as the case may be, qualified for Slow Tertiary Regulation according to The Technical Code of the Transmission Grid; each Standing Offer includes a Standing Offer for Start-up and a Standing Offer for Stand-by related to that Dispatchable Unit or Dispatchable Load
Standing Technical Data	Technical parameters registered at the Transmission System Operator, according to The Technical Code of the Transmission Grid, to allow for the scheduling and dispatching of the Dispatchable Units and Dispatchable Loads
Start-up	All measures to be taken in order to prepare a Dispatchable Unit to be synchronized with the NES or in order to reduce the consumption of a Dispatchable Consumer
Start-up Costs	The necessary costs for the Start-up of a Dispatchable Unit or a Dispatchable Load, as the case may be
Start-up Time	The necessary time to initiate and achieve the Start-up of a Dispatchable Unit or a Dispatchable Load, as the case may be
Statement of Account	Adjustment statement transmitted by the Settlement Administrator to each Accounting Owner, for the settlement accounts and the cash accounts
Submission Time	The time when an Offer or a Physical Notification, as the case may be, has entered the corresponding Trading System or the Scheduling System, as registered by the time mark
Supplier	Legal person, holder of a distribution License, which ensures the electricity supply for one or more consumers, based on a supply contract
System Imbalance	Aggregate imbalance at the level of the NES
System Service Register	Register prepared and updated by each Network Operator, containing specific Information about the registered System Users
System Services	Services ensured by the TSO for the network users, in order to maintain the National Electricity System's operational safety level, as well as the quality of electricity, according to the norms
System User	Producer, transmission system operator, distributor, supplier, eligible consumer or captive consumer
Total Transmission Capacity	Maximum exchange program between two zones, which allows for the compatibility with the safety operation standards applicable in each of these zones, supposing the configurations of the network, the production and the consumption would be perfectly known
Trade Confirmation	Document issued by the Market Operator or by the Transmission System Operator, as the case may be, confirming a Transaction
Trading Day	Any Calendar Day
Trading Hours	The interval between 07:00 a.m. and 8:00 p.m. during each Trading Day

Trading Interval	Period of one (1) hour, in which an individual Transaction may be concluded on the Day-Ahead Market
Trading Participant	Licensed Party registered as participant on the Day-Ahead Market by the Market Operator according to the requirements in section 5
Trading Register	Register prepared and updated by the Market Operator, cotaining Information about the registered DAM Participants
Trading System	Information system established and maintained by the Market Operator in order to administrate the Day-Ahead Market
Trading Zone	Part of the NES, for which separate Offers may be submitted on the Day-Ahead Market
Transaction	Legal convention firmly concluded between two parties for the supply of electricity and/or Ancillary Services according to this Commercial Code
Transmission and System Services Agreement	Contract concluded between the Transmission System Operator and a Licensed Party, for the delivery, by the Transmission System Operator, of the electricity transmission service using the Transmission Network and of the system services
Transmission Network	National and strategic interest electrical network having the nominal line voltage greater than 110 kV
Transmission Reliability Margin	Safety reserve which takes into consideration the uncertainties related to the calculated value of the Total Capacity of Transfer
Transmission System Operator	Legal person, holding a license for electricity transmission and system services Transmission System Operator is CN Transelectrica SA
Upward Regulation	Delivery of Balancing Energy to cover a production deficit in the NES by increasing the production of the Dispatchable Units or by reducing the consumption of a Dispatchable Consumer
Validated Offer	Offer validated by the Market Operator or by the Balancing Market Operator, as the case may be
Voltage and Reactive Power Control	Measures to administer the reactive power for voltage adjustment in the system between certain limits in different junctions of the Network, as provided by The Technical Code of the Transmission Grid
Wholesale electricity market	Organized framework in which electricity is purchased by the suppliers from the producers or from other suppliers, in order to be further sold

2. Goal

2.1 The Commercial Code establishes the principles, rules and mechanisms referring to price setting up and the commercial relationships between the participants on the electricity wholesale market.

2.2 Depending on the time period, the electricity transactions on the wholesale market are:

a) bilateral transactions for different time periods, on contractual bases;

b) centralized (intermediated) short-term transactions, on the Day-Ahead Market and on the Balancing Market.

2.3 The electricity transactions on the wholesale market are compulsory observing the principles and rules established by this Commercial Code.

2.4 As regards the ensurance of the ancillary services, the Commercial Code defines the commercial rules for the TSO to purchase Reserves for Primary, Secondary and Tertiary Regulation, the reactive power to adjust the voltage in the transmission network, as well as other ancillary services necessary for the safety and stability of the NES.

2.5 As regards the ensurance of the import/export transactions, the Commercial Code defines the commercial rules for the allocation of the available transfer capacities established by the Transmission System Operator (TSO) according to The Technical Code of the Transmission Grid.

2.6 As regards the promotion of electricity generation from sources/technologies considered to be a priority, the Commercial Code provides specific commercial rules for the market participation of the production units qualified as priority productions.

2.7 As regards the centralized settlement of the electricity wholesale market transactions, the Commercial Code provedes the rules for establishing the payment obligations / cashing rights of the wholesale market participants, as well as for an equitable redistribution of the costs / residual income from the system balancing, congestion management and priority productions to the consumers.

2.8 In order to apply the Commercial Code, the Market Operator, the Balancing Market Operator, the Transmission System Operator and the Settlement Administrator elaborate their own procedures to be submitted for approval to the Competent Authority.

3. The structure of the electricity wholesale market

3.1. Access to the market

3.1.1 On the electricity wholesale market have access for transactions:

a) producers and auto-producers;

b) suppliers;

c) network operators.

3.1.2 Transactions on the electricity wholesale market have as object the sale - purchase of:

a) electricity;

b) ancillary services;

c) system services;

d) transmission services;

e) distribution services.

3.1.3 The participants on the electricity wholesale market are legal persons, Romanian or foreign, licensed parties, registered as:

a) participants in the DAM;

b) participants on the balancing market;

c) auction participants;

d) balance responsible parties.

3.1.4 The wholesale electicity market comprises the following specific markets:

a) the Bilateral Contracts Market;

b) the Day-Ahead Market;

c) the Balancing Market;

d) the Ancillary Services Market.

3.2. Electricity bilateral contracts market

3.2.1. On the Wholesale Electricity Market, the Licensed Parties are free to engage in electricity bilateral transactions, including Export or Import, according to the specific legislation, this Commercial Code and their License conditions.

3.2.2. The bilateral transactions on the electricity wholesale market are certified by electricity sale– purchase contracts for determined periods of time.

3.3. The centralized Day-Ahead Market

3.3.1 On the Day-Ahead Market firm active electricity transactions are concluded every Trading Day for each Trading Interval of the corresponding Delivery Day (Days), based on the offers submitted by the DAM Participants.

3.3.2 The Offers and the Transactions on the Day-Ahead Market are done at aggregate level on the sale/purchase portfolio.

3.3.3 The Day-Ahead Market is administered by the Market Operator.

3.3.4 The electricity transactions concluded on the Day-Ahead Market are done through the Market Operator.

3.4. The compulsory centralized Balancing Market

3.4.1 On the Balancing Market, the Transmission System Operator purchases and/or sells active electricity from/to the market participants which are holding dispatchable units/loads, in order to balance the deviations from the programmed values of the electricity production and consumption.

3.4.2 The dispatchable producers are obliged to offer on this market the entire available quantity of electricity in addition to the notified quantity of electricity for the Upward Regulation, and the entire notified quantity of electricity for the Downward Regulation.

3.4.3 The Offers and the Transactions on the Balancing Market are done at the level of a dispatchable unit/load.

3.4.4 The Balancing Market is administered by the Balancing Market Operator.

3.5. The centralized ancillary services market

3.5.1 The ensurance of a sufficient amount of Ancillary Services available for the Transmission System Operator and for the Distributor Operators is usually done through non-discriminatory market mechanisms – auctions for determined periods of time and/or bilateral contracts.

3.5.2 The ensurance of the primary regulation and preserving the availability of the primary reserve are mandatory for all electricity porducers in accordance with the provisions of the Grid Code.

3.5.3 The Producers who have contracted ancillary services (secondary and tertiary reserves) are obliged to offer on the Balancing Market at least the quantities of electricity corresponding to the volumes of the contracted ancillary services.

3.6. The centralized Transfer Capacity allocation Market

3.6.1 Allocation of the interconnection capacity for import is done by implicit auctions, distinctively for:

a) imports realized through contracts, for periods of up to one year;

b) transactions on the DAM.

3.6.2 Allocation of available interconnection capacity through auctions from paragraph 3.6.1a) is done in the increasing order of the importer's electricity purchasing price.

3.6.3 Allocation of interconnection capacity for export on long term contracs is done by the neighbour countries' authorities, and the amounts remained not allocated on contracts are allocated through implicit auctions on the DAM.

3.6.4 Allocation of transfer capacity for the energy transit is done:

a) before allocation for the imports acchieved through contracts, provided reciprocity conventions between both states involved in the transaction;

b) after allocation for the imports accheived through contracts, for all the other cases.

3.6.5. The capacity reserved through bidding but not yet used will be allocated in the next biddings.

3.7. Risk management

3.7.1. Recognizing the risk and evaluating the companies' risk exposure

3.7.1.1. On the energy market there are risks related to the variation of the technological, commercial, financial, human, natural etc. parameters. The exposure to risk is evaluated by each market participant.

3.7.2. Controlling and decreasing the consequences of risk exposure

3.7.2.1. Companies acting on the energy market will appoint risk management departments having as minimum attributions:
(i) to determine the risk exposure;

(ii) to identify the current costs associated to risk consequences and the measures to decrease them;
(iii) to elaborate emergency plans and procedures for the situations when operation is interrupted, natural catastrophies and terrorism, keeping in touch with the competent state bodies.

3.7.2.2. The Competent Authority, based on the risk exposure of each company, will allow for a risk quota in the regulated tariffs / prices, for the regulated economic agents and for the regulated market area, which it will modify periodically depending on the efficiency of the measures to reduce the risk impact that each company will implement.

3.7.2.3. The Competent Authority may impose offer price limits on the DAM, BM and System Services centralized markets, as well as limits of the Balancing Price.

3.8 The settlement

3.8.1 The transactions settlement and the establishment of the payment obligations and the cashing rights resulting from the participation in the centralized markets, according to the provisions of this Commercial Code, are done by the Settlement Administrator.

3.8.2 In order to settle the DAM Transactions, the Settlement Administrator will use a scheme of multilateral compensation through novation and substitution.

3.8.3 Optionally, the Settlement Administrator may offer settlement services for the bilateral contracts market too, following the scheme of multilateral compensation of positions.

3.9. Priority Production

3.9.1. In order to promote some energy sources or technologies, distinctive mechanisms are aset up, in accordance with the requirements of this Commercial Code.

3.9.2. For the cogeneration units, ancillary services are contracted under a regulated regime – power reserve capacities – by C.N. Transelectrica S.A..

3.9.3. For the electricity porduced from renewable sources the system of mandatory quotas combined with a competitional market of green certificates is used.

4. The rules of the bilateral contracts market

4.1. Electricity sale - purchase contracts

4.1.1. General provisions

4.1.1.1. The electricity sale - purchase contracts may be regulated, with the minimum content established by the Competent Authority, or non-regulated, with the content established by the parties through direct negotiation, observing the provisions of this Commercial Code.

4.1.1.2. The contracting parties, the quantities of electricity and the prices from the negotiated contracts represent confidential information. As far as the provisions of this Commercial Code require that such information has to be declared to the Market Operator, the Transmission System Operator and the Settlement Administrator, they will not disclose this information to other market participants without the consent of the parties involved.

4.1.1.3. The regulated electricity sale - purchase framework contracts are attached to this Commercial Code.

4.1.2. The regulated electricity sale - purchase contracts

4.1.2.1. Portfolio contracts are regulated contracts concluded between the producers and the captive consumers' suppliers, in order to protect the contracting parties against the risk of the Market Clearing Price variation.

4.1.2.2. The parties that will conclude contracts based on the portfolio framework-contract are:

a) as sellers: the producers appointed by order/decision of the Competent Authority;

b) as purchasers: each captive consumers' supplier.

4.1.2.3. The portfolio contracts will be concluded for a period of 3 years, starting with 2005.

4.1.2.4. The quantities of electricity and the prices from the portfolio contracts are firm, profiled on hourly intervals, depending on the hourly variation of the forecasted captive consumption.

4.1.2.5. The quantities of electricity from the portfolio contracts will decrease in connection with the opening degree of the competitive electricity market.

4.1.2.6. The quantities of electricity and the hourly prices from the portfolio contracts are determined on competitive basis, by simulating the optimal operation of the electricity production units in order to minimize the costs at the NES's level.

4.1.2.7. When simulating the optimal operation of the electricity production units, necessary to establish the quantities of electricity and the hourly prices from the portfolio contracts, the production units are loaded in the increasing order of the marginal production costs.

4.1.2.8. The standing costs will be gradually adjusted from their actual value to an optimal value set up by the Competent Authority.

4.1.2.9. C.N.Transelectrica S.A. determines the quantities and prices of electricity in the portfolio contracts according to the provisions of the *Procedure to set up the quantities and prices in the electricity regulated contracts and the prices for heat produced under cogeneration regime*, approved by the Competent Authority.

4.1.2.10. The regulated contracts are concluded based on the following framework contracts:

a) portfolio framework sale-purchase electricity contract;

b) long term electricity sale-purchase framework contract concluded between S.N. Nuclearelectrica S.A. suppliers of captive consumers;

c) framework contract for electricity purchase from independent self producers/producers.

4.1.2.11. The production units which participate in generating the quantities of electricity that are the object of the portfolio contracts, as well as the respective quantities, are notified to TSO according to the provisions of section 6 and the provisions of The Technical Code of the Transmission Grid.

4.1.3.Contracts with option

4.1.3.1. The contracts with option are regulated financial-type contracts concluded on the basis of the framework contract with option approved by the Competent Authority, between S.C. Hidroelectrica S.A. and the electricity producers mentioned at paragraph 4.1.2.2. a), in order to decrease the risks that would result from not producing the quantities of electricity firmly contracted through the portfolio contracts.

4.1.3.2. The quantities of electricity and the hourly prices from the contracts with option are determined on competitive bases, by simulating the optimal operation of the electricity production units in order to minimize the costs at the NES's level.

4.1.3.3. C.N. Transelectrica S.A. determines the prices and quantities of electricity mentioned in the precedent paragraph by applying the *Procedure to set up prices and quantities in option contracts* under the conditions of a diminished electricity production from hydro sources as compared to the situation considered in paragraph 4.1.2.5.

4.1.3.4. The contracts with option will be concluded for a period of 3 years, starting with 2005.

4.1.3.5. The option contracts are effective upon request of S.C. Hidroelectrica S.A. provided the set up contractual criterium is met.

4.2. Regulated contracts for the internal congestions management

4.2.1. In order to reduce the costs implied by the internal congestions management when using the Balancing Market, TSO may sign ancillary services contracts with the producers it collaborates to solve the Network Constraints, based on the Framework-contract for the congestions management.

4.3. The payment for the transmission service and the system services

4.3.1 C.N. Transelectrica S.A. concludes transmission and ancillary system services contracts based on the framework-contract elaborated by the Competent Authority, with the following beneficiaries:

a) producers and suppliers/consumers, for the transmission service – the grid input component (including the electricity introduced in the transmission grid from the distribution network), including the case of electricity import;

b) producers and suppliers/consumers, for the transmission service – the grid output component, including the case of electricity export;

c) suppliers/consumers, for the system services.

4.3.2 When the same quantity of electricity is traded on the wholesale market among more suppliers, the contracting of the transmission service – the extractive component and/or the system services is done only by the supplier that has a selling contract for the respective quantity of electricity with the consumer.

4.4. Payment for the distribution service

4.4.1 The Distribution Operators conclude distribution contracts, based on the framework-contract elaborated by the Competent Authority, with the electricity suppliers/consumers in their license area.

4.4.2 When the same quantity of electricity is traded on the wholesale market among more suppliers, the contracting of the distribution service is done only by the supplier that has a sale contract for the respective quantity of electricity with the consumer.

4.4.3 Until the distribution and supply activities are legally separated, for the quantities of electricity supplied to the captive consumers the distribution service is not distinctly contracted.

4.5. Import and export of electricity

4.5.1. The Licensed Parties may contract quantities of electricity to export or from import, by concluding bilateral contracts with a foreign partner.

4.5.2. To operate the import / export contracts, the contracting parties must ensure the necessary transfer capacity, according to the provisions of chapter 9.

5. The rules of the centralized Day-Ahead Market

5.1. General provisions related to the Day-Ahead Market

5.1.1 The rules of the Day-Ahead Market create a centralized framework for the sale and purchase of electricity by the Romanian wholesale market participants, necessary to:

a) facilitate the setting up of a wholesale market in conditions of competition, transparency and non-discrimination;

b) reduce electricity trading prices;

c) establish the reference prices for other transactions on the wholesale market;

d) optimize the utilization of the limited transfer capacities with the neighbouring countries by integrating the use of the respective capacities within the centralized DAM.

5.1.2. Participation on the DAM is permitted for the Licensed Parties registered as DAM Participants.

5.1.3. The transactions on the DAM are closed on each Trading Day.

5.1.4. The DAM comprises independent markets for each Trading Interval of the Delivery Day. Each transaction corresponds to an electricity supply at constant power along the respective Trading Interval.

5.1.5. The transactions concluded on the DAM determine an obligation of the respective DAM Participant to supply electricity, if the transactions were based on Sale Offers, or an obligation to accept the supply of electricity, if the transactions were based on Purchase Offers, according to the specifications of that Transaction.

5.1.6. Each transaction corresponds to a Delivery Day, a Trading Interval and a Trading Zone.

5.1.7. The Market Operator is a counterpart for each DAM Participant, for all the transactions concluded on the DAM.

5.1.8. The transactions are completed by the physical delivery, on the Delivery Day, of electricity in the NES, including the delivery at the border of the neighbouring countries.

5.1.9. The delivery of electricity is considered accomplished by each party which submits Physical Notifications according to the provisions of section 6, for all the transactions concluded on the DAM.

5.1.10. Each Delivery Day will have twenty-four (24) consecutive Trading Intervals of one (1) hour each, with the first Trading Interval starting at 00:00 a.m. on the Delivery Day. Exception are the daylight saving time days from summer time to winter time and from winter time to summer time when the Delivery Day has 25 and 23 Trading Intervals, respectively,.

5.2. Participation on the DAM

5.2.1. The Participants on the DAM

5.2.1.1. Only the DAM Participants have the right to trade on the DAM and to submit Offers to the MO.

5.2.1.2. To become a DAM Participant, a Licensed Party must be registered by the MO according to the provisions of section 5.2.2.

5.2.1.3. The Licensed Parties which may become DAM Participants are:

a) electricity producers;

b) suppliers

c) network operators, under the conditions specified in par. 5.2.1.4.

5.2.1.4. The Network Operators may become DAM Participants and participate on the DAM only in order to fulfill the functions mentioned explicitly in this Commercial Code. No Network Operator has the right to trade on the DAM in

order to gain profit. Except for the sale of electricity by the TSO for compensating the Non-scheduled Exchanges with other TSOs, according to the provisions of section 8.7, no Network Operator has the right to sell electricity on the DAM.

5.2.1.5. The DAM access tariff will be paid by the licensed parties wishing to be registered as DAM Participants, as suggested by the MO and approved by the Competent Authority.

5.2.1.6. Any Licensed Party wishing to become a DAM Participant must deposit to the MO a financial collateral, determined according to the provisions of section 14.3, and pay the DAM access tariff.

5.2.2. Registration of Participants

5.2.2.1. A Licensed Party wishing to become a DAM Participant may request this in writing to the MO, according to the provisions of *The procedure for the registration of the DAM Participants*. The procedure will be elaborated by the MO and approved by the Competent Authority. The MO will make available this procedure for all the interested parties.

5.2.2.2. MO establishes the framework-content of the DAM Agreement, which must include the mutual rights and responsibilities of the MO and of each DAM Participant. After the Competent Authority's approval, the framework-content of the DAM Agreement becomes a component part of the Commercial Code and will be made available by the MO to all interested parties.

5.2.2.3. After the DAM Agreement has been signed by the authorized representative of the requesting party, the registration as new DAM Participant becomes effective as of the date of its enforcement.

5.2.3. Withdrawal, suspension and revoking

5.2.3.1. A DAM Participant may withdraw from the DAM by own initiative, based on a written notification signed by an authorized representative of the DAM Participant. The notification must be submitted at least one (1) month before the date when the registration of the DAM Participant must be canceled. After the receipt of such notification, the MO must immediately inform the Settlement Administrator, TSO, as well as the other DAM Participants.

5.2.3.2. The MO may suspend or revoke the registration of a DAM Participant in any of the following cases:

a) if the DAM Participant doesn't satisfy any longer one or more conditions necessary for the registration as DAM Participant;

b) if the DAM Participant doesn't satisfy any longer the requirements related to the financial collateral, according to the provisions of section 14.3, or does not make the payments, according to the provisions of section 14.5;

c) if the DAM Participant does not observe the DAM Agreement;

d) if the DAM Participant is repeatedly found guilty of not observing the rules applicable for the DAM or for the settlement.

5.2.3.3. If any of the conditions stipulated at paragraph 5.2.3.2 is satisfied, the MO may suspend the DAM Participant for a period that does not exceed six (6) months, by submitting a notification to that DAM Participant, to TSO and to the other DAM Participants, with the indication of the reasons for the suspension and of the date when it became effective.

5.2.3.4. If a DAM Participant cannot prove that it has removed the causes which generated its suspension during the time period specified by the MO, according to the provisions of paragraph 5.2.3.3., the MO may revoke the registration as DAM Participant of the respective Licensed Party, by submitting an adequate notification at least two (2) weeks before the moment of effectiveness.

5.2.3.5. The registration of a DAM Participant must be revoked automatically and immediately, when the respective DAM Participant's License is withdrawn by the Competent Authority.

5.2.3.6. If a DAM Participant gives up its participation on the DAM according to the provisions of paragraph 5.2.3.1., or if the registration of a DAM Participant is suspended or revoked by the MO according to the provisions of paragraphs 5.2.3.3, 5.2.3.4 or 5.2.3.5:

a) the respective DAM Participant has no longer the right to submit new Offers on the DAM and all its Validated Offers are automatically considered cancelled;

b) the DAM Participant must make all the remaining payments according to the provisions of section 14;

c) after the respective DAM Participant has made all the remaining payments, the MO will cancel its registration in the Trading Register, informing the respective DAM Participant, the Settlement Administartor, TSO and all the other DAM Participants about the cancellation.

5.2.4. The Trading Register

5.2.4.1. MO sets up and keeps a Trading Register.

5.2.4.2. The DAM Participants accepted by the MO according to the provisions of section 5.2.2. will be registered in the Trading Register. The Trading Register must include, for each DAM Participant, at least the following information:

a) the full name, official headquarters and contact details of the Licensed Party registered as DAM Participant;

b) the date and number of the corresponding DAM Agreement;

c) the DAM Identification Code of that DAM Participant;

d) the names and contact details of all the persons authorized to act on behalf of the Licensed Party;

e) the name, BRP Identification Code and contact details of the BRP having the Balance Responsibility for the respective DAM Participant.

5.2.4.3. Each DAM Participant has the right to consult the information from the Trading Register concerning that participant and to request the correction of any possible mistake.

5.2.4.4. The information from the Trading Register must be made available for the Settlement Administrator by the MO.

5.3. Submitting the Offers on the DAM

5.3.1. Types of Offers

5.3.1.1. The DAM Participants may submit electricity Purchase Offers and Sale Offers on the DAM.

5.3.1.2. Each Offer may contain up to twenty-five (25) price-quantity pairs.

5.3.1.3. Each price-quantity pair of a Purchase Offer defines the maximum unitary price at which the DAM Participant is willing to purchase a quantity of electricity that does not exceed the quantity mentioned in the price-quantity pair.

5.3.1.4. Each price-quantity pair of a Sale Offer defines the minimum unitary price at which the DAM Participant is willing to sell a quantity of electricity that does not exceed the quantity mentioned in the price-quantity pair.

5.3.1.5. For each Trading Zone, a DAM Participant may submit only one Purchase Offer and one Sale Offer for each Trading Interval.

5.3.1.6. The Purchase Offers and Sale Offers cannot be combined into one Offer.

5.3.1.7. All the Offers submitted by the DAM Participants represent firm engagements of the respective DAM Participants.

5.3.2. Submitting, modifying and canceling the Offers

5.3.2.1. A DAM Participant may submit Offers for the Delivery Day to the MO before the DAM Closing Time, specifically up to 11:00 a.m. on the Trading Day that

precedes the Delivery Day. The submittal of the Offers is possible with maximum one (1) week before the corresponding Delivery Day and only during the Trading Hours.

5.3.2.2. The Offers will be submitted electronically through the communication channels established by the MO.

5.3.2.3. An Offer is considered officially submitted when entering the Trading System. The submittal hour is expressed by the time mark.

5.3.2.4. As soon as a new Offer enters the Trading System, the MO will confirm its receipt to the DAM Participant. This confirmation must include the unique registration number, the type of the Offer and the hour when the Offer has entered the Trading System.

5.3.2.5. Before the DAM Closing Time, the Offers can be modified or cancelled at any moment by the DAM Participant that has submitted them. All the modifications will be timely marked and registered in the Trading System. Each modification will establish a new Offer, automatically cancelling the Offer previously validated for the same Trading Interval.

5.3.2.6. A Validated Offer remains valid up to the moment when another Offer from the same DAM Participant, for the same Delivery Day, Trading Interval and Trading Zone is validated.

5.3.2.7. If a DAM Participant does not receive from the MO the confirmation for the receipt of a new Offer within an interval of fifteen (15) minutes from the submittal of the respective Offer, the DAM Participant will contact the MO immediately.

5.3.3. The content and the format of the Offers

5.3.3.1. The format and the framework-content of the Offers, as well as the Price Scale for the DAM, will be established by the MO and approved by the Competent Authority. This information will be made available by the MO to all interested parties.

5.3.3.2. The Price Scale for the DAM has a minimum and a maximum price as limits for which an Offer can be submitted, in accordance with the provisions of par. 5.3.3.1. This maximum price must always be considerably higher than the highest price expected on the market.

5.3.3.3. The Offers must include at least the following information:

a) the DAM Identification Code of the DAM Participant;

b) the Delivery Day;

c) the Trading Interval for which the Offer is valid;

d) the Trading Zone for which the Offer is valid;

e) the type of the Offer, specifically: Purchase Offer or Sale Offer;

f) at least one, but no more than twenty-five (25) consecutive price-quantity pairs.

5.3.3.4. The prices from the Offers will be presented in the official currency in Romania and must be within the limits of the Price Scale for the DAM established by the MO. In the case of the Purchase Offers, the prices mentioned in the consecutive price-quantity pairs will be constantly decreasing. In the case of the Sale Offers, the prices mentioned in the consecutive price-quantity pairs will be constantly increasing.

5.3.4. The validation of the Offers

5.3.4.1. The MO will elaborate the Offer validation procedure, according to the provisions of this section. After the Competent Authority's approval, this procedure will be made available by the MO to all the interested parties.

5.3.4.2. As soon as a new Offer enters the Trading System, the MO will start the process of verifying it based on the procedure in paragraph 5.3.4.1.

5.3.4.3. The maximum value of a Purchase Offer, calculated as the sum of the quantities multiplied by the prices provided in all the price-quantity pairs from the Offer, must not exceed the requirements related to the collaterals established for the respective DAM Participant according to the provisions of section 14.3.

5.3.4.4. Each DAM Participant may request the invalidation of the Offers containing a total quantity which is larger than a certain value specified by the respective DAM Participant. The DAM Participants may specify different volume limits for the Purchase Offers and the Sale Offers. In the absence of such requests from the DAM Participants, the MO will establish a usual volume limit of 99999 MWh/h.

5.3.4.5. The total quantity of an Offer, calculated as the sum of the quantities provided in all the price-quantity pairs from the Offer, must not exceed the volume limit established according to the provisions of paragraph 5.3.4.4.

5.3.4.6. The MO will inform the DAM Participant about the acceptance or the motivated rejection of an Offer in maximum fifteen (15) minutes from the official submittal of the respective Offer.

5.3.4.7. If a DAM Participant does not receive from the MO a notification about the acceptance or the rejection of its Offer within an interval of thirty (30) minutes from the official submittal of the Offer, the respective DAM Participant must contact the MO immediately.

5.4. Establishing the quantities of electricity traded on the DAM and the Market Clearing Price

5.4.1. Calculation rules

5.4.1.1. On each Trading Day, the MO collects Offers during the Trading Hours up to the DAM Closing Time. Right after all the Offers submitted before the DAM Closing Time have been validated according to the provisions of section 5.3.4, the MO starts the calculation of the market clearing prices and of the traded quantities of electricity, for the corresponding Delivery Day (Days), as the case may be. The calculation of the prices and quantities according to section 5.4.1 is done separately for each Trading Interval and Delivery Day, considering only the corresponding validated Offers.

5.4.1.2. MO determines the initial Market Clearing Price, for the entire DAM, as follows:

a) based on the received offers, the MO establishes the offer and demand curves for the entire DAM, according to the provisions of section 5.4.2;

b) when the total quantity from the offer curve or the demand curve is equal to zero, the MO takes immediately the measures mentioned in section 5.4.7, while

c) for all the other cases, the MO determines the initial Market Clearing Price for the entire DAM according to the provisions of section 5.4.3.; this price is applicable for all Trading Zones.

5.4.1.3. After determining the initial Market Clearing Price, the MO determines the contracted exchanges for all the Border Trading Zones, as follows:

a) based on the validated Sale Offers and Purchase Offers from each Border Trading Zone and on the initial MCP, the MO establishes the volumes of the demand and the offer, separately for each Border Trading Zone, according to the provisions of section 5.4.4;

b) the contracted exchange for a Border Trading Zone is defined as the difference between the volumes of the offer and the demand resulted for the respective Border Trading Zone.

5.4.1.4. After determining the contracted exchanges, the MO will take the measures specified in section 5.4.5., if at least one of the following conditions is satisfied:

a) the contracted exchange for a Border Trading Zone is positive and its value is greater than the value of the ATC corresponding to the imports in that zone;

b) the contracted exchange for a Border Trading Zone is negative and its absolute value is greater than the value of the ATC corresponding to the exports in that zone.

5.4.1.5. When it is not necessary to apply the measures specified in section 5.4.5., the initial MCP established according to the provisions of section 5.4.3 becomes the final MCP for the National Trading Zone and for all the Border Trading Zones.

5.4.1.6. If the final MCP for the National Trading Zone is not defined, the MO will take immediately the measures specified in section 5.4.7.

5.4.1.7. After determining the final MCP for the National Trading Zone, the MO will accept for trading quantities from the Offers, according to the provisions of section 5.4.6.

5.4.1.8. The price-quantity pairs finally accepted for trading by the MO establish a firm Transaction between the MO, on the one hand, and the DAM Participant, on the other hand, for the delivery of electricity in the quantity finally accepted by the MO, at the place (Trading Zone) and time (Delivery Day, Trading Interval) specified in the Offer and at a price equal to the MCP established for the respective place and time. The different Transactions of the same DAM Participant for the same place (Trading Zone) and time (Delivery Day, Trading Interval) will be aggregated into a single Transaction.

5.4.2. Determining the Offer and Demand Curves

5.4.2.1. MO will determine the offer curve by combining into one Offer all the price-quantity pairs from the Sale Offers, sorted out in the increasing order of prices, starting with the price-quantity pair having the lowest price up to the one having the highest price. If the highest price requested in the Offer is lower than the maximum price of the Price Scale for the DAM, then the offer curve will be extended by adding a fictitious pair with the quantity equal to zero and the price equal to the maximum price of the scale.

5.4.2.2. When the aggregate quantity from all the Validated Sale Offers is equal to zero, the offer curve will contain a single price-quantity pair with the quantity equal to zero and the price equal to the maximum price of the Price Scale.

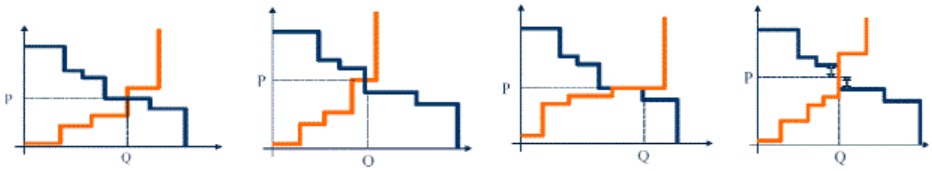
5.4.2.3. MO will determine the demand curve by combining into one Offer all the price-quantity pairs from the Purchase Offers, sorted out in the decreasing order of prices, starting with the price-quantity pair having the highest price up to the one having the lowest price. If the lowest price in the Offers is greater than zero, then the demand curve will be extended by adding a fictitious pair with the quantity and the price equal to zero.

5.4.2.4. When the aggregate quantity from all the Validated Purchase Offers is equal to zero, the demand curve will contain a single price-quantity pair with the quantity and the price equal to zero.

5.4.2.5. When determining the demand and offer curves, only the Validated Offers for the respective Trading Zones will be taken into consideration.

5.4.3. Determining the Market Clearing Price

5.4.3.1. To establish the MCP, the MO will determine the intersection point (points) between the demand curve and the offer curve for the respective Trading Zone (Zones) (figure 1).



a b c d

Figure 1: Determining the MCP

5.4.3.2. The intersection point (points) between the demand curve and the offer curve represents the balance point between the aggregate Sale Offers and the aggregate Purchase Offers.

5.4.3.3. If there is only one intersection point (Figure 1, a), b)) or if all intersection points have the same price (Figure 1, c)), the price corresponding to the intersection point becomes MCP.

5.4.3.4. If there are more intersection points and the different intersection points have different prices (Figure 1, d)), MCP will be determined as follows:

$$MCP = \frac{p_{max} + p_{min}}{2},$$

where:

- p_{max} is the highest price corresponding to the intersection points between the demand curve and the offer curve;

- p_{min} is the lowest price corresponding to the intersection points between the demand curve and the offer curve.

5.4.3.5. When the demand curve or the offer curve have aggregate quantities equal to zero, then MCP is not defined.

5.4.4. Determining the Offer and Demand Volumes

5.4.4.1. When MCP for the respective Trading Zone/Zones is not defined, the offer and demand volumes will be equal to zero.

5.4.4.2. For all the other cases,

a) the offer volume (SP) is determined as follows:

$$SP = \sum q_{s,c} ,$$

where $q_{s,c}$ are the quantities corresponding to the price-quantity pairs from the Sale Offers containing a price lower or equal to MCP; and

b) the demand volume (VP) is determined as follows:

$$VP = \sum q_{b,c} ,$$

where $q_{b,c}$ are the quantities corresponding to the price-quantity pairs from the Purchase Offers containing a price higher or equal to MCP.

5.4.5. Considering the export and import capacity restrictions (market splitting)

5.4.5.1. Each Border Trading Zone, for which one of the conditions in paragraph 5.4.1.4 is satisfied, will be considered a congestion zone. All the other Trading Zones, including the National Trading Zone, will be considered as a single non-congestion zone.

5.4.5.2. According to the provisions of section 5.4.2., the MO will determine the demand and offer curves separately for the non-congestion zone and for each of the congestion zones.

5.4.5.3. According to the provisions of section 5.4.3., the MO will determine the MCP separately for the non-congestion zone and for each of the congestion zones.

5.4.5.4. The congestion zone for which exists the highest absolute value of the difference between its MCP and the MCP corresponding to the non-congestion zone becomes the selected zone.

5.4.5.5. If the contracted exchange between the National Trading Zone and the selected zone is positive and greater than the value of ATC corresponding to the imports for the selected zone, the MO must:

a) add a fictitious Purchase Offer in the selected zone, with a quantity equal to the respective value of ATC and a price equal to the maximum price of the Price Scale for the DAM; and

b) add a fictitious Sale Offer in the National Trading Zone, with a quantity equal to the respective value of ATC and a price equal to zero.

5.4.5.6. If the contracted exchange between the National Trading Zone and the selected zone is negative and its absolute value is greater than the value of ATC corresponding to the exports for the selected zone, the MO must:

a) add a fictitious Sale Offer in the selected zone, with a quantity equal to the respective value of ATC and a price equal to zero; and

b) add a fictitious Purchase Offer in the National Trading Zone, with a quantity equal to the respective value of ATC and a price equal to the maximum price of the Price Scale for the DAM.

5.4.5.7. After adding the fictitious Offers according to the provisions of paragraphs 5.4.5.5 or 5.4.5.6:

a) the MO will establish the new demand and offer curves for the selected zone according to the provisions of section 5.4.2;

b) based on the new established curves, the MO determines the new MCP for the selected zone according to the provisions of section 5.4.3.; and

c) the new MCP determined for the selected zone will become final MCP for the respective Border Trading Zone, and the selected zone will be erased from the list of congestion zones.

5.4.5.8. After establishing the new MCP for the selected zone, the MO will do the following:

a) will add all the remaining congestion zones to the non-congestion zone;

b) for this non-congestion zone, will determine the new demand and offer curves according to the provisions of section 5.4.2;

c) based on the new demand and offer curves, will determine the new MCP for the non-congestion zone according to the provisions of section 5.4.3;

d) will determine the demand and offer volumes for each Border Trading Zone from the non-congestion zone, according to the provisions of section 5.4.4., based on the new MCP established for the non-congestion zone, as well as on the Sale and Purchase Offers related to the respective Border Trading Zone; and

e) will determine the contracted exchange for each Border Trading Zone as a difference between the demand and offer volumes established for the respective Border Trading Zone.

5.4.5.9. A Border Trading Zone will be exited from the non-congestion zone, becoming a congestion zone, if:

a) the contracted exchange of the zone, established according to the provisions of paragraph 5.4.5.8., is positive and greater than the value of ATC corresponding to the imports for the respective Border Trading Zone; or

b) the contracted exchange of the zone, established according to the provisions of paragraph 5.4.5.8., is negative and its absolute value is greater than the value of ATC corresponding to the exports for the respective Border Trading Zone.

5.4.5.10 The process described in paragraphs 5.4.5.2. – 5.4.5.9. will be repeated until there are no more congestion zones.

5.4.6. Accepting the quantities from the Offers for trading

5.4.6.1. The National Trading Zone and all the Border Trading Zones having the same final MCP will be reunited in a single price zone. All the other Border Trading Zones will be considered separate price zones.

5.4.6.2. For all the price zones for which the final MCP is not defined, quantities from the Offers will not be accepted for trading. For all the other price zones, the following steps will be taken, separately for each price zone:

a) MO will temporarily accept for all the Purchase Offers from the respective price zone, all the price-quantity pairs with a price higher or equal to the final MCP established for that price zone;

b) MO will temporarily accept for all the Sale Offers from the respective price zone, all the price-quantity pairs with a price lower or equal to the final MCP established for that price zone;

c) based on all the Offers and the final MCP established for that price zone, MO will determine, according to the provisions of section 5.4.4, the offer and demand volumes for the respective price zone;

d) if the price zone includes the National Trading Zone, the MO will act as specified in section 5.4.7, only when the following conditions are satisfied:

(i) the final MCP for that price zone is equal to the maximum price of the Price Scale for the DAM; and

(ii) the demand volume is greater than the offer volume for that price zone;

e) if the offer volume is equal to the demand volume, all the price-quantity pairs temporarily accepted will be definitively accepted;

f) if the offer volume is greater than the demand volume:

(i) all the price-quantity pairs from the Purchase Offers temporarily accepted will be definitively accepted;

(ii) all the price-quantity pairs from the Sale Offers temporarily accepted, containing a price lower than the final MCP for that price zone, will be definitively accepted; and

(iii) all the price-quantity pairs from the Sale Offers temporarily accepted, containing a price equal to the final MCP for that price zone, will be definitively accepted only with a decreased quantity determined from the condition:

$$q_r = q_O \times \frac{V_D - \sum q_{d,f}}{V_S - \sum q_{d,f}}$$

where:

- q_r - the decreased quantity definitively accepted;

- q_O - the initial quantity from the price-quantity pair contained by the Offer;

- V_D - demand volume;

- V_S - offer volume;

- $q_{d,f}$ - the quantities corresponding to all price-quantity pairs from the Sale Offers containing a price lower than the final MCP for that price zone;

g) if the demand volume is greater than the offer volume:

(i) all the price-quantity pairs from the Sale Offers temporarily accepted will be definitively accepted;

(ii) all the price-quantity pairs from the Purchase Offers temporarily accepted, containing a price higher than the final MCP for that price zone, will be definitively accepted; and

(iii) all the price-quantity pairs from the Purchase Offers temporarily accepted, containing a price equal to the final MCP for that price zone, will be definitively accepted only with a decreased quantity which must respect the condition:

$$q_r = q_O \times \frac{V_S - \sum q_{s,f}}{V_D - \sum q_{s,f}}$$

where:

- q_r - the decreased quantity definitively accepted;

- q_O - the initial quantity from the price-quantity pair contained by the Offer;

- V_S - offer volume;

- V_D - demand volume;

- $q_{d,f}$ - the quantities corresponding to all price-quantity pairs from the Purchase Offers containing a price higher than the final MCP for that price zone.

5.4.7. Measures for the cases when the offer is not sufficient or there is a lack of demand

5.4.7.1. When the demand curve or the market offer curve contain a total quantity equal to zero, the MO must inform immediately all the DAM Participants that it has not received Purchase Offers and Sale Offers, respectively.

5.4.7.2. When the total quantity of the offer curve is lower than the minimum demand, which respresents the quantity requested at the maximum price of the Price Scale for the DAM, the MO will take immediately the measures specified in section 5.4.7. Also, the MO will inform all the DAM Participants about this situation and will present reasons for it without breaking the confidentiality of the individual Offers.

5.4.7.3. For the situations mentioned by paragraphs 5.4.7.1 and 5.4.7.2., the MO will announce without delay the extension of the DAM Closing Time and will give the DAM Participants the right to submit new Offers for that Delivery Day, up to the new DAM Closing Time.

5.4.7.4. The postponed DAM Closing Time will be established after at least 30 minutes from the moment when the MO announced this extension, but at least two (2) hours before the Schedule Submission Time.

5.4.7.5. The postponed DAM Closing Time will be applied to all the Delivery Days for which the conditions specified in paragraphs 5.4.1.2 b) or 5.4.6.2 d) are satisfied.

5.4.7.6. Right after the verification of all Offers submitted up to the new DAM Closing Time, the MO will recalculate the prices and quantities for the respective Delivery Day (Days), according to the provisions of section 5.4.

5.4.7.7. In the situation when the MO has not received any Sale or Purchase Offer up to the new DAM Closing Time, or when the total quantity of the offer curve, established on the basis of the Validated Sale Offers submitted before the new DAM Closing Time, is still lower than the minimum demand, the MO must

inform immediately all the DAM Participants, TSO and the Competent Authority that market clearing is not possible.

5.5. Confirming and accepting the transactions on the DAM

5.5.1. Confirming the transactions

5.5.1.1. Not later than 12:00 p.m. of the Trading Day, the MO will inform the DAM Participants about all the transactions concluded according to the provisions of section 5.4. For each Delivery Day, there will be transmitted separate Trade Confirmations.

5.5.1.2. Each Trade Confirmation includes at least the following information:

a) the name and the DAM Identification Code of the DAM Participant;

b) the Delivery Day and the Trading Interval;

c) the Trading Zone;

d) the quantities sold and bought by the DAM Participant, respectively; and

e) the price for which the Transaction was concluded.

5.5.1.3. While transmitting the Trade Confirmations, the MO will also publish the market results, according to the provisions of section 15.

5.5.1.4. If the MO discovers an error in the process of market clearing or if it decides to cancel an Offer or a Transaction according to the provisions of section 5.6.2, then it may resume the process of market clearing according to the provisions of section 5.4 and transmit adjusted Trade Confirmations, but not later than 12:30 p.m. on the Trading Day.

5.5.1.5. MO transmits to the Settlement Administrator the Trade Confirmations related to the DAM Participants.

5.5.2. Appeals against the Trade Confirmations

5.5.2.1. Appeals against the content of the Trade Confirmations are accepted only in the case of errors resulted from the MO's actions.

5.5.2.2. Any appeal against the content of the Trade Confirmations must be submitted to the MO at the latest at 12:30 p.m. of the Trading Day. In the case that the MO has transmitted adjusted Trade Confirmations according to the provisions of paragraph 5.5.1.4, the limit time specified in this paragraph will be extended to 1:00 p.m..

5.5.2.3. If it is the case, the MO will transmit to the DAM Participant a new Trade Confirmation, but not later than 20 minutes after the limit time specified in paragraph 5.5.2.2.

5.5.2.4. If, during the time interval specified in paragraph 5.5.2.2, a DAM Participant does not submit any appeal against the Trade Confirmations received, then these are considered as accepted.

5.5.2.5. Any submitted appeal does not exonerate the respective DAM Participant from fulfilling the obligations resulted from the disputed Transactions.

5.5.2.6. MO will be held responsible for any direct cost induced by the fact that the DAM Participant has fulfilled the obligations resulted from the disputed Transactions, according to the provisions of paragraph 5.5.2.5.

5.5.2.7. Not later than 1:30 p.m. of the Trading Day, the MO will establish Physical Notifications to be submitted for verification to each BRP of the respective DAM Participants. If conflicts impossible to be solved occur up to the Shedule Submission Time, the MO's Physical Notification becomes compulsory.

5.6. Other provisions

5.6.1. Emergency procedures

5.6.1.1. The emergency procedures for the DAM will be elaborated by the MO and approved by the Competent Authority. MO will make available these procedures to all interested parties.

5.6.1.2. The emergency procedures for the DAM will be used by the MO and the DAM Participants in the case of emergency conditions, such as:

a) total or partial incapacity of operation or other problem of the Trading System or of another information system used by the MO for the DAM clearing process; or

b) interruption of the MO's communication lines.

5.6.1.3. The emergency procedures for the DAM may provide the use of alternative means of communication, as well as the extension or decallation of the Trading Hours or of any deadline which must be respected by the MO and the DAM Participants, including the DAM Closing Time.

5.6.1.4. Both the MO and each DAM Participant will specify in the DAM Agreement one or more contact persons for the case of an emergency condition, as well as the corresponding phone and fax numbers. Both the MO and each DAM Participant will inform each other when this information changes.

5.6.2. Canceling the Offers or the Transactions

5.6.2.1. MO may cancel an Offer and/or a Transaction in order to ensure fair and non-discriminatory market conditions:

a) in the case of a technical error in the Trading System; or

b) in the case of an obvious and serious error of a DAM Participant when introducing the price of an Offer in the Trading System (introducing error)

6. The rules of the Physical Notifications

6.1. General provisions

6.1.1. The purpose of the rules of the Physical Notifications is to establish a framework for the supply of information regarding the production capacities available for the NES, to prepare the production and consumption schedule and to determine the availability of the Ancillary Services, necessary for the Transmission System Operator (Transelectrica) to ensure:

a) the integrity of the NES ;

b) the safety and the quality of electricity supply;

c) sufficient available capacity to ensure at any moment the demand from the NES and an adequate reserve;

d) the management of the Network Constraints;

e) the determining of the Imbalances after the Delivery Day.

6.1.2. The physical achievement of the contracted obligations requires the submission to the Settlement Administrator, through TSO, of the notifications regarding all the net physical exchanges between individual Licensed Parties or between balance responsible parties.

6.1.3. Each Balancing Responsible Party (BRP) is obliged to submit to TSO the BRP Physical Notifications for each Delivery Day. The Market Operator (MO) also submits a Physical Notification of the same type to TSO.

6.1.4. The BRP Physical Notifications contains at least the following information:

a) planned production agreed upon for all Production Units for which the respective BRP has assumed the Balancing Responsibility, of which separately the aggregate planned production for the Dispatchable Units;

b) Planned prodcution, separately for each Dispatchable Unit of the respective producer;

c) The pumping program planned for each pumping accumulation plant of the respective producer;

d) The aggregated consumption prognosis for all Electricity Consumers for whom the respective BRP has assumed the Balancing Responsibility, of which separately the aggregated consumption prognosis for the Dispatchable Consumptions;

e) Planned consumption for each Dispatchable Load the respective consumer has;

f) Block Exchanges with other BRP in the National Trading Zone, separately for each BRP who has set up Block Exchanges with;

g) The Block Exchanges in the Border trading Zones, separately for each Border trading Zone;

h) Only in MO case, the electricity exchange between the national trading Zone and a Border Trading Zone; and

i) Exports and Imports established with other countries, separately for each Border trading Zone.

6.1.5. Each Physical Notification must cover all the Dispatch Intervals from that Delivery Day.

6.1.6. Except for the situations mentioned in the next section, each Delivery Day will have twenty-four (24) consecutive Dispatch Intervals with a duration of one (1) hour each, the first Dispatch Interval starting at hour 00:00 on the Delivery Day.

6.1.7. On the switching-day from summer time to winter time, the Delivery Day will have twenty-five (25) consecutive Dispatch Intervals. On the switching-day from winter time to summer time, the Delivery Day will have twenty-three (23) consecutive Dispatch Intervals.

6.1.8. Each BRP may operate electricity exchanges with other BRPs, called Block Exchanges, only within the same Trading Zone.

6.1.9. The Block Exchanges in the Border Trading Zones are allowed only between the MO and a BRP.

6.1.10. The Physical Notifications for the electricity exchanges between the National Trading Zone and a Border Trading Zone can be submitted only by the MO and must be limited to the ATC allocated through the DAM for the respective Border Trading Zone according to the provisions of section 9.

6.1.11. There are not allowed notifications for any electricity exchange between different Border Trading Zones.

6.1.12. The procedures for scheduling the electricity exchanges between the NES and other Transmission System Operators will be agreed between TSO and each of these Transmission System Operators, according to the provisions of The Technical Code of the Transmission Grid.

6.1.13. The structure and the submission modality of the Availability Declarations and the Physical Notifications represent the object of the provisions of The Technical Code of the Transmission Grid.

7. The rules of the centralized Balancing Market

7.1. General Provisions

7.1.1. The Balancing Market Rules establish the legal framework for the sale and purchase of Balancing Energy by the Transmission System Operator (TSO), in order to:

a) ensure the flexibility and stability of the NES and

b) commercially solve the NES Network Constraints.

7.1.2. For each participant, it is compulsory the offer on the BM of all production capacities and Dispatchable Loads available after scheduling, according to section 6, at least at the level of the obligations to ensure the Primary Reserves and the contracted Reserves, according to section 8.3.

7.1.3. On the BM is traded the Balancing Energy related to:

a) Secondary Regulation

b) Fast Tertiary Regulation and

c) Slow Tertiary Regulation.

7.1.4. When there are not available sufficient Reserves or Balancing Energy, TSO will act specifically, according to the provisions of The Technical Code of the Transmission Grid.

7.1.5. The BM Operator, established within C.N Transelectrica S.A., is responsible for the registration of the Balancing Market Participants, for collecting and verification of the Offers, as well as for calculating the quantities necessary for the settlement of transaction afferent to the BM.

7.1.6. BM starts after the approval of the Physical Notifications for the Delivery Day and ends when the Delivery Day is over.

7.1.7. The BM Transactions are concluded through partial or total acceptance of the Offers by TSO. When a transaction concluded on the BM by partial or total acceptance of the Offers by the TSO may endanger the operational safety and stability of the NES, then the provisions of section 7.5.8. are applicable.

7.1.8. The Transactions concluded on the BM establish the obligation of the respective BM Participant to supply the adequate service to the TSO, according to the Offer specifications and the Dispatch Instructions issued by the TSO. The Transactions will be specific for a certain Dispatch Interval.

7.1.9. Establishing the payment obligations for the Transactions concluded on the BM is done based on:

a) the lowest quantity between that accepted by the TSO and the quantity effectively delivered by the BM Participant, and

b) the marginal price, for the Balancing Energy related to the Secondary Regulation, or the price from the respective Offer, for all the other cases.

7.1.10 TSO is the contracting party for each BM Participant, for all the Transactions concluded on the BM.

7.1.11 The Balancing Energy can be used for:

a) Upward Regulation, which may be supplied by increasing the production of a Dispatchable Unit or by decreasing the consumption of a Dispatchable Load;

b) Downward Regulation, which may be supplied by decreasing the production of a Dispatchable Unit or by increasing the consumption of a pumping accumulation plant registered as a Dispatchable Load.

7.1.12 The pumping accumulation plants are considered Dispatchable Loads when they are operated under a pumping regime.

7.1.13 The Balancing Energy traded on the BM will be physically delivered on the Delivery Day:

a) in the Connection Point where a Dispatchable Unit or a Dispatchable Load, as the case may be, is connected to the NES;

b) in the moments for which Dispatch Instructions by TSO have been issued, that must be situated in the Dispatch Interval specified in the accepted Offer.

7.1.14 The TSO may elaborate, in collaboration with the foreign transmission system operators, procedures to allow for a mutual use of the services procured on the BM or through similar mechanisms existing in other countries. These procedures will be approved by the Competent Authority.

7.2. Participation

7.2.1. BM Participants

7.2.1.1. The Licensed Parties operating Dispatchable Units and/or having Dispatchable Loads are obliged to become BM Participants.

7.2.1.2. The BM Participants must be qualified for supplying the Balancing Energy corresponding to the Secondary, Fast Tertiary and/or Slow Tertiary Regulation, according to the provisions of the Grid Code.

7.2.1.3. If a Licensed Party operating Dispatchable Units and/or having Dispatchable Loads does not register as BM Participant, or if its registration as BM Participant is revoked according to the provisions of section 7.2.3, then it will be obliged to take all responsibilities as BM Participant, but it will not have the right to receive any payment on the BM.

7.2.2. Registration

7.2.2.1. The Licensed Parties that must become BM Participants according to the provisions of paragraph 7.2.1.1 will submit a written application to the BM Operator. The application will include a form adequately filled in, will be accompanied by all the relevant support documentation and must be signed by an authorized representative of the Licensed Party.

7.2.2.2. The content and the format of the form that must be filled in by the parties, as well as the procedure for the submittal, verification, acceptance or rejection will be elaborated by the BMO and approved by the Competent Authority. BMO will make this information available to all interested parties.

7.2.2.3. BMO establishes the framework-content of the Balancing Market Agreement, which must include the mutual rights and responsibilities of the BMO and of each BM Participant. After the Competent Authority's approval, the framework-content of the Balancing Market Agreement becomes a component part of the Commercial Code and will be made available by the BMO to all interested parties.

7.2.2.4. The registration of a new BM Participant becomes effective starting with the date when the Balancing Market Agreement becomes valid.

7.2.3. Withdrawal and revoking

7.2.3.1. A BM Participant may withdraw from the BM at its own initiative, based on a written notification signed by an authorized representative of the BM Participant, only in the case when the respective party no longer operates Dispatchable Units and/or Loads. This notification must be submitted at least

one (1) month before the date when the registration of the BM Participant must be cancelled. After receipt of such notification, the BMO must immediately inform the Settlement Administrator and the Competent Authority.

7.2.3.2. BMO may revoke the registration of a BM Participant in any of the following cases:

a) If, at a certain moment, the BM Participant does no longer satisfy one or more conditions necessary for the registration as BM Participant;

b) if the BM Participant does not observe the provisions of the Balancing Market Agreement or

c) if the BM Participant is repeatedly found guilty of not observing the rules which are applicable for the BM or for the settlement.

7.2.3.3. The registration of a BM Participant must be revoked automatically and immediately, when the respective BM Participant's License is withdrawn by the Competent Authority.

7.2.3.4. If a BM Participant withdraws from the BM according to the provisions of paragraph 7.2.3.1. or if the registration of a BM Participant is revoked by the BMO according to the provisions of paragraphs 7.2.3.2 or 7.2.3.3:

a) the provisions of paragraph 7.2.1.3 will be applied;

b) the BM Participant must make all the remaining payments according to the provisions of section 14 and

c) after the respective BM Participant has made all the remaining payments, the BMO will cancel its registration in the BM Register, informing the respective BM Participant, the Settlement Administrator and the Competent Authority about the cancellation.

7.2.4. The BM Register

7.2.4.1. BMO sets up and keeps a BM Register.

7.2.4.2. The BM Participants accepted by the BMO according to the provisions of section 7.2.2. will be registered in the BM Register. The BM Register must include, for each BM Participant, at least the following information:

a) the full name, official headquarters and contact details of the Licensed Party registered as BM Participant;

b) the date and number of the corresponding Balancing Market Agreement;

c) the BM Identification Code of that BM Participant;

d) the names and contact details of all the persons authorized to act on behalf of the Licensed Party;

e) the name, the BRP Identification Code and contact details of the BRP having the Balance Responsibility for the respective BM Participant and

f) the list with all the Dispatchable Units and Dispatchable Loads operated by the respective BM Participant.

7.2.4.3. Each BM Participant has the right to consult the information from the BM Register concerning that participant and to request the correction of any possible noticed inadequacy.

7.2.4.4. The information from the BM Register must be made available for the Settlement Administrator and the Competent Authority by the BMO.

7.3. Submitting the Daily Offers

7.3.1. The offering obligation

7.3.1.1. BM Participants are obliged to submit Daily Offers for each Dispatch Interval of each Delivery Day and for:

a) each own Dispatchable Unit and

b) each own Dispatchable Load.

7.3.1.2. For each own Dispatchable Unit, the BM Participant must offer the entire available production capacity, declared according to section 6.

7.3.1.3. For each own pumping accumulation plant considered a Dispatchable Load, the BM Participant must offer the entire available load. For the Dispatchable Loads, other than the pumping accumulation plants, the Daily Offers can be submitted with a total quantity equal to zero.

7.3.2. Types of Daily Offers

7.3.2.1 BM Participants are obliged to submit Daily Offers for the quantity of Balancing Energy that the BM Participant can make available for:

a) Upward Regulation and

b) Downward Regulation.

7.3.2.2 Each Daily Offer may contain up to ten (10) Price-Quantity Pairs.

7.3.2.3 In the case of a Dispatchable Unit:

a) all Price-Quantity Pairs from the Daily Offer that are summing up a total quantity equal to the scheduled production of the Dispatchable Unit, according to the own

Approved Physical Notification, and having the lowest prices, will be considered Price-Quantity Pairs for Downward Regulation and

b) all the other Price-Quantity Pairs from the Daily Offer will be considered Price-Quantity Pairs for Upward Regulation.

7.3.2.4 In the case of a Dispatchable Load:

a) the first value included in the Daily Offer represents the minimum load that the BM Participant wishes to maintain and that it does not want to make available as Balancing Energy;

b) of all the Price-Quantity Pairs from the Daily Offer, the ones having the lowest prices and summing up a total quantity equal to the difference between the scheduled load of the Dispatchable Load, according to the own Approved Physical Notification, and the quantity from let. a), will be considered Price-Quantity Pairs for Upward Regulation;

c) all the other Price-Quantity Pairs from the Daily Offer will be considered Price-Quantity Pairs for Downward Regulation.

7.3.2.5 Each Price-Quantity Pair for Upward Regulation defines the unitary price for the Balancing Energy at which the BM Participant is willing to supply Upward Regulation, for a quantity that does not exceed the quantity mentioned in the respective Price-Quantity Pair.

7.3.2.6 Each Price-Quantity Pair for Downward Regulation defines the unitary price for the Balancing Energy that the BM Participant is willing to pay when supplying Downward Regulation, for a quantity that does not exceed the quantity mentioned in the respective Price-Quantity Pair.

7.3.2.7 Separate Daily Offers will be submitted for each Dispatch Interval and for each Dispatchable Unit or Dispatchable Load, as the case may be.

7.3.3. Determining the Available Balancing Energy

7.3.3.1. After the approval of the Physical Notifications according to the provisions of section 6, the TSO calculates the Available Balancing Energy, which represents the total quantity of Balancing Energy that can be made available by a Dispatchable Unit or a Dispatchable Consumer for the next Delivery Day (Days), separately for:

a) each Dispatchable Unit or Dispatchable Load, as the case may be;

b) each Dispatch Interval of the respective Delivery Day;

c) each type of Balancing Energy according to the provisions of section 7.1.3 and

d) Upward Regulation / Downward Regulation.

7.3.3.2. TSO will elaborate the procedure for determining the Available Balancing Energy according to the provisions of section 7.3.3. After the Competent Authority's approval, TSO will make this procedure available to all parties involved.

7.3.3.3. When determining the Available Balancing Energy, TSO will take into consideration:

a) in the case of a Dispatchable Unit, the available production capacity, notified according to the provisions of section 6, considering all the available capacity reductions due to the necessity to ensure the Ancillary Services other than the Reserves, according to section 8;

b) the Approved Physical Notification for the respective Dispatchable Unit or Dispatchable Load, as the case may be;

c) the Standing Technical Data for the respective Dispatchable Unit or Dispatchable Load, as the case may be;

d) in the case of the Fast Tertiary Regulation, the energy already considered as part of the Available Balancing Energy corresponding to the Secondary Regulation;

e) in the case of the Slow Tertiary Regulation, the energy already considered as part of the Available Balancing Energy corresponding to the Secondary and Fast Tertiary Regulation;

7.3.3.4. When determining the Available Balancing Energy, TSO must maximize the Available Balancing Energy corresponding to the Secondary Regulation. For the remaining energy, TSO must maximize the Available Balancing Energy corresponding to the Fast Tertiary Regulation.

7.3.4. Submitting, modifying and canceling the Daily Offers

7.3.4.1. Each BM Participant will submit Daily Offers for the Delivery Day to the BMO before the BM Closing Time, specifically up to 5:00 p.m. on the Trading Day that precedes the Delivery Day. The submittal of the Daily Offers is possible with maximum one (1) week before the respective Delivery Day.

7.3.4.2. The Daily Offers will be submitted electronically through the communication channels established by the BMO.

7.3.4.3. The Daily Offer will be considered officially submitted when entering the BM System. The submittal hour is expressed by the time mark.

7.3.4.4. As soon as a new Daily Offer enters the BM System, the BMO will confirm its receipt to the respective BM Participant. This confirmation must include the unique registration number and the hour when the Daily Offer has entered the BM System.

7.3.4.5. Before the BM Closing Time, the Daily Offers can be modified or cancelled at any moment. All the modifications will be timely marked and registered in the BM System. Each modification will establish a new Daily Offer, automatically canceling the Daily Offer previously validated for the same Dispatch Interval and for the same Dispatchable Unit or Dispatchable Load, as the case may be.

7.3.4.6. If a BM Participant does not receive from the BMO the confirmation for the receipt of a new Daily Offer within an interval of fifteen (15) minutes from the submittal of the respective Daily Offer, the BM Participant must contact the BMO immediately.

7.3.5. The content and the format of the Daily Offers

7.3.5.1. The format and the framework-content of the Daily Offers, as well as the Price Scale for the Daily Offers, will be established by the BMO and approved by the Competent Authority. This information will be made available by the BMO to all parties involved.

7.3.5.2. The Price Scale for the Daily Offers has a minimum and a maximum price as limits for which a Daily Offer can be submitted. This maximum price must always be significantly higher than the highest price expected through the offers for the Balancing Energy used for the centralized Upward Regulation or Downward Regulation.

7.3.5.3. The Daily Offers must include at least the following information:

a) the BM Identification Code of the BM Participant;

b) the BM Identification Code of the Dispatchable Unit or Dispatchable Load for which the Daily Offer is made;

c) the Delivery Day for which the Daily Offer is valid;

d) the Dispatch Interval for which the Daily Offer is valid;

e) at least one, but no more than ten (10) consecutive Price-Quantity Pairs.

7.3.5.4. The prices from the Daily Offers will be presented in the official currency in Romania and must be within the limits of the Price Scale for the Daily Offers established by the BMO. The prices mentioned in the consecutive Price-Quantity Pairs will be constantly increasing.

7.3.6. The verification and the validation of the Daily Offers

7.3.6.1. BMO will elaborate the Daily Offer validation procedure, according to the provisions of section 7.3.6. After the Competent Authority’s approval, this procedure will be made available by the BMO to all parties involved.

7.3.6.2. Right after the BM Closing Time, the BMO checks all the Daily Offers that have entered the BM System.

7.3.6.3. BMO verifies, for each BM Participant, if the following conditions are satisfied:

a) the BM Participant has submitted Daily Offers for all its own Dispatchable Units which have not been declared unavailable for the respective Delivery Day, according to the provisions of paragraph 7.3.1.2; and

b) the BM Participant has submitted Daily Offers for all its own Dispatchable Loads, according to the provisions of paragraph 7.3.1.3.

7.3.6.4. If a Daily Offer for a Dispatchable Unit or a Dispatchable Load does not respect the conditions from paragraphs 7.3.1.2 or 7.3.1.3, as the case may be, it will be invalidated, being considered as not submitted by the respective BM Participant.

7.3.6.5. If the BMO finds out that a BM Participant has not submitted all the corresponding Daily Offers, the BMO will notify this fact to the BM Participant not later than thirty (30) minutes after the BM Closing Time. This notification will also specify the missing Daily Offers, as well as the motivations for the cases mentioned in paragraph 7.3.6.4.

7.3.6.6. After receiving the notification from the BMO, according to the provisions of paragraph 7.3.6.5, the respective BM Participant must submit the missing Daily Offers immediately, not later than thirty (30) minutes after the moment when the notification was transmitted by the BMO.

7.3.6.7. When a BM Participant does not submit the Daily Offers up to the time limit mentioned in paragraph 7.3.6.6, the BMO will establish the missing Daily Offers based on the Standing Technical Data, the Availability Declarations and the Approved Physical Notifications for the respective Dispatchable Unit or Dispatchable Load, as the case may be. The prices for all the Price-Quantity Pairs from such Daily Offers will be equal to the Market Clearing Price resulted from the DAM for the Delivery Day and for the Trading Interval to which that Dispatch Interval belongs.

7.3.6.8. BMO will confirm the validation of a Daily Offer to the party that has submitted it, not later than hour 18:30 on the Trading Day. The confirmation will also include the unique registration number for the respective Daily Offer and the hour when it was validated. In the case that the Validated Daily Offer was established by the BMO, according to the provisions of paragraph 7.3.6.7, the BMO will transmit the respective Validated Daily Offer for information to the party involved.

7.3.6.9. When a BM Participant has not received from the BMO, up to 06:45 p.m., the confirmation for the validation of the Daily Offers submitted, it must contact the BMO immediately.

7.3.6.10. After the validation of all the Daily Offers according to the provisions of section 7.3.6, but not later than 7:00 p.m., the BMO will transmit the Validated Daily Offers to the Settlement Administrator.

7.3.6.11. The Validated Daily Offers represent firm engagements for the respective BM Participant.

7.3.7. The modification of the Daily Offers by the Transmission System Operator and the transmittal of the Revised Offers during the Delivery Day

7.3.7.1. If, after the validation of the Daily Offers according to the provisions of section 7.3.6, TSO accepts a modification of the Availability Declaration from a BM Participant, which determines a reduction of the available production capacity, TSO will modify the Validated Daily Offer of the respective BM Participant.

7.3.7.2. Under the conditions mentioned in paragraph 7.3.7.1, for each relevant Dispatch Interval, TSO will reduce the quantity of one or more price-quantity pairs from the Validated Daily Offer, starting with the price-quantity pair having the highest price, until the aggregate quantity of the respective Validated Daily Offer becomes equal to the new available production capacity, considering any reduction of the available production capacity determined by the supply of Ancillary Services, other than the Reserves, according to section 8.

7.3.7.3. If, after the validation of the Daily Offers according to the provisions of section 7.3.6, TSO accepts a modification of the Availability Declaration from a BM Participant, which determines an increase of the available production capacity, the BM Participant will submit to TSO, for each relevant Dispatch Interval, a Revised Offer for a total quantity equal to the new available production capacity.

7.3.7.4. The Revised Offers validation procedure, as well as the procedure for establishing the implicit Revised Offers by TSO will be elaborated by TSO, according to the provisions of sections 7.3.6 and 7.3.7, and will be approved by the Competent Authority. TSO will make these procedures available to all parties involved.

7.3.7.5. TSO may establish a reasonable time interval before each new Revised Offer is validated and considered by the BM System.

7.3.7.6. When the Revised Offer submitted according to the provisions of paragraph 7.3.7.3 corresponds to a Dispatchable Unit for which the Validated Daily Offer has been previously reduced according to the provisions of paragraph 7.3.7.2, TSO will check the partial or total return of the quantities from the price-quantity pairs to the situation before the previous reduction of the total quantity. The re-establishing of the quantities from the price-quantity pairs must begin with the price-quantity pair having the lowest price, which has been reduced, until the aggregate quantity of the respective Revised Offer becomes equal to the new available production capacity.

7.3.7.7. If a Revised Offer, submitted according to the provisions of paragraph 7.3.7.3, is invalidated after applying the verification procedure and if the BM Participant does not submit a correct Revised Offer, in an interval of thirty (30) minutes after it has been accordingly notified by TSO, then TSO will establish an implicit Revised Offer on behalf of the respective BM Participant, so that the excess quantity of Balancing Energy will be offered at the lowest possible cost for the BM. The implicit Revised Offer, established this way, becomes the Validated Daily Offer of that BM Participant.

7.3.7.8. The Validated Daily Offers established according to the provisions of paragraph 7.3.7.7 will be transmitted by TSO to the corresponding BM Participants for information.

7.3.7.9. The Daily Offers validated by TSO according to the provisions of section 7.3.7 will replace the Daily Offers previously validated by the BMO for the same Dispatchable Unit and will represent firm engagements for the respective BM Participants.

7.3.7.10. TSO will transmit to the Settlement Administrator all the Daily Offers validated according to the provisions of section 7.3.7.

7.3.7.11. The provisions of section 7.3.7 will be similarly applied in any case of unplanned shutdown of the Dispatchable Units during the Delivery Day.

7.4. Submitting the Standing Offers

7.4.1. The offering obligation

7.4.1.1. The BM Participants must submit Standing Offers for:

a) each of the own Dispatchable Units qualified for Slow Tertiary Regulation, according to the Grid Code, and

b) each of the own Dispatchable Loads.

7.4.2. Types of Standing Offers

7.4.2.1. Each Standing Offer submitted by a BM Participant must include two components:

a) Start-up Standing Offer, and

b) Stand-by Standing Offer.

7.4.2.2. Each Start-up Standing Offer defines the price for which a BM Participant is willing to:

a) start up a Dispatchable Unit which is not synchronized with the NES and not maintained in stand-by either, or

b) initiate the reduction of a Dispatchable Load's demand.

7.4.2.3. Each Stand-by Standing Offer defines the price for which a BM Participant is willing to maintain a Dispatchable Unit in stand-by during one hour. In the case of the Dispatchable Load, the price for Stand-by is zero.

7.4.2.4. The Standing Offer is applicable to all the Dispatch Intervals of the Delivery Day for which the respective Standing Offer is submitted.

7.4.2.5. The BM Participants must submit separate Standing Offers for each Dispatchable Unit or Dispatchable Load, as the case may be.

7.4.3. Submitting, modifying and canceling the Standing Offers

7.4.3.1. The BM Participants may submit Standing Offers to the BMO with maximum one (1) week before the first Delivery Day for which the respective Standing Offers are applicable and only during the Trading Hours.

7.4.3.2. The Standing Offers will be submitted electronically through the communication channels established by the BMO.

7.4.3.3. A Standing Offer will be considered officially submitted when entering the BM System. The submittal hour is expressed by the time mark.

7.4.3.4. As soon as a new Standing Offer enters the BM System, the BMO will confirm its receipt to the BM Participant. This confirmation must include the unique registration number and the hour when the Standing Offer has entered the BM System.

7.4.3.5. The Standing Offer can be modified or cancelled at any moment up to the time limit mentioned in paragraph 7.4.3.1.

7.4.3.6. If a BM Participant does not receive from the BMO the confirmation for the receipt of a new Standing Offer within an interval of fifteen (15) minutes from the submittal of the respective Standing Offer, the BM Participant must contact the BMO immediately.

7.4.4. The content and the format of the Standing Offers

7.4.4.1. The format and the framework-content of the Standing Offers, as well as the Price Scales for the Standing Offers, will be established by the BMO and approved by the Competent Authority. This information will be made available by the BMO to all parties involved.

7.4.4.2. The Price Scales for the Standing Offers have as limits zero and the maximum price for which such an offer can be submitted. This maximum price must always be considerably higher than:

(a) the highest price expected through the Stand-by offers, for the Price Scale of the Stand-by Standing Offers;

(b) the highest price expected through the Start-up offers, for the Price Scale of the Start-up Standing Offers.

7.4.4.3. The Standing Offers must include at least the following information:

a) the BM Identification Code of the BM Participant;

b) the BM Identification Code of the Dispatchable Unit or Dispatchable Load that the Standing Offer is referring to;

c) the first Delivery Day for which the respective Standing Offer is applicable;

d) the price for Start-up and

e) the price for Stand-by, only in the case of the Dispatchable Units.

7.4.4.4. The prices from the Standing Offers will be presented in official currency in Romania and must be within the limits of the Price Scale for the corresponding Standing Offer.

7.4.5. Validation of Standing Offers

7.4.5.1. The procedure of validation of the Standing Offers will be elaborated by the BMO and approved by the Competent Authority. This procedure will be made available by the BMO to all parties involved.

7.4.5.2. As soon as a new Standing Offer enters the BM System, the BMO will start the process of its verification based on the procedure from paragraph 7.4.5.1.

7.4.5.3. BMO will confirm the validation of a Standing Offer to the party that has submitted it, in maximum fifteen (15) minutes from the official submittal of the respective Standing Offer.

7.4.5.4. When a BM Participant has not received from the BMO, within an interval of thirty (30) minutes from the official submittal of the Standing Offers, the

confirmation for the validation of the respective Standing Offers, it must contact the BMO immediately.

7.4.5.5. On each Trading Day, right after the BM Closing Time, the BMO will check the existence of the Validated Standing Offers for all the Dispatchable Units and the Dispatchable Loads and for all the Delivery Days for which the respective Trading Day is the last day when a BM Participant can submit a Standing Offer, according to the provisions of paragraph 7.4.3.1.

7.4.5.6. In the absence of some Validated Standing Offers, the BMO will establish the missing Standing Offers, considering zero the price for Start-up and the price for Stand-by. Any Standing Offer, established this way, becomes the Validated Standing Offer for the respective BM Participant and will be transmitted to that participant for information by the BMO.

7.4.5.7. After the validation of all the Standing Offers according to the provisions of section 7.4.5, but not later than7:00 p.m., the BMO will transmit the Validated Standing Offers to the Settlement Administrator.

7.4.5.8. The Validated Standing Offers represent firm engagements for the corresponding BM Participants.

7.5. The selection procedures

7.5.1. General rules

7.5.1.1. The Balancing Energy selection procedures will be elaborated by TSO, according to the provisions of section 7.5, and will be approved by the Competent Authority. TSO will make available these procedures to all parties involved.

7.5.1.2. Right after the validation of the Standing Offers and of the Daily Offers, TSO can use the validated offers for the congestion management in the scheduling phase according to the provisions of section 7.6. For the balancing of the NES in the dispatch phase, the TSO uses the validated offers according to the provisions of section 7.5.

7.5.1.3. When selecting and using the Balancing Energy, according to the selection procedures mentioned in paragraph 7.5.1.1, TSO will permanently ensure that the use of the Balancing Energy is technically feasible and it is within the limits of the Standing Technical Data, the Availability Declaration and the Physical Notification for all the corresponding Dispatchable Units or Dispatchable Loads, as the case may be.

7.5.2. Determining the Necessary Reserve (Required Margin) and the Available Margin

7.5.2.1. Before 6:00 p.m. of the day preceding the Delivery Day, TSO establishes the Necessary Reserve, which is the quantity of Balancing Energy that needs to be available during the Delivery Day, separately for Secondary, Upward Fast Tertiary and Downward Fast Tertiary Regulation. If necessary, TSO can establish different Necessary Reserves for different Dispatch Intervals or Balancing Intervals and for different parts of the NES.

7.5.2.2. If necessary, TSO can modify at any time the value established for the Necessary Reserve, before or during the Delivery Day.

7.5.2.3. If there is available capacity in excess of the contracted reserves, the Required Reserve may exceed the quantity of Reserves corresponding to the respective type of Balancing Energy, contracted by TSO according to the provisions of section 8.3.

7.5.2.4. Each time when necessary, TSO calculates the Available Margin for a certain Dispatch Interval or Balancing Interval.

7.5.2.5. When calculating the Available Margin, TSO will consider at least the following factors:

a) the limits defined by the Standing Technical Data for the respective Dispatchable Unit;

b) the production level of the Dispatchable Unit, according to its Approved Physical Notification;

c) any limitation of the production of a Dispatchable Unit registered as Priority Production

d) any limitation of the production of a Dispatchable Hydro Unit, due to the registered flow and hydrological constraints, including the maximum allowed modification of the level of an accumulation lake.

7.5.2.6. When determining the quantity of Balancing Energy corresponding to the Upward Fast Tertiary Regulation or to the Downward Fast Tertiary Regulation, as the case may be, that can be made available by a Dispatchable Unit or Load during a Dispatch Interval, TSO will consider at least the following factors:

a) the limits defined by the Standing Technical Data for the respective Dispatchable Unit or Load;

b) the production level of the Dispatchable Unit or the demand level of the Dispatchable Load, according to their Approved Physical Notifications;

c) any limitation of the production of a Dispatchable Unit registered as Priority Production and

d) any limitation of the production of a Dispatchable Hydro Unit, due to the registered flow and hydrological constraints, including the maximum allowed modification of the level of an accumulation lake.

7.5.3. Selecting the Balancing Energy corresponding to the Secondary Regulation

7.5.3.1. For each Dispatch Interval, the TSO determines the Merit Order for the Balancing Energy corresponding to the Upward Secondary Regulation, by combining into a single offer all the Price-Quantity Pairs offered, sorted ascending by price, starting with the Price-Quantity Pair having the lowest price and continuing up to the Price-Quantity Pair having the highest requested price.

7.5.3.2. When establishing the Merit Order for the Balancing Energy corresponding to the Upward Secondary Regulation, TSO must ensure that:

a) the Merit Order includes only Price-Quantity Pairs for the Balancing Energy corresponding to Upward Secondary Regulation coming from the Validated Daily Offers applicable for that Dispatch Interval;

b) the Merit Order includes only Price-Quantity Pairs related to the Dispatchable Units qualified for Secondary Regulation, according to the Grid Code, and which are synchronized with the NES;

c) for each Dispatchable Unit, the aggregate quantity from all the Price-Quantity Pairs comprised by the Merit Order does not exceed half of the value of the Available Margin determined for the respective Dispatchable Unit; if necessary, the Price-Quantity Pair with the highest price, from all the Price-Quantity Pairs related to the respective Dispatchable Unit which are comprised by the Merit Order, will be considered only with a part of the quantity, so that this condition is satisfied.

7.5.3.3. For each Dispatch Interval, TSO determines the Merit Order for the Balancing Energy corresponding to the Downward Secondary Regulation, by combining into a single Offer all the Price-Quantity Pairs offered, sorted descending by price, starting with the Price-Quantity Pair having the highest price and continuing up to the Price-Quantity Pair having the lowest requested price.

7.5.3.4. When establishing the Merit Order for the Balancing Energy corresponding to the Downward Secondary Regulation, TSO must ensure that:

a) the Merit Order includes only Price-Quantity Pairs for the Balancing Energy corresponding to Downward Secondary Regulation coming from the Validated Daily Offers applicable for that Dispatch Interval;

b) the Merit Order includes only Price-Quantity Pairs related to the Dispatchable Units qualified for Secondary Regulation, according to the requirements of the Grid Code, and which are synchronized with the NES;

c) for each Dispatchable Unit, the aggregate quantity from all the Price-Quantity Pairs comprised by the Merit Order does not exceed half of the value of the Available Margin determined for the respective Dispatchable Unit; if necessary, the Price-Quantity Pair with the lowest price related to the respective Dispatchable Unit, which is comprised by the Merit Order, will be considered only with a part of the quantity, so that this condition is satisfied.

7.5.3.5. Based on the values established for the Necessary Reserve related to the Secondary Regulation, as determined according to the provisions of section 7.5.2, TSO will accept Price-Quantity Pairs from the Merit Order for the Balancing Energy corresponding to Upward and Downward Secondary Regulation, respectively, according to the following conditions:

a) TSO can accept more than one Price-Quantity Pair;

b) the aggregate quantity of all accepted Price-Quantity Pairs from the Merit Order for the Balancing Energy corresponding to Upward Secondary Regulation will be equal to half of the value of the Necessary Reserve related to the Secondary Regulation;

c) the aggregate quantity of all accepted Price-Quantity Pairs from the Merit Order for the Balancing Energy corresponding to Downward Secondary Regulation will be equal to half of the value of the Necessary Reserve related to the Secondary Regulation;

d) the Price-Quantity Pairs can be accepted only with a part of the offered quantity;

e) for each Dispatchable Unit, the total quantity of Balancing Energy from the accepted Price-Quantity Pairs corresponding to Upward Secondary Regulation will be equal to the total quantity of Balancing Energy from the accepted Price-Quantity Pairs corresponding to Downward Secondary Regulation and

f) when accepting the Price-Quantity Pairs, TSO will consider minimizing the costs of purchasing the Balancing Energy corresponding to the Secondary Regulation, taking into account the provisions of paragraph 7.5.3.6.

7.5.3.6. The highest price of a Price-Quantity Pair for the Balancing Energy corresponding to Upward Secondary Regulation, totally or partially accepted according to the provisions of paragraph 7.5.3.5, will determine the marginal price for the Balancing Energy corresponding to Upward Secondary Regulation. The lowest price of a Price-Quantity Pair for the Balancing Energy corresponding to Downward Secondary Regulation, totally or partially accepted according to the provisions of paragraph 7.5.3.5, will determine the

marginal price for the Balancing Energy corresponding to Downward Secondary Regulation.

7.5.3.7. The Price-Quantity Pairs for the Balancing Energy corresponding to Secondary Regulation, totally or partially accepted according to the provisions of paragraph 7.5.3.5, establish a firm obligation of the BM Participant which has submitted the respective Daily Offer to make available for TSO the corresponding quantity of Balancing Energy related to the Secondary Regulation during the considered Dispatch Interval.

7.5.3.8. TSO will inform each BM Participant about the aggregate quantity of the Balancing Energy corresponding to Secondary Regulation that has been accepted according to the provisions of paragraph 7.5.3.5, separately for each of the respective BM Participant's Dispatchable Units. When receiving such a request from TSO, the BM Participant must set consequently the regulation margin related to each Dispatchable Unit qualified for Secondary Regulation during the corresponding Dispatch Interval.

7.5.3.9. The Dispatchable Units that have been requested to make available a certain regulation margin for Secondary Regulation, according to the provisions of paragraph 7.5.3.8, will deliver Balancing Energy related to the Secondary Regulation, answering the signals received from the central regulator of TSO in a real time manner.

7.5.3.10. Each signal that a Dispatchable Unit receives from the central regulator of TSO during a certain Dispatch Interval establishes a transaction between TSO, on one hand, and the BM Participant which operates the respective Dispatchable Unit, on the other hand, for the delivery of the Balancing Energy corresponding to Secondary Regulation, according to the signal received from the central regulator of TSO, the regulation margin set for the respective Dispatchable Unit, according to the provisions of paragraph 7.5.3.8, and the marginal price for the Balancing Energy corresponding to Upward Secondary Regulation or for the Balancing Energy corresponding to Downward Secondary Regulation, as the case may be, established according to the provisions of paragraph 7.5.3.6.

7.5.3.11. The Price-Quantity Pairs for the Balancing Energy corresponding to Secondary Regulation, totally or partially accepted according to the provisions of paragraph 7.5.3.5, must be registered in the BM System. TSO must register at least the following information:

a) the unique registration number of the Validated Daily Offer and the accepted Price-Quantity Pair;

b) the accepted quantity;

c) the marginal price for the Balancing Energy corresponding to Upward Secondary Regulation, established according to the provisions of paragraph 7.5.3.6 and

d) the marginal price for the Balancing Energy corresponding to Downward Secondary Regulation, established according to the provisions of paragraph 7.5.3.6.

7.5.3.12. The transactions established according to the provisions of paragraph 7.5.3.10. will determine an adjustment of the Physical Notification for the respective Dispatchable Unit, according to the provisions of section 6, but only for the current Dispatch Interval.

7.5.3.13. TSO may decide to replace the use of the Balancing Energy corresponding to Secondary Regulation with the use of the Balancing Energy corresponding to Upward Tertiary Regulation, if it is estimated a continuous production deficit in the NES for a longer period of time and if this replacement leads to lower costs on the BM.

7.5.3.14. TSO may decide to replace the use of the Balancing Energy corresponding to Secondary Regulation with the use of the Balancing Energy corresponding to Downward Tertiary Regulation, if it is estimated a continuous production surplus in the NES for a longer period of time and if this replacement leads to lower costs on the BM.

7.5.3.15. TSO will finalize the selection and acceptance of the Price-Quantity Pairs for the Balancing Energy corresponding to Secondary Regulation, according to the provisions of section 7.5.3, with at least one (1) hour before the beginning of the corresponding Dispatch Interval.

7.5.4. Selecting the Balancing Energy corresponding to Upward Fast Tertiary Regulation

7.5.4.1. TSO will use the Balancing Energy corresponding to Upward Fast Tertiary Regulation when it estimates a continuous need for Upward Regulation or when it considers necessary to replace the use of the Balancing Energy corresponding to Secondary Regulation with the use of the Balancing Energy corresponding to Upward Tertiary Regulation.

7.5.4.2. If TSO has identified the necessity to use the Balancing Energy corresponding to Upward Fast Tertiary Regulation, according to the provisions of paragraph 7.5.4.1, it must establish:

a) the time interval during which it will be necessary to use the Balancing Energy corresponding to Upward Fast Tertiary Regulation, that must:

i) start, at the latest, 15 minutes after the moment when the Dispatch Instruction is issued and

ii) end not later than the end of the current Dispatch Interval or of the immediately next one, and

b) the necessary quantity of the Balancing Energy corresponding to Upward Fast Tertiary Regulation, called Necessary/Required Regulation only in section 7.5.4.;

7.5.4.3. The time interval specified at 7.5.4.2 let.a) will be called, only in section 7.5.4, Requested Interval. If TSO identifies the necessity to use the Balancing Energy corresponding to Upward Fast Tertiary Regulation, during both the current Dispatch Interval and the immediately next one, TSO will specify the necessary Balancing Energy corresponding to Upward Fast Tertiary Regulation, according to the provisions of paragraph 7.5.4.2, separately for the two Dispatch Intervals.

7.5.4.4. TSO determines the Merit Order for the Balancing Energy corresponding to Upward Fast Tertiary Regulation, for the Requested Interval, by combining into a single Offer all the Price-Quantity Pairs still available during the Requested Interval, sorted ascending by price, starting with the Price-Quantity Pair having the lowest price and continuing up to the Price-Quantity Pair having the highest requested price.

7.5.4.5. When establishing the Merit Order for the Balancing Energy corresponding to Upward Fast Tertiary Regulation, TSO must ensure that:

a) the Merit Order includes only Price-Quantity Pairs for the Balancing Energy corresponding to Secondary Regulation or Upward Fast Tertiary Regulation from the Validated Daily Offers, which are still available during the Requested Interval;

b) the Merit Order includes only Price-Quantity Pairs related to:

i. the Dispatchable Units or Dispatchable Loads qualified for Secondary or Fast Tertiary Regulation, according to the Grid Code, or

ii. other Dispatchable Units which are synchronized with the NES and have capacity for Upward Regulation;

c) for each Dispatchable Unit or Dispatchable Load, the aggregate quantity from all the Price-Quantity Pairs comprised by the Merit Order does not exceed the quantity of Balancing Energy corresponding to Upward Fast Tertiary Regulation that can be made available at the beginning of the Requested Interval, determined according to the provisions of paragraph 7.5.2.6; if necessary, the Price-Quantity Pair with the highest price, from all the Price-Quantity Pairs related to the respective Dispatchable Unit or Dispatchable Load which are comprised by the Merit Order, will be considered only with a part of the quantity, so that this condition is satisfied;

d) for each Dispatchable Unit, the Merit Order includes only an aggregate quantity of the Price-Quantity Pairs, the use of which would mean:

i. any limitation of the production of a Dispatchable Unit registered as Priority Production and

ii. any limitation of the production of a Dispatchable Hydro Unit, due to the registered flow and hydrological constraints, including the maximum allowed modification of the level of an accumulation lake.

7.5.4.6. After determining the Necessary Regulation according to the provisions of paragraph 7.5.4.2 and the Merit Order for the Balancing Energy corresponding to Upward Fast Tertiary Regulation according to the provisions of paragraphs 7.5.4.4 and 7.5.4.5, TSO will accept Price-Quantity Pairs from the Merit Order for the Balancing Energy corresponding to Upward Fast Tertiary Regulation, observing the following conditions:

a) TSO can accept more than one Price-Quantity Pair;

b) the price of any accepted Price-Quantity Pair must be lower than the price of any Price-Quantity Pair which is included in the Merit Order and which has not been accepted;

c) the aggregate quantity of all accepted Price-Quantity Pairs must be equal to the Necessary Regulation;

d) the Price-Quantity Pairs related to the Dispatchable Loads, other than the accumulation pumping plants, can be accepted only with the entire offered quantity;

e) on condition of observing the provisions of let. g), all the Price-Quantity Pairs with a price lower than the highest price of an accepted Price-Quantity Pair, will be accepted with the entire offered quantity;

f) on condition of observing the provisions of let. g), for all the Price-Quantity Pairs, related to the Dispatchable Units or the accumulation pumping plants, with a price equal to the highest price of an accepted Price-Quantity Pair, only a quota S ($0<S\leq1$) of the offered quantity will be accepted, so that the following condition is respected:

$$\mathrm{Re}\, g_{req} = \sum_i Q_{full,i} + S \cdot \sum_j Q_{highest,j}$$

where: Reg_{req} is the Necessary Regulation, $Q_{full,i}$ is the offered quantity corresponding to the Price-Quantity Pairs *i* with a price lower than the highest price of an accepted Price-Quantity Pair and $Q_{highest,j}$ is the offered quantity corresponding to the Price-Quantity Pairs *j* with a price equal to the highest price of an accepted Price-Quantity Pair; and

g) following the acceptance of the Price-Quantity Pairs, according to the provisions of paragraph 7.5.4.6, the aggregate Available Margin of all the Dispatchable Units, for which there have been submitted Validated Daily Offers with Price-Quantity Pairs related to the Balancing Energy corresponding to Secondary Regulation, must not decrease below the value of the Necessary Reserve for Secondary Regulation during the next Dispatch Intervals.

7.5.4.7. If the condition from paragraph 7.5.4.6 let.g) cannot be satisfied, TSO will temporarily eliminate, totally or partially, a Price-Quantity Pair from the Merit Order for the Balancing Energy corresponding to Upward Fast Tertiary Regulation, before accepting Price-Quantity Pairs according to the provisions of paragraph 7.5.4.6, but only when the quantity of that Price-Quantity Pair can be compensated by another Price-Quantity Pair from the Merit Order for the Balancing Energy corresponding to Upward Fast Tertiary Regulation. The Price-Quantity Pair temporarily eliminated will be the Price-Quantity Pair for the Balancing Energy corresponding to Upward Secondary Regulation with the highest price that would have been accepted according to the provisions of paragraph 7.5.4.6 let. (a) – (f).

7.5.4.8. TSO will iteratively repeat the process according to the provisions of paragraph 7.5.4.7 until obtaining a feasible solution according to the provisions of paragraph 7.5.4.6 or until there remains no Price-Quantity Pair from the Merit Order for the Balancing Energy corresponding to Upward Fast Tertiary Regulation that can be eliminated. In this last case, the Price-Quantity Pairs from the Merit Order for the Balancing Energy corresponding to Upward Fast Tertiary Regulation, reduced according to the provisions of paragraph 7.5.4.7, will be accepted without taking into consideration the condition from 7.5.4.6 (g). Following the acceptance of the Price-Quantity Pairs, TSO will reintroduce in the Merit Order for the Balancing Energy

corresponding to Upward Fast Tertiary Regulation all the Price-Quantity Pairs temporarily eliminated.

7.5.4.9. If TSO could not accept Price-Quantity Pairs for a sufficient quantity of Balancing Energy corresponding to Upward Fast Tertiary Regulation or if the acceptance of the Price-Quantity Pairs, according to the provisions of paragraphs 7.5.4.6 - 7.5.4.8, results in breaking the condition from paragraph 7.5.4.6 let. g), TSO can take the measures considered as necessary, according to the provisions of the Grid Code, to ensure a reasonable quantity of Balancing Energy corresponding to Secondary Regulation.

7.5.4.10. The Price-Quantity Pairs accepted according to the provisions of paragraph 7.5.4.6 establish a Transaction between TSO, on one hand, and the BM Participant that has submitted the respective Daily Offer, on the other hand, for the delivery of the Balancing Energy corresponding to Upward Fast Tertiary Regulation, at the price specified in the accepted Price-Quantity Pair, and for:

a) the quantity accepted according to the provisions of paragraph 7.5.4.6;

b) plus the quantity that must be delivered before and after the Requested Interval, to make possible the delivery of the quantity accepted according to the provisions of paragraph 7.5.4.6.

7.5.4.11. The Transactions established according to the provisions of paragraph 7.5.4.10. will be registered in the BM System. TSO must register at least the following information:

a) the unique registration number of the Validated Daily Offer and the accepted Price-Quantity Pair;

b) the Requested Interval;

c) the accepted quantity;

d) the quantity that must be delivered according to the provisions of paragraph 7.5.4.10 let. b) and

e) the moment when the respective Price-Quantity Pair has been accepted.

7.5.4.12. The quantities of the Balancing Energy corresponding to Upward Fast Tertiary Regulation, contracted according to section 7.5.4, will be paid for a period of time of at least 15 uninterrupted minutes, considering any necessity of ensuring the same quantity of Balancing Energy corresponding to Upward Fast Tertiary Regulation during both the previous and the next Dispatch Interval.

7.5.4.13. The Price-Quantity Pairs accepted according to the provisions of paragraph 7.5.4.6. will determine an adjustment of the Physical Notification for the

respective Dispatchable Unit or Dispatchable Load, according to the provisions of section 6, but only for the Requested Interval.

7.5.4.14. If a Transaction concluded according to the provisions of paragraph 7.5.4.10 determines a Network Constraint, specifically if the utilization of the accepted Price-Quantity Pair may endanger the safety and the stability of the NES's operation, TSO must solve the Network Constraint, according to the provisions of section 7.5.8., before demanding the delivery of Balancing Energy.

7.5.4.15. TSO may decide to replace the use of the Balancing Energy corresponding to Upward Fast Tertiary Regulation with the use of the Balancing Energy corresponding to Upward Slow Tertiary Regulation, when possible, if it is estimated a continuous production deficit in the NES for a longer period of time and if this replacement leads to lower costs on the BM.

7.5.5. Selecting the Balancing Energy corresponding to the Downward Fast Tertiary Regulation

7.5.5.1. TSO will use the Balancing Energy corresponding to Downward Fast Tertiary Regulation when it estimates a continuous need for Downward Regulation or when it considers necessary to replace the use of the Balancing Energy corresponding to Secondary Regulation with the use of the Balancing Energy corresponding to Downward Tertiary Regulation.

7.5.5.2. If TSO has identified the necessity to use the Balancing Energy corresponding to Downward Fast Tertiary Regulation, according to the provisions of paragraph 7.5.5.1, it must specify:

a) the time interval during which it will be necessary to use the Balancing Energy corresponding to Downward Fast Tertiary Regulation, that must:

i) start, at the latest, 15 minutes after the moment when the Dispatch Instruction is issued and

ii) end not later than the end of the current Dispatch Interval or of the immediately next one, and

b) the necessary quantity of the Balancing Energy corresponding to Downward Fast Tertiary Regulation, called Necessary Regulation only in section 7.5.5.;

7.5.5.3. The time interval specified at paragraph 7.5.5.2 let.a) will be called, only in section 7.5.5, Requested Interval. If TSO identifies the necessity to use the Balancing Energy corresponding to Downward Fast Tertiary Regulation, during both the current Dispatch Interval and the immediately next one, TSO

will specify the necessary Balancing Energy corresponding to Downward Fast Tertiary Regulation, according to the provisions of paragraph 7.5.5.2, separately for the two Dispatch Intervals.

7.5.5.4. TSO determines the Merit Order for the Balancing Energy corresponding to Downward Fast Tertiary Regulation, for the Requested Interval, by combining into a single Offer all the Price-Quantity Pairs still available during the Requested Interval, sorted descending by price, starting with the Price-Quantity Pair having the highest price and continuing up to the Price-Quantity Pair having the lowest requested price.

7.5.5.5. When establishing the Merit Order for the Balancing Energy corresponding to Downward Fast Tertiary Regulation, TSO must ensure that:

a) the Merit Order includes only Price-Quantity Pairs for the Balancing Energy corresponding to Secondary Regulation or Downward Fast Tertiary Regulation from the Validated Daily Offers, which are still available during the Requested Interval;

b) the Merit Order includes only Price-Quantity Pairs related to:

i. the Dispatchable Units or Dispatchable Loads qualified for Secondary or Fast Tertiary Regulation, according to the Grid Code, or

ii. other Dispatchable Units synchronized with the NES;

c) for each Dispatchable Unit or Dispatchable Load, the aggregate quantity from all the Price-Quantity Pairs comprised by the Merit Order does not exceed the quantity of the Balancing Energy corresponding to Downward Fast Tertiary Regulation that can be made available at the beginning of the Requested Interval, determined according to the provisions of paragraph 7.5.2.6; if necessary, the Price-Quantity Pair with the lowest price, from all the Price-Quantity Pairs related to the respective Dispatchable Unit or Dispatchable Load which are comprised by the Merit Order, will be considered only with a part of the quantity, so that this condition is satisfied;

d) for each Dispatchable Unit, the Merit Order includes only an aggregate quantity of the Price-Quantity Pairs, the use of which would mean:

i) any limitation of the production of a Dispatchable Unit registered as Priority Production and

ii) any limitation of the production of a Dispatchable Hydro Unit, due to the registered flow and hydrological constraints, including the maximum allowed modification of the level of an accumulation lake.

7.5.5.6. After determining the Necessary Regulation according to the provisions of paragraph 7.5.5.2 and the Merit Order for the Balancing Energy corresponding to Downward Fast Tertiary Regulation according to the provisions of paragraphs 7.5.5.4 and 7.5.5.5, TSO will accept Price-Quantity Pairs from the Merit Order for the Balancing Energy corresponding to Downward Fast Tertiary Regulation, observing the following conditions:

a) TSO can accept more than one Price-Quantity Pair;

b) the price of any accepted Price-Quantity Pair must be higher than the price of any Price-Quantity Pair which is included in the Merit Order and which has not been accepted;

c) the aggregate quantity of all accepted Price-Quantity Pairs must be equal to the Necessary Regulation;

d) the Price-Quantity Pairs related to the Dispatchable Loads, other than the accumulation pumping plants, can be accepted only with the entire offered quantity;

e) on condition of observing the provisions of let. g), all the Price-Quantity Pairs with a price higher than the lowest price of an accepted Price-Quantity Pair, will be accepted with the entire offered quantity;

f) on condition of observing the provisions of let. g), for all the Price-Quantity Pairs, related to the Dispatchable Units or the accumulation pumping plants, with a price equal to the lowest price of an accepted Price-Quantity Pair, only a quota S ($0<S\leq 1$) of the offered quantity will be accepted, so that the following condition is respected:

$$\mathrm{Re}\, g_{req} \quad = \quad \sum_{i} Q_{full,i} + S \cdot \sum_{j} Q_{highest,j}$$

where: Reg_{req} is the Necessary Regulation, $Q_{full,i}$ is the offered quantity corresponding to the Price-Quantity Pairs *i* with a price higher than the lowest price of an accepted Price-Quantity Pair and $Q_{highest,j}$ is the offered quantity corresponding to the Price-Quantity Pairs *j* with a price equal to the lowest price of an accepted Price-Quantity Pair; and

g) following the acceptance of the Price-Quantity Pairs, according to the provisions of paragraph 7.5.5.6, the aggregate Available Margin of all the Dispatchable Units, for which there have been submitted Validated Daily Offers with Price-Quantity Pairs related to the Balancing Energy corresponding to Secondary Regulation, must not decrease below the value of the Necessary Reserve for Secondary Regulation during the next Dispatch Intervals.

7.5.5.7. If the condition from paragraph 7.5.5.6 let.g) cannot be satisfied, TSO will temporarly eliminate, totally or partially, a Price-Quantity Pair from the Merit Order for the Balancing Energy corresponding to Downward Fast Tertiary Regulation, before accepting Price-Quantity Pairs according to the provisions of paragraph 7.5.5.6, but only when the quantity of that Price-Quantity Pair can be compensated by another Price-Quantity Pair from the Merit Order for the Balancing Energy corresponding to Downward Fast Tertiary Regulation. The Price-Quantity Pair temporarily eliminated will be the Price-Quantity Pair for the Balancing Energy corresponding to Downward Secondary Regulation with the lowest price that would have been accepted according to the provisions of paragraph 7.5.5.6 let. (a) – (f).

7.5.5.8. TSO will iteratively repeat the process according to the provisions of paragraph 7.5.5.7 until obtaining a feasible solution according to the provisions of paragraph 7.5.5.6 or until there remains no Price-Quantity Pair from the Merit Order for the Balancing Energy corresponding to Downward Fast Tertiary Regulation that can be eliminated. In this last case, the Price-Quantity Pairs from the Merit Order for the Balancing Energy corresponding to Downward Fast Tertiary Regulation, reduced according to the provisions of paragraph 7.5.5.7, will be accepted without taking into consideration the condition from 7.5.5.6 let.g). Following the acceptance of the Price-Quantity Pairs, TSO will reintroduce in the Merit Order for the Balancing Energy corresponding to Downward Fast Tertiary Regulation all the Price-Quantity Pairs temporarily eliminated.

7.5.5.9. If TSO could not accept Price-Quantity Pairs for a sufficient quantity of Balancing Energy corresponding to Downward Fast Tertiary Regulation or if the acceptance of the Price-Quantity Pairs, according to the provisions of paragraphs 7.5.5.6 - 7.5.5.8, results in breaking the condition from paragraph 7.5.5.6 let.g), TSO can take the measures considered as necessary, according to the provisions of the Grid Code, to ensure a reasonable quantity of Balancing Energy corresponding to Secondary Regulation.

7.5.5.10. The Price-Quantity Pairs accepted according to the provisions of paragraph 7.5.5.6 establish a Transaction between TSO, on one hand, and the BM Participant that has submitted the respective Daily Offer, on the other hand, for the delivery of the Balancing Energy corresponding to Downward Fast Tertiary Regulation, at the price specified in the accepted Price-Quantity Pair, and for:

a) the quantity accepted according to the provisions of paragraph 7.5.5.6;

b) plus the quantity that must be delivered before and after the Requested Interval, to make possible the delivery of the quantity accepted according to the provisions of paragraph 7.5.5.6.

7.5.5.11. The Transactions established according to the provisions of paragraph 7.5.5.10 will be registered in the BM System. TSO must register at least the following information:

a) the unique registration number of the Validated Daily Offer and the accepted Price-Quantity Pair;

b) the Requested Interval;

c) the accepted quantity;

d) the quantity that must be delivered according to the provisions of paragraph 7.5.5.10 let. b) and

e) the moment when the Price-Quantity Pair has been accepted.

7.5.5.12. The quantities of Balancing Energy corresponding to Downward Fast Tertiary Regulation, contracted according to section 7.5.5, will be paid for a period of time of at least 15 uninterrupted minutes, considering any necessity of ensuring the same quantity of Balancing Energy corresponding to Downward Fast Tertiary Regulation during both the previous and the next Dispatch Interval.

7.5.5.13. The Price-Quantity Pairs accepted according to the provisions of paragraph 7.5.5.6. will determine an adjustment of the Physical Notification for the respective Dispatchable Unit or Dispatchable Load, according to the provisions of section 6, but only for the Requested Interval.

7.5.5.14. If a Transaction concluded according to the provisions of paragraph 7.5.5.10 determines a Network Constraint, specifically if the utilization of the accepted Price-Quantity Pair may endanger the safety and the stability of the NES's operation, TSO must solve the Network Constraint, according to the provisions of section 7.5.8., before demanding the delivery of Balancing Energy.

7.5.5.15. TSO may decide to replace the use of the Balancing Energy corresponding to Downward Fast Tertiary Regulation with the use of the Balancing Energy corresponding to Downward Slow Tertiary Regulation, when possible, if it is estimated a continuous production deficit in the NES for a longer period of time and if this replacement leads to lower costs on the BM.

7.5.6. Selecting the Balancing Energy corresponding to the Upward Slow Tertiary Regulation

7.5.6.1. TSO will use the Balancing Energy corresponding to Upward Slow Tertiary Regulation when it estimates a continuous need for Upward Regulation during one or more Dispatch Intervals, starting not earlier than one (1) hour after the end of the current Dispatch Interval.

7.5.6.2. If TSO has identified the necessity to use the Balancing Energy corresponding to Upward Slow Tertiary Regulation, according to the provisions of paragraph 7.5.6.1, it must specify:

a) the Dispatch Interval (Intervals), during which the use of the Balancing Energy corresponding to Upward Slow Tertiary Regulation will be necessary; and

b) the necessary quantity of Balancing Energy corresponding to Upward Slow Tertiary Regulation, called Necessary Regulation only in section 7.5.6.

7.5.6.3. Section 7.5.6 and paragraph 7.5.6.1 are also applicable when TSO needs to increase the available Balancing Energy corresponding to Upward Fast Tertiary Regulation by operating one or more Dispatchable Units in Stand-by. In this case, the quantity of Necessary Regulation mentioned in paragraph 7.5.6.2 let.b) is determined as being the excess capacity that TSO wants to maintain in stand-by.

7.5.6.4. After determining the necessary Balancing Energy corresponding to Upward Slow Tertiary Regulation according to the provisions of paragraph 7.5.6.2, TSO will accept Price-Quantity Pairs for Upward Regulation from the Validated Daily Offers, as well as the corresponding Validated Standing Offers, observing the following conditions:

a) TSO will consider only the Price-Quantity Pairs from the Validated Daily Offers applicable for one or more of the Dispatch Intervals specified according to the provisions of paragraph 7.5.6.2 let. a);

b) TSO can accept more than one Price-Quantity Pair;

c) choosing the Price-Quantity Pairs must:

i) determine the minimum costs on the BM, if possible, observing the provisions of paragraphs 7.5.6.8 - 7.5.6.10 and

ii) be technically feasible, within:

I) the limits of the Standing Technical Data for the respective Dispatchable Unit or Load;

II) any limitation of the production of a Dispatchable Unit registered as Priority Production and

III) any limitation of the production of a Dispatchable Hydro Unit, due to the registered flow and hydrological constraints, including the maximum allowed modification of the level of an accumulation lake.

d) the aggregate quantity of all accepted Price-Quantity Pairs must be equal to the Necessary Regulation for each Dispatch Interval specified according to the provisions of paragraph 7.5.6.2;

e) the Price-Quantity Pairs related to the Dispatchable Loads, other than the accumulation pumping plants, can be accepted only with the entire offered quantity;

f) the Price-Quantity Pairs related to the Dispatchable Units or the accumulation pumping plants can be accepted only with a part of the offered quantity;

g) following the acceptance of the Price-Quantity Pairs according to the provisions of paragraph 7.5.6.4:

i) the aggregate Available Margin of all the Dispatchable Units, for which there have been submitted Validated Daily Offers with Price-Quantity Pairs related to the Balancing Energy corresponding to Secondary Regulation, must not decrease below the value of the Necessary Reserve for Secondary Regulation during all the Dispatch Intervals remaining on the Delivery Day and

ii) the remaining quantity of Balancing Energy corresponding to Upward Fast Tertiary Regulation will not be decreased below the value of the Necessary Reserve for Upward Fast Tertiary Regulation during all the Dispatch Intervals remaining on the Delivery Day.

7.5.6.5. If TSO cannot establish a way to choose the Price-Quantity Pairs that satisfy both conditions from paragraph 7.5.6.4 let.g), in a first phase it will be considered only observing the condition from paragraph 7.5.6.4 let.g) and i). If TSO still cannot determine a way to choose the Price-Quantity Pairs according to the provisions of paragraph 7.5.6.4, it will be considered that none of the conditions from paragraph 7.5.6.4 let.g) is applicable. If even this situation does not allow TSO to accept Price-Quantity Pairs for a sufficient quantity of Balancing Energy corresponding to Upward Slow Tertiary Regulation, TSO will accept only the maximum available quantity of Balancing Energy corresponding to Upward Slow Tertiary Regulation.

7.5.6.6. If TSO could not accept Price-Quantity Pairs for a sufficient quantity of Balancing Energy corresponding to Upward Slow Tertiary Regulation or if the acceptance of the Price-Quantity Pairs results in breaking the conditions from paragraph 7.5.6.4 let. g), TSO can:

a) explore the possibilities to increase the quantity of Balancing Energy corresponding to Secondary and/or Upward Fast Tertiary Regulation by submitting requests to the BM Participants for making available supplementary Dispatchable Units for the BM and/or

b) take the measures considered as necessary, according to the provisions of the Grid Code, to ensure a reasonable quantity of Balancing Energy corresponding to Secondary and/or Upward Fast Tertiary Regulation.

7.5.6.7. If the use of one or more Price-Quantity Pairs accepted according to the provisions of paragraph 7.5.6.4. determines a Network Constraint, specifically if the utilization of the respective Price-Quantity Pair may endanger the safety and the stability of the NES's operation, TSO will solve the Network Constraint according to the provisions of section 7.5.8.

7.5.6.8. The Price-Quantity Pairs accepted according to the provisions of paragraph 7.5.6.4 establish a Transaction between TSO, on one hand, and the BM Participant that has submitted the respective Daily Offer, on the other hand, for the delivery of the Balancing Energy corresponding to Upward Slow Tertiary Regulation during the Dispatch Interval (Intervals) requested according to the provisions of paragraph 7.5.6.2, at the price specified in the accepted Price-Quantity Pair, and for:

a) the quantity accepted according to the provisions of paragraph 7.5.6.4

b) plus the quantity that must be delivered before and after the Dispatch Interval (Intervals) requested according to the provisions of paragraph 7.5.6.2, to make possible the delivery of the quantity accepted according to the provisions of paragraph 7.5.6.4.

7.5.6.9. The Start-up Standing Offers accepted by TSO according to the provisions of paragraph 7.5.6.4 establish a Transaction between TSO, on one hand, and the BM Participant that has submitted the respective Standing Offer, on the other hand, for the start-up of the Dispatchable Unit or Dispatchable Load, as the case may be, at the moment specified by TSO and for the price requested through the Start-up Standing Offer.

7.5.6.10. The Stand-by Standing Offers accepted by TSO according to the provisions of paragraph 7.5.6.4 establish a Transaction between TSO, on one hand, and the BM Participant that has submitted the respective Standing Offer, on the other hand, for maintaining in stand-by the corresponding Dispatchable Unit, during a period of time specified by TSO and at the price requested through the Stand-by Standing Offer.

7.5.6.11. The Transactions established according to the provisions of paragraphs 7.5.6.8 - 7.5.6.10 will be registered in the BM System. TSO must register at least the following information:

a) the unique registration number of the respective Validated Offer;

b) for a Daily Offer:

i) the accepted Price-Quantity Pair and

ii) all the Transaction specifications according to the provisions of paragraph 7.5.6.8.

c) for a Start-up Standing Offer, all the Transaction specifications according to the provisions of paragraph 7.5.6.9;

d) for a Stand-by Standing Offer, all the Transaction specifications according to the provisions of paragraph 7.5.6.10 and

e) the moment when the Price-Quantity Pair has been accepted.

7.5.6.12. The Price-Quantity Pairs accepted according to the provisions of paragraph 7.5.6.4 will determine an adjustment of the Physical Notification corresponding to the respective Dispatchable Unit or Dispatchable Load, according to the provisions of section 6, but only for the requested Dispatch Interval.

7.5.7. Selecting the Balancing Energy corresponding to the Downward Slow Tertiary Regulation

7.5.7.1. TSO will use the Balancing Energy corresponding to Downward Slow Tertiary Regulation when it estimates a continuous need for Downward Regulation during one or more Dispatch Intervals, starting not earlier than one (1) hour after the end of the current Dispatch Interval.

7.5.7.2. If TSO has identified the necessity to use the Balancing Energy corresponding to Downward Slow Tertiary Regulation, according to the provisions of paragraph 7.5.7.1, it must specify:

I the Dispatch Interval (Intervals), during which the use of the Balancing Energy corresponding to Downward Slow Tertiary Regulation will be necessary; and

II the necessary quantity of Balancing Energy corresponding to Downward Slow Tertiary Regulation, called Necessary Regulation only in section 7.5.7.

7.5.7.3. After determining the necessary Balancing Energy corresponding to Downward Slow Tertiary Regulation according to the provisions of paragraph 7.5.7.2, TSO will accept Price-Quantity Pairs for Downward Regulation from the Validated Daily Offers, as well as the corresponding Validated Standing Offers, observing the following conditions:

a) TSO will consider only the Price-Quantity Pairs from the Validated Daily Offers applicable for one or more of the Dispatch Intervals specified according to the provisions of paragraph 7.5.7.2 let.a);

b) TSO can accept more than one Price-Quantity Pair;

c) choosing the Price-Quantity Pairs must:

i) determine minimum costs on the BM, if possible, observing the provisions of paragraphs 7.5.7.5. - 7.5.7.7 and

ii) be technically feasible, within:

I) the limits of the Standing Technical Data for the respective Dispatchable Unit or Load;

II) any limitation of the production of a Dispatchable Unit registered as Priority Production and

III) any limitation of the production of a Dispatchable Hydro Unit, due to the registered flow and hydrological constraints, including the maximum allowed modification of the level of an accumulation lake.

d) the aggregate quantity of all accepted Price-Quantity Pairs must be equal to the Necessary Regulation for each Dispatch Interval specified according to the provisions of paragraph 7.5.7.2;

e) the Price-Quantity Pairs related to the Dispatchable Loads, other than the accumulation pumping plants, can be accepted only with the entire offered quantity;

f) the Price-Quantity Pairs related to the Dispatchable Units or the accumulation pumping plants can be accepted only with a part of the offered quantity;

g) following the acceptance of the Price-Quantity Pairs according to the provisions of paragraph 7.5.7.3:

i) the aggregate Available Margin for all the Dispatchable Units, for which there have been submitted Validated Daily Offers with Price-Quantity Pairs related to the Balancing Energy corresponding to Secondary Regulation, must not decrease below the value of the Necessary Reserve for Secondary Regulation during all the Dispatch Intervals remaining on the Delivery Day and

ii) the remaining quantity of Balancing Energy corresponding to Downward Fast Tertiary Regulation will not be decreased below the value of the Necessary Reserve for Downward Fast Tertiary Regulation during all the Dispatch Intervals remaining on the Delivery Day.

7.5.7.4. If TSO cannot establish a way to choose the Price-Quantity Pairs that satisfy both conditions from paragraph 7.5.7.3 let.g), in a first phase it will be considered only observing the condition from paragraph 7.5.7.3 let.g) and i). If TSO still cannot determine a way to choose the Price-Quantity Pairs

according to the provisions of paragraph 7.5.7.3, it will be considered that none of the conditions from paragraph 7.5.7.3 let.g) is applicable. If even this situation does not allow TSO to accept Price-Quantity Pairs for a sufficient quantity of Balancing Energy corresponding to Downward Slow Tertiary Regulation, TSO will accept only the maximum available quantity of Balancing Energy corresponding to Downward Slow Tertiary Regulation.

7.5.7.5. If TSO could not accept Price-Quantity Pairs for a sufficient quantity of Balancing Energy corresponding to Downward Slow Tertiary Regulation or if the acceptance of the Price-Quantity Pairs results in breaking the conditions from paragraph 7.5.7.3 let. g), TSO can take the measures considered as necessary, according to the provisions of the Grid Code, to ensure a reasonable quantity of Balancing Energy corresponding to Secondary and/or Downward Fast Tertiary Regulation.

7.5.7.6. If the use of one or more Price-Quantity Pairs accepted according to the provisions of paragraph 7.5.7.3. determines a Network Constraint, specifically if the utilization of the respective Price-Quantity Pair may endanger the safety and the stability of the NES's operation, TSO will solve the Network Constraint according to the provisions of section 7.5.8.

7.5.7.7. The Price-Quantity Pairs accepted according to the provisions of paragraph 7.5.7.3 establish a Transaction between TSO, on one hand, and the BM Participant that has submitted the respective Daily Offer, on the other hand, for the delivery of the Balancing Energy corresponding to Downward Slow Tertiary Regulation, at the price specified in the accepted Price-Quantity Pair, and for:

a) the quantity accepted according to the provisions of paragraph 7.5.7.3;

b) plus the quantity that must be delivered before and after the Dispatch Interval (Intervals) requested according to the provisions of paragraph 7.5.7.2, to make possible the delivery of the quantity accepted according to the provisions of paragraph 7.5.7.3.

7.5.7.8. The Start-up Standing Offers accepted by TSO according to the provisions of paragraph 7.5.7.3 and which determine a supplementary Start-up of the corresponding Dispatchable Unit or Dispatchable Load, as the case may be, establish a Transaction between TSO, on one hand, and the BM Participant that has submitted the respective Standing Offer, on the other hand, for the start-up of the Dispatchable Unit or Dispatchable Load, as the case may be, at the moment specified by TSO and for the price requested through the Start-up Standing Offer.

7.5.7.9. The Stand-by Standing Offers accepted by TSO according to the provisions of paragraph 7.5.7.3 establish a Transaction between TSO, on one hand, and the BM Participant that has submitted the respective Standing Offer, on the other

hand, for maintaining in stand-by regime the corresponding Dispatchable Unit, during a period of time specified by TSO and at the price requested through the Stand-by Standing Offer.

7.5.7.10. The Transactions established according to paragraphs 7.5.7.7 - 7.5.7.9. will be registered in the BM System. TSO must register at least the following information:

a) the unique registration number of the respective Validated Offer;

b) for a Daily Offer:

i) the accepted Price-Quantity Pair and

ii) all the Transaction specifications according to the provisions of paragraph 7.5.7.7;

c) for a Start-up Standing Offer, all the Transaction specifications according to the provisions of paragraph 7.5.7.8;

d) for a Stand-by Standing Offer, all the Transaction specifications according to the provisions of paragraph 7.5.7.9. and

e) the moment when the Price-Quantity Pair has been accepted.

7.5.7.11. The Price-Quantity Pairs accepted according to the provisions of paragraph 7.5.7.3 will determine an adjustment of the Physical Notification corresponding to the Dispatchable Unit or Dispatchable Load, but only for the requested Dispatch Interval.

7.5.8. Solving the Network Constraints

7.5.8.1. If a Transaction established according to the provisions of sections 7.5.3 – 7.5.5 can determine a Network Constraint, including the case when the utilization of an accepted Price-Quantity Pair may endanger the safety and the stability of the NES's operation, TSO must:

a) cancel the corresponding Transaction, marking it in the BM System as cancelled due to a Network Constraint and

b) replace the Balancing Energy lost due to the cancellation of the respective Transaction, by accepting another (other) Price-Quantity Pair(s) with the same quantity of Balancing Energy, according to the provisions of sections 7.5.3 - 7.5.5, on condition that the Balancing Energy accepted this way does not determine any Network Constraint and

c) mark in the BM System the new Transactions established according to let. b) as used for congestion management.

7.5.8.2. If the use of one or more Price-Quantity Pairs accepted according to the provisions of sections 7.5.6 or 7.5.7 determines a Network Constraint, including the case when the utilization of an accepted Price-Quantity Pair may endanger the safety and the stability of the NES's operation, TSO must:

a) establish the set of Transactions concluded according to the provisions of sections 7.5.6 or 7.5.7, as the case may be, which must be marked in the BM System as cancelled due to Network Constraints;

b) repeat the selection of the Balancing Energy corresponding to Slow Tertiary Regulation according to the provisions of sections 7.5.6 or 7.5.7, as the case may be, on condition that the Balancing Energy accepted through selection does not determine any Network Constraint;

c) mark in the BM System the new Transactions established according to let. b) as used for congestion management.

7.6. Congestion Management

7.6.1. Using the Balancing Market for Congestion Management

7.6.1.1. If, after the approval of the Physical Notifications, TSO ascertains the possibility of a Network Constraint, but only after the validation of the Daily Offers and Standing Offers by the BMO, TSO will solve such situations by selecting an equal quantity of Upward Regulation and Downward Regulation, according to the provisions of section 7.6.

7.6.1.2. When having to solve a Network Constraint, TSO will specify:

a) the moment when the Network Constraint is expected to appear and its forecasted duration;

b) the necessary reduction of the power circulation between two parts of the network, to ensure the operational safety and stability of the NES;

c) the part of the NES where the use of the Balancing Energy corresponding to Upward Regulation will be necessary to solve the Network Constraint and

d) the part of the NES where the use of the Balancing Energy corresponding to Downward Regulation will be necessary to solve the Network Constraint.

7.6.1.3. In order to solve the Network Constraint, for the period established according to the provisions of paragraph 7.6.1.2 let. a), TSO must:

a) select Upward Regulation for a quantity equal to the quantity determined according to the provisions of paragraph 7.6.1.2. let.b), in that part of the NES established according to the provisions of paragraph 7.6.1.2. let.c) and

b) select Downward Regulation for a quantity equal to the quantity determined according to the provisions of paragraph 7.6.1.2. let.b), in that part of the NES established according to the provisions of paragraph 7.6.1.2. let.d).

7.6.1.4. When selecting Upward Regulation and Downward Regulation according to the provisions of paragraph 7.6.1.3, TSO must:

a) for the case from paragraph 7.6.1.3. let.a), consider only the Price-Quantity Pairs related to the Dispatchable Units and Dispatchable Loads placed in that part of the NES established according to the provisions of paragraph 7.6.1.2. let.c);

b) for the case from paragraph 7.6.1.3. let.b), consider only the Price-Quantity Pairs related to the Dispatchable Units and Dispatchable Loads placed in that part of the NES established according to the provisions of paragraph 7.6.1.2. let.d) and

c) ensure that the selection of Upward Regulation or Downward Regulation will not determine supplementary Network Constraints.

7.6.1.5. If possible, TSO will solve any Network Constraint firstly by using the Balancing Energy corresponding to Slow Tertiary Regulation. When this is not possible, TSO will solve the Network Constraints, as much as it can, by using the Balancing Energy corresponding to Fast Tertiary Regulation.

7.6.1.6. The BM Transactions established by applying the provisions of paragraph 7.6.1.3. will be marked in the BM System as used for congestion management.

7.7. Executing, confirming and accepting the Transactions

7.7.1. Executing and confirming

7.7.1.1. The BM Transactions concluded according to the provisions of section 7.5 or 7.6 and which are not cancelled according to the provisions of section 7.5.8, will be executed by TSO by issuing the corresponding Dispatch Instructions for the respective BM Participant according to the provisions of the Grid Code. All the Dispatch Instructions will be registered by TSO in the Dispatch Log.

7.7.1.2. Complying with the Dispatch Instructions issued by TSO is compulsory for the respective BM Participants.

7.7.1.3. In the first Trading Day after the respective Delivery Day, TSO will prepare the Trade Confirmations for all the Transactions for delivering Balancing Energy which has been concluded on the BM. For each Delivery Day and for each Dispatchable Unit or Dispatchable Load, as the case may be, there will be transmitted separate Trade Confirmations to the corresponding BM Participant.

7.7.1.4. Each Trade Confirmation will include at least the following information:

a) the BM Identification Code of the BM Participant;

b) the BM Identification Code of the Dispatchable Unit or Dispatchable Load, as the case may be;

c) the Delivery Day and

d) for the Balancing Energy corresponding to Secondary Regulation, all the transaction specifications according to the provisions of paragraph 7.5.3.11;

e) for the Balancing Energy corresponding to Upward Fast Tertiary Regulation, all the transaction specifications according to the provisions of paragraph 7.5.4.11;

f) for the Balancing Energy corresponding to Downward Fast Tertiary Regulation, all the transaction specifications according to the provisions of paragraph 7.5.5.11;

g) for the Balancing Energy corresponding to Upward Slow Tertiary Regulation, all the transaction specifications according to the provisions of paragraph 7.5.6.11 and

h) for the Balancing Energy corresponding to Downward Slow Tertiary Regulation, all the transaction specifications according to the provisions of paragraph 7.5.7.10;

7.7.1.5. In the Trade Confirmations, TSO will mark distinctly any Transaction used for congestion management, according to the provisions of section 7.6.

7.7.1.6. The Trade Confirmations will be transmitted by TSO to the Settlement Administrator. TSO will also transmit to the Settlement Administrator the Trade Confirmations for each BM Transaction that has been cancelled according to the provisions of section 7.5.8.

7.7.2. Appeals against the Trade Confirmations

7.7.2.1. Appeals against the content of the Trade Confirmations are accepted only in the case of errors resulted from the actions of the BMO or TSO.

7.7.2.2. Any appeal against the content of a Trade Confirmation must be submitted to TSO not later than two (2) Trading Days after the transmittal of that Trade Confirmation by TSO.

7.7.2.3. TSO will inform the BM Participant about the acceptance or rejection of the respective appeal not later than two (2) Trading Days after the deadline specified in paragraph 7.7.2.2. In the case of acceptance, TSO will transmit an adjusted Trade Confirmation to the BM Participant.

7.7.2.4. If, during the time interval specified in paragraph 7.7.2.2, a BM Participant does not submit any appeal against the Trade Confirmations received, then these are considered as accepted.

7.7.2.5. Any submitted appeal does not exonerate the respective BM Participant from fulfilling the obligations resulted from the disputed Transactions.

7.8. Other provisions

7.8.1. Emergency procedures

7.8.1.1. The emergency procedures for the BM will be elaborated by the BMO and approved by the Competent Authority. BMO must make available this information to all parties involved.

7.8.1.2. The emergency procedures for the BM will be used by the BMO, TSO and the Participants in the case of emergency conditions, such as:

a) total or partial incapacity of operation or other problem of the BM System or of another information system used by the BMO for receiving, verification and processing Offers on the BM;

b) total or partial incapacity of operation or other problem of the BM System or of another information system used by TSO for processing and selecting Offers on the BM, as well as for issuing Dispatch Instructions;

c) interruption of TSO or BMO communication lines.

7.8.1.3. The emergency procedures for the BM may provide the use of alternative means of communication, as well as the extension or decallation of any deadline which must be respected by the BMO, TSO and the BM Participants, including the BM Closing Time.

7.8.1.4. BMO, TSO and each BM Participant will specify in the BM Agreement one or more contact persons for the case of an emergency situation, as well as the

corresponding phone and fax numbers. BMO, TSO and each BM Participant will inform each other when this information changes.

8. The rules of the centralized Ancillary Services Market

8.1. Introduction

8.1.1 Objectives

8.1.1.1 The objective of this section is to establish a commercial framework for:

a) ensuring a sufficient quantity of Ancillary Services available for TSO and the Distribution Operators;

b) purchasing, in a transparent and non-discriminatory manner, the Ancillary Services and the electricity needed to cover the Network Losses;

c) selling or purchasing, in a transparent and non-discriminatory manner, the electricity, by TSO, in order to compensate the Unplanned Exchanges;

d) keeping at a reasonable minimum level the costs related to the purchase of the Ancillary Services and of the electricity needed to cover the Network Losses.

8.1.1.2 To ensure the non-discriminatory feature and the economic efficiency, the purchase of Ancillary Services, except for the Primary Reserves and the Slow Tertiary Reserve ensured by cogeneration groups qualified as priority production, is usually done based on market mechanisms.

8.1.1.3. Purchase of Slow Tertiary Regulation Reserves provided by cogeneration groups qualified as priority production is done by a regulated mechanism in accordance with the *Procedure to set up the tariff for ancillary services* issued by the Competent Authority.

8.1.1.4 This section completes from the commercial point of view the technical framework established by the Grid Code.

8.1.2 Goal

8.1.2.1 This section defines the rules and procedures for the purchase of:

a) Secondary and Tertiary Reserves;

b) Reactive Power for Voltage control;

c) other Ancillary Services defined by the Grid Code and

d) electricity needed to cover the Network Losses.

8.1.2.2 The Secondary and Tertiary Reserves, the Reactive Power for Voltage control in the Transmission Electric Network, as well as other Ancillary Services to be established by the Competent Authority will be purchased exclusively by TSO. The electricity needed to cover the Network Losses will be purchased by each Network Operator, as the case may be.

8.1.2.3 This section creates the legal framework for establishing the contracted obligations of the BM Participants as regards the delivery of the contracted quantities of Secondary and Tertiary Reserves. The use of these Ancillary Services and the corresponding payment obligations are determined according to the provisions of section 7.

8.1.2.4 This section establishes the rules for the purchase of the electricity needed to cover the forecasted Network Losses, the difference between the electricity needed to cover the real and the forecasted Network Losses, respectively, being covered through the BM.

8.1.2.5 This section defines the rules and the procedures for the sale or purchase, as the case may be, of the electricity requested by TSO in order to compensate the Unplanned Exchanges.

8.2 The registration and modification of the Standing Technical Data

8.2.1 The BM Participants submit and modify, according to the Grid Code, the Standing Technical Data of their own Dispatchable Units and Loads.

8.3 Purchasing Secondary and Tertiary Reserves

8.3.1 Goal

8.3.1.1 The TSO procures Secondary, Fast Tertiary and Slow Tertiary Reserves from the BM Participants, during each Procurement Period.

8.3.2 Determining the Procurement Periods and the required Secondary and Tertiary Reserves

8.3.2.1 TSO must establish the Procurement Periods for the Secondary and Tertiary Reserves. These Procurement Periods may be continuous periods of time at the level of a year, season, month, week or day. A Procurement Period may be limited to days or/and Dispatch Intervals within the respective period, such as business days, non-working days and legal holidays, day or night hours, high or low demand hours or other types of intervals.

8.3.2.2 TSO may establish different Procurement Periods for different types of Reserves.

8.3.2.3 Before the beginning of each Procurement Period, TSO determines the quantity/quantities of Secondary or/and Tertiary Reserves necessary to be purchased during that Procurement Period.

8.3.2.4 TSO publishes the quantity of Secondary or/and Tertiary Reserves necessary to be purchased during that Procurement Period, but not later than:

a) three (3) Trading Days before the beginning of the Procurement Period, when this is daily;

b) two (2) weeks before the beginning of the Procurement Period, when this is weekly or monthly; and

c) one (1) month before the beginning of the Procurement Period, for all the other cases.

8.3.2.5 For Procurement Periods exceeding one month, the procured quantity of Secondary and Tertiary Reserves may be lower than the quantity of Secondary and Tertiary Reserves which TSO is bidding.

8.3.3 Purchasing/procuring Secondary and Tertiary Reserves

8.3.3.1 The BM Participants have the obligation to offer the Secondary, Fast Tertiary and Slow Tertiary Reserves to TSO.

8.3.3.2 TSO is responsible for elaborating the rules and the procedures regarding the following:

a) offering the Secondary and Tertiary Reserves by the BM Participants;

b) accepting the individual offers by TSO and

c) TSO's payments for the BM Participants' accepted offers.

8.3.3.3 The rules and the procedures elaborated according to the provisions of paragraph 8.3.3.2 must allow the BM Participants to submit aggregate offers for the Dispatchable Units or Loads which are allocated to the same BRP, according to the provisions of section 10. Such rules and procedures will not discriminate between the individual Dispatchable Units or Loads or between different parts of the NES.

8.3.3.4 The rules and the procedures mentioned in paragraph 8.3.3.2 must:

a) be transparent and non-discriminatory;

b) lead to the reduction of the costs related to the Procurement of Secondary and Tertiary Reserves up to a reasonable minimum level.

8.3.3.5 When the aggregate offer of the BM Participants does not cover the required Secondary and Tertiary Reserves, TSO will ask them to offer a supplementary

quantity of Secondary and Tertiary Reserves, depending on their technical possibilities. TSO's request is compulsory for all the BM Participants.

8.3.3.6 The elaborated rules and procedures and their use according to the provisions of section 8.3.3 are subject for the Competent Authority's approval.

8.3.4 Direct Bilateral Contracting for their Management of Internal Congestions

8.3.4.1 TSO may conclude directly bilateral contracts based on the Framework Contract for the management of internal congestions for Fast and Slow Tertiary Reserves with one or more BM Participants, during the Reserve Contracting Period, but only when it needs the corresponding Reserves in a certain area of the NES where the following conditions are satisfied simultaneously:

a) TSO expects the Network Constraints between the respective area and the rest of the NES to appear in more than ten (10) % of the respective Reserve Contracting Period;

b) the Network Constraints can be solved only by using the quantities of Reserves contracted through bilateral contracts and

c) the BM Participants which can deliver Reserves in the respective area of the NES are not more than three (3).

8.3.4.2 The bilateral contracts may be concluded for one or more Reserve Contracting Periods, for which the conditions from paragraph 8.4.4.1 are applicable.

8.4 Purchasing Reactive Power for Voltage Control

8.4.1 Goal

8.4.1.1 For each Procurement Period, TSO purchases from the electricity Producers the required quantity of Reactive Power for voltage control, produced on the secondary zone, separately for inductive and capacitive Reactive Power.

8.4.1.2 The quantity of Reactive Power for voltage control, requested by the TSO and produced on the primary zone, is not paid.

8.4.1.3. TSO may also procure Inductive and Capacitive Reactive Power from Distributors.

8.4.2 Determining the Procurement Periods and the required Reactive Power for voltage control

8.4.2.1. TSO must establish the Procurement Periods for the required Reactive Power for voltage control. These Procurement Periods may be continuous periods of time at

the level of a year, season, month, week or day. A Procurement Period may be limited to days and/or Dispatch Intervals within the respective period, such as business days, non-working days and legal holidays, day or night hours, high or low demand hours or other types of intervals.

8.4.2.2. TSO may establish different (separate) Procurement Periods for the inductive and capacitive Reactive Power for voltage control.

8.4.2.3. Before the beginning of each Procurement Period, TSO determines the quantity of inductive and capacitive Reactive Power necessary to be purchased for voltage control during that Period. TSO may establish specific requirements for the different areas of the Network operated according to the provisions of its License.

8.4.2.4. TSO publishes the quantity of inductive and capacitive Reactive Power necessary to be purchased for voltage control during the Procurement Period, but not later than:

a) three (3) Trading Days before the beginning of the Procurement Period, when this is daily;

b) two (2) weeks before the beginning of the Procurement Period, when this is weekly or monthly; and

c) one (1) month before the beginning of the Procurement Period, for all the other cases.

8.4.2.5. The quantity of inductive and capacitive Reactive Power purchased according to the provisions of section 8.4 cannot be lower than the quantity of inductive and capacitive Reactive Power which TSO considers necessary for voltage control for each moment of the Procurement Period, observing the obligations set up by the Grid Code and by the Distribution Code.

8.4.3 Purchasing the required Reactive Power for voltage control

8.4.3.1 The electricity Producers have the obligation to offer the inductive and capacitive Reactive Power Reserve to TSO.

8.4.3.2 TSO is responsible for elaborating the rules and the procedures regarding the following:

a) offering the inductive and capacitive Reactive Power for voltage control by the Producers and Distributors;

b) accepting the individual offers by TSO and

c) TSO’s payments for the Producers’ accepted offers.

8.4.3.3 The rules and the procedures elaborated according to the provisions of paragraph 8.4.3.2 must allow one or more Producers to submit aggregate offers for more

Dispatchable Units or Loads which are connected to that part of the Network for which TSO has requested the Reactive Power.

8.4.3.4 The rules and the procedures mentioned in paragraph 8.4.3.2 must:

a) be transparent and non-discriminatory;

b) lead to the reduction of the costs related to the Procurement of Reactive Power Reserves for voltage control up to a reasonable minimum level;

c) determine the correct payment for the supplementary costs due to the delivery of Reactive Power for voltage control.

8.4.3.5 When the aggregate offer of the Producers does not cover the required Reactive Power Reserve, TSO can request the Producer to offer supplementary quantities of Reactive Power Reserve, depending on its technical possibilities. TSO's request is compulsory for the Producers which received it.

8.4.3.6 The elaborated rules and procedures and their use according to the provisions of section 8.4.3 are subject for the Competent Authority's approval.

8.5 Purchasing other Ancillary Services

8.5.1 Goal

8.5.1.1 TSO purchases Ancillary Services, other than the Primary, Secondary and Tertiary Reserves and the Reactive Power for voltage control, on each Procurement Period. TSO may establish different Procurement Periods for different types of Ancillary Services.

8.5.1.2 Before the beginning of each Procurement Period, TSO determines the quantities and types of Ancillary Services necessary to be purchased during that Procurement Period. The Network Operator publishes in advance these quantities for each Procurement Period.

8.5.1.3 The quantity of Ancillary Services purchased according to the provisions of section 8.5 cannot be lower than the quantity of Ancillary Services of a certain type which TSO considers necessary for each moment of the Procurement Period, according to the provisions of the Grid Code.

8.5.2 The purchase

8.5.2.1 TSO is responsible for elaborating the rules and the procedures regarding the following:

a) offering the Ancillary Services by the parties that are qualified to deliver the respective type of Ancillary Service to TSO;

b) accepting the individual offers by TSO and

c) TSO's payments to the parties whose offers have been accepted.

8.5.2.2 The rules and the procedures mentioned in paragraph 8.5.2.1 must:

a) be transparent and non-discriminatory;

b) lead to the reduction of the costs related to the procurement of other Ancillary Services up to a reasonable minimum level.

8.5.2.3 When the aggregate offer of the qualified parties does not cover the required Ancillary Services, TSO will request them to offer supplementary quantities of Ancillary Services, depending on their technical possibilities. TSO's request is compulsory for the parties involved.

8.5.2.4 The elaborated rules and procedures and their use according to the provisions of section 8.5.2 are subject for the Competent Authority's approval.

8.6 Purchasing electricity to cover the Network Losses

8.6.1 Goal

8.6.1.1 Each Network Operator purchases electricity to cover the Network Losses, separately on each Trading Interval.

8.6.1.2 A Network Operator can purchase electricity to cover the Network Losses by using procedures of public offering or/and through the DAM. The difference between the electricity for covering the Network Losses purchased through the procedures of public offering or/and through the DAM and the real electricity for covering the Network Losses will be sold/purchased, as the case may be, exclusively through the BM.

8.6.2 Public offering

8.6.2.1 The Network Operator establishes the Procurement Periods for the electricity for covering the Network Losses. These procurement periods may be continuous periods of time at the level of a year, season, month, week or day. A Procurement Period may be limited to days and/or Dispatch Intervals within the respective period, such as business days, non-working days and legal holidays, day or night hours, high or low demand hours or other types of intervals.

8.6.2.2 Before the beginning of each Procurement Period, the Network Operator determines the quantity of electricity for covering the Network Losses necessary to be purchased during that Procurement Period. The quantity of electricity for covering the Network Losses to be offered will not exceed a value forecasted in a reasonable manner for the electricity for covering the Network Losses for each moment of the respective Procurement Period.

8.6.2.3 Each Network Operator publishes the quantity of electricity for covering the Network Losses necessary to be purchased during the Procurement Period through a public offering procedure, but not later than:

a) two (2) Trading Days before the beginning of the Procurement Period, when this is daily;

b) two (2) weeks before the beginning of the Procurement Period, when this is weekly or monthly; and

c) one (1) month before the beginning of the Procurement Period, for all the other cases.

8.6.2.4 Each Network Operator is responsible for elaborating the rules and the procedures regarding the following:

a) offering the electricity to the respective Network Operator for covering the Network Losses;

b) accepting the individual offers by the respective Network Operator and

c) the respective Network Operator's payments for the offers which have been accepted.

8.6.2.5 The rules and the procedures mentioned in paragraph 8.6.2.4 must:

a) be transparent and non-discriminatory;

b) lead to the reduction of the costs related to the procurement of the electricity for covering the Network Losses up to a reasonable minimum level.

8.6.2.6 Participation in a public offering procedure, according to the provisions of paragraph 8.6.2.4, is not allowed for the Network Operators.

8.6.2.7 The quantity of electricity for covering the Network Losses purchased according to the provisions of section 8.6.2 will in no case be higher than the value forecasted by the respective Network Operator for the electricity for covering the Network Losses during the Procurement Period, observing the obligations set up by the Grid Code and by the Distribution Code.

8.6.2.8 When a Network Operator cannot purchase a sufficient quantity of electricity for covering the Network Losses, the respective Network Operator will purchase the remaining electricity through a subsequent offering round or through the DAM.

8.6.2.9 The Network Operators will coordinate their activities and will elaborate common rules and procedures.

8.6.2.10 All the elaborated rules and procedures and their use according to the provisions of section 8.6.2 are subject for the Competent Authority's approval.

8.6.3 Purchasing from the DAM the electricity to cover the Network Losses

8.6.3.1 When, by applying the mechanism of purchasing through public offering, described in section 8.6.2, the forecasted required electricity for covering the Network Losses is not covered, the respective Network Operator purchases the difference through the DAM, separately for each Trading Interval.

8.6.3.2 In order to purchase electricity according to the provisions of paragraph 8.6.3.1, a Network Operator will be registered as DAM Participant and will submit Purchase Offers for the corresponding quantity of electricity, according to the rules of the DAM from section 5.

8.7 Compensating the Unplanned Exchanges

8.7.1 Transactions on the DAM for compensating the unplanned exchanges

8.7.1.1 TSO purchases or sells, as the case may be, electricity for compensating the unplanned exchanges only through the DAM and/or the BM.

8.7.1.2 TSO determines the quantity of electricity necessary for compensating the unplanned exchanges, which are done according to the international obligations and/or the bilateral agreements with the TSOs from the neighboring countries.

8.7.1.3 As much as possible, TSO purchases, when it must deliver electricity to other TSOs, or sells, when it consumes electricity from other TSOs, the respective quantity of electricity through the DAM.

8.7.1.4 Any difference between the electricity purchased or sold by TSO through the DAM, on one hand, and the quantity of electricity delivered or consumed to/from other TSOs, on the other hand, is considered as imbalance for TSO according to the provisions of section 12.

9. The allocation of the Transfer Capacities

9.1 Introduction

9.1.1 Objectives

9.1.1.1 The provisions of this section are aimed at achieving the following objectives:

a) determining the ATC, in a transparent manner, by the TSO;

b) allocating the ATC to the market participants and using these capacities in a competitive and non-discriminatory manner;

c) facilitating the achievement of a regional electricity market by introducing mechanisms agreed upon by the participant countries.

9.1.1.2 In order to ensure the access to the transfer capacities, the participation to the auction procedures, according to the provisions of this section, is open for the Producers, Suppliers and Eligible Consumers with supply license, which have registered as Auction Participants.

9.1.2 Goal

9.1.2.1 This section defines the rules and the procedures regarding:

a) the Auction Participants registration;

b) determining the ATC;

c) allocating the transfer capacities on different Auction Periods during a year;

d) bidding for the ATC by the Auction Participants and the transfer of the non-used capacities to subsequent auctions;

e) the means and obligations to select the use of the ATC through auctions;

f) allocating the remaining ATC on the DAM.

9.2 The registration of the Auction Participants

9.2.1 The registration of the Auction Participants

9.2.1.1 Only the Auction Participants registered according to the provisions of this section can participate to the auctions, according to the provisions of section 9.3.3.

9.2.1.2 The Auction Participant status can be awarded exclusively to the Producers, Suppliers and Eligible Consumers with supply license.

9.2.1.3 A Producer, Supplier or Eligible Consumer wishing to register as Auction Participant may request this in written from TSO. This request will be done in a format established and published by TSO.

9.2.1.4 Each such request must include at least the following information:

a) the full name, headquarters and contact details of the requesting party;

b) the type and the number of the License held by the requesting party;

c) the names and contact details of the persons authorized to act on behalf of the requesting party;

d) the name, contact details and Identification Code of the BRP having the Balance Responsibility for the requesting party.

9.2.1.5 After receiving such a request, TSO must verify the correctness of the information offered by the requesting party.

9.2.1.6 In case there have not been communicated all the necessary details according to the provisions of paragraph 9.2.1.4, TSO will request the missing information. In this case, the provisions of paragraph 9.2.1.5 are applicable after the receipt of that information.

9.2.1.7 TSO approves the request of registration as Auction Participant of a Producer, Supplier or Eligible Consumer with supply license during an interval of thirty (30) days after receiving the request, if the following conditions are satisfied:

a) the information submitted by the requesting party does not contain, as far as TSO is aware, any false information;

b) TSO has checked whether the requesting party holds a valid License and

9.2.1.8 If it decides that it cannot approve a request, TSO will inform the requesting party without delay, justifying the rejection. If the approval is delayed due to the lack of information, the deadline mentioned in paragraph 9.2.1.7 will be extended up to one (1) week after TSO receives the missing information; the approval deadline mentioned in paragraph 9.2.1.7 cannot be extended to more than one (1) month from the receipt of the request.

9.2.1.9 Right after the approval of the request, TSO must inform the MO and the Settlement Administrator about the registration of a new Auction Participant and the date when the respective registration has become valid.

9.2.1.10 The registration of a new Auction Participant becomes valid on the first day of a calendar month, but not earlier than two (2) weeks from the approval of the request by TSO, from this moment on the Auction Participant being able to exert its rights and to respect its obligations.

9.2.2 Withdrawal and revoking the Auction Participants

9.2.2.1 If a Licensed Party does not wish to be registered as Auction Participant any longer, it is obliged to inform TSO through a written notification, in a format established and published by TSO.

9.2.2.2 The Licensed Party that cannot fulfill its obligations according to the provisions of this Commercial Code or expects to get to such a situation must inform without delay TSO through a written notification.

9.2.2.3 TSO can decide, by its own initiative, to revoke the registration of a Licensed Party as Auction Participant, for any of the following reasons:

a) TSO is aware of the bankruptcy or legal liquidation process of the respective Licensed Party or

b) the Competent Authority has informed TSO that it has withdrawn or it will withdraw the license of the respective Licensed Party.

9.2.2.4 TSO can, also, revoke the registration as Auction Participant when the respective Licensed Party has not fulfilled repeatedly or for a long period of time its obligations according to the provisions of this Commercial Code. In this case, TSO is authorized to revoke the registration as Auction Participant only when the respective Licensed Party, after having been notified, during an interval of four (4) weeks does not entirely fulfill its obligations.

9.2.2.5 As soon as TSO has decided to withdraw the registration as Auction Participant of the respective Licensed Party, on request, according to the provisions of paragraph 9.2.2.1., or for one of the reasons mentioned in paragraphs 9.2.2.3 or 9.2.2.4, TSO must announce this to the Licensed Party, the MO and the Settlement Administrator.

9.2.2.6 If the registration as Auction Participant is revoked for the reasons mentioned in paragraph 9.2.2.3, revoking has immediate effect, but not earlier than the moment when the License is withdrawn. For all the other cases, the registration as Auction Participant loses its validity on the first day of the calendar month, but not earlier than two (2) weeks from the Licensed Party's request or as a consequence of the terms mentioned in paragraph 9.2.2.4.

9.3 Network Constraints Management

9.3.1 Determining the Available Transfer Capacities

9.3.1.1 TSO will determine the ATC and will identify possible Network Constraints, according to the provisions of the Grid Code.

9.3.1.2 To ease the determining of the transfer capacities, TSO may combine more Interconnections in a group of Interconnections. A group of Interconnections may be identical or not with the political borders. TSO will define these groups of Interconnections so that the integrity and the safety of the NES are ensured and the negative impact on the market operation is minimum.

9.3.1.3 After defining the groups of Interconnections, TSO calculates and publishes, separately for each group of Interconnections and for each sense of Import and Export, respectively, the following data:

a) the TTC;

b) the TRM, which derives from:

(i) involuntary deviations of the physical flows during the operations, due to the physical operation of the frequency control;

(ii) emergency exchanges with other countries, to manage the unforeseen situations of real time imbalance;

(iii) metering inaccuracies.

c) the NTC;

d) the AAC;

e) the ATC.

9.3.1.4 TSO determines and publishes the medium values for ATC and NTC for each group of Interconnections, at least each trimester and annually. Moreover, TSO publishes the updated values for the next thirty (30) calendar days, taking into consideration any new available information.

9.3.1.5 TSO defines the groups of Interconnections and determines and publishes the values of ATC and NTC for the groups of Interconnections, according to the rules and recommendations of the competent international organisms, e.g. UCTE, ETSO. As much as possible, TSO coordinates the determining and the publishing of the values of ATC and NTC with the TSOs from other countries.

9.3.2 Determining the Auction Periods

9.3.2.1 TSO defines the Auction Periods, which can be continuous periods of time, such as years, seasons, trimesters or months.

9.3.2.2 After determining the ATC for the next calendar year, but with at least two (2) months before the end of the current year, TSO will submit to the Competent Authority a proposal for allocating the ATC, separately for each group of Interconnections, for:

a) each Auction Period established according to the previous paragraph;

b) the DAM.

This proposal will also specify how to allocate the possible increases or decreases of available capacity during the respective year on the two utilization modalities.

9.3.2.3 The Competent Authority is authorized to ask or adopt any modification of the proposal submitted according to the provisions of paragraph 9.3.2.2, if considered necessary. After the Competent Authority's approval, the allocation of ATC on different Auction Periods becomes compulsory for TSO and the MO.

9.3.2.4 After the Competent Authority's approval, but with at least one (1) month before the beginning of the new calendar year, TSO will publish the ATC on each

Auction Period, as well as the transfer capacity available for the DAM, separately for each group of Interconnections.

9.3.2.5 TSO publishes the ATC on a certain Auction Period, taking into account both the ATC which has not been already allocated through a previous auction and which is referring to the current Auction Period and any necessary or possible changes of the available transfer capacities (NTC, ATC) appeared at the annual evaluation of the available transfer capacities, performed according to the provisions of section 9.3.1. TSO publishes this information not later than:

a) two (2) weeks before the beginning of the Auction Period, in the case of a monthly Auction Period and

b) one (1) month before the beginning of the Auction Period, in the case of a seasonal, quarter or annual Auction Period.

9.3.3 The Auction Procedure

9.3.3.1 The Auction Participants can obtain, through the auction, the right to use a part of the ATC corresponding to the import of electricity in Romania, allocated to a certain Auction Period, other than the daily Auction Period (DAM).

9.3.3.2 The auctions are organized by the TSO. Separate auctions are organized for each Auction Period, for each group of Interconnections and for the Import flows. The auctions referring to the same Auction Period will be organized on the same day.

9.3.3.3 The TSO organizes on a business day an auction for the allocation of the available transfer capacities, with at least:

a) one (1) week before the beginning of the Auction Period, in the case of a monthly Auction Period and

b) three (3) weeks before the beginning of the Auction Period, in the case of a seasonal, quarter or annual Auction Period.

9.3.3.4 The TSO publishes the date for each auction with at least two (2) weeks before.

9.3.3.5 The Auction Participants can submit, for a certain auction, only one offer up to hour 12:00 on the day announced and published by the TSO, according to the provisions of paragraph 9.3.3.4.

9.3.3.6 Each offer will include information on the electricity purchasing price from each import contract of the Auction Participant which requests the Transfer Capacity necessary to fulfill the obligations from the respective electricity sell/purchase contract(s).

9.3.3.7 When, through an electricity import contract, there are purchased several quantities of electricity at different prices, the offer will include the weighted average price.

9.3.3.8 The TSO is obliged to keep the confidentiality about the contract data to which it has access through the offers submitted by the Auction Participants.

9.3.3.9 The TSO establishes and publishes the framework-content and the framework-format of the offers and the offer submittal modality. After the Competent Authority's approval, the TSO informs the Auction Participants about these aspects, in an adequate manner and with a previous notification.

9.3.3.10 The Auction Participants can modify or cancel any Offer up to the deadline mentioned in paragraph 9.3.3.5.

9.3.3.11 The TSO validates the Offers received from an Auction Participant right after their receipt and rejects the Offers that do not satisfy the requirements related to the framework-content and the framework-format. When rejecting an Offer, the TSO informs the respective Auction Participant, communicating the reasons for rejection.

9.3.3.12 After validating the Offers received before the deadline mentioned in paragraph 9.3.3.5 has expired, the TSO allocates the Transfer Capacity offered during the respective auction to the Auction Participants, in the increasing order of the procurement prices from the electricity import contracts.

9.3.3.13 The Auction Participant whose Offer has been completely or partially accepted by the TSO is granted the right to use a Transfer Capacity equal to the aggregate transfer capacity of the Offer accepted during the respective Auction Period.

9.3.3.14 The contracts based on which the Auction Participants have obtained the right to use certain Transfer Capacities will be registered by the TSO. The TSO registers at least the following information:

a) the identity of the Auction Participant;

b) the identity of the accepted Offer;

c) the Auction Period;

d) the quantity of the accepted Offer.

9.3.4 Allocating the remaining Transfer Capacities through subsequent Auctions

9.3.4.1 If the request for transfer capacities from the auction procedure that took place according to the provisions of section 9.3.3 is lower than the available capacity from the respective auction, the remaining difference is allocated for shorter Auction Periods, which are part of the current Auction Period (for instance, the remaining quantities from the monthly auction will be transfered to all the daily auctions from the respective month). The remaining available quantity includes all the capacities that have been available for the current auction, but have remained not allocated to the individual Auction Participants.

9.3.4.2 When a requesting party does not use the reserved capacity for more than 30 calendaristic days, its reservation is cancelled and the respective capacity becomes available for allocation according to paragraph 9.3.4.1.

9.3.5 Appointing the used Transfer Capacities

9.3.5.1 The users of Transfer Capacities established according to the provisions of section 9 are obliged to inform about the way the respective capacities are used up to 08:00 a.m. on the Trading Day that precedes the Delivery Day.

9.3.5.2 The informing report must include the specification of the group of Interconnections (Trading Zone Border) and the sense of the exchange (Import or Export).

9.3.5.3 TSO elaborates detailed rules and procedures which establish the format, the content and the transmittal and validation modality for the informing report realized according to the provisions of paragraph 9.3.5.1. As much as possible, these rules and procedures must be elaborated similarly to the rules and procedures applicable to the Physical Notifications, according to the provisions of section 6. After the Competent Authority's approval, TSO makes available for all the Auction Participants these rules and procedures, as well as any subsequent modifications, in an adequate manner and with a previous notification.

9.3.5.4 If the Export or Import announced by the User according to the provisions of paragraph 9.3.5.1 exceeds the total rights for the corresponding type of transfer capacities (the group of Interconnections and the sense) owned by the User, TSO operates the reduction of the respective quantity to the level of the rights held.

9.3.5.5 TSO informs each Auction Participant and the Settlement Operator about the validation of the announces according to the provisions of paragraph 9.3.5.1 and any modification operated according to the provisions of paragraph 9.3.5.4, but not later than 09:00 a.m. on the Trading Day that precedes the Delivery Day.

9.3.5.6 The announces made according to the provisions of paragraph 9.3.5.1 establish an obligation of the BRP that has the Balance Responsibility for the Auction Participant to announce, as the case may be, an Import or an Export, in its BRP Physical Notification, according to the provisions of section 6. If the BRP Physical Notification specifies an Import or an Export different from the sum of all the announces made according to the provisions of paragraph 9.3.5.1 by all the Auction Participants for which the BRP has the Balance Responsibility, TSO has the right to adjust the BRP Physical Notification so that it gets in accordance with the respective announces.

9.3.6 Allocating the Transfer Capacity on the DAM

9.3.6.1 The Transfer Capacity available for allocation on the DAM includes:

a) the capacity established by TSO according to paragraph 9.3.2.2. let. b) and approved by the Competent Authority;

b) the entire capacity remained available after the allocations, according to paragraph 9.3.3;

c) reserved capacity but not used by the Participant in the bid.

9.3.6.2. TSO determines the Transfer Capacity available for the DAM daily, according to paragraph 9.3.6.1., and communicates it to the MO up to 9.00 a.m..

9.3.6.3. The transmittal format for the information regarding the Transfer Capacity available for allocation on the DAM is established by the MO in ageement with TSO and is approved by the Competent Authority.

9.3.6.4. During the DAM auctions organized according to the provisions of section 5, the available Transfer Capacity is allocated implicitly.

9.3.7 Promoting the Co-ordination Mechanisms

9.3.7.1 In order to facilitate the achievement of a regional electricity market, the Competent Authority has the right to approve or issue packages of supplementary regulations and procedures for the use of the transfer capacities considered necessary and convened between TSO / Competent Authority, on one hand, and other TSOs / regulatory authorities from other countries, on the other hand. Such supplementary regulations and procedures may include, but are not necessarily limited to:

a) the delegation of a part or of the whole responsibility for the operation of the mechanisms described in section 9 to an institution from another country, if the respective institution is responsible for the allocation of the transfer capacities to Romania;

b) the delegation of the responsibility for allocating a part of the transfer capacities with another country to a foreign institution, if the part remained from the respective capacities is allocated according to section 9;

c) replacing the mechanisms applied to the allocation of transfer capacities with other mechanisms convened between TSO / Competent Authority, on one hand, and other TSOs / regulatory authorities from one or more countries, on the other hand or

d) sharing the income from the allocation of transfer capacities with other countries.

9.3.7.2. TSO and the MO may propose supplementary regulations and procedures to be approved by the Competent Authority.

9.3.7.3. The supplementary regulations and procedures approved by the Competent Authority, proposed by TSO or by the MO or initiated by the Competent

Authority itself, will have priority in application versus any other rules and procedures mentioned in section 9 and will become compulsory for all parties, including TSO and the MO.

9.3.7.4. Until convening another way of sharing the Transfer Capacities between the countries from the region:

a) the import capacity is allocated entirely by TSO and the MO through the auction mechanism specified in section 9.3.3. and on the DAM, according to the provisions of section 9.3.6;

b) the export capacity is allocated for contracts by the neighboring countries' authorities and the quantities remained not allocated through contracts are allocated through implicit auctions on the DAM, according to the provisions of section 9.3.6.

10. The Balance Responsibility

10.1 Introduction

10.1.1. Objectives

10.1.1.1 The objective of this section is to create a framework for the establishment of the BRP. The concept of Balance Responsibility and the establishment of the BRP ensures the following:

a) closing the electricity transactions on the national market in a disciplined manner;

b) establishing *a priori* the electricity balance of the NES;

c) separating the financial transactions from the physical ones and

d) a fair settlement of the electricity transactions on the national market.

10.1.1.2. The electricity market Participants which become active on the national market must take the financial responsibility for the impact of their actions upon the safe, stable and economic operation of the NES.

10.1.1.3. The concept of Balance Responsibility realizes an optimization in the allocation of the financial responsibility for the Imbalances between the planned and the realized production, the consumption and the electricity exchanges and also avoids the punishing measures for the electricity market Participants by allowing them to aggregate their Imbalances.

10.1.2. Goal

101.2.1. This section establishes the rules and the conditions referring to:

a) the allocation of the Balance Responsibility to the electricity market Participants;

b) establishing the BRP;

c) the rights and the obligations of the BRP;

d) allocating the Connection Points to the BRP;

e) setting up and filling in the BRP Register by TSO.

10.1.2.2. The provisions of section 10 are applicable to all the Licensed Parties, specifically:

a) Producers;

b) Suppliers;

c) MO;

d) TSO and

e) Distributors.

10.2. Balance-related obligations

10.2.1. Generalities

10.2.1.1. According to this Commercial Code, the Balance Responsibility belongs to the corresponding Licensed Parties for:

a) ensuring the balance between the metered production and the scheduled purchases and the electricity Imports, on one hand, and the metered consumption and the scheduled sales and the electricity Exports, on the other hand, for one or more Connection Points and/or for one or more bilateral transactions.

b) taking the financial responsibility towards TSO for all the physical Imbalances that appear due to the electricity scheduled or realized production, purchase, Import, consumption, sales and Export for one or more Connection Points and/or for one or more bilateral transactions which are not balanced.

10.2.2. The obligation to take the Balance Responsibility

10.2.2.1. Each Licensed Party must take the Balance Responsibility towards TSO, for its entire electricity production, purchase, Import, consumption, sale or Export.

10.2.2.2. The Licensed Parties taking the Balance Responsibility towards TSO must register as BRPs, according to the provisions of section 10.3.2.

10.2.2.3. Each Connection Point of the installations owned by a Producer or Consumer must be allocated to a single BRP, according to the provisions of section 10.3.4.

10.2.2.4. Only the Licensed Parties allocated to a single BRP, according to the provisions of section 10.3.4., will be allowed to engage in bilateral transactions, including Block Exchanges, Import and Export.

10.2.2.5. In order to facilitate the operation of the wholesale electricity market and according to the provisions of section 10.2.4., the Licensed Parties are allowed to transfer the Balance Responsibility to a BRP which has been registered at TSO, according to the provisions of section 10.3.2., and which is not a Network Operator.

10.2.2.6. A Licensed Party can establish or participate in several BRPs, provided that each connection point of the owned installations be allocated to only one BRP.

10.2.2.7. If a Licensed Party could not set up a BRP or transfer the Balance Responsibility to another BRP, then it will be considered as taking the entire responsibility of the BRP and it will be responsible for all the expenditures related to the BRP.

10.2.3. The Balance Responsibility for the Non-eligible Consumers and the International Transactions

10.2.3.1. Each Implicit / Franchise Supplier will automatically take the Balance Responsibility for all its Non-eligible Consumers and for the Eligible Consumers placed in the Franchise Area which have not chosen another Supplier.

10.2.3.2. The Export and the Import will be allocated to the BRPs according to the Physical Notifications of the respective BRPs, submitted and approved according to the provisions of section 6.

10.2.4. The Balance Responsibility for the MO

10.2.4.1. The MO takes the Balance Responsibility for all the commercial transactions in which it is engaged.

10.2.4.2. The MO does not have the right to take the Balance Responsibility for:

a) any Connection Point and

b) any other BRP.

10.2.5. The Balance Responsibility for the Network Operators

10.2.5.1. All the electricity exchanges between the Transmission Network and a Distribution Network or between different Distribution Networks will be allocated to individual BRPs, according to the provisions of section 12.2.

10.2.5.2. TSO sets up separate BRPs for:

a) compensating the Unplanned Exchanges and

b) purchasing electricity to cover the Network Transmission Losses.

10.2.5.3. TSO may set up a separate BRP in order to administrate any deviation of the total real consumption from the planned consumption of the Consumer who has no hourly metering in his License Area.

10.2.5.4. Each Distributor will set up a separate BRP for purchasing the electricity to cover the losses in its Network.

10.2.5.5. Each Distributor may set up a separate BRP for the administration of any deviation of the total real consumption from the planned consumption of the Consumer who has no hourly metering in his License Area.

10.2.5.6. TSO is not allowed to transfer the Balance Responsibility to any other Licensed Party.

10.2.5.7. The Distributors are allowed to transfer the Balance Responsibility only to TSO or to another Distributor.

10.3. The Balance Responsible Parties (BRP)

10.3.1. The rights and the obligations of the BRP

10.3.1.1. Each BRP is obliged to plan the production and purchases, including Import, for each Dispatch Interval, so as to correspond to the foreseen consumption and sales, including Export, for the electricity market Participants for which it has the Balance Responsibility, including itself.

10.3.1.2. Each BRP must submit Physical Notifications according to the provisions of section 6.

10.3.1.3. Only the BRPs are allowed to notify:

a) the Block Exchanges with other BRPs;

b) the Import and

c) the Export.

10.3.1.4. Each BRP takes the responsibility towards TSO for the sum of the Imbalances between production, purchase, Import, consumption, sales and Export for the Licensed Parties for which it has the Balance Responsibility. The Imbalances will be calculated and compensated according to the provisions of sections 12.3 and 14.7.

10.3.1.5. Each BRP will maintain, on its own expense, all the communication systems necessary for submitting the Physical Notifications, as well as for receiving the notifications from TSO, according to the provisions of section 6.

10.3.1.6. Each BRP empowers at least a contact person to act on its behalf and to keep in touch with TSO during each Trading Day, starting with 12:00 p.m., until the end of the Trading Hours.

10.3.1.7. Each BRP is obliged to deliver financial collaterals, according to the provisions of section 14.3.

10.3.1.8. Besides the conditions from section 10.3.1., each BRP is the beneficiary of the rights specified in the Balance Responsible Agreement, concluded with TSO, and must satisfy all the requirements from the respective agreement.

10.3.1.9. The rights and obligations of a BRP are not transferable.

10.3.2. Establishing the BRPs

10.3.2.1. The Licensed Party may request the setting up of a BRP.

10.3.2.2. The Licensed Party wishing to set up a BRP must request this in written from TSO. The request will be filled in in a framework-format established and published by TSO.

10.3.2.3. Each request for setting up a BRP must include at least the following information:

a) the full name, headquarters and contact details of the requesting party;

b) the number of the license held by the requesting party;

c) the names and contact details of the persons empowered to act on behalf of the requesting party;

d) the aggregate installed capacity of all the Production Units for which the requesting party wishes to take the Balance Responsibility;

e) the aggregate capacity of the Consumers for which the requesting party wishes to take the Balance Responsibility.

10.3.2.4. After receiving such a request, TSO:

a) verifies the corectness of the information offered by the requesting party;

b) transmits to the requesting party the text of the Balance Responsibility Agreement;

c) transmits to the Settlement Administrator the requesting party's name and license number, as well as the data supplied according to the provisions of paragraph 10.3.2.3, let. d) and e);

d) requests the Settlement Administrator to establish the initial financial collateral that must be ensured by the requesting party and

e) after receiving an answer from the Settlement Administrator, informs the requesting party about the amount of the initial financial collateral.

10.3.2.5. If not all the information mentioned in paragraph 10.3.2.3 has been submitted, TSO requests the missing information, the deadline mentioned in paragraph 10.3.2.6 being suspended until TSO's request is satisfied.

10.3.2.6. TSO approves a request for setting up a BRP during 30 thirty days from the receipt of the request, if the following conditions are satisfied:

a) the information submitted by the requesting party does not contain, as far as TSO is aware, any false information;

b) TSO has checked that the requesting party holds a valid License;

c) TSO is convinced that the requesting party has the knowledge and the technical, administrative and organizing means necessary to exert its rights and to fulfil its obligations as mentioned in section 10.3.1;

d) the requesting party has filled in and signed the Balance Responsibility Agreement;

e) the Settlement Administrator has confirmed to TSO that the requesting party has delivered sufficient collaterals to cover the initial financial collaterals;

f) if TSO had previously revoked the authorization of that BRP, it approves the BRP's request only if it is convinced that the reasons for the initial revoking are no longer actual and, also, unlikely to appear again.

10.3.2.7. If TSO decides that it cannot approve a request, it will inform the requesting party without delay, motivating its decision. If the approval has not been granted based on the lack of information, the deadline mentioned in paragraph 10.3.2.6 will be extended up to one (1) week after TSO receives the missing information, but not more than one month.

10.3.2.8. As soon as TSO has approved the request, it will:

a) sign the Balance Responsibility Agreement and transmit a copy to the new BRP;

b) register the new BRP in the BRP Register and

c) inform the Settlement Administrator and all the Distributors about the setting up of the new BRP, as well as about the date when the BRP starts to operate effectively.

10.3.2.9. The new BRP starts to operate and exerts its rights and obligations established according to the provisions of section 10.3.1 beginning with the first day of the calendaristic month, but not earlier than two weeks from the approval of the request by TSO.

10.3.3. Withdrawal and revoking the BRPs

10.3.3.1. If a Licensed Party does no longer wish to activate as BRP, it informs TSO about this in written. TSO will establish and publish the framework-format for such a withdrawal request.

10.3.3.2. The Licensed Parties which do not respect or are about to not being able to respect the obligations from this Commercial Code must inform TSO without delay.

10.3.3.3. TSO can decide, by its own initiative, to revoke the BRP authorization of a Licensed Party, even though no request has been received according to the provisions of paragraph 10.3.3.1, for any of the following reasons:

a) the Settlement Administrator has informed TSO that:

(i) the financial collaterals delivered by the Licensed Party are lower than the amount established for that BRP and

(ii) the Licensed Party could not raise the collaterals level at the required level, when requested by the Settlement Administrator or

b) TSO is acknowledged about the bankruptcy or the liquidation of the Licensed Party or

c) the Competent Authority has informed TSO that the respective Licensed Party's license has been withdrawn or is about to be withdrawn.

10.3.3.4. TSO can, also, revoke the authorization of a BRP when the respective Licensed Party has not fulfilled repeatedly or for a long period of time its obligations according to the provisions of this Commercial Code, especially in the case of serious and permanent Imbalances. In this case, TSO is empowered to revoke the authorization only after notifying the Licensed Party and only if that Licensed Party has not entirely fulfilled its obligations, according to the Commercial Code, during an interval of four (4) weeks from the receipt of TSO's notification.

10.3.3.5. As soon as TSO has decided to withdraw the authorization as BRP of a Licensed Party, at the Licensed Party's request or according to the provisions of paragraphs 10.3.3.3 or 10.3.3.4, TSO must:

a) notify the Licensed Party;

b) notify the Settlement Administrator, all the Distributors and the System Users (except for the Non-eligible Consumers) and the Licensed Parties allocated to that BRP;

c) start the procedures for erasing that BRP from the BRP Register and

d) transmit an informing note to all the electricity market Participants.

10.3.3.6. If the authorization as BRP of a Licensed Party has been revoked for the reasons mentioned in paragraph 10.3.3.3, revoking has immediate effect, but not earlier than the date when the License is withdrawn. For all the other cases, the authorization as BRP of a Licensed Party loses its validity on the first day of the calendaristic month, but not earlier than two (2) weeks from the Licensed Party's request or from the deadline mentioned in paragraph 10.3.3.4.

10.3.3.7. If the authorization as BRP of a Licensed Party is revoked, the Licensed Parties for which the respective BRP has the Balance Responsibility will transfer the Balance Responsibility to another BRP. In this case only, it is allowed for the transfer of the Balance Responsibility to have retroactive effect with up to two (2) weeks before the date when the responsibility transfer has been approved according to the provisions of section 10.3.4, but not before the date when the revoking of that BRP has become effective. If the Licensed Party does not transfer the Balance Responsibility within two (2) weeks, it will be considered as taking the responsibility of a BRP, according to the provisions of paragraph 10.2.2.7.

10.3.4. The transfer of the Balance Responsibility

10.3.4.1. According to the provisions of paragraph 10.2.2.5, the Licensed Parties are allowed to transfer the Balance Responsibility to a Licensed Party registered as BRP.

10.3.4.2. Each Licensed Party wishing to transfer the Balance Responsibility, called here "transferring party", and that BRP wishing to take the Balance Responsibility, called here "requesting BRP", must inform TSO in writting to whom and when will be transferred the Balance Responsibility. Only in the case of the Eligible Consumers connected to a Distribution Network, this notification will be transmitted to the local Distributor.

10.3.4.3. As soon as the Distributor or TSO, as the case may be, receives valid requests for transferring the Balance Responsibility, both from the transferring party and the requesting BRP, it must:

a) inform the BRP having at that moment the Balance Responsibility for the transferring party that the respective party wishes to transfer the Balance Responsibility to another BRP;

b) request the Settlement Administrator to establish the new financial collateral that must be ensured by the requesting BRP and

c) after receiving the answer from the Settlement Administrator, inform the requesting BRP about the amount of the new financial collateral.

10.3.4.4. The Distributor or TSO, as the case may be, approves the transfer of the Balance Responsibility in 10(ten) days after receiving the request, if the following conditions are satisfied:

a) the requesting BRP is registered in the BRP Register as authorized BRP starting with the date when the transfer of the Balance Responsibility becomes effective;

b) the Settlement Administrator has confirmed to the Distributor or to TSO, as the case may be, that the requesting BRP presents sufficient financial collaterals for the Balance Responsibility to be transferred to it on behalf of the transferring party and

c) the transferring party has signed a valid transmission or distribution agreement, concluded with TSO or the Distributor, as the case may be.

10.3.4.5. If the Distributor or TSO, as the case may be, cannot approve the transfer of the Balance Responsibility, it must inform without delay both the transferring party and the requesting BRP, motivating its decision. If the approval has not been granted due to the lack of information, the deadline mentioned in the previous paragraph will be extended up to a week from the receipt of the missing information by TSO; the approval deadline mentioned in paragraph 10.3.4.4 cannot be extended to more than one (1) month.

10.3.4.6. As soon as the Distributor or TSO, as the case may be, has approved the transfer of the Balance Responsibility, it must:

a) inform the transferring party and the requesting BRP;

b) inform the BRP previously having the Balance Responsibility for the transferring party and

c) register the transfer of the Balance Responsibility in its own System Service Register.

10.3.4.7. The transfer of the Balance Responsibility becomes valid in the first day of the calendaristic month, but not earlier than 5(five) days after the request has been approved by the Distributor or TSO, as the case may be.

10.3.5. The Balance Responsibility Agreement

10.3.5.1. The Balance Responsibility Agreement is a bilateral agreement between TSO, on one hand, and a Licensed Party, on the other hand, which establishes the mutual rights and obligations of TSO and the Licensed Party acting as BRP.

10.3.5.2. TSO concludes a Balance Responsibility Agreement with each of the Licensed Parties which have requested the establishment of a BRP and which satisfy the conditions from section 10.3.2.

10.3.5.3. The existence of a signed and valid Balance Responsibility Agreement is a pre-condition for the authorization of the Licensed Party as BRP.

10.3.5.4. The Balance Responsibility Agreements are based on a framework-agreement established and published by TSO and approved by the Competent Authority.

10.3.6. The BRP Register

10.3.6.1. TSO will set up and fill in a BRP Register.

10.3.6.2. The BRPs authorized by TSO according to the provisions of section 10.3.2 will be registered in the BRP Register. The BRP Register includes, for each BRP, at least the following information:

a) the full name, headquarters and contact details of the Licensed Party that has set up the BRP;

b) the date and the registration number of the Balance Responsibility Agreement;

c) the BRP identification code and

d) the names and contact details of all the persons empowered to act on behalf of the respective Licensed Party.

10.3.6.3. Each BRP has the right to consult the BRP Register, as described in paragraph 10.3.6.2, and to correct any inaccuracy regarding itself.

10.3.6.4. TSO is obliged to make available the information from the BRP Register for the Settlement Administrator and all the Distributors.

10.3.6.5. TSO informs immediately the Settlement Administrator and the Distributors about any modification operated in the BRP Register.

10.3.6.6. TSO informs immediately the BRPs about the registration, in the Register, of a new BRP or about the erasing of an existing one.

10.3.7. The System Service Register

10.3.7.1. Each Network Operator will set up and fill in a System Service Register.

10.3.7.2. The System Service Register of each Network Operator includes at least the following information, for each Connection Point where a certain Consumer or Producer is connected:

a) the unique appointment of the Connection Point;

b) the registered installed capacity of the Connection Point;

c) the names and contact details of the Consumer or Producer, as the case may be;

d) the appointment of the Transmission or Distribution Agreement, as the case may be;

e) the identification code of the BRP which has the Balance Responsibility for that Connection Point.

10.3.7.3. Each System User has the right to consult the System Service Register, according to paragraph 10.3.7.2, and to correct any inaccuracy regarding itself.

10.3.7.4. With 2 (two) working days before the beginning of a new calendaristic month, the Network Operator must submit the following information to the Settlement Administrator, separately for each BRP:

a) the total installed capacity of all the Production Units for which the respective BRP has the Balance Responsibility and

b) the total registered capacity of all the Consumers for which the respective BRP has the Balance Responsibility.

11. Metering

11.1. Introduction

11.1.1. Objectives

11.1.1.1. The objective of the Metering Rules is to create a framework for metering and collecting the data necessary for the settlement of the quantities traded on the wholesale electricity market, including the bilateral exchanges, the BM, the Imbalances, the Ancillary Services, the payments for using the network and any other services and taxes applicable according to this Commercial Code.

11.1.1.2. The Metering Rules complete, from the commercial point of view, the rules for metering and data aquisition, as specified in the Measurement Regulations.

11.1.2. Goal

11.1.2.1. The Metering Rules refer to:

a) the requirements related to Metering and Communication, supplementary as compared to the provisions of the Measurement Regulations;

b) the registration of the metered data;

c) collecting and verification the Meter Values;

d) aggregating the Meter Values; and

e) communicating the Meter Values.

11.1.2.2. The settlement on the wholesale electricity market is based on Dispatch Intervals and Trading Intervals, needing the use of adequate metering equipment. For the cases when the use of the Interval Meters is not economically justified, rules to estimate the energy corresponding to these intervals are provided. These Metering Rules also provide the elaboration of specific rules and conditions for the treatment of the Connection Points which are not equipped with Interval Meters.

11.1.2.3. The terms 'metered', 'metering' and any other associated terms refer exclusively to metering equipment, information systems and procedures used for the settlement on the wholesale electricity market according to this Commercial Code. These Metering Rules are not applicable for the equipment and metering systems having an operational purpose.

11. 2. Metering and Communication requirements

11.2.1. Generalities

11.2.1.1. The technical rules and the conditions applicable to the metering equipment and the corresponding information systems for reading, processing, transmitting and storing the Meter Values, as well as to the metering equipment installation, owning, maintenance and reading, are established by the Measurement Regulations.

11.2.1.2. Where there are differences between the requirements of the Commercial Code and the Measurement Regulations, the requirements in the present Commercial Code are applicable.

11.2.1.3. All the following points are defined as Metering Points and must be provided separately with metering equipment according to the provisions of section 11.2.2:

a) each Connection Point of a System User;

b) each Connection Point where a Distributor's Network is connected to another Distributor's Network or to the TSO's (Transelectrica's) Network; and

c) each Connection Point where the NES is connected to the network of another country.

11.2.1.4. C.N. Transelectrica S.A. is responsible for establishing the code format for the Metering Points on the wholesale electricity market.

11.2.2. The metering equipment

11.2.2.1. All the Metering Points will be equipped with Meters that satisfy at least the minimum technical, design and operation requirements specified in the Measurement Regulations.

11.2.2.2. Usually, all the meters will be able to register and transfer the meter values of the quantities of active and/or, if it is the case, reactive energy delivered in a Metering Point, on each Dispatch Interval.

11.2.2.3. When the meter from a Metering Point does not satisfy the requirements of this section, the Metering Operator, or any other responsible party, will be obliged to install meters that are in total accordance with the requirements of section 11.2.2. When the meter is not able to deliver Meter Values for each Dispatch Interval, the Metering Operator, together with the local Network Operator and the respective party, will establish, for the deliveries for which that meter is used, a Standard Load profile, according to the provisions of section 11.2.3, through which the Meter Values can be determined for each Dispatch Interval.

11.2.1.4. C.N. Transelectrica S.A. is responsible for the setting up of the code format for the Metering Points on the wholesale electricity market.

11.2.3. The rules and special conditions for the Connection Points without Interval Meters

11.2.3.1. For the Metering Points for which the Interval Metering is not economically justified, there will be used Standard Load Profiles (for production or consumption), differentiated on types of electricity producers and consumers.

11.2.3.2. The Standard Load Profiles are proposed by the Network Operator for the consumers and the producers which are not equipped with Interval Meters.

11.2.3.3. The Standard Load Profiles are unique for the area of a Network Operator.

11.2.3.4. The Standard Load Profiles are approved by the Competent Authority.

11.3. The registration of the Metered Data

11.3.1. The Metering Register

11.3.1.1. Each Metering Operator will keep a Metering Register for the storage of the technical, administrative and physical data relevant for all the Metering Points for

which it is responsible, as required by the Measurement Regulations. The Metering Operator will also have the responsibility of ensuring the safety and the confidentiality related to the way in which it administrates, processes, maintains and keeps the Metering Register.

11.3.1.2. The Metering Register will include, for each Metering Point, at least the following information:

a) the identification code of the Metering Point and, if it is the case, the Connection Point;

b) the physical location, representing the junction of the NES to which the Metering Point is connected;

c) the identity and the technical features of the Interval Meter installed in the Metering Point, as required according to the Measurement Regulations;

d) the reading frequency of the metered data; and

e) the identity of the party at which the Interval Meter is registered; this may be a Licensed Party different from the party at which the metering equipment is physically located.

11.3.1.3. Each party has the right to inspect the information of interest from the Metering Register and to request the correction of any noticed inaccuracy regarding this information.

11.3.2. The Metering Database

11.3.2.1. Each Metering Operator will organize a Metering Database in which the Metered Values for all the Metering Points on the Wholesale Electricity Market are recorded. The Metering Operator will also have the responsibility of ensuring the safety and the confidentiality related to the way in which it administrates, processes, maintains and keeps the Metering Database.

11.3.2.2. The Metering Database will include all the metered, calculated and aggregated values resulting from the metering process, which are used for the settlement process.

11.3.2.3. The Metering Database will include, for each Metering Point, at least the following information:

a) the identification code of the Metering Point;

b) the original values of the active and reactive energy, for each Settlement Interval, as collected from the Interval Meters;

c) the values calculated based on the original data, as processed by the Metering Operator (specifying the methodology based on which they have been calculated);

d) the values estimated and corrected or replaced, in the case of missing or mistaken data (specifying the methodology based on which they have been determined); and

e) the values transferred for settlement purposes, according to the Metering Rules.

11.3.2.4. The Metered Values must be collected, processed, administered and stored in a manner that ensures the security and the confidentiality.

11.3.2.5. The values will be kept in the Metering Database for a period of one (1) year in a format accessible for reading and for five (5) more years in an archived format.

11.3.2.6. Each party has the right to inspect the information from the Metering Database referring to its Metering Points and to request the correction of any noticed inaccuracy regarding this information.

11.3.3. Identifying the Metering Points

11.3.3.1. The responsible Metering Operator will assign a unique identification code to each Metering Point.

11.3.3.2. The rules and the conditions for determining and assigning the unique identification codes of the Metering Points will be stipulated in the Measurement Regulations and will be in accordance with the applicable international regulations and, compulsory, with the regulations established by ETSO.

11.4. Collection and verification the Meter Values

11.4.1. Generalities

11.4.1.1. A Meter Value will represent the quantity of electricity metered or considered as registered by an Interval Meter during a Dispatch Interval.

11.4.1.2. If not otherwise specified, all the Meter Values will refer to the net value of the electricity delivered to or from the NES in a Connection Point.

11.4.1.3. For the Auto-Producers, at least three different Meter Values will be determined in each Connection Point:

a) the gross production of the Auto-Producer;

b) the gross consumption of the Auto-Producer; and

c) the net quantity of electricity delivered to or from the NES.

The value from let.c) will be used to determine the Imbalances and, also, for settlement.

11.4.1.4. Each Metering Operator is responsible for collecting all the Meter Values, according to the Measurement Regulations, and for elaborating other rules and procedures necessary in order to implement the Measurement Regulations.

11.4.1.5. Where possible, the Metering Operator will collect the Meter Values through remote acquisition, using adequate data transfer protocols and validating, processing, securing and storing the data in the Metering Database. If the remote acquisition is not possible or becomes unavailable, the Metering Operator will organize the obtaining of the relevant data through local interrogation.

11.4.1.6 In the case of missing or mistaken data, the Metering Operator will estimate, correct or replace any missing or mistaken information regarding the Meter Values, according to the Measurement Regulations.

11.4.2. The Production Units and the Dispatchable Loads

11.4.2.1. For the Production Units and the Dispatchable Loads, the Metering Operator will register the Meter Values monthly or on any shorter period of time, as required according to the Measurement Regulations or this Commercial Code.

11.4.2.2. After verification of the Meter Values and after estimating, correcting or replacing any missing or mistaken data according to the provisions of paragraph 11.4.1.6, the Metering Operator will submit all the Meter Values to each participant in the Wholesale Electricity Market for its Metering Points. The Metering Operator will submit all the Meter Values for the previous calendaristic month up to the fourth (4) Financial Day of each calendaristic month, at latest.

11.4.2.3. Each party receiving Meter Values according to the provisions of paragraph 11.4.2.2 can dispute them to the Metering Operator in an interval of three (3) Financial Days. When a party has not objected during this interval, the Meter Values are considered as confirmed by the respective party.

11.4.2.4. The Metering Operator will check any appeal in the shortest period of time possible, but not later than three (3) Financial Days from receipt, and will inform the disputing party about the result. If the Meter Values were not correct, the Metering Operator will determine and submit to the disputing party the corrected Meter Values.

11.4.2.5. All the Meter Values, including the ones that have been the subject for modifying or correcting, according to the provisions of paragraph 11.4.2.4, will be considered confirmed by the parties at which the respective Interval Meters are registered in the tenth (10) Financial Day of each calendaristic month, becoming Approved Meter Values. For misunderstandings persisting after this date, there will be applied section 16.3.1.

11.4.2.6. The provisions of this section are also applicable for the Metering Points corresponding to the production units or consumers which supply Ancillary Services for TSO, according to the provisions of section 8.

11.4.3. Other Metering Points

11.4.3.1. For the Metering Points, other than those corresponding to the Production Units and the Dispatchable Loads, the Metering Operator will register the Meter Values monthly or on any shorter period of time, as required according to the Measurement Regulations or this Commercial Code. The Meter Values:

a) will be based on the read data, in the case of the Metering Points equipped with Interval Meters; and

b) will be established according to the provisions of section 11.2.3, for all the other Metering Points.

11.4.3.2. After verification of the Meter Values and after estimating, correcting or replacing any missing or mistaken data according to the provisions of paragraph 11.4.1.6, the Metering Operator will submit all the Meter Values to each participant in the Wholesale Electricity Market for its Metering Points. The Metering Operator will submit all the Meter Values registered in the previous calendaristic month in two (2) weeks from the beginning of each calendaristic month, at latest.

11.4.3.3. Each party receiving Meter Values according to the provisions of paragraph 11.4.3.2 can dispute them to the Metering Operator in an interval of one (1) week. When a party has not objected during this interval, the Meter Values are considered as confirmed by the respective party.

11.4.3.4. The Metering Operator will check any appeal related to the Meter Values in the shortest period of time possible, but not later than one (1) week from receipt, and will inform the disputing party about the result. If the Meter Values were not correct, the Metering Operator will determine and submit to the disputing party the corrected Meter Values.

11.4.3.5. All the Meter Values, including the ones that have been the subject for modifying or correcting according to the provisions of paragraph 11.4.3.4, will be considered confirmed by the parties at which the respective metering equipment is registered in the twenty-eighth (28) Financial Day of each calendaristic month, becoming Approved Meter Values. For misunderstandings persisting after this date, the procedure described in section 16.3.1. is followed.

11.4.4. Determining the Network Losses

11.4.4.1. The Network Losses will be determined separately for the Transmission Network and each Distribution Network.

11.4.4.2. Where possible, each Metering Operator will determine the Network Losses for the corresponding License Area, separately on each Dispatch Interval, as being the difference between the total quantity of electricity delivered in the License Area in the Metering Points and the total quantity of electricity delivered from the License Area in the Metering Points, based on the Approved Meter Values.

11.4.4.3. If not all the Metering Points from a License Area are equipped with Interval Meters, the Metering Operator, together with the respective Network Operator, will elaborate a methodology for estimating the Network Losses in the corresponding License Area on each Dispatch Interval. The Metering Operator will submit this methodology to the Competent Authority for approval. After the Competent Authority's approval, the Metering Operator will apply this methodology for determining the Network Losses.

11.4.4.4. All the Network Losses determined according to the provisions of section 11.4.4 will be considered Approved Meter Values.

11.5. Aggregating and Communicating the Meter Values

11.5.1. Aggregation on a Licensed Party

11.5.1.1. After determining the Approved Meter Values according to section 11.4, each Metering Operator will determine the aggregate physical deliveries for each Producer or Supplier from the corresponding License Area, for each Dispatch Interval.

11.5.1.2. The aggregate production of a Producer in a License Area will be equal to the sum of all Approved Meter Values in the Connection Points where one of the Producer's Production Units is connected to the NES. In the case of the Auto-Producers, only the net deliveries from the Auto-Producer to the NES will be taken into consideration.

11.5.1.3. The aggregate consumption of a Supplier in a License Area will be equal to the sum of all Approved Meter Values in the Connection Points where a Consumer or an Auto-Producer, whose consumption is ensured by this Supplier, is connected to the NES. In the case of the Auto-Producers, only the net deliveries from the NES to the Auto-Producer will be taken into consideration.

11.5.2. Aggregation on the BRP

11.5.2.1. After determining the Approved Meter Values according to section 11.4, each Metering Operator will determine the aggregate physical deliveries related to each BRP from the corresponding License Area, for each Dispatch Interval.

11.5.2.2. The aggregate production related to a BRP in a License Area will be equal to the sum of the aggregate production from the License Area, determined according

to section 11.5.1, of all the Producers for which the respective BRP has taken the Balance Responsibility.

11.5.2.3. The aggregate consumption related to a BRP in a License Area will be equal to the sum of the aggregate consumption from the License Area, determined according to section 11.5.1, of all the Suppliers for which the respective BRP has taken the Balance Responsibility.

11.5.3. Aggregation on the License Area

11.5.3.1. After determining the Approved Meter Values according to section 11.4, each Metering Operator will determine the aggregate physical deliveries from the corresponding License Area and between the corresponding License Area and other License Areas, for each Dispatch Interval.

11.5.3.2. The net production from a License Area will be equal to the sum of the aggregate production of all the Producers from the License Area, as determined according to section 11.5.1.

11.5.3.3. The net consumption from a License Area will be equal to the sum of the aggregate consumption of all the Suppliers from the License Area, as determined according to section 11.5.1.

11.5.3.4. The electricity delivered to other Network Operators will be equal to the sum of all the Meter Values specifying an exchange of electricity from the respective operator's Network to other Networks. In the case of TSO, this also includes the Exports.

11.5.3.5. The electricity received from other Network Operators will be equal to the sum of all the Meter Values specifying an exchange of electricity from other Networks to the respective operator's Network. In the case of TSO, this also includes the Imports.

11.5.4. Communicating the Meter Values to the Settlement Administrator

11.5.4.1. Not later than ten (10) Financial Days from the beginning of a calendaristic month, each Metering Operator will submit the following information to the Settlement Administrator, only for the corresponding License Area and separately for each Dispatch Interval from the previous month:

a) the Approved Meter Values for all the Dispatchable Units and Loads; and

b) the Approved Meter Values for any other unit which has supplied Ancillary Services for TSO.

11.5.4.2. Not later than the first (1) Financial Day of each calendaristic month *n*, each Metering Operator will submit the following information to the Settlement

Administrator, only for the corresponding License Area and separately for each Dispatch Interval from month *n - 2*:

a) the aggregate production and consumption related to each BRP, determined according to the provisions of section 11.5.2;

b) the Network Losses, determined according to the provisions of section 11.4.4;

c) the net production and consumption from the License Area, determined according to the provisions of section 11.5.3;

d) the electricity delivered to other Networks, determined according to the provisions of section 11.5.3; and

e) the electricity received from other Networks, determined according to the provisions of section 11.5.3.

11.5.5. Communicating the Meter Values to the TSO

11.5.5.1. Not later than the tenth (10) Financial Day from the beginning of a calendaristic month, each Metering Operator will submit the following information to TSO, only for TSO's License Area and separately for each Dispatch Interval from the previous month:

a) the Approved Meter Values for all the Dispatchable Units and Loads; and

b) the Approved Meter Values for any other unit which has supplied Ancillary Services for TSO.

11.5.5.2. Not later than the first (1) Financial Day of each calendaristic month *n*, each Metering Operator will submit the following information to TSO, only for TSO's License Area and separately for each Dispatch Interval from month *n – 2*:

a) the Network Losses, determined according to the provisions of section 11.4.4;

b) the aggregate production of each Producer, determined according to the provisions of section 11.5.1;

c) the aggregate consumption of each Supplier, determined according to the provisions of section 11.5.1;

d) the aggregate production and consumption related to each BRP, determined according to the provisions of section 11.5.2;

e) the net production and consumption from TSO's License Area, determined according to the provisions of section 11.5.3;

f) the electricity delivered to other Networks, including Exports, determined according to the provisions of section 11.5.3; and

g) the electricity received from other Networks, including Imports, determined according to the provisions of section 11.5.3.

11.5.6. Communicating the Meter Values to a Distributor

11.5.6.1. Not later than ten (10) Financial Days from the beginning of a calendaristic month, each Metering Operator will submit the following information to the Distributor which is responsible for the respective License Area, only for that License Area and separately for each Dispatch Interval from the previous month: the Approved Meter Values for all the Dispatchable Units and Loads.

11.5.6.2. Not later than the first (1) Financial Day of each calendaristic month *n*, each Metering Operator will submit the following information to the Distributor which is responsible for the respective License Area, only for that License Area and separately for each Dispatch Interval from month *n – 2*:

a) the Network Losses, determined according to the provisions of section 11.4.4;

b) the aggregate production of each Producer, determined according to the provisions of section 11.5.1;

c) the aggregate consumption of each Supplier, determined according to the provisions of section 11.5.1;

d) the aggregate production and consumption related to each BRP, determined according to the provisions of section 11.5.2;

e) the net production and consumption from the respective License Area, determined according to the provisions of section 11.5.3;

f) the electricity delivered to other Networks, including Exports, determined according to the provisions of section 11.5.3; and

g) the electricity received from other Networks, including Imports, determined according to the provisions of section 11.5.3.

11.5.7. Communicating the Meter Values to the BRPs

11.5.7.1. Not later than the first (1) Financial Day of each calendaristic month *n*, each Metering Operator will submit the following information to each BRP, only for the corresponding License Area and separately for each Dispatch Interval from month *n – 2*:

a) the aggregate production, determined according to the provisions of section 11.5.1, of each Producer for which the respective BRP has taken the Balance Responsibility;

b) the aggregate consumption, determined according to the provisions of section 11.5.1, of each Supplier for which the respective BRP has taken the Balance Responsibility; and

c) the aggregate production and consumption related to each BRP, determined according to the provisions of section 11.5.2.

11.5.8. Communicating the Meter Values to the Suppliers

11.5.8.1. Not later than ten (10) Financial Days from the beginning of a calendaristic month, each Metering Operator will submit the following information to each Supplier, only for the corresponding License Area and separately for each Dispatch Interval from the previous month*:*

a) the Approved Meter Values of all the Dispatchable Loads for which the Supplier is responsible; and

b) the Approved Meter Values for any other consumption unit which has supplied Ancillary Services for TSO according to the provisions of section 8 and for which the Supplier is responsible.

11.5.8.2. Not later than the first (1) Financial Day of each calendaristic month *n*, each Metering Operator will submit the following information to each Supplier, only for the corresponding License Area and separately for each Dispatch Interval from month *n – 2*:

a) the consumption in each Connection Point, ensured by the Supplier;

b) the aggregate consumption of the Supplier, determined according to the provisions of section 11.5.1.

11.5.9. Communicating the Meter Values to the Producers

11.5.9.1. Not later than ten (10) Financial Days from the beginning of each calendaristic month, each Metering Operator will submit the following information to each Producer, only for corresponding License Area and separately for each Dispatch Interval from the previous month:

a) the Approved Meter Values of all the Dispatchable Units operated by the Producer; and

b) the Approved Meter Values for any other production unit which is operated by the Producer and which has supplied Ancillary Services for TSO according to the provisions of section 8.

11.5.9.2. Not later than the first (1) Financial Day of each calendaristic month *n*, each Metering Operator will submit the following information to each Producer, only for the corresponding License Area and separately for each Dispatch Interval from month *n – 2:*

a) the production for each production unit operated by the Producer;

b) the aggregate production of the Producer, determined according to the provisions of section 11.5.1.

12. Rules for the calculation of the Imbalances

12.1. Introduction

12.1.1. Objectives

12.1.1.1. The objective of the rules for the calculation of the Imbalances is to establish how to determine the Imbalances between the scheduled and the realized values of the production, consumption and physical exchanges between the Licensed Parties or between the BRPs.

12.1.1.2. Scheduled values are considered those values from the contracted engagements assumed by the market participants before the dispatching day, inclusively on the DAM or on the BM, while the realized values are considered the production, consumption and exchanges that have taken place physically during the dispatching day.

12.1.1.3. In order for the market participants to not be penalized in an unjustified manner, the Imbalances are determined for the aggregate production, consumption and physical exchanges of the BRPs.

12.1.1.4. Separately, the producers have the responsibility of the Information Imbalances so as to ensure the conformity with the contracted engagements and with the Dispatch Instructions received from the TSO (Transelectrica). The Dispatch Instructions have priority versus the contracted engagements.

12.1.1.5. When determining the Imbalances, there must also be taken into consideration the Unplanned Exchanges with the Interconnected External Parties.

12.1.2. Goal

12.1.2.1. In this chapter, there are established the rules and the conditions for determining the following types of Imbalances:

a) the BRP Imbalance, determined for each BRP, based on the Net Contractual Position and the Net Metered Position, respectively;

b) the Information Imbalances for each Dispatchable Production Unit, which quantify the value of the imbalance between the planned and the real production of the respective Production Unit and the moment when each imbalance has been notified to TSO in advance; and

c) the System Imbalance, which represents the aggregate Imbalance of the NES during each Dispatch Interval.

12.1.2.2. In order to determine the Imbalances mentioned in the previous paragraph, there must be established the rules and the conditions necessary to determine:

a) the Net Contractual Position of each BRP, based on all the Contracted Deliveries of electricity established with other BRPs, including the Transactions concluded through the DAM and the BM .

b) the Net Metered Position of each BRP, based on all the Metered Deliveries of electricity from or to the NES or between different parts of the NES, according to the Approved Meter Values in the corresponding Connection Points; and

c) the Unplanned Exchanges.

12.1.2.3. The calculations described in the Rules for the calculation of the Imbalances will be performed by the Settlement Operator.

12.2. Determining the Deliveries and the Net Positions

12.2.1. Determining the Net Contractual Position

12.2.1.1. The Contracted Deliveries are defined as being all the deliveries of electricity considered as delivered according to the latest Approved Physical Notification of that party.

12.2.1.2. The following electricity exchanges are defined as Contracted Deliveries:

a) the Block Exchanges between different BRPs;

b) Imports contracted by a Licensed Party;

c) Exports contracted by a Licensed Party;

d) the delivery of Upward Regulation for TSO by a BM Participant; and

e) the delivery of Downward Regulation for TSO by a BM Participant.

12.2.1.3. The Net Contractual Position NP_{contr} of a BRP is determined as:

$$NP_{contr} = (\sum BE_{rec} - \sum BE_{del}) + (\sum IM - \sum EX) \pm E_{Bal}$$

where:

- BE_{rec} , respectively BE_{del} - the Block Exchanges received, respectively delivered, by that BRP from/to another BRP;

- EX, respectively IM - Exports, respectively Imports, realized by that BRP;

- E_{Bal} - the quantities of Balancing Energy delivered by the BM Participants for which the respective BRP has taken the Balance Responsibility.

12.2.1.4. The Net Contractual Position will be determined separately for each BRP and for each Dispatch Interval and will be based on the latest Approved Physical Notification of each BRP for the corresponding Delivery Day. The electricity quantities related to the Upward and Downward Regulation, considered as

quantities that must be delivered, will be determined according to the provisions of section 12.2.4.

12.2.1.5. For the calculation of the Net Contractual Position, the total energy delivered or received during a Dispatch Interval is considered as being delivered constantly during that Dispatch Interval.

12.2.1.6. The Contracted Deliveries related to each hour are expressed in MWh.

12.2.2. Determining the Net Metered Position

12.2.2.1. The Metered Deliveries are defined as being all the electricity deliveries, metered in a Connection Point between the NES and a Producer or a Consumer, as the case may be, or in a Connection Point where the Network of an Operator is connected to the Network of another Operator, and the Network Losses.

12.2.2.2. The following electricity exchanges are defined as Metered Deliveries:

a) the Net Production, which is the electricity delivered by a Production Unit to the NES;

b) the Net Consumption, which is the electricity received by a Consumer from the NES;

c) the Net Exchange between the Networks belonging to two different Network Operators;

d) the Exports from the NES to other countries;

e) the Imports from other countries to the NES; and

f) the Network Losses.

12.2.2.3. All the Metered Deliveries mentioned in paragraph 12.2.2.2 (a), 12.2.2.2 (e) and, when the electricity is received from other Network Operators, 12.2.2.2 (c) will be considered as positive values. All the Metered Deliveries mentioned in paragraph 12.2.2.2 (b), 12.2.2.2 (d), 12.2.2.2 (f) and, when the electricity is delivered to other Network Operators, 12.2.2.2 (c) will be considered as negative values.

12.2.2.4. The Net Metered Position of a BRP, other than a Network Operator, will be determined as:

a) the aggregate Net Production of the Producers for which the respective BRP has taken the Balance Responsibility.

b) minus the aggregate Net Consumption of the Consumers for which the respective BRP has taken the Balance Responsibility.

12.2.2.5. The Net Metered Position of a BRP which is a Network Operator will be determined according to the provisions of section 12.2.3.

12.2.2.6. The Net Metered Position will be determined separately for each BRP and for each Dispatch Interval, based on the Approved Meter Values.

12.2.2.7. For the calculation of the Net Metered Position, the total energy delivered or received during a Dispatch Interval is considered as being delivered constantly during that Dispatch Interval.

12.2.2.8. The Metered Deliveries related to each hour are expressed in MWh.

12.2.3. The Net Metered Positions of the Network Operators

12.2.3.1. The Net Metered Position of a BRP organized by a Network Operator to administer the obligations of purchasing the Priority Productions, according to the provisions of section 13, must include the Net Production of all the Production Units from which the Network Operator must purchase Priority Productions.

12.2.3.2. The Net Metered Position of a BRP organized by a Network Operator to administer the procurement of the Network Losses and, if it is the case, of any variation between the aggregate scheduled and realized consumption of the end users which are not equipped with Interval Meters will be determined based on the net quantities corresponding to the following electricity exchanges:

a) the Network Losses from the License Area of the Network Operator, determined according to the provisions of section 11;

b) the electricity physically delivered to other Network Operators, including, only for TSO, the Exports;

c) the electricity physically received from other Network Operators, including, only for TSO, the Imports;

d) the Net Production of all the Production Units connected to the respective Operator's Network;

e) the Net Consumption of all the Consumers connected to the respective Operator's Network.

12.2.4. The contractual obligations for delivering the Balance Energy

12.2.4.1. Observing the conditions mentioned in this section, the TSO will elaborate detailed procedures for the calculation of the quantities of Balancing Energy which must be delivered by a BM Participant according to the Transactions concluded on the BM. After the Competent Authority's approval, Transelectrica will make available for all interested parties these procedures and any related modifications, in a convenient manner and with a previous time-reasonable notification.

12.2.4.2. The quantity of Balancing Energy which must be delivered by a BM Participant will be determined by taking into consideration any Transaction engaged by the

respective BM Participant according to the provisions of section 7, separately for each Dispatch Interval and for each Dispatchable Unit or Load, as the case may be.

12.2.4.3. The Settlement Administrator will determine the quantity of Balancing Energy BE_{BI} which must be delivered during the respective Dispatch Interval, according to the provisions of section 7, as follows:

$$BE_{BI} = \pm Slow_{BI} \pm Fast_{BI} \pm Start_{Fast,BI} \pm Term_{Fast,BI} \pm Sec_{BI}$$

where:

- $Slow_{BI}$ - the quantity of Balancing Energy corresponding to the Slow Tertiary Regulation that must be delivered during the respective Dispatch Interval;

- $Fast_{BI}$ - the quantity of Balancing Energy corresponding to the Fast Tertiary Regulation that must be delivered during the respective Dispatch Interval;

- $Start_{Fast,BI}$ - the quantity of Balancing Energy corresponding to the Upward or Downward Regulation that must be delivered during the respective Dispatch Interval, so as to make possible the delivery of the Balancing Energy corresponding to the Fast Tertiary Regulation during a subsequent Dispatch Interval;

- $Term_{Fast,BI}$ - the quantity corresponding to the Upward or Downward Regulation that must be delivered during the respective Dispatch Interval, so as to make possible the delivery of the Balancing Energy corresponding to the Fast Tertiary Regulation during a previous Dispatch Interval and

- Sec_{BI} - the quantity of Balancing Energy corresponding to the Secondary Regulation that must be delivered during the respective Dispatch Interval.

12.2.4.4. In this section, the Balancing Energy will be expressed in positive values, for Upward Regulation, and in negative values, for Downward Regulation.

12.2.5. The Balancing Energy effectively delivered

12.2.5.1. The quantity of Balancing Energy effectively delivered by a Dispatchable Unit or Load will be determined based on the Approved Physical Notification, the quantity of Balancing Energy that must be delivered according to the provisions of section 12.2.4 and the Net Production or Consumption of the respective Dispatchable Unit or Load, as the case may be. The quantity of Balancing Energy effectively delivered will be determined separately for each Dispatchable Unit or Load, as the case may be, and for each Dispatch Interval.

12.2.5.2. The quantities of Balancing Energy for Upward or Downward Regulation effectively delivered by a Dispatchable Unit or Load, as the case may be, will be established as being equal to the quantities of Balancing Energy that must be

delivered according to the provisions of section 12.2.4. These quantities may be modified according to the provisions of paragraphs 12.2.5.3 – 12.2.5.7.

12.2.5.3. If a Dispatchable Unit had to deliver Upward Regulation according to the provisions of section 12.2.4 and if the Net Production of the respective Dispatchable Unit during the considered Dispatch Interval was lower than the production scheduled according to the Approved Producer Physical Notification, the quantity of Balancing Energy effectively delivered will be reduced by the positive difference between the production corresponding to the Approved Producer Physical Notification and the Net Production of the Dispatchable Unit, but not below zero.

12.2.5.4. If a Dispatchable Unit had to deliver Downward Regulation according to the provisions of section 12.2.4 and if the Net Production of the respective Dispatchable Unit during the considered Dispatch Interval was higher than the production scheduled according to the Approved Producer Physical Notification, the absolute value of the quantity of Balancing Energy effectively delivered will be reduced by the positive difference between the Net Production of the Dispatchable Unit and the production corresponding to the Approved Producer Physical Notification, but not below zero.

12.2.5.5. If a Dispatchable Load had to deliver Upward Regulation according to the provisions of section 12.2.4 and if the Net Consumption of the respective Dispatchable Load during the considered Dispatch Interval was higher than the consumption scheduled according to the Approved Demand Physical Notification, the quantity of Balancing Energy effectively delivered will be reduced by the positive difference between the Net Consumption of the Dispatchable Load and the consumption corresponding to the Approved Demand Physical Notification, but not below zero.

12.2.5.6. If a Dispatchable Load had to deliver Downward Regulation according to the provisions of section 12.2.4 and if the Net Consumption of the respective Dispatchable Load during the considered Dispatch Interval was lower than the consumption scheduled according to the Approved Demand Physical Notification, the absolute value of the quantity of Balancing Energy effectively delivered will be reduced by the positive difference between the consumption corresponding to the Approved Demand Physical Notification and the Net Consumption of the Dispatchable Load, but not below zero.

12.2.5.7. The provisions of paragraphs 12.2.5.5 and 12.2.5.6 are applicable only in the case of the pumping accumulation plants.

12.2.5.8. When the quantity corresponding to the Upward Regulation, effectively delivered during a Dispatch Interval by a Dispatchable Unit or Load, as the case may be, is lower than the quantity that had to be delivered according to the provisions of section 12.2.4, there will be considered as being effectively accepted

only those Transactions for the delivery of Upward Regulation with the lowest prices and with an aggregate quantity equal to the quantity corresponding to the Upward Regulation effectively delivered.

12.2.5.9. When the quantity corresponding to the Downward Regulation, effectively delivered during a Dispatch Interval by a Dispatchable Unit or Load, as the case may be, is lower than the quantity that had to be delivered according to the provisions of section 12.2.4, there will be considered as being effectively accepted only those Transactions for the delivery of Downward Regulation with the highest prices and with an aggregate quantity equal to the quantity corresponding to the Downward Regulation effectively delivered. For this paragraph only, the quantity corresponding to the Downward Regulation will be expressed in positive values.

12.2.5.10. The quantities corresponding to the Upward and Downward Regulation from paragraphs 12.2.5.8 and 12.2.5.9 will be expressed in MWh or standard multiples of this measure unit.

12.2.5.11. Being the subject of any modifications according to the provisions of paragraphs 12.2.5.3 – 12.2.5.7, the quantities of Balancing Energy for Upward or Downward Regulation effectively delivered by a Dispatchable Unit or Load, as the case may be, will be established as being equal to the quantities of Balancing Energy that must be delivered according to the provisions of section 12.2.4.

12.2.5.12. The Start-up Transactions for a Dispatchable Unit or Load, as the case may be, will be considered as being honoured, with the following exceptions:

a) in the case of a Dispatchable Unit, if this was not ready for synchronization with the NES at the moment for which TSO had given the command, according to the corresponding Transaction;

b) in the case of a Dispatchable Load, if this was not ready for reducing its load at the moment for which TSO had given the command, according to the corresponding Transaction.

12.2.5.13. The Stand-by Transactions for a Dispatchable Unit will be considered as being honoured, except for the case when the respective Dispatchable Unit was not ready for resynchronization with the NES at the moment for which TSO had given the command, according to the corresponding Transaction.

12.2.5.14. For a Transaction marked as cancelled due to the Network Constraints, the quantity of Balancing Energy effectively delivered will be considered equal to the quantity that had to be delivered according to the provisions of section 12.2.4.

12.2.5.15. In this section, the Balancing Energy will be expressed in positive values, for Upward Regulation, and in negative values, for Downward Regulation.

12.2.5.16. TSO will elaborate, according to the Grid Code, procedures for monitoring and testing the way a BM Participant complies with its obligations to deliver the

Balancing Energy to TSO in the conditions of time and technical limitations, according to the Grid Code, and in the conditions of the Transactions engaged by the respective party on the BM.

12.2.6. Other Ancillary Services delivered

12.2.6.1. The delivery of Ancillary Services, other than the Upward and Downward Regulation, will be determined according to the corresponding contractual obligations of the Licensed Party, as mentioned in section 8.

12.3. Determining the Imbalances

12.3.1. The BRP Imbalances

12.3.1.1. The BRP Imbalance is the Imbalance of the respective BRP for each Dispatch Interval and it includes the individual Imbalances of all the Production Units, Dispatchable Loads and Licensed Parties for which the respective BRP has taken the Balance Responsibility.

12.3.1.2. The BRP Imbalance will be determined separately for each BRP and for each Dispatch Interval, as the difference between:

a) the BRP Net Contractual Position, determined according to the provisions of section 12.2.1; and

b) the BRP Net Metered Position, determined according to the provisions of section 12.2.2.

12.3.2. The Information Imbalances

12.3.2.1. An Information Imbalance indicates the difference between the real and the planned production of a Dispatchable Unit. The Information Imbalances must be determined separately for each Dispatchable Unit, for each Dispatch Interval and for each case of unexpected shutdown.

12.3.2.2. All the Information Imbalances are accompanied by the Imbalance Notice Time, which is the time in minutes when a communication in advance regarding the Information Imbalance has been submitted to TSO.

12.3.2.3. The real production of a Dispatchable Unit during a Dispatch Interval is considered equal to the Net Production of the Dispatchable Unit, according to the Approved Meter Values.

12.3.2.4. The planned production of a Dispatchable Unit during a Dispatch Interval is considered equal to the value from the latest Approved Physical Notification of the respective Dispatchable Unit.

12.3.2.5. Considering that a Dispatchable Unit did not have any unexpected shutdown that could have determined a modification of its Approved Physical Notification for the Delivery Day, the Imbalance Notice Times for all the Dispatch Intervals will be zero, while the Information Imbalance $I_{inf,i}$ for each Dispatch Interval „i" will be determined as follows:

$$I_{\text{inf},i} = P_{act,i} - P_{plan,i}$$

where:

- $P_{act,\,i}$ - the real production;
- $P_{plan,i}$ - the planned production of the Dispatchable Unit during the Dispatch Interval „i".

12.3.2.6. When a Dispatchable Unit had one or more unexpected shutdowns that caused a modification of its Approved Physical Notification for the Delivery Day, the Information Imbalances will be determined as follows:

a) for all the Dispatch Intervals „i" for which the unexpected shutdown has not determined a reduction of the Dispatchable Unit's production, the Imbalance Notice Time for the respective Dispatch Intervals will be established at zero and the Information Imbalance will be determined as:

$$I_{\text{inf},i} = P_{act,i} - P_{plan,i}$$

where:

- $P_{act,i}$ - the real production;
- $P_{plan,i}$ - the planned production of the Dispatchable Unit during the Dispatch Interval „i".

b) for all the Dispatch Intervals during which an unexpected shutdown has determined a reduction of the Dispatchable Unit's production, the Imbalance Notice Time will be the period between the moment when the unexpected shutdown has been announced to TSO, according to the provisions of section 6, and the beginning of the respective Dispatch Interval, while the Information Imbalances will be established at the values by which the Dispatchable Unit's planned production has been reduced, according to the provisions of section 6, as a result of the unexpected shutdown;

c) when a Dispatchable Unit had more unexpected shutdowns that caused a modification of the Approved Producer Physical Notifications, the algorithm will be applied separately for each of the respective shutdowns.

12.3.3. The System Imbalance

12.3.3.1. The System Imbalance represents the total Imbalance of the NES for each Dispatch Interval.

12.3.3.2. The System Imbalance for each Dispatch Interval will be determined as follows:

a) the aggregate quantity corresponding to the Upward Regulation delivered during that Dispatch Interval, according to the provisions of section 12.2.5;

b) minus the aggregate quantity corresponding to the Downward Regulation delivered during that Dispatch Interval, according to the provisions of section 12.2.5;

c) plus the sum of all the Unplanned Imbalances with all the Interconnected External Parties, calculated according to the provisions of section 12.4.

12.3.3.3. For the calculation of the System Imbalance, the total energy delivered for Upward Regulation or received for Downward Regulation during a Dispatch Interval is considered as being delivered at constant capacity during the entire Dispatch Interval.

12.4. Determining the Unplanned Exchanges

12.4.1. The Unplanned Exchanges represent the difference between the sum of all Exports and Imports that have been notified according to the provisions of section 6 and the electricity that has been effectively exchanged with the Interconnected External Parties during the respective Dispatch Interval, without taking into consideration the frequency variation effect.

12.4.2. The Unplanned Exchange E_{inadv} with an Interconnected External Party will be determined as:

$$E_{inadv} = \left(\sum Im_{sched} - \sum Im_{act}\right) - \left(\sum Ex_{act} - \sum Ex_{sched}\right)$$

where:

- Ex_{sched}, respectively Im_{sched} - the scheduled Exports and Imports, respectively;
- Ex_{act}, respectively Im_{act} - the realized Exports and Imports, respectively.

12.4.3. For the calculation of the Unplanned Exchanges with each Interconnected External Party, there will be considered only the Exports and the Imports to and from the corresponding Interconnected External Parties. The realized Exports and Imports will be based on the Approved Meter Values.

12.4.4. The BRP Imbalance organized by TSO to administer the Unplanned Exchanges will be equal to the sum of all the Unplanned Exchanges E_{inadv} with all the Interconnected External Parties.

13. The Priority Production Rules

13.1. Introduction

13.1.1. Objectives

13.1.1.1. The Priority Production Rules offer the framework for the integration, into the general rules and procedures stipulated in this Commercial Code, of the Producers which have received a preferential right to sell their entire production or only a part of it.

13.1.1.2. The Priority Production Rules are applicable for the producers which have been legally given the preferential treatment right.

13.1.1.3. The Priority Production Rules must comply with the valid legal provisions and with other applicable regulations.

13.1.2. Goal

13.1.2.1. The Priority Production Rules ensure the following:

a) defining the Priority Production;

b) registering the Production Units qualified for Priority Production;

c) notifying the Priority Production;

d) offering the units qualified for Priority Productions on the DAM;

e) settling the Priority Production.

13.1.2.2. According to the provisions of section 13.1.1, the Priority Production Rules are applicable only for the Producers or the individual Production Units which have been legally given preferential rights.

13.2. Setting Up the Priority Production

13.2.1. The legal authorization

13.2.1.1. For the Priority Production generated by a Production Unit of one Producer preferential rights are granted in accordance with the Romanian legislation.

13.2.1.2. According to the provisions of paragraph 13.2.1.1, the preferential rights can be granted exclusively through a specific procedure established by the Competent Authority.

13.2.1.3. The Priority Production Rules are established for two types of Priority Production, namely:

a) Controllable Priority Production;

b) Non-controllable Priority Production.

13.2.1.4. The Competent Authority may differentiate the preferential rights on types of Priority Production, based on criteria such as the fuel or the technology used.

13.2.2. The Controllable Priority Production

13.2.2.1. The Controllable Priority Production includes the Production Units certified for Non-controllable Priority Production according to the provisions of section 13.2.3.

13.2.3. The Non-controllable Priority Production

13.2.3.1. The Non-controllable Priority Production includes the Production Units for which the Producer cannot actively manage the unit's real production in order to ensure the compliance with the scheduled production notified in advance, according to the provisions of section 13.3.3 or according to the Physical Notification Rules.

13.2.3.2. The provisions of paragraph 13.2.3.1 are applicable for:

a) the production units using the wind energy, the solar energy or other similar types of energy, where the availability of the source is characterized by considerable variations during the day and cannot be controlled by the Producer in a convenient manner;

b) the hydro units on the river, but only if these units cannot or are not authorized to control the water flow in any way, not even for a period of one day;

c) the cogeneration plants, but only if the real production of electricity is entirely out of the control of the party operating that plant and if the necessary production of heat cannot be forecasted accurately enough;

d) other units, in accordance with specific legislation.

13.2.3.3. The Dispatchable Units cannot be qualified for Non-controllable Priority Production.

13.3. Registering and Notifying the Priority Production

13.3.1. Registering the Priority Production

13.3.1.1. The Producers wishing to register a Production Unit for Priority Production must be registered as DAM Participants or must present the agreement of a DAM Participant to represent the respective Producer.

13.3.1.2. The Producers wishing to register all or only a part of their units for Priority Production must request this in written from the Competent Authority. Any request must include at least the name, the address and the type of the respective Production Unit, the reasons for requesting the registration of the respective Production Unit as Priority Production, the DAM Participant which represents the respective Producer on the DAM and the type of Priority Production.

13.3.1.3. After receiving a request for the registration of a Production Unit as Priority Production, the Competent Authority verifies the information presented and, if necessary, asks the requesting party for any other supplementary documents supporting the request. After verifying the information, the Competent Authority informs the requesting party, in written, whether the request has been approved, whether the entire or only a part of the unit's production has been accepted as Priority Production and whether the unit has been accepted for Controllable or Non-controllable Priority Production. When the Competent Authority has decided to reject a request, it will inform the requesting party about the reasons for such a decision.

13.3.1.4. The Production Units approved by the Competent Authority according to the provisions of paragraph 13.3.1.3 will be qualified for Priority Productions.

13.3.1.5. After approving a request according to the provisions of paragraph 13.3.1.3, the Competent Authority informs the following parties about the identity of the owner or the representative of the Prodution Unit whose production has been accepted for Priority Production, and about the type of Priority Production:

a) the MO and the Settlement Administrator, for the case of all the Production Units connected to the Transmission Network or the Production Units having a capacity higher than a reference value established by the Competent Authority;

b) the TSO (Transelectrica), for the case of all the Dispatchable Units or all the units having a capacity higher than a reference value established by TSO;

c) the Operator of the Network where the respective unit is connected.

13.3.1.6. The MO and the Network Operators keep an updated register for all the Production Units qualified for Priority Productions.

13.3.1.7. When the Competent Authority decides to withdraw the approval for Priority Production given to a Production Unit, either at the respective Producer's request or by other reasons, it communicates its decision to the interested parties.

13.3.1.8. The Competent Authority may delegate its rights and responsibilities according to the provisions of section 13.3.1 to the Distributors, but only for the units connected to the Distribution Networks. In this case, the Distributor's decisions can be disputed to the Competent Authority.

13.3.1.9. The acceptance of the production units as Priority Production by the Competent Authority is done in accordance with The Regulation for the qualification of electricity priority production issued by the Competent Authority.

13.3.2. Preliminary Notifications

13.3.2.1. The DAM Participants representing Producers, according to the provisions of paragraph 13.3.1.1, must submit preliminary notifications to the MO, separately for each type of Priority Production.

13.3.2.2. The preliminary notifications will be submitted:

a) with at least one (1) month before the next year, mentioning the production estimated for each month of the next year;

b) with at least one (1) week before the next month, mentioning the production estimated for each week of the next month;

c) with at least three (3) Trading Days before the next week, mentioning the production estimated for each day of the next week;

13.3.2.3. After receiving the preliminary notifications, the MO verifies the compliance of the information with the data registered according to the provisions of section 13.3.1. If there are certain problems, the MO will ask the involved party to clarify them.

13.3.2.4. After verifying the preliminary notifications, the MO will inform TSO about the aggregate quantity of Priority Production in each License Area and for each time interval applicable for the respective period, separately for each type of Priority Production.

13.3.3. Final Notifications

13.3.3.1. Up to 6:00 p.m. of the second Trading Day] that precedes the Delivery Day, the DAM Participants representing Producers according to the provisions of paragraph 13.3.1.1 must submit final notifications to the MO, separately for:

a) each Trading Interval of the Delivery Day;

b) each type of Priority Production;

c) the aggregate production of all the Production Units represented by the respective DAM Participant;

d) each Dispatchable Unit;

e) each Production Unit having a capacity higher than a reference value established by TSO.

13.3.3.2. After receiving the final notifications, the MO verifies the compliance of the information received with the data registered according to the provisions of section 13.3.1 and validates them in accordance with the *Procedure to validate the offers for priority productions* issued by the Competent Authority. If there are certain problems, the MO will ask the DAM Participant which has submitted the information to correct them up to 08:00 a.m. on the Trading Day that precedes the Delivery Day.

13.3.3.3. After verifying the final notifications, the MO must submit to the Settlement Administrator and TSO, up to 08:30 a.m. on the Trading Day that precedes the Delivery Day, separately for each Trading Interval of the Delivery Day, the following information:

a) the aggregate quantity of Priority Production during each applicable interval of the corresponding time period, separately for each type of Priority Production;

b) only TSO, the planned Priority Production for each Dispatchable Unit and for each Production Unit having a capacity higher than a reference value established by TSO.

13.3.3.4. The final notifications, according to the provisions of section 13.3.3, are firm and compulsory for the Producer which has submitted them. All the Producers must take into consideration these final notifications when offering on the DAM and for the scheduling process.

13.3.3.5. In addition to the Final Notifications, the DAM Participants registered for Priority Production in accordance with the provisions of par. 13.3.1.1 must inform the MO, separately for each type of Priority Production, the electricity qunatities traded through bilateral contracts.

13.4. Offering on the DAM

13.4.1. The offering right

13.4.1.1. The DAM Participants are obliged to offer on the DAM the entire quantity notified according to the provisions of section 13.3.3 and not contracted through bilateral contracts, at prices set up in accordance with par. 13.5.3.3.

13.4.2. The obligation to communicate the contracted electricity quantities

13.4.2.1. The DAM participants registered for Priority Production in accordance with the provisions of par. 13.3.1.1 have the obligation to inform the MO on all the bilaterally contracted electricity qunatities.

13.4.2.2. The MO monitors whether the DAM Participants fulfill their obligations according to the provisions of section 13.4, being authorized to modify any of the DAM Offers, if necessary in order to fulfill these requirements, and communicating to that DAM Participant the respective modification.

13.4.2. The limitation of the offering price

13.4.2.1. The Competent Authority will determine, separately for each type of Priority Production, the price at which the DAM Participants offer the respective Priority Production on the DAM.

13.4.2.2. The Competent Authority may request the DAM Participants to offer the electricity that has not been qualified as Priority Production at prices placed over the Priority Production offering prices.

13.5. Support mechanisms for the Production Units Qualified for Priority Production

13.5.1. Cogeneration Units

13.5.1.1. C.N. Transelectrica S.A. concludes contracts with the Producers who own Cogeneration Units qualified for Priority Porduction the capacities of these Units as ancillary services – Slow Teriary Power Reserve.

13.5.1.2. The contract prices are differentiated on electricity generation technologies and ensure the recovery of fixed costs at one year level of the capacities qualified for priority production.

13.5.1.3. The ancillary services quantities – power reserve capacities contracted in accordance with the provisions of par. 13.5.1.1. are set up in accordance with the Qualification Procedure for Priority Porduction Units issued by the Competent Authority.

13.5.1.4. The contract prices in par. 13.5.1.1. are determined in accordance with the Procedure to set up the tariff for ancillary system services issued by the Competent Authority.

13.5.1.5. Ensuring the necessary funds for the payment of contracted capacities in accordance with the prrovisions of par. 13.5.1.1. is done by payment of ancillary system services contracted by suppliers with C.N. Transelectrica S.A..

13.5.1.6. The total recovery by a producer of fixed costs related to the capacities qualified as priority production is conditioned by obtaining a minumum electricty production during the year the qualification for Priority production is valid. In the following year C.N. Transelectrica S.A. may recover costs related to contracts stipulated in par. 13.5.1.1. from producers who have not accomplished the minimum production, in accordance with the *Regulation for qualification of electricity priority production* issued by the Competent Authority.

13.5.2. Electricity generation units from renewable sources

13.5.2.1. For the electricity producers from renewable sources, the Producers receive form the TSO the Green Certificates corresponding to the electricity quantity produced by these units.

13.5.2.2. The suppliers have the obligation to purchase Green Certificates corresponding to a percentage of the annual quantity sold to consumers, in accordance with specific provisions in the regulations issued by the Competent Authority.

13.5.2.3. The transaction of Green Certificates is done bilaterally or on an open market organized by S.C. Opcom S.A.. The prices are given lower and upper limits by the Competent Authority.

13.5.2.4. The amounts of money as a result of the non-observance of suppliers' obligations to purchase, calculated at the upper limit set up in accordance with the provisions of par. 13.5.2.3, are collected by the TSO which allocate them through a competitional system on research and development projects in the field of renewable sources.

13.5.3. Priority Transaction

13.5.3.1. The electricity quantites notifed as priority Porduction and validated in accordance with the provisions of section 13.3.3., are taken with priority on the wholesale electricity market.

13.5.3.2. On the DAM are transacted with priority only the electricity quantites notified by a Producer and validated as Priority Production available after considering the electricity quantities bilaterally contracted by the respective Producer.

13.5.3.3. The electricity quantities transacted with priority set up in accordance with the provisions of par. 13.5.3.2., must be offered on the DAM at prices set up in accordance with the provisions in the regulations issued by the Competent Authority.

13.5.3.4. For each Prodcuer, the MO submits to the TSO the difference between the priority porduction offered on the DAM at prices set up as per the provisions of par. 13.5.3.3 and validated by the MO and the priority porduction effectively traded on the DAM.

13.5.3.5 The Producer qualified for Priority Production who cannot succeed to trade on the DAM the entire quantity offered and validated by the MO as Priority Production, and the BRP, respectively, who has assumed the balancing responsibility for the respective producer, has the right to send Imbalance Physical Notifications to the TSO for the priority porduction left not traded on the DAM.

13.5.3.6. The TSO will approve the Imbalance Physical Notifications of the producer qualified for priority production, and BRP's who has assumed the balancing responsibility for the producer, respectively, only if the notified imbalance is less or equal to the difference between the offered and validated priority production and the one traded on the DAM, sent by the MO in accordance with the provisions of par. 13.5.3.5.

13.5.3.7. During the planning stage the TSO may use the offers validated on the Balancing Market to compensate for the imbalances in the accepted physical notification of the producers/BRPs having priority productions in addition to the contractual obligations and transactions concluded on the DAM, similar to solving the congestions.

13.5.3.8. For the Dispatchable Units qualified for Priority Prodcution, for which the TSO apporved Imbalancing Physical Notifications in accordance with the provisions of par.13.5.3.6, the producer will not pay either the penalties for partial delivery of the Balancing Energy in accordance with the provisions of par. 14.6.2.6 or Taxes for Notification Imbalance in accordance with the provisions of par. 14.8.2.3.

13.5.4. Considering the Imbalances

13.5.4.1. The Controllable Priority Production sold on the DAM is considered as any other production of a Producer.

13.5.4.2. The Production Units qualified for Non-controllable Priority Production will be considered as being allocated to a virtual BRP, organized by the Settlement Administrator. To this view:

a) the scheduled production of this BRP will be equal to the aggregate sum of all the Non-controllable Priority Productions sold on the DAM during the corresponding Trading Interval;

b) the metered production of this BRP will be equal to difference between the sum of the Approved Metered Values of all the Production Units qualified for Non-controllable Priority Productions minus the sum of the electricity qunatities in the bilateral contracts of the Licence Party who owns the respective Production Units;

c) in order to determine the Imbalances, according to the provisions of section 12, the Approved Metered Values of all the Production Units which are registered as Non-controllable Priority Productions and which are allocated to the same BRP will be considered as replacing the corresponding quantities sold on the DAM according to the provisions of section 13.4; so, the owner of a Production Unit registered as Non-controllable Priority Production won't thus responsible for any Imbalance.

13.5.4.3. The virtual BRP organized by the Settlement Administrator according to the provisions of section 13.5.4.2 will be taken into consideration by the Settlement Administrator as well as any other BRP.

14 The Settlement Rules

14.1 General provisions

14.1.1 The Settlement Rules ensure a framework for settling the Transactions and establishing the payment obligations and the cashing rights, according to this Commercial Code, between a Licensed Party and a central counterpart.

14.1.2 The Settlement Rules establish the principles and the conditions used for the settlement calculations for the following types of Transactions:

a) Transactions concluded on the DAM;

b) Transactions concluded on the BM;

c) contracts for Reserves; and

d) contracts for Ancillary Services, other than the Reserves, and for the purchase of Network Losses.

14.1.3 In order to facilitate a disciplined, transparent and non-discriminatory settlement process, these Settlement Rules also create the framework for:

a) establishing a settlement account system;

b) establishing and using the guarantees/collaterals;

c) performing the preliminary (quantitative) and the final (value) settlement calculations;

d) the settlement of the BRP Imbalances and of the Information Imbalances;

e) reallocating the supplementary costs or incomes resulted from the system balancing, the supplementary costs or incomes related to the Priority Productions and the supplementary income/revenue resulted from the market splitting;

f) invoicing and payment operations;

g) informing the parties about their positions through the Statements of Account;

h) measures in case of not fulfilling the obligations.

14.1.4 The Settlement Administrator will elaborate the procedures for the specific settlement functions, according to these Settlement Rules. After the Competent Authority's approval, the Settlement Administrator will make available these procedures for all the interested parties.

14.1.5 The Settlement Administrator will establish the standard format for all the settlement statements, for the Statements of Account and for the Bills mentioned in these Settlement Rules. After the Competent Authority's approval, the Settlement Administrator will make available this information for all the interested parties.

14.1.6 For the Settlement Activity, S.C. Opcom S.A. applies a regulated tariff for all Balancing Responsible Parties.

14.2 Establishing the Accounts

14.2.1 The responsibilities for the centralized Settlement

14.2.1.1 The Settlement Administrator has full responsibility for the settlement of Transactions concluded on the DAM.

14.2.1.2 The AS is responsible for the settlement calculation, for the Settlement Statements issuance and for the operations in the Balancing Settlement Accounts, in Information Imbalance Clearing Accounts and in the BRP Clearing Account.

14.2.1.3 The TSO, the DAM Participants, the Balancing Market Participants, the BRPs and the Electricity Producers who operates Dispatchable Units are responsible for the payment of Settlement Statements and the Notification Settlement Statements.

14.2.1.4 The Network Operators are responsible for the settlement of the following Transactions:

a) contracts for Ancillary Services, other than the TSO Reserves; and

b) the purchase of Network Technical Losses.

14.2.1.5 The Network Operators may request the Settlement Administrator to perform on their behalf the settlements mentioned in paragraph 14.2.1.4. The Settlement Administrator may accept the fulfillment of this function, but only after concluding an agreement with the Network Operator(s) requesting this and only if the respective Network Operator(s) agreed to pay the Settlement Administrator a corresponding tax for covering the supplementary costs related to these settlement services.

14.2.2 Settlement Accounts

14.2.2.1 The Settlement Administrator establishes the following types of Settlement Accounts:

a) Market Settlement Accounts, for each DAM Participant;

b) Balancing Settlement Accounts, for each BM Participant;

c) BRP Settlement Accounts, for each BRP; and

d) Information Imbalance Settlement Accounts, for each Producer operating one or more Dispatchable Units.

14.2.2.2 A Market Settlement Account will be used for the settlement of the Transactions concluded on the DAM.

14.2.2.3 A BRP Settlement Account will be used for:

a) settling the BRP Imbalances;

b) reallocating the supplementary revenue resulted from the market splitting;

c) reallocating the supplementary costs or incomes resulted from the system balancing; and

d) reallocating the supplementary costs or incomes related to the Priority Productions.

14.2.2.4 An Information Imbalance Settlement Account will be used for the settlement of the Information Imbalances.

14.2.2.5 Each DAM Participant, BM Participant, BRP or Producer, as the case may be, will be the Account Owner for the corresponding Settlement Account opened by the Settlement Administrator according to the provisions of paragraph 14.2.2.1.

14.2.2.6 The Settlement Administrator will establish the Settlement Accounts mentioned in paragraph 14.2.2.1 for the corresponding Account Owner after being announced by the MO or by TSO, as the case may be, about the party's registration, but not later than the date when the registration becomes effective.

14.2.2.7 At the moment of transaction, the MO intervenes between the purchaseer and the purchaser, thus replacing their contractual relationship with two relationships: MO – purchaseer and MO – purchaser.

14.2.2.8 The Transactions and the payment obligations, registered by the Settlement Administrator in a Balancing Settlement Account, in a BRP Settlement Account or in an Information Imbalance Settlement Account, will establish a single contractual relationship between TSO, on one hand, and the Account Owner, on the other hand.

14.2.3 Cash Accounts

14.2.3.1 Each Licensed Party wishing to be registered as DAM Participant, BM Participant or BRP, TSO included, must open a Cash Account according to the provisions of section 14.2.3 at a bank agreed by AS, hereinafter called Settlement Bank.

14.2.3.2 The TSO will open the following accounts at a commercial bank on the Romanian territory with a view to observing its obligations in accordance with the present Settlement Rules, for:

a) a Settlement Account, for payments related to Transactions concluded on the BM, Reserve Contracts, Imbalances, Information Imbalances and for payments related to redistribution of additional costs or income from the system balancing; and

b) a Congestion Asccount, for payments afferent to internal congestions management

14.2.3.3 The AS and License Party who wishes to become a DAM Participant, a BM Participant or BRP will conclude a convention which will stipulate that the Settlement Bank where the cash account is opened will operate in the respective account based on the Settlement Statements sent by the AS.

14.2.3.4 The Account Owners must ensure the solvability of their own Cash Accounts at the deadlines established according to these Settlement Rules.

14.2.3.5 The Cash Accounts will be opened in the Romanian national currency.

14.2.4 Central Accounts of the Settlement Administrator

14.2.4.1. The AS will open a Central Account of the DAM at a commercial bank on the Romanian territory for payments afferent to Transactions concluded on the DAM, for payments owed to the MO, for payments corresponding to redistribution of costs or additional income for Priority Production and for payments corresponding to the redistribution of additional income from the market splitting.

14.3 Rules regarding the collaterals/guarantees

14.3.1 Determining, depositing and using the collaterals

14.3.1.1 The Settlement Administrator has the right to request the Licensed Parties to deposit a collateral before the respective Licensed Party is registered as DAM Participant

14.3.1.2 The TSO has the right to request from the Licensed Parties to deposit a collateral before the respective License Party is registered as:

a) BM Participant;

b) BRP.

14.3.1.3 The collateral deposited by a Licensed Party registered as a DAM Participant, as BM Participant or BRP may limit:

a) The total financial volume of Offers which a DAM Participant may submit on the DAM in accordance with the provisions of Section 5;

b) The maximum size of one BRP, determined as per the provisions of section 14.4 and/or the corresponding volume of Block Exchanges, Exports and Imports.

14.3.1.4 The Settlement Administrator will elaborate the procedures for determining the necessary and the types of required collaterals, as well as the procedures for realizing and verification of the deposit of the collaterals by the Licensed Parties. After the Competent Authority's approval, the Settlement Administrator will make available this information for all the interested parties.

14.3.1.5 The Settlement Administrator, notified by the TSO, will draw up the procedures to set up the necessary and the type of requested collaterals, the procedures for the development and control of the deposit of collaterals and the additions to them, whether the case, as well as the procedures to use the available left from the deposited collateral by the BM and BRP participants. Upon approval by the Competent Authority, the

Settlement Administrator will make available these procedures for all the interested parties.

14.3.2 Margin appeals

14.3.2.1 The Settlement Administrator will impose a system of common and extraordinary margin appeals in order to ensure that a DAM Participant always delivers a sufficient collateral fund or, for the case of an insufficient collateral fund, it is requested to deliver supplementary collaterals. The Settlement Administrator will draw up procedures related to common of extraordinary margin appeals.

14.3.2.2 After the Competent Authority's approval, the Settlement Administrator will make available for all the interested parties the procedures elaborated according to the provisions of paragraph 14.3.2.1.

14.4 Determining the size of the BRPs

14.4.1 Information received from the Network Operators

14.4.1.1 Each Network Operator must submit monthly to the Settlement Administrator information regarding the dimension of each BRP from its own License Area, according to the provisions of section 14.4.

14.4.1.2 Not later than the 5th Financial Day of each calendar month, each Network Operator will submit, separately for each BRP and only for its own License Area, the following information to the Settlement Administrator and the corresponding BRP:

a) the aggregate value of the capacities registered for Production Units, for which the respective BRP has taken the Balance Responsibility;

b) the aggregate value of the consumption capacities registered in the Connection Points, for which the respective BRP has taken the Balance Responsibility;

c) the aggregate value of the estimated annual production of the Production Units for which the respective BRP has taken the Balance Responsibility; and

d) the aggregate value of the estimated annual consumption of the Consumers for which the respective BRP has taken the Balance Responsibility.

14.4.1.3 The registered capacities submitted according to the provisions of paragraph 14.4.1.2 let. a) and let. b) will be based on the capacities in each

Connection Point, as confirmed by the corresponding Transmission or Distribution Agreement and used for determining the network tariffs.

14.4.1.4 The estimated annual productions and consumptions submitted according to the provisions of paragraph 14.4.1.2 let. c) and let. d) will correspond to the ongoing year and may be based on the following information:

a) the estimated annual quantities used by the respective Network Operator for determining the network tariffs;

b) the annual production or consumption, as the case may be, registered in the previous year for the respective Connection Point; or

c) for a Connection Point without available data, an estimation as realistic as possible of the annual quantities, as convened by the Network Operator with the respective System User and/or BRP.

14.4.1.5 If the data submitted by a Network Operator according to the provisions of paragraph 14.4.1.2 are incorrect, the respective BRP can dispute them to the Network Operator within an interval of five (5) Financial Days after submittal. If a BRP had no objections during this interval, then the data submitted according to the provisions of paragraph 14.4.1.2 are considered as being confirmed by the respective BRP.

14.4.1.6 A Network Operator must check any appeal regarding the data submitted according to the provisions of paragraph 14.4.1.2 as soon as possible, but not later than five (5) Financial Days after receiving the appeal and must inform the respective BRP about the result. If the data were incorrect, the Network Operator will submit the corrected data to the Settlement Administrator and to the respective BRP.

14.4.1.7 The Settlement Administrator and any Network Operator may convene to limit the monthly exchange of information between them, necessary according to this section, only to the data that has changed compared to the previous month.

14.4.2 Determining the total size of each BRP

14.4.2.1 On each calendar month, after the submittal of the information mentioned in section 14.4.1 by the Network Operators, the Settlement Administrator determines the total size of each BRP.

14.4.2.2 The Settlement Administrator determines the total size of each BRP by aggregating the information submitted by the Network Operators according to the provisions of paragraph 14.4.1.2.

14.5 The settlement on the DAM

14.5.1 The calculations for the daily settlement

14.5.1.1 The Settlement Administrator performs the calculations for the daily settlement on the DAM, according to the provisions of section 14.5.1, on each Trading Day.

14.5.1.2 For each DAM Participant, the Settlement Administrator determines the value of the daily settlement through the aggregation of the quantities multiplied by the prices for all the Transactions concluded by the respective DAM Participant with the MO on the DAM for the corresponding Delivery Day(s), as follows:

$$DSM = \sum_{t} \sum_{z} p_{t,z} \cdot q_{t,z} ,$$

where:

DSM - the net value of the daily settlement;

$p_{t,z}$, $q_{t,z}$ - the price and the quantity, respectively, corresponding to a Transaction concluded by the DAM Participant with the MO on the DAM, for the Trading Interval t of the corresponding Delivery Day(s) and for the Trading Zone z. The quantities corresponding to the purchases from the MO will be considered as negative, while the quantities corresponding to the sales to the MO will be considered as positive.

14.5.1.3 The Settlement Administrator will debit, for a negative value, or will credit, for a positive value, the value of the daily settlement determined according to the provisions of paragraph 14.5.1.2, adding any applicable tax, including the tariff related to the MO and the VAT, in the Market Settlement Account belonging to the respective DAM Participant.

14.5.2. Settlement and Payment

14.5.2.1. Separately for each DAM Participant and for each Delivery Day, the Settlement Administrator prepares a Daily Settlement Statement, which includes all the values that must be debited or credited in the Market Settlement Account belonging to the respective DAM Participant, according to the provisions of section 14.5.1. This statement includes at least the following information:

a) the net value of the daily settlement determined according to the provisions of paragraph 14.5.1.2;

b) the total quantity and the value corresponding to all the DAM Participant's sales to the MO;

c) the total quantity and the value corresponding to all the DAM Participant's purchases from the MO;

d) the values resulted by applying the tariffs related to the MO;

e) the values resulted by applying any other taxes;

f) the total net value that must be debited or credited in the Market Settlement Account belonging to the respective DAM Participant, for the corresponding Delivery Day representing the difference between the value in letter a) and the values in letters d) and e); and

g) information regarding any Transaction included in the Daily Settlement Statement and disputed by the respective DAM Participant according to the provisions of section 5.5.2.

14.5.2.2. The Settlement Administrator transmits any Daily Settlement Statement, established according to the provisions of paragraph 14.5.2.1. to the corresponding DAM Participant, before the end of the Trading Day.

Weekly calculations

14.5.2.3. For each DAM Participant, the Settlement Administrator determines the value of the weekly settlement by summing the values debited or credited in the Market Settlement Account belonging to the respective DAM Participant during all days from the previous calendar week, according to the provisions of paragraph 14.5.1.3. The debited values will be considered as negative, while the credited values will be considered as positive.

14.5.2.4. For each DAM Participant, the Settlement Administrator prepares a Weekly Settlement Statement including the total value debited or credited in the Market Settlement Account belonging to the respective DAM Participant during the previous calendar week, determined according to the provisions of paragraph 14.5.2.3, as well as the values, corresponding to each day of the previous calendar week, debited or credited in the Market Settlement Account according to the provisions of paragraph 14.5.1.3.

14.5.2.5. The Settlement Administrator transmits the Weekly Settlement Statement established according to the provisions of paragraph 14.5.2.4 to its Settlement Bank, to each DAM Participant, and their correspondent Settlement Banks before the financial closing of the last

Trading Day of the calendar week that comes immediately after the week for which the respective Weekly Settlement Statement has been prepared.

14.5.2.6. The Settlement Statements must be paid within an interval of seven (7) Financial Days from the issuance date. The payments are considered done when the corresponding values have been debited or credited in the Central DAM Account.

14.5.2.7. After operating the payments to or from the Central DAM Account, the Settlement Administrator will adjust the Market Settlement Account belonging to the respective DAM Participant. Any payment to the Central DAM Account will be credited in the corresponding Market Settlement Account and any payment from the Central DAM Account will be debited in the corresponding Market Settlement Account.

14.6. The settlement on the BM

14.6.1. The calculation of the electricity quantities traded on the BM, performed by TSO

14.6.1.1. During each calendar month, TSO will perform the settlement calculation according to the provisions of section 14.6.1, after the approval of the meter values for the Dispatchable Units and Loads according to the provisions of section 11.

14.6.1.2. In section 14.6, the term "reference month" is defined as being the first calendar month that precedes the month during which TSO performs the calculations according to the provisions of section 14.6.1.

14.6.1.3. TSO establishes the contractual obligations for the delivery of Balancing Energy and the quantities effectively delivered according to the provisions of sections 12.2.4 and 12.2.5, respectively. TSO performs the calculations separately for each Dispatch Interval of the reference month, for each BM Participant and for each BM Transaction that the respective BM Participant has concluded during the reference month.

14.6.1.4. For each BM Participant, TSO prepares a Monthly Balancing Market Statement, including all the quantities of Balancing Energy which had to be delivered and have been effectively delivered by the respective BM Participant. The Monthly Balancing Market Statement includes at least the following information:

a) the quantity of Balancing Energy which had to be delivered by the respective BM Participant to TSO, determined according to the provisions of section 12.2.4; this quantity will be split on types of Balancing Energy, separately for Upward and Downward Regulation, for each Transaction that the respective BM Participant has concluded on the BM during the reference month and for each Dispatch Interval of the reference month; for each Transaction, there will also be specified the corresponding Dispatchable Unit or Load;

b) the quantity of Balancing Energy which has been effectively delivered by the respective BM Participant to TSO, determined according to the provisions of section 12.2.5; this quantity will be split on types of Balancing Energy, separately for Upward and Downward Regulation, for each Transaction that the respective BM Participant has concluded on the BM during the reference month and for each Dispatch Interval of the reference month; for each Transaction, there will also be specified the corresponding Dispatchable Unit or Load;

c) the information mentioned at let. a), aggregated on each Dispatchable Unit or Load of the BM Participant, as the case may be; and

d) the information mentioned at let. b), aggregated on each Dispatchable Unit or Load of the BM Participant, as the case may be

14.6.1.5. TSO transmits the Monthly Balancing Market Statement, established according to the provisions of paragraph 14.6.1.4, to the corresponding BM Participant and to the Settlement Administrator in maximum two (2) weeks from the end of the reference month.

14.6.2. The settlement calculation performed by the Settlement Administrator

14.6.2.1. During each calendar month, the Settlement Administrator performs the settlement calculations in accordance with the provisions of section 14.6.2. after the TSO has transmitted the Monthly Balancing Market Statements according to the provisions of paragraph 14.6.1.5.

14.6.2.2. Separately for each calendar day of the reference month and for each BM Participant, the Settlement Administrator determines the value of the daily settlement by aggregating the payable and receivable sums corresponding to the respective BM Participant, as follows:

$$DSM_d = \sum p_{i,t} * q_{i,t} ,$$

where:

- DSM is the net value of the daily settlement for day d;
- $p_{i,t}$ - the price of Transaction t for the delivery of Balancing Energy by the BM Participant during the Dispatch Interval i of day d, established according to the provisions of section 7;
- $q_{i,t}$ - the quantity of Balancing Energy effectively delivered by the BM Participant within the Transaction t for the delivery of Balancing Energy during the Dispatch Interval i of day d, established according to the Monthly Balancing Market Statement transmitted by TSO according to the provisions of section 14.6.1.; the quantity corresponding to any Transaction for the delivery of Downward Regulation will be considered as negative, while the quantity corresponding to any Transaction for the delivery of Upward Regulation will be considered as positive.

14.6.2.3. For each BM Participant, the Settlement Administrator determines the value of the monthly settlement by summing up the daily values corresponding to the respective BM Participant, determined according to the provisions of paragraph 14.6.2.2.

14.6.2.4. The Settlement Administrator will debit, for a negative value, or will credit, for a positive value, the value of the monthly settlement determined according to the provisions of paragraph 14.6.2.3, adding any applicable tax, including the VAT, in the Balancing Settlement Account belonging to the respective BM Participant.

14.6.2.5. For each Transaction concluded on the BM, for which, according to the Monthly Balancing Market Statement, the effectively delivered quantity is lower than the quantity that had to be delivered, the BM Participant which is part in the respective Transaction will suffer a penalty P, calculated as follows:

$$\boldsymbol{P = k_{d,DI} * (q_{contr,DI} - q_{act,DI})},$$

where:

- $k_{d,DI}$ - the specific penalty applicable for the partial delivery of the Balancing Energy on day d and during the Dispatch Interval DI;
- $q_{contr,DI}$ - the quantity of Balancing Energy that had to be delivered within the respective Transaction, according to the Monthly Balancing Market Statement;
- $q_{act,DI}$ - the quantity of Balancing Energy effectively delivered within the respective Transaction, according to the Monthly Balancing Market Statement.

14.6.2.6. The specific penalty $k_{d,DI}$, applicable for the partial delivery of the Balancing Energy on day d and during the Dispatch Interval DI, will be determined based on a general formula:

$$K_{d,DI} = a + b * MCP_{DI} + c * IP_{DI,def} + d * IP_{DI,sur}$$

where:

- *a, b, c* and *d* - constants determined by the Competent Authority; the constant *a* will be expressed in the Romanian national currency, while the constants *b, c* and *d* will be expressed as percentages; the Competent Authority may establish different values of these constants for the partial delivery of Upward Regulation and for the partial delivery of Downward Regulation.
- MCP_{DI} - the Market Clearing Price for the National Trading Zone during the Trading Interval that includes the Dispatch Interval DI;
- $IP_{DI,def}$ - the Imbalance Deficit Price;
- $IP_{DI,sur}$ - the Imbalance Surplus Price during the Dispatch Interval DI.

14.6.2.7. For each BM Participant, the Settlement Administrator determines the value of the monthly penalty by summing up all the penalties that the respective BM Participant has to pay during the reference month, determined according to the provisions of paragraph 14.6.2.5.

14.6.2.8. The Settlement Administrator will credit the value of the monthly penalty determined according to the provisions of paragraph 14.6.2.7, adding any applicable tax, including the VAT, in the Balancing Settlement Account belonging to the respective BM Participant.

14.6.3. Settlement and Payment

14.6.3.1. For each BM Participant, the Settlement Administrator prepares an Settlement Information Statement which includes all the values debited or credited in the Balancing Settlement Account belonging to the respective BM Participant, according to the provisions of section 14.6.2. This Settlement Information Statement includes at least the following information:

a) the net value of the daily settlement, separately for each day of the reference month, determined according to the provisions of paragraph 14.6.2.2;

b) the penalties that must be paid by the respective BM Participant for the partial delivery of the Balancing Energy, determined according to the provisions of paragraph 14.6.2.5, separately for each Dispatch Interval of each calendar day of the reference month;

c) the penalties that must be paid by the respective BM Participant, separately for each day of the reference month, determined according to the provisions of paragraph 14.6.2.5;

d) the value of the monthly settlement, determined according to the provisions of paragraph 14.6.2.3;

e) the value of the monthly penalty, determined according to the provisions of paragraph 14.6.2.7;

f) the values resulted by applying any taxes on the value of the monthly settlement;

g) the values resulted by applying any taxes on the value of the monthly penalty; and

h) the total value that must be debited or credited in the Balancing Settlement Account belonging to the respective BM Participant, according to the provisions of paragraphs 14.6.2.4 and 14.6.2.8.

14.6.3.2. The Settlement Administrator transmits the Settlement Information Statements, established according to the provisions of paragraph 14.6.3.1. to the corresponding BM Participants and to the TSO, no later than five (5) Financial Days from the beginning of the second calendar month that comes after the reference month.

14.6.3.3. A Settlement Information Statement issued on the calendar month n will include the total value debited or credited in the Balancing Settlement Account belonging to the respective BM Participant for the calendar month n – 3.

14.6.3.4. The invoices issued in the first (1) Financial Day based on the Settlement Information Statements must be paid within an interval of seven (7) Financial Days from the issuance date. The payments are considered done when the corresponding values have been debited or credited in the Balancing Account.

14.6.3.5. After operating the payments to or from the Balancing Account, the Settlement Administrator will adjust the Balancing Settlement Account belonging to the respective BM Participant. Any payment to the Central Balancing Account will be credited in the corresponding Balancing Settlement Account and any payment from the Central Balancing Account will be debited in the corresponding Balancing Settlement Account.

14.6.4. Determining the costs for the system balancing and for the internal congestion management

14.6.4.1. The Settlement Administrator determines the costs for the system balancing and for the internal congestion management according to the provisions of section 14.6.4 during each calendar month, after the transmittal of the Monthly

Balancing Market Statement by TSO, according to the provisions of paragraph 14.6.1.5.

14.6.4.2. The costs for the system balancing include:

a) the costs corresponding to the Transactions concluded on the BM which are not marked as being used for the congestion management, but only for the quantity effectively delivered; and

b) the costs corresponding to the Transactions concluded on the BM which have been cancelled due to a Network Constraint.

14.6.4.3. The costs for the internal congestion management are equal to:

a) the costs corresponding to the Transactions concluded on the BM which are marked as used for the congestion management, but only for the quantity effectively delivered;

b) minus the avoided costs corresponding to the Transactions concluded on the BM which have been cancelled due to a Network Constraint.

14.6.4.4. The Settlement Administrator determines the payments for the system balancing P_{SB}, separately for each Dispatch Interval *i* of the reference month, as follows:

$$P_{SB,i} = \sum(Q_{i,j}^{Up,Bal} * P_{i,j}^{Up,Bal}) + \sum(Q_{i,k}^{Up,\ Can} * P_{i,k}^{Up,Can})$$

where:

- $Q_{i,j}^{Up,Bal}$, respectively $P_{i,j}^{Up,Bal}$ - the quantity delivered, respectively the price, corresponding to Transaction j for the delivery of Upward Regulation during the Dispatch Interval i, which is not marked as cancelled due to a Network Constraint according to the provisions of section 7.5.8 or as being used for the congestion management according to the provisions of section 7.6.1; $Q_{i,j}^{Up,Bal}$ will be considered as positive value expressed in MWh or standard multiples of this measurement unit;
- $Q_{i,k}^{Up,\ Can}$, respectively $P_{i,k}^{Up,Can}$ - the quantity, respectively the price, corresponding to Transaction k for the delivery of Upward Regulation during the Dispatch Interval i, which is marked as cancelled due to a Network Constraint according to the provisions of section 7.5.8; $Q_{i,k}^{Up,\ Can}$ will be considered as positive value expressed in MWh or standard multiples of this measurement unit.

14.6.4.5. The Settlement Administrator determines the income resulted from the system balancing I_{SB}, separately for each Dispatch Interval i of the reference month, as follows:

$$I_{SB,i} = \sum(Q_{i,j}^{Down,Bal} * P_{i,j}^{Down,Bal}) + \sum(Q_{i,k}^{UDown,\ Can} * P_{i,k}^{Down,Can})$$

where:

- $Q_{i,j}^{Down,Bal}$, respectively $P_{i,j}^{Down,Bal}$ - the quantity delivered, respectively the price, corresponding to Transaction j for the delivery of Downward Regulation during the Dispatch Interval i, which is not marked as cancelled due to a Network Constraint according to the provisions of section 7.5.8 or as being used for the congestion management according to the provisions of section 7.6.1; $Q_{i,j}^{Down,Bal}$ will be considered as positive value expressed in MWh or standard multiples of this measurement unit;

- $Q_{i,k}^{Down,\ Can}$, respectively $P_{i,k}^{Down,Can}$ - the quantity, respectively the price, corresponding to Transaction k for the delivery of Downward Regulation during the Dispatch Interval i, which is marked as cancelled due to a Network Constraint according to the provisions of section 7.5.8; $Q_{i,k}^{Down,\ Can}$ will be considered as positive value expressed in MWh or standard multiples of this measurement unit.

14.6.4.6. After determining the payments and the income resulted from the system balancing, the Settlement Administrator will determine the costs related to the system balancing C_{SB}, separately for each Dispatch Interval i of the reference month, as follows:

$$C_{SB,i} = P_{SB,i} - I_{SB,i}$$

where: $P_{SB,i}$ represent the payments and $I_{SB,i}$ represent the incomes resulted from the system balancing during the Dispatch Interval i as determined according to the provisions of paragraphs 14.6.4.4 and 14.6.4.5.

14.6.4.7. The Settlement Administrator determines the payments for the internal congestion management P_{Con}, separately for each Dispatch Interval i of the reference month, as follows:

$$P_{Con,i} = \sum(Q_{i,j}^{Up,Con} * P_{i,}^{Up,Con}) - \sum(Q_{i,k}^{Up,\ Can} * P_{i,k}^{Up,Can})$$

where:

- $Q_{i,j}^{Up,Con}$, respectively $P_{i,j}^{Up,Con}$ - the quantity delivered, respectively the price, corresponding to Transaction j for the delivery of Upward Regulation during the Dispatch Interval i, which is marked as used for the congestion management according to the provisions of section 7.6.1; $Q_{i,j}^{Up,Con}$ will be considered as positive hourly value expressed in MWh or standard multiples of this measurement unit;

- $Q_{i,k}^{Up,Can}$, respectively $P_{i,k}^{Up,Can}$ - the quantity, respectively the price, corresponding to Transaction k for the delivery of Upward Regulation during the Dispatch Interval i, which is marked as cancelled due to a Network Constraint according to the provisions of section 7.5.8; $Q_{i,k}^{Up,\ Can}$ will be considered as positive hourly value expressed in MWh or standard multiples of this measurement unit.

14.6.4.8. The Settlement Administrator determines the incomes resulted from the internal congestion management I_{Con}, separately for each Dispatch Interval i of the reference month, as follows:

$$\boldsymbol{I_{Con,i} = \sum(Q_{i,j}^{Down,Con} * P_{i,}^{Down,Con}) - \sum(Q_{i,k}^{Down,\ Can} * P_{i,k}^{Down,Can})}$$

where:

- $\boldsymbol{Q_{i,j}^{Down,Con}}$, respectively $\boldsymbol{P_{i,j}^{Down,Con}}$ - the quantity delivered, respectively the price, corresponding to Transaction j for the delivery of Downward Regulation during the Dispatch Interval i, which is marked as used for the congestion management according to the provisions of section 7.6.1; $\boldsymbol{Q_{i,j}^{Down,Con}}$ will be considered as positive hourly value expressed in MWh or standard multiples of this measurement unit.
- $\boldsymbol{Q_{i,k}^{Up,Can}}$, respectively $\boldsymbol{P_{i,k}^{Up,Can}}$ - the quantity, respectively the price, corresponding to Transaction k for the delivery of Downward Regulation during the Dispatch Interval i, which is marked as cancelled due to a Network Constraint according to the provisions of section 7.5.8; $\boldsymbol{Q_{i,k}^{Down,\ Can}}$ will be considered as positive hourly value expressed in MWh or standard multiples of this measurement unit.

14.6.4.9. After determining the payments and the income resulted from the internal congestion management, the Settlement Administrator will determine the costs related to the internal congestion management C_{Con}, separately for each Dispatch Interval i of the reference month, as follows:

$$\boldsymbol{C_{Con,i} = P_{Con,i} - I_{Con,i}}$$

where: $\boldsymbol{P_{Con,i}}$ represent the payments and $\boldsymbol{I_{Con,i}}$ represent the incomes resulted from the internal congestion management during the Dispatch Interval i, as determined according to the provisions of paragraphs 14.6.4.7 and 14.6.4.8.

14.6.4.10. In section 14.6.4, the delivered quantity corresponding to a Transaction is the quantity specified in the Monthly Balancing Market Statement transmitted by TSO according to the provisions of section 14.6.1.

14.6.5. The settlement of costs related to the internal congestion management

14.6.5.1. After determining the costs for the system balancing and for the internal congestion management according to the provisions of section 14.6.4, the Settlement Administrator issues a monthly statement which includes the following information:

a) the payments for the system balancing, determined according to the provisions of paragraph 14.6.4.4, separately for each Dispatch Interval of the reference month;

b) the income resulted from the system balancing, determined according to the provisions of paragraph 14.6.4.5, separately for each Dispatch Interval of the reference month;

c) the costs for the system balancing, determined according to the provisions of paragraph 14.6.4.6, separately for each Dispatch Interval of the reference month;

d) the costs for the system balancing during the reference month, determined by summing the costs for the system balancing during all the Dispatch Intervals of the reference month;

e) the payments for the internal congestion management, determined according to the provisions of paragraph 14.6.4.7, separately for each Dispatch Interval of the reference month;

f) the income resulted from the internal congestion management, determined according to the provisions of paragraph 14.6.4.8, separately for each Dispatch Interval of the reference month;

g) the costs for the internal congestion management, determined according to the provisions of paragraph 14.6.4.9, separately for each Dispatch Interval of the reference month; and

h) the costs for the internal congestion management during the reference month, determined by summing the costs for the internal congestion management during all the Dispatch Intervals of the reference month.

14.6.5.2. The Settlement Administrator submits to TSO the monthly statement, determined according to the provisions of paragraph 14.6.5.1, not later than five (5) Financial Days from the beginning of the second calendar month that comes after the reference month.

14.6.6. The calculation of the Imbalance Price

14.6.6.1. The Imbalance Prices are:

a) the Imbalance Deficit Price, which represents the unitary price that a BRP must pay to TSO for the negative Imbalances of the respective BRP and

b) the Imbalance Surplus Price, which represents the unitary price that a BRP receives from TSO for the positive Imbalances of the respective BRP.

14.6.6.2. During each calendar month, the Settlement Administrator determines the Imbalance Deficit Prices and the Imbalance Surplus Prices separately for each Dispatch Interval of the second calendar month before the month when the calculations are performed, according to the provisions of section 14.6.6.

14.6.6.3. If TSO has commanded the delivery of Upward Regulation during a Dispatch Interval, the Imbalance Deficit Price $IP_{D,i}$ for this Dispatch Interval i is determined as follows:

$$\boldsymbol{IP_{D,i} = P_{SB,i} / (\sum Q_{i,j}^{Up,Bal} + \sum Q_{i,k}^{Up,\ Can})}$$

where:

- $P_{SB,i}$ represent the payments for the system balancing during the Dispatch Interval i, determined according to the provisions of paragraph 14.6.4.4;
- $\boldsymbol{Q_{i,j}^{Up,Bal}}$ - the quantity delivered, determined according to the provisions of section 12.2.5, corresponding to Transaction j for the delivery of Upward Regulation during the Dispatch Interval i, which has not been marked as cancelled due to a Network Constraint according to the provisions of section 7.5.8 or as used for the congestion management according to the provisions of section 7.6.1; $\boldsymbol{Q_{i,j}^{Up,Bal}}$ is considered as positive hourly value expressed in MWh or standard multiples of this measurement unit.
- $\boldsymbol{Q_{i,k}^{Up,\ Can}}$ - the quantity corresponding to Transaction k for the delivery of Upward Regulation during the Dispatch Interval i, which is marked as cancelled due to a Network Constraint according to the provisions of section 7.5.8; $\boldsymbol{Q_{i,k}^{Up,\ Can}}$ is considered as positive hourly value expressed in MWh or standard multiples of this measurement unit.

14.6.6.4. If TSO has not commanded the delivery of Upward Regulation during a Dispatch Interval, except perhaps for the congestion management, the Imbalance Deficit Price IP_D for this Dispatch Interval is established as being equal to the Market Clearing Price for the National Trading Zone during the Trading Interval corresponding to the respective Dispatch Interval.

14.6.6.5. If TSO has commanded the delivery of Downward Regulation during a Dispatch Interval, the Imbalance Surplus Price IP_S for this Dispatch Interval i is determined as follows:

$$\boldsymbol{IP_{S,i} = I_{SB,i} / (\sum Q_{i,j}^{Down,Bal} + \sum Q_{i,k}^{Down,\ Can})}$$

where:

- $I_{SB,i}$ represents the income resulted from the system balancing during the Dispatch Interval i, determined according to the provisions of paragraph 14.6.4.5;

- $Q_{i,j}^{Down,Bal}$ - the quantity delivered, determined according to the provisions of section 12.2.5, corresponding to Transaction j for the delivery of Downward Regulation during the Dispatch Interval i, which has not been marked as cancelled due to a Network Constraint according to the provisions of section 7.5.8 or as used for the congestion management according to the provisions of section 7.6.1; $Q_{i,j}^{Down,Bal}$ is considered as positive hourly value expressed in MWh or standard multiples of this measurement unit;

  $Q_{i,k}^{Down,Can}$ - the quantity corresponding to Transaction k for the delivery of Downward Regulation during the Dispatch Interval i, which is marked as cancelled due to a Network Constraint according to the provisions of section 7.5.8; $Q_{i,k}^{Down,\ Can}$ is considered as positive hourly value expressed in MWh or standard multiples of this measurement unit.

14.6.6.6. If TSO has not commanded the delivery of Downward Regulation during a Dispatch Interval, except perhaps for the congestion management, the Imbalance Surplus Price IPs for this Dispatch Interval is established as being equal to the Market Clearing Price for the National Trading Zone during the Trading Interval corresponding to the respective Dispatch Interval.

14.7. The settlement of the BRP Imbalances

14.7.1. The settlement calculations

14.7.1.1. The Settlement Administrator performs the calculations for the Imbalances settlement, according to the provisions of section 14.7.1, during each calendar month, after the approval of the meter values according to the provisions of section 11.

14.7.1.2. In section 14.7, the term "reference month" is defined as being the second calendar month that precedes the month during which the Settlement Administrator performs the calculations according to the provisions of section 14.7.1.

14.7.1.3. Separately for each calendar day of the reference month and for each BRP, the Settlement Administrator determines the value of the daily settlement by aggregating the payable and the receivable sums for the respective BRP, as follows:

$$DSM_d = \sum_i IMB_i^+ \cdot p_i^+ \quad - \quad \sum_i IMB_i^- \cdot p_i^-,$$

where:

- DSM represents the net value of the daily settlement for day d;
- IMB_i^+ - the quantity corresponding to the positive Imbalance of the respective BRP during the Dispatch Interval i of the Delivery Day d, determined according to the provisions of section 12.3.1

- p_i^+ - the Imbalance Surplus Price during the Dispatch Interval i of the Delivery Day d, determined according to the provisions of section 14.6.6.;
- IMB_i^- - the quantity, as absolute value, corresponding to the negative Imbalance of the respective BRP during the Dispatch Interval i of the Delivery Day d, determined according to the provisions of section 12.3.1;
- p_i^- - the Imbalance Deficit Price during the Dispatch Interval i of the Delivery Day d, determined according to the provisions of section 14.6.6.

14.7.1.4. The Settlement Administrator determines, separately for each BRP, the value of the monthly settlement by summing up the daily settlement values, established according to the provisions of paragraph 14.7.1.3.

14.7.1.5. The Settlement Administrator will debit, for a negative value, or will credit, for a positive value, the value of the monthly settlement determined according to the provisions of paragraph 14.7.1.4, adding any applicable tax, including the VAT, in the BRP Settlement Account belonging to the respective BRP.

14.7.2. Settlement and Payment

14.7.2.1. Separately for each BRP, the Settlement Administrator prepares a Settelement Information Statement including all the payable or receivable sums of the respective BRP related to the Imbalances. This statement includes at least the following information:

a) the positive or negative Imbalance of the respective BRP, separately for each Dispatch Interval of the reference month;

b) the Imbalance Surplus Price and the Imbalance Deficit Price, separately for each Dispatch Interval of the reference month;

c) the aggregated quantity of the positive Imbalances of the respective BRP during the reference month;

d) the aggregated quantity of the negative Imbalances of the respective BRP during the reference month;

e) the net monthly BRP Imbalance during the reference month, calculated as the difference between the aggregated quantity of all the positive Imbalances of the respective BRP and the aggregated quantity of all the negative Imbalances, as absolute value, of the respective BRP;

f) the payable or receivable sum of the respective BRP, separately for each Dispatch Interval of the reference month;

g) the value of the daily settlement, as determined according to the provisions of paragraph 14.7.1.3, separately for each calendar day of the reference month;

h) the value of the monthly settlement, determined according to the provisions of paragraph 14.7.1.4;

i) the values resulted by applying any taxes on the value of the monthly settlement; and

j) the total value that must be debited or credited in the BRP Settlement Account belonging to the respective BRP, according to the provisions of paragraph 14.7.1.5.

14.7.2.2. The Settlement Administrator transmits the Settlement Information Statements, established according to the provisions of paragraph 14.7.2.1, to the corresponding BRPs and the TSO in maximum two (2) weeks from the beginning of the second calendar month that comes after the reference month.

14.7.2.3. A Settlement Information Statement issued on the calendar month n includes the total value debited or credited in the BRP Settlement Account belonging to the respective BRP for the calendar month n – 3.

14.7.2.4. The invoices issued in the first (1) Financial Day based on the Settlement Information Statement must be paid within an interval of seven (7) Financial Days from the issuance date. The payments are considered done when the corresponding values have been debited or credited in the Balancing Account.

14.7.2.5. After operating the payments to or from the Balancing Account, the Settlement Administrator will adjust the BRP Settlement Account belonging to the respective BRP. Any payment to the Central Balancing Account will be credited in the corresponding BRP Settlement Account and any payment from the Central Balancing Account will be debited in the corresponding BRP Settlement Account.

14.8. The settlement of the Information Imbalances

14.8.1. The calculation of the Information Imbalances performed by TSO

14.8.1.1. During each calendar month, TSO performs the settlement calculations, according to the provisions of section 14.8.1, after the approval of the meter values for the Dispatchable Units and Loads according to the provisions of section 11.

14.8.1.2. In section 14.8, the term “reference month” is defined as being the first calendar month that precedes the month during which the Settlement Administrator performs the calculations according to the provisions of section 14.8.1

14.8.1.3. Separately for each Dispatch Interval of the reference month and for each Producer, TSO determines the Information Imbalance and the corresponding Imbalance Notice Time, according to the provisions of section 12.3.2.

14.8.1.4. For each Producer, TSO prepares a monthly statement including all the Information Imbalances of the respective Producer during the reference month. This statement includes at least the following information:

a) the Information Imbalances not announced, for each Dispatchable Unit of the respective Producer, separately for each Dispatch Interval of the reference month;

b) the Information Imbalances announced and the Imbalance Notice Time corresponding to each of them, for each Dispatchable Unit of the respective Producer, separately for each Dispatch Interval of the reference month.

14.8.1.5. TSO transmits the monthly statement, established according to the provisions of paragraph 14.8.1.4, to the respective Producer and to the Settlement Administrator not later than five (5) Financial Days from the beginning of the second calendar month that comes after the reference month.

14.8.2. The settlement calculation performed by the Settlement Administrator

14.8.2.1. During each calendar month, the Settlement Administrator performs the settlement calculations, according to the provisions of section 14.8.2, after the transmittal of the monthly statements by TSO, according to the provisions of paragraph 14.8.1.5.

14.8.2.2. The Settlement Administrator determines, separately for each Dispatch Interval of the reference month and for each Producer, the amounts the producer has to pay for the Information Imbalances during the corresponding Dispatch Interval, as follows:

$$IIB_{DI} = \sum (|IIB_{DU,non}| + \sum |IIB_{DU,non,o}| * [1-(t_{DU,not,o}/t_{sched})^2]) * IIC,$$

where:

- IIB_{DI} - the amount that must be paid for the Information Imbalance during the Dispatch Interval DI;
- $IIB_{DU,non}$ - the Information Imbalance not announced, for the Dispatchable Unit DU during the Dispatch Interval DI, determined according to the provisions of section 12;
- $IIB_{Not,o}$ - the Information Imbalance announced, for the unexpected shutdown *o* of the Dispatchable Unit DU during the Dispatch Interval DI, determined according to the provisions of section 12;
- $t_{DU,not,o}$ - the Imbalance Notice Time applicable for the unexpected shutdown *o* of the Dispatchable Unit DU during the Dispatch Interval DI, determined according to the provisions of section 12.
- t_{sched} - the time interval between the Schedule Submission Time and the beginning of the Dispatch Interval DI, determined according to the provisions of section 12;

- o - the number of unexpected shutdowns of the Dispatchable Unit DU during the Dispatch Interval DI;
- IIC - the tax for the Information Imbalance.

14.8.2.3. The tax for the Information Imbalance IIC is established by the Competent Authority and has the following general formula:

$$IIB = a+b*MCP_{DI}+c*IP_{DI,def}+d*IP_{DI,sur}$$

where:

- a, b, c and d - constants determined by the Competent Authority; the constant a is expressed in the Romanian national currency, while the constants b, c and d represent percentages; the Competent Authority may establish different values of these constants for the positive and the negative Information Imbalances, so for increasing or decreasing the production;
- MCP_{DI} - the Market Clearing Price for the National Trading Zone during the Trading Interval that includes the Dispatch Interval DI;
- $IP_{DI,def}$ - the Imbalance Deficit Price during the Dispatch Interval DI;
- $IP_{DI,sur}$ - the Imbalance Surplus Price during the Dispatch Interval DI, for each calendar day of the reference month and for each Producer.

For each calendar day of the reference month and for each Producer, the Settlement Administrator determines the value of the daily settlement by aggregating the amounts which must be paid by the respective Producer for the Information Imbalances, determined according to the provisions of paragraph 14.8.2.2, during all the Dispatch Intervals of that calendar day.

14.8.2.5. The Settlement Administrator determines the value of the monthly settlement by summing the daily settlement values corresponding to the respective Producer, determined according to the provisions of paragraph 14.8.2.4.

14.8.2.6.The Settlement Administrator will debit the value of the monthly settlement as determined according to the provisions of paragraph 14.8.2.5, adding any applicable tax, including the VAT, in the Information Imbalance Settlement Account belonging to the respective Producer.

14.8.3. Settlement and Payment

14.8.3.1. For each Producer, the Settlement Administrator prepares an Settlement Information Statement including all the values debited in the Information Imbalance Settlement Account belonging to the respective Producer, according to the provisions of section 14.8.2. The statement includes at least the following information:

a) the amounts that must be paid for the Information Imbalances corresponding to each of the respective Producer's Dispatchable Units, separately for each Dispatch Interval of the reference month, determined according to the provisions of paragraph 14.8.2.2;

b) the value of the daily settlement, separately for each day of the reference month, determined according to the provisions of paragraph 14.8.2.4;

c) the value of the monthly settlement, determined according to the provisions of paragraph 14.8.2.5;

d) the values resulted by applying any taxes on the value of the monthly settlement;

e) the total value that must be debited in the Information Imbalance Settlement Account belonging to the respective electricity Producer, according to the provisions of paragraph 14.8.2.6.

14.8.3.2. The Settlement Administrator transmits the Settlement Information Statements, established according to the provisions of paragraph 14.8.2.7 to the TSO, and the corresponding Electricity Producers in maximum two (2) weeks from the beginning of the second calendar month that comes after the reference month.

14.8.3.3. An Settlement Information Statement issued on the calendar month n includes the total value debited in the Information Imbalance Settlement Account belonging to the respective Producer for the calendar month n – 3.

14.8.3.4. The invoices issued in the first (1) Financial Day based on the Information Settlement Statements must be paid within an interval of seven (7) Financial Days from the issuance date. The payments are considered done when the corresponding values have been credited in the Balancing Account.

14.8.3.5. After operating the payments to the Balancing Account, the Settlement Administrator will adjust the Information Imbalance Settlement Account belonging to the respective Producer. Any payment to the Central Balancing Account will be credited in the corresponding Information Imbalance Settlement Account.

14.9. The settlement of the supplementary costs or incomes / revenues resulted from the system balancing

14.9.1. Determining the supplementary costs or incomes / revenues

14.9.1.1. The supplementary costs or incomes resulted from the system balancing are determined by the Settlement Administrator on each calendar month and are equal to:

a) the costs for the system balancing, determined according to the provisions of section 14.6.4;

b) minus the net payments received by TSO for the BRP Imbalances according to the provisions of section 14.7;

c) minus the net payments received by TSO for the Information Imbalances according to the provisions of section 14.8.

14.9.1.2. In section 14.9, the term "reference month" is defined as being the second calendar month that precedes the month during which the Settlement Administrator performs the calculations according to the provisions of section 14.9.

14.9.1.3. The Settlement Administrator determines the supplementary costs or incomes resulted from the system balancing during the reference month as follows:

$$C_{res} = C_{Bal} + \sum MSM_{PRE,I} + \sum MSM_{IIB,j}$$

where:

- C_{res} - the residual costs or incomes resulted from the system balancing;
- C_{Bal} - the costs for the system balancing during the reference month, mentioned in the monthly statement according to the provisions of paragraph 14.6.5.1, let. d);
- $MSM_{PRE,I}$ - the value of the monthly settlement corresponding to the BRP i during the reference month, determined according to the provisions of paragraph 14.7.1.4; $MSM_{PRE,I}$ will be considered as positive value if the amounts must be paid by the respective BRP or Producer and as negative value if the amounts must be paid to the respective BRP or Producer.
- $MSM_{IIB,j}$ - the value of the monthly settlement corresponding to the Producer j during the reference month, determined according to the provisions of paragraph 14.8.2.5; $MSM_{IIB,j}$ will be considered as positive value if the amounts must be paid by the respective BRP or Producer and as negative value if the amounts must be paid to the respective BRP or Producer.

14.9.1.4. After determining the supplementary costs or incomes resulted from the system balancing, the Settlement Administrator prepares a monthly statement, including the following information:

a) the costs for the system balancing during the reference month, mentioned in the corresponding monthly statement established according to the provisions of paragraph 14.6.5.1 let.d);

b) the sum of the monthly settlement values corresponding to all the BRPs for the reference month, determined according to the provisions of paragraph 14.7.1.4;

c) the sum of the monthly settlement values corresponding to all the Producers for the reference month, determined according to the provisions of paragraph 14.8.2.5; and

d) the supplementary costs or incomes resulted from the system balancing during the reference month, determined according to the provisions of paragraph 14.9.1.3.

14.9.1.5. The Settlement Administrator publishes the monthly statement, established according to the provisions of paragraph 14.9.1.4, in maximum two (2) weeks from the beginning of the second calendar month that comes after the reference month.

14.9.2. Reallocation of the supplementary costs or incomes

14.9.2.1. The Settlement Administrator reallocates the supplementary costs or incomes resulted from the system balancing, according to the provisions of section 14.9.2, three (3) months after the reference month.

14.9.2.2. The Competent Authority establishes the quota of the residual costs or incomes resulted from the system balancing that will be retained by TSO. The remaining quota will be called "residual value" in section 14.9.2 and will be allocated to all the BRPs which have taken the Balance Responsibility for the electricity Consumers.

14.9.2.3. The Settlement Administrator determines the quota of the supplementary value that will be allocated to each BRP based on the estimated annual consumption of all the Consumers for which the respective BRPs have taken the Balance Responsibility. The value allocated to each BRP is determined as follows:

$$S_i = (C_{tot,I} / \sum C_{tot,j}) * A_{res}$$

where:

iii) S_i - the value allocated to BRP i;

iv) $C_{tot,i}$ - the total dimension of BRP i from the point of view of the Consumers' estimated annual consumption, determined according to the provisions of section 14.4.2;

v) $C_{tot,j}$ - the total dimension of all BRPs j from the point of view of the Consumers' estimated annual consumption, determined according to the provisions of section 14.4.2;

vi) A_{res} - the residual value.

14.9.2.4. The Settlement Administrator will credit, for a positive value, or will debit, for a negative value, the residual value allocated to a BRP determined according to the

provisions of paragraph 14.9.2.3, adding or subtracting any applicable tax, in the BRP Settlement Account belonging to the respective BRP.

14.9.2.5. The Settlement Administrator informs each BRP about the value debited or credited in the corresponding BRP Settlement Account, determined according to the provisions of paragraph 14.9.2.4 for month n, in maximum two (2) weeks from the beginning of the calendar month n + 2. This information will include the supplementary value allocated to the respective BRP, determined according to the provisions of paragraph 14.9.2.3, as well as any applicable tax.

14.9.2.6. The Settlement Administrator sends the Information Settlement Statement for the reallocation of the supplementary costs or incomes resulted from the system balancing to the corresponding BRPs and to the TSO on the first (1) Financial Day of each calendar month.

14.9.2.7. A Settlement Information Statement issued in the calendar month n will include the total debited or credited value in the BRP Settlement Account belonging to the respective BRP for the calendar month n – 3.

14.9.2.8. The Invoices issued in the first (1) Financial Day based on the Settlement Information Statement must be paid within an interval of seven (7) Financial Days from the issuance date. The payments are considered done when the corresponding values have been debited or credited in the Balancing Account.

14.9.2.9. After operating the payments to or from the Balancing Account, the Settlement Administrator will adjust the BRP Settlement Account belonging to the respective BRP. Any payment from the Balancing Account will be debited in the corresponding BRP Settlement Account and any payment to the Balancing Account will be credited in the corresponding BRP Settlement Account.

14.10 The settlement of the supplementary revenue resulted from the Interconnection lines' congestions

14.10.1. Reallocation of the supplementary revenue resulted from the market division

14.10.1.1. The Settlement Administrator reallocates the supplementary revenue resulted from the market splitting, according to the provisions of this section, during each calendar month.

14.10.1.2. The Settlement Administrator determines the monthly supplementary revenue resulted from the market splitting, CR_{split}, as follows:

$$CR_{split} = \sum_{t} \sum_{z} \left(\left| MCP_{NTZ,t} - MCP_{z,t} \right| \cdot Q_{NTZ,z,t} \right)$$

where:

$MCP_{NTZ,t}$ - the MCP for the National Trading Zone during the Trading Interval t;

$MCP_{Z,t}$ - the MCP for the Border Trading Zone z during the Trading Interval t;

$Q_{NTZ,z,t}$ - the ATC between the National Trading Zone and the Border Trading Zone z, which has been available on the DAM during the Trading Interval t;

t signifies all the Trading Intervals from the previous calendar month.

14.10.1.3. The monthly supplementary revenue resulted from the market splitting will be allocated to all the BRPs which have taken the Balance Responsibility for electricity Consumers.

14.10.1.4. The Settlement Administrator determines the value of the supplementary revenue, established according to the provisions of paragraph 14.10.1.2., that will be allocated to each BRP, based on the estimated annual consumption for all the Consumers for which the respective BRP has taken the Balance Responsibility. The value to be allocated to each BRP will be determined as follows:

$$S_i = \frac{C_{tot,i}}{\sum_j C_{tot,j}} \cdot CRsplit$$

where:

S_i - the value allocated to BRP i;

$C_{tot,i}$ - the total dimension of BRP i from the point of view of the Consumers' estimated annual consumption, determined according to the provisions of section 14.4.2;

$C_{tot,j}$ - the total dimension of all BRPs j from the point of view of the Consumers' estimated annual consumption, determined according to the provisions of section 14.4.2;
14.10.1.5. The Settlement Administrator will credit the value allocated to a BRP, determined according to the provisions of paragraph 14.10.1.4, adding or subtracting any applicable tax, in the BRP Settlement Account belonging to the respective BRP.

14.10.1.6. The Settlement Administrator informs each BRP about the value credited in the corresponding BRP Settlement Account, according to the provisions of paragraph 14.10.1.6. for month n, in maximum two (2) weeks from the beginning of the calendar month n + 2. This information will include the value allocated to the respective BRP, determined according to the provisions of paragraph 14.10.1.4, as well as the value corresponding to the applicable taxes.

14.10.1.7. The Settlement Administrator issues the Settlement Statements for the reallocation of the supplementary revenue resulted from congestions to his Settlement Bank and to each BRP on the first (1) Financial Day of each calendar month.

14.10.1.8. A Settlement Statement issued on the calendar month n includes the total value credited in the BRP Settlement Account belonging to the respective BRP for the calendar month n – 3.

14.10.1.9. The Settlement Statements must be paid within an interval of seven (7) Financial Days from the issuance date. The payments are considered done when the corresponding values have been debited in the Central DAM Account.

14.10.1.10. After operating the payments from the Central DAM Account, the Settlement Administrator will adjust the BRP Settlement Account belonging to the respective BRP. Any payment from the Central DAM Account will be debited in the corresponding BRP Settlement Account.

14.11. The settlement of the Reserves

14.11.1. The settlement calculations

14.11.1.1. During each calendar month, the Settlement Administrator performs the settlement of all the contracts for Reserves concluded by TSO according to the provisions of section 8.3.

14.11.1.2. The contracts for Reserves with Procurement Periods:

a) less than one (1) month will be settled on the month that comes right after the beginning month of the corresponding Procurement Period;

b) equal to one (1) month will be settled on the month that corresponds to the Procurement Period; and

c) greater than one (1) month will be settled pro-rate on each of the months included in the Procurement Period; for this purpose, the total payments owed for each contract will be split in a number of equal payments corresponding to each month of the Procurement Period.

14.11.1.3.The contracts for Reserves will be settled at the contract price and for the quantity of Reserves that must be made available according to the contract. The values resulting from the settlement will be credited in the Balancing Settlement Account of the corresponding BM Participant, adding or subtracting any applicable taxes.

14.11.2. Billing and payments

14.11.2.1. The Settlement Administrator transmits an Settlement Information Statement to each BM Participant which has concluded a contract for Reserves with TSO, not later than the fifth (5) Financial Day of each calendar month, for the current month. Each Settlement Information Statement includes information regarding:

a) each contract for Reserves that is settled (partially) during the current month;

b) the corresponding Procurement Period;

c) the contract price; and

d) the quantity of Reserves made available according to the contract.

14.11.2.2. A Settlement Information Statement issued on the calendar month n will include the total value credited in the Balancing Settlement Account of the respective BM Participant for the calendar month n – 1.

14.11.2.3. The invoices issued in the first (1) Financial Day based on the Settlement Information Statement must be paid by TSO within an interval of seven (7) Financial Days from the issuance date. The payments are considered done when the corresponding values have been debited in the Balancing Account.

14.11.2.4. After operating the payments from the Balancing Account, the Settlement Administrator will adjust the Balancing Settlement Account belonging to the respective BM Participant. Any payment from the Central Balancing Account will be debited in the corresponding Balancing Settlement Account.

The settlement of other Ancillary Services and of the Network Losses

14.12.1.1. The Settlement Administrator upon agreement with the Network Operators performs, during each calendar month, the settlement of all the contracts for Ancillary Services, other than the Reserves, and of the contracts for the procurement of the Network Losses through public auctions, contracts concluded according to the provisions of sections 8.4, 8.5 and 8.6.2.

14.12.1.2. The contracts for other Ancillary Services with a Procurement Period:

a) less than one (1) month will be settled on the month that comes right after the beginning month of the corresponding Procurement Period;

b) equal to one (1) month will be settled on the month that corresponds to the Procurement Period; and

c) greater than one (1) month will be settled pro-rate on each of the months included in the Procurement Period; for this purpose, the total payments owed for each contract will be split in a number of equal payments corresponding to each month of the Procurement Period.

14.12.1.3. The contracts for other Ancillary Services will be settled at the contract price and for the quantity of other Ancillary Services that must be made available according to the contract.

14.12.1.4. The Settlement Administrator will transmit the corresponding Settlement Information Statements to the parties with whom the Network Operator has concluded contracts for other Ancillary Services not later than the fifth (5) Financial Day of each calendar month, for the current month. Each Settlement Information Statement includes information regarding:

a) each contract for other Ancillary Services which is settled (partially) during the current month;

b) the corresponding Procurement Period;

c) the contract price; and

d) the quantity of other Ancillary Services made available according to the contract.

14.12.1.5. The invoices issued in the first (1) Financial Day based on the Settlement Information Statements will be paid by the Netwotk Operator within an interval of seven (7) Financial Days from the issuance date.

14.13 The settlement of the Priority Production

14.13.1. Reallocation of additional costs and income related to the Non-Controllable Priority Production

14.13.1.1. The Settlement Administrator reallocates the additional costs or income related to the Non-Controllable Priority Production, according to the provisions of section 14.13.1, three (3) months after the reference month.

14.13.1.2. For the reference month, the Settlement Administrator determines the supplementary costs or incomes related to the Non-Controllable Priority Production as the payments for BRP Imbalances, corresponding to the virtual BRP set up by the Settlement Administrator in accordance with the provision of par. 13.5.4.2.

14.13.1.3. The Settlement Administrator allocates the supplementary costs or incomes related to the Non-Controllable Priority Production, determined according to the provisions of paragraph 14.13.1.2., to all the BRPs which have taken the Balancing Responsibility for electricity Consumers.

14.13.1.4. The Settlement Administrator determines the quota of the supplementary costs or incomes related to the Non-Controllable Priority Production that will be allocated to each BRP, based on the estimated annual consumption of all the

Electricity Consumers for which the respective BRPs have taken the Balancing Responsibility. The value to be allocated to each BRP is determined as follows:

$$S_i = (C_{tot,I} / \sum C_{tot,j}) * C_{pp}$$

where:

S_i - the value allocated to BRP i;

$C_{tot,i}$ - the total dimension of BRP i from the point of view of the Consumers' estimated annual consumption, determined according to the provisions of section 14.4.2;

$C_{tot,j}$ - the total dimension of all BRPs j from the point of view of the Consumers' estimated annual consumption, determined according to the provisions of section 14.4.2;

C_{pp} - the supplementary costs or incomes related to the Priority Production.

14.13.1.5. The Settlement Administrator will credit or debit, as the case may be, the value allocated to a BRP determined according to the provisions of paragraph 14.13.1.4., adding any applicable tax, in the BRP Settlement Account belonging to the respective BRP.

14.13.1.6. The Settlement Administrator informs each BRP about the value debited or credited in the corresponding BRP Settlement Account, determined according to the provisions of paragraph 14.13.1.4. for month n, in maximum two (2) weeks from the beginning of the calendar month n + 2. This information includes the value of the supplementary costs or incomes related to the Non-Controllable Priority Production allocated to the respective BRP, as well as any applicable tax.

14.13.1.7. The Settlement Administrator issues the Settlement Statement for the reallocation of the supplementary costs or incomes related to the Non-Controllable Priority Production to his Settlement Bank, to BRPs and their Settlement Banks on the first (1) Financial Day of each calendar month.

14.13.1.8. A Settlement Statement issued on the calendar month n includes the total value debited in the BRP Settlement Account belonging to the respective BRP for the calendar month n – 3. The Settlement Statements must be paid within an interval of seven (7) Financial Days from the issuance date. The payments are considered done when the corresponding values have been debited or credited in the Central DAM Account.

14.13.1.9. After operating the payments to or from the Central DAM Account, the Settlement Administrator will adjust the BRP Settlement Account belonging to the respective BRP. Any payment to the Central DAM Account will be credited in the corresponding BRP Settlement Account and any payment from the Central DAM Account will be debited in the corresponding BRP Settlement Account.

14.14 Payments and situations of non-fulfilling the obligations

14.14.1. Procedures

14.14.1.1. The Settlement Administrator will elaborate the payment procedures according to the Settlement Rules. After the Competent Authority's approval, the Settlement Administrator will make available these procedures for all the parties involved.

14.14.1.2. The procedures elaborated according to the provisions of paragraph 14.14.1.1. will include ways of payment confirmation and provisions regarding the use of the collaterals for the case of delayed payments.

14.14.2. The payment of the disputed bills

14.14.2.1. Each party that receives a Settlement Statement or an invoice must pay or has the right to receive the net value included in the Settlement Statement, at the payment deadline, no matter if there is or not a dispute regarding the corresponding debited or credited amounts.

14.14.3. Delayed payments and interests for the delayed payments

14.14.3.1. Any Licensed Party, including the MO in its quality of Settlement Administrator, must pay a supplementary penalty to a party in any of the following cases:

a) when the respective Licensed Party has not paid the amounts that it owed and that have not been disputed up to the payment deadline;

b) when the respective Licensed Party must pay for solving a dispute that has generated delayed payments;

c) when the respective Licensed Party must pay for solving a dispute in which the corresponding amounts have been paid on time, but have been disputed for justified reasons by the other party.

14.14.3.2. For the cases in paragraphs 14.14.3.1 let.a) and let.b), the penalty represents a payment in excess of the amount owed, which must be done, and comprises the accumulated interest for any amounts owed and not paid, starting with and excluding the deadline when the payments should have been done and ending with and excluding the date when the arrears have been effectively paid.

14.14.3.3. For the case in paragraph 14.14.3.1 let. c), the penalty represents a payment in excess of the amount paid, but disputed for justified reasons by the other party, and comprises the interest corresponding to these payments, starting with and excluding the date when the payments have been done by the other party and

ending with and excluding the date when the disputed amount, including the corresponding interest, is effectively paid back.

14.14.3.4. The Settlement Administrator will establish a methodology for determining the interest rate to be applied for all the cases mentioned in paragraph 14.14.3.1. After the Competent Authority's approval, the Settlement Administrator will make available this methodology for all the parties involved.

14.14.4. Situations of non-fulfilling the obligations

14.14.4.1. A Licensed Party is in a situation of non-fulfilling the obligations in any of the following cases:

a) when it does not fulfill the obligations regarding the collaterals, mentioned in section 14.3;

b) when it does not fulfill the obligations resulting from the settlement, according to these Settlement Rules, up to the corresponding deadlines; or

c) when it becomes not solvable or loses its License.

14.14.4.2. The Settlement Administrator will elaborate the applicable procedures for the situations of non-fulfilling the obligations. These may include instructions for increasing the collateral, blocking the payments owed to the respective party or compensating the payment obligations with the cashing rights, using the available collateral to ensure the payments or any other appropriate measures.

14.14.4.3. After the Competent Authority's approval, the Settlement Administrator will make available for all the interested parties the procedures elaborated according to the provisions of paragraph 14.14.4.2.

14.15. Statements of Account

14.15.1. The weekly report on the Market Settlement Accounts

14.15.1.1. On the first (1) Financial Day of each calendar week, the Settlement Administrator issues a Statement of Account for the previous calendar week to each party owning a Market Settlement Account, established according to the provisions of section 14.2.2.

14.15.1.2. The Statement of Account includes at least the following information regarding the corresponding Market Settlement Account:

a) the name of the Account Owner;

b) the balance of the Market Settlement Account at the beginning of the previous calendar week;

c) any values debited or credited in the Market Settlement Account as a result of the payment obligations or cashing rights established according to these Settlement Rules;

d) the balance of the Market Settlement Account at the end of the previous calendar week.

14.15.2. The monthly report on other Settlement Accounts

14.15.2.1. On the fifteenth (15) Financial Day of each calendar month, the Settlement Administrator issues a Statement of Account for the previous calendar month to each Account Owner, for the following types of settlement accounts established according to the provisions of section 14.2.2:

a) Balancing Settlement Account;

b) BRP Settlement Account;

c) Information Imbalance Settlement Account.

14.15.2.2. Each Statement of Account includes at least the following information regarding the corresponding settlement account:

a) the name of the Account Owner;

b) the balance of the settlement account at the beginning of the previous calendar month;

c) any values debited or credited in the settlement account as a result of the payment obligations or cashing rights established according to these Settlement Rules;

d) the balance of the settlement account at the end of the previous calendar month.

14.15.3. The request of information by the Account Owners

14.15.3.1. Each Account Owner is entitled to request from the Settlement Administrator, at any moment, information regarding the situation of any of its accounts established according to the provisions of sections 14.2.2 and 14.2.3. After receiving such a request, the Settlement Administrator transmits to the Account Party the requested information in maximum three (3) Financial Days, information that may include the balance of the respective account(s) for the last three (3) months, as well as any amounts debited or credited in an account, along with the data and the reasons for these operations.

14.15.3.2. The Settlement Administrator may also fulfill its obligations mentioned in section 14.15.3. by taking the technical measures necessary for each Account Party to have direct access to all the relevant information regarding any of its accounts.

14.16. Appeals

14.16.1. Notifying the appeals

14.16.1.1. If a Settlement Statement, an Settlement Information Statement or any other statement transmitted or published by TSO or the Settlement Administrator, as the case may be, according to these Settlement Rules, is incorrect, any of the parties involved may dispute it to the issuer, namely TSO or the Settlement Administrator, as the case may be, and may comment any element or calculation included in that statement.

14.16.1.2. Any appeal will be submitted by the party involved by written notification. The notification must specify clearly the period of time envisaged, such as the Delivery Day, the Trading Interval or the Dispatch Interval, the issuance date, the disputed element, the reason for the appeal, the value requested, if it is the case, and will be accompanied by any available proof that can support the appeal.

14.16.1.3. Any party involved may dispute a Settlement Statement or any other statement issued according to these Settlement Rules:

a) within an interval of two (2) Trading Days from the issuance date of the disputed statement, for a daily Settlement Statement transmitted by the Settlement Administrator;

b) within an interval of three (3) Trading Days from the issuance date of the disputed statement, for a weekly Settlement Statement transmitted by the Settlement Administrator; and

c) within an interval of five (5) Financial Days from the date when the disputed statement has been transmitted or published by the Settlement Administrator or TSO, for all the other cases.

14.16.1.4. If a party involved did not submit any appeal regarding a Settlement Statement, a Settlement Information Statement or any other statement issued according to these Settlement Rules during the interval mentioned in paragraph 14.16.1.3, the respective statement is considered as having been accepted by the respective party involved.

14.16.1.5. If a daily Settlement Statement includes any Transaction that has been disputed by the DAM Participant involved, according to the provisions of section 5.5.2, then this daily Settlement Statement is considered as having been automatically disputed by the respective DAM Participant, according to the provisions of paragraph 14.16.1.2.

14.16.2.Solving the appeals

14.16.2.1.TSO or the Settlement Administrator, as the case may be, will check/verify any appeal, received according to the provisions of section 14.16.1, not later than:

a) two (2) Trading Days from the receipt of the appeal, for a daily Settlement Statement transmitted by the Settlement Administrator;

b) three (3) Trading Days from the receipt of the appeal, for a weekly Settlement Statement transmitted by the Settlement Administrator; and

c) five (5) Financial Days from the receipt of the appeal, for any other statements transmitted or published by the Settlement Administrator or TSO.

14.16.2.2.When checking a Settlement Statement, an Information Settlement Statement or any other disputed statement, the issuer may request supplementary information from the parties involved. If the requested supplementary information is not supplied by the party involved, the issuer is entitled to reject the respective appeal.

14.16.2.3.The issuer will inform the parties involved about the result of the carried out verifications. If a disputed statement is incorrect, the issuer will perform again the calculations and will transmit a corrected statement to all the parties involved.

14.16.3.Correcting the settlement or account statements by the issuer

14.16.3.1.If TSO or the Settlement Administrator, as the case may be, finds out a wrong information in a Settlement Statement, an Information Settlement Statement or in any other statement transmitted or published according to these Settlement Rules, the issuer will perform again the calculations and will transmit a corrected statement to all the parties involved in the shortest period of time possible, but not later than:

a) four (4) Trading Days from the issuance date of the disputed statement, for a daily Settlement Statement transmitted by the Settlement Administrator;

b) six (6) Trading Days from the issuance date of the disputed statement, for a weekly Settlement Statement transmitted by the Settlement Administrator; and

c) ten (10) Financial Days from the date when the disputed statement has been transmitted or published by the Settlement Administrator or TSO, for all the other cases.

14.17. Settlement Transitory Rules

14.17.1. Reciprocal Responsibility of DAM Participants and Information Statements for Weekly Settlements sent by the Settlement Administrator

14.17.1.1. By signing the DAM agreement and from the moment of registration as DAM Participant by the MO, all DAM Participants are assuming reciprocal responsibilities for the DAM Transactions. The obligations and rights registered in the Settlement Accounts of each DAM Participant will not represent a receivable right or a payment obligation for MO, they being considered as common rights obligations for all the DAM Participants.

14.17.1.2. For each Trading Interval, the DAM Participants who have payment obligations following the settlement calculations in accordance with chapter 14.5.2. are considered as having a "negative balance" of their Market Settlement Account, and the DAM Participants who have receivables rights are considered as having a "positive balance" of their Market Settlement Account.

14.17.1.3. The payment obligations, the way they are registered in the Market Settlement Account of the respective DAM Participant, will be owed by the DAM Participant in a proportional share to all DAM Participants having a "positive balance" of their Market Settlement Accounts. The amounts representing receivable rights of a DAM Participant, the way they are registered in the Market Settlement Account of the respective DAM Participant will be owed to it in a proportional share by all the DAM Participants having a "negative balance" of their Market Settlement Accounts.

14.17.1.4. The amount owed by a DAM participant having a "negative balance" of its Market Settlement Account to each of the DAM Participants having a "positive balance" of their Market Settlement Accounts is proportional with the share of "positive balance" of the Market Settlement Account belonging to the respective DAM Participant in the amount of all "positive balances" of the Market Settlement Accounts.

14.17.1.5. For each trading Interval t of each Delivery Day, the Settlement Administrator determines the amount to be paid Apay(i,j,t) by a DAM Participant i having a "negative balance" of its Market Settlement Account, thus:

$$A_{pay}(i,j,t) = \left|A_{pay}(i,t)\right| \cdot \frac{A_{rec}(j,t)}{\sum_{p} A_{rec}(p,t)}$$

where:

$A_{pay}(i,t)$ is the value of the "negative balance" of the Market Settlement Account of the DAM Participant i for the Trading Interval t;

$A_{rec}(j,t)$ – the value of the "positive balance" of the Market Settlement Account of the DAM Participant j for the trading Interval t;

P – all DAM Participants having a "positive balance" of the Market Settlement Account in the Trading Interval t.

14.17.1.6. In the first (1) Financial Day of each calendar week, the Settlement Administrator will send an Information Statement for the Weekly Settlement to each DAM participant, to contain:

a) the balance of the Market Settlement Account of the DAM Participant in each Trading Interval of each Delivery Day in the previous calendar week;

b) the amounts to receive or to pay by the respective DAM Participant from/to each of the other DAM Participants , in each trading Interval of each Delivery Day in the previous calendar week;

c) the cumulated value of all "positive balances" of the Market Settlement Accounts in each trading Interval of the Delivery Day in the previous calendar week.

14.17.1.7. If the Information Statement for the Weekly Settlement sent by the Settlement Administrator to a DAM Participant is incorrect, this may contest it to the Settlement Administrator within an interval of three (3) Trading Days from its receipt. If a DAM Participant has not made any contest to the Information Statement for the Weekly Settlement received from Settlement Administrator during this interval, this is considered accepted by the respective DAM Participant.

14.17.1.8. The Settlement Administrator will check any contest related to the Information Statement for the Weekly Settlement sent in the shortest period possible but not later than three (3) Trading Days from the receipt of the contest and will communicate the corresponding DAM Participants the result of its verification. If an Information Statement for the Weekly Settlement was incorrect, the Settlement Administrator will make the necessary corrections and will sent the corrected Information Statement for the Weekly Settlement to the DAM Participants involved

14.17.1.9. If settlement administrator notices that an information in the Information Statement for the Weekly Settlement is incorrect, the settlement administrator will make the necessary corrections and will send the corrected Information Statement for the Weekly Settlement to all DAM Participants involved, in the shortest period of time possible, but no later than six (6) Trading Days from the transmittal of the Information Statement for the Weekly Settlement by the Settlement Administrator in accordance with the provision of par. 14.17.1.6.

14.17.1.10. In the first (1) Financial Day of each calendar week Settlement Administrator will adjust the Market Settlement Accounts for the DAM Participants.

14.17.1.11. The adjustement made in the calendar week n corresponds with the bilateral transactions in the calendar week n-2 set up in the Information Statement for the Weekly Settlement sent in the calendar week n-1. For all trading Intervals of each Delivery Day

in the calendar week n-2, the Settlement Administrator will debit for a "positive balance" or credit for a "negative balance" the values of the respective balances in the Market Settlement Accounts of each DAM Participant.

14.17.1.12. Based on the Information Statement for the Weekly Settlement sent by the Settlement Administrator, the DAM Participants for which receivable rights have been set up will issue the respective invoices to the DAM Participants for which payment obligations have been established.

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14.7.2. Centralized Distribution of Payments Made in the Balancing Account and in the Congestion Account belonging to the TSO

14.17.2.1. In order to protect the TSO from the insolvability risk due to delayed payments of the BM Participants, BRPs and/or Producers, and for an euqitable allocation of risks and associated losses, the TSO will pay any amount owed to the BM and /or BRP Participants only after receiving the payments from the BM and/or BRP Participants who have payment obligations to the TSO, and only proportionally with the share of the right to recieve of each BM and/or BRP Participant in the total payment obligation of the TSO.

14.17.2.2. Participants in the BM and/or BRP who have receivables rights from the TSO unhonored at the due terms stipulated in Section 14 are considered as having an "aggregate positive balance" of the Balancing Settlement Accounts and of BRP, respectively.

14.17.2.3. The Settlement Administrator will monthly send to the TSO the value of "aggregate negative balances" in the Balancing and BRP Settlement Accounts of the BM and BRP Participants who register receivables rights unhonored by the TSO.

14.17.2.4. The monthly payments received by the TSO in the Balancing Account and in the Congestion Account will be distributed in the first (1) Financial Day of the next calendar month to each BM and/or BRP Participant who registers in his own Balancing Settlement Account or BRP an "aggregate negative balance", as follows:

$$P_{dis}(i) = \frac{S_{rec}(i)}{\sum_{j} S_{rec}(j)} \cdot SoP ,$$

unde:

- $P_{dis}(i)$ is the payment distributed to the BM and/or BRP Participant *i* who registers an "aggregate positive balance" of his own Balancing Settlement Account or BRP;

- $S_{rec}(i)$ – the value of the "aggregate positive balance" of the Balancing or BRP Settlement Account of the BM and/or BRP Participant i to whom TSO has not honored his payment obligations;

- j – all BM and BRP Participants to whom TSO has not honored its payment obligations;

- SoP – the amount of received payments cashed by the TSO in the previous calendar month in the Balancing and Congestion Accounts; when SoP is greater or equal to $\sum_j Srec(j)$, then Pdis(i) = Srec(i).

14.17.2.5. In the first (1) Financial Day of each calendar month, the TSO will send a Information Statement for the Monthly Settlement to each BM and/or BRP participant who registers an "aggregate positive balance" of its Balancing Settlement Account or BRP, which will contain:

a) amount of payments cashed by the TSO in the previous calendar month in the Balancing Account and in the Congestion Account;

b) cumulated value of "aggregate positive balances" in all Balancing and/or BRP Settlement Accounts of the BM and BRP Participants;

c) the payment distributed to the respective BM or BRP Participant who registers an "aggregate positive balance" of his Balancing Settlement Account or BRP.

14.17.2.6. If the Information Statement for the Monthly Settlement sent by TSO to a BM or BRP participant is incorrect, it may contest it at the TSO in an interval of three (3) Trading Days from its receipt.If a BM or BRP Participant did not make any contest against the Information Statement for the Monthly Settlement received from the TSO during this interval, it will be considered accepted by the respective BM or BRP Participant.

14.17.2.7. The TSO will check any contest related to the Information Statement for the Monthly Settlement sent in the shortest priod of time possible but no later than three (3) Trading Days from the contest receipt and will communicate the respective BM and BRP Participants on the result of verification. If the Information Statement for the Mnthly Settlement was incorrect, the Settlement Administrator will make the necessary corrections and send the corrected Information Statement for the Monthly Settlement to the involved BM and/or BRP participants.

14.17.2.8.If the TSO noticed that an information in a Information Statement for the Monthly Settlement is incorrect, the TSO will make the necessary corrections and will send the corrected Information Statement for the Monthly Statements to all BM and/or BRP Participants in the shortest period of time possible but no later than six (6) Trading Days from the transmittal of the Information Statement for the Monthly Statement to the TSO in accordance with the provisions of par. 14.17.2.5.

14.17.2.9.The TSO will make the payment of the allocated amounts in accordance with the provisions of par. 14.17.2.4, in each calendar month after two weeks from the transmission of the Information Statement for the Monthly Statements in accordance with the provisions in par. 14.17.2.5.

14.17.2.10.The due term for the payments on BM, for the BRP Imbalances and for the Information Imbalances, established as per the provisions stipulated in section 14 is applied only for payments which the BM and/or BRP participants have to make to TSO. For payments owed by the TSO to a BM and/or BRP Participant, the due term is the one specified in the par. 14.17.2.9, and the TSO won't get any penalties for the delayed payments.

14.17.3.The Suspension of Aditional Costs or Income Reallocation to Consumers

14.17.3.1.The provisions in section 13 regarding the taking into account of the Imbalances for Non-Controllable Priority Porduction do not apply.

14.17.3.2.The provisions in Section 5 regading the taking into account of the import or export capacity restrictions (market splitting) do not apply. Offers can be submitted to the DAM only in the National Trading Zone.

14.17.3.3.The provisions in Section 14 regarding the reallocation by the Settlement Administrator of the additional costs or income related to Non-Controllable Priority Production, of residual costs or income from the system blanacing, and of additional income from the market splitting do not apply.

14.17.3.4.The balance registered by the TSO in the Balancing Account and in the Congestion Account corresponding to residual costs of incomes from the system balancing will be taken into account by the Competent Authority in revising the tariffs for transmission/system services.

14.17.4.Term of Application of Transitory Settlement Rules

14.17.4.1.The Transitory Settlement Rules are applied from the moment of the Code inforcing and up to the issuance by the Competent Authority of the Decisions to stop using them.

14.17.4.2.The Decisions to stop the use of Transitory Settlement Rules can be issued for the entire Section 14.17. or for parts thereof.

15. Reporting and publishing the market information

15.1. Introduction

15.1.1. Objectives

15.1.1.1. The objective of this section is to provide the conditions for the access to the relevant market information for the market participants and for other interested parties, in a non-discriminatory, simple, organized and transparent manner. The information is ensured by:

a) the Market Operator (MO);

b) the Settlement Administrator (AS);

c) the Transmission System Operator (TSO);

d) the Distributors.

15.1.2. Goal

15.1.2.1. In order to achieve the objectives of this section, the rules that govern the obligations of the MO, the Settlement Administrator, the TSO and the Distributors are established related to managing and publishing the relevant information about the different markets and procedures defined in this Commercial Code.

15.2. Generalities

15.2.1. Reporting obligations

15.2.1.1. Managing the relevant information in a transparent manner is the obligation of the MO, the Settlement Administrator, the TSO and the Distributors, taking into consideration that the market participants are counting on this information in order to formulate their offers and to fulfill their obligations of planning, forecasting and scheduling, according to this Commercial Code. If the requested

information is missing or is incorrect, but the MO, the Settlement Administrator, TSO or the Distributors, as the case may be, have made reasonable efforts to deliver the correct information on time and in a non-discriminatory manner, then there will be no financial liabilities related to the absence or incorrectness of the information.

15.2.2. Publishing modalities

15.2.2.1. The main sources of market information will be, as the case may be, the respective web-sites of the MO, the Settlement Administrator, TSO or the Distributors.

15.2.2.2. The information on the web-sites mentioned in paragraph 15.2.2.1. will be in the public area, except for the information addressed exclusively to certain market participants, and will be available in an easy-to-download format.

15.2.2.3. When the parties request and pay for the service, the data can be transmitted electronically, using a method convened with the interested party, as soon as the information becomes available.

15.2.3. The periodicity and the reference periods

15.2.2.3.1. The information published according to the provisions of this section will be supplied separately for each relevant period of time, including, for instance, the trading, dispatch or balancing intervals, the trading or delivery days or per week, month, season or year. All the reported data will be updated periodically, each time the information changes.

15.2.2.3.2. The forecasts regarding the future conditions of the market and of the system, such as those referring to the load, the ATC, the available power or the important incidents, will be published periodically and updated as soon as new information, that changes the respective forecasts, becomes available.

15.2.2.3.3. The information referring to the execution, prices and volumes on the DAM, the BM, the scheduling process, the purchase/procurement of ancillary services and network losses, the transactions on the transfer lines and the settlement will be made available as soon as possible after the clearing/closing of the corresponding market or of another relevant process.

15.3. Reports

15.3.1. The DAM

15.3.1.1. The information regarding the DAM will be delivered for each Trading Interval of the Delivery Day. The reports regarding the DAM must be updated each time the information changes.

15.3.1.2. The following information will be made available by TSO not later than 08:00 a.m. on the last trading day that precedes a delivery day:

a) the consumption forecast for the NES;

b) the available production capacity;

c) the volume of the scheduled exports and imports, separately for each Border Trading Zone;

15.3.1.3. The following information will be made available by the MO not later than 08:00 a.m. on the last trading day that precedes a delivery day:

a) the ATC for each Border Trading Zone; and

b) the volume of Priority Production assigned according to section 13.

15.3.1.4. The following information will be made available by the MO when issuing trade confirmations according to section 5, separately for the National Trading Zone and for each Border Trading Zone having a MCP different from the National Trading Zone's MCP:

a) the MCP;

b) the total volume of the transactions concluded according to section 5;

c) the volume and the direction of the energy exchange between the National Trading Zone and each Border Trading Zone having a MCP different from the National Trading Zone's MCP.

15.3.2. The Physical Notifications

15.3.2.1. The information regarding the Physical Notifications will be published for each Dispatch Interval of the Delivery Day. All the reports will be updated each time the information changes.

15.3.2.2. After the approval of the Physical Notifications, but not later than 05:00 p.m., TSO publishes the following information, separately for each Dispatch Interval:

a) the total (aggregate) electricity production;

b) the total national electricity consumption:

(i) corresponding to the suppliers' Physical Notifications;

(ii) corresponding to TSO's forecast;

c) the net export for each Border Trading Zone;

d) the net import for each Border Trading Zone.

15.3.2.3. The updated information regarding the realized consumption, as well as the realized exports and imports, will be made available by TSO.

15.3.3. The BM and the imbalances

15.3.3.1. The information will be supplied for each Dispatch Interval of the Delivery Day, separately for Upward Regulation and Downward Regulation. All the reports will be updated each time the information changes.

15.3.3.2. The following information will be made available by TSO right after the final verification of the offers for the Delivery Day:

a) the Required Margin (necessary reserve), separately for the secondary, fast tertiary and slow tertiary regulation;

b) the Available Margin for the secondary regulation; and

c) the available volume of Balancing Energy corresponding to the fast and slow tertiary regulation.

15.3.3.3. The following orientation information will be made available by TSO in maximum fifteen (15) minutes after the end of the Dispatch Interval:

a) the total volume of balancing energy, separately on type, used during each dispatch or balancing interval for the system balancing;

b) the total volume of balancing energy, separately on type, used during each dispatch or balancing interval for the congestion management;

c) the highest (lowest) marginal price for the Balancing Energy corresponding to the upward (downward) secondary regulation;

d) the highest (lowest) price accepted for the Balancing Energy corresponding to the upward (downward) fast tertiary regulation;

e) the highest (lowest) price accepted for the Balancing Energy corresponding to the upward (downward) slow tertiary regulation.

15.3.4. The Procurement of Ancillary Services

15.3.4.1. The information will be supplied for each procurement period, according to section 8.

15.3.4.2. Each Network Operator will publish information regarding the quantity of ancillary services or network losses that must be procured according to section 8.

15.3.4.3. The following information will be made available by the Network Operator not later than the day that comes after the Trading Day during which the ancillary services or network losses have been procured by the Network Operator according to section 8:

a) the quantity of ancillary services or network losses, as the case may be, requested by the Network Operator;

b) the quantity of ancillary services or network losses, as the case may be, procured by the Network Operator;

c) the price(s).

15.3.5. The Allocation of the Transfer Capacities

15.3.5.1. The information regarding the allocation of the transfer capacities will be supplied for each auction period, for each direction/sense (import or export) and for each group of interconnections.

15.3.5.2. The Market Operator will publish the available information regarding the ATC according to section 9.

15.3.5.3. The following information will be made available by the Market Operator not later than 02:00 p.m. on the day during which takes place the auction for the allocation of the transfer capacities:

a) the quantity of ATC offered to the auction participants;

b) the total volume of the offers submitted;

c) the quantity of ATC allocated to the auction participants.

16 General and Final Conditions

16.1 General provisions

16.1.1 Section 16 includes provisions applicable to all the parties mentioned in the individual sections of this Commercial Code, including the Market Operator (MO), the Transmission System Operator (TSO) and the Settlement Administrator (AS).

16.2 Market operation

16.2.1 Data and reports

16.2.1.2 The data and the reports that will be presented to the Competent Authority by the MO, the Settlement Administrator and TSO according to this Commercial Code, other than the data which are the subject of the specific requirements of the Commercial Code as regards the transmittal modality, will be transmitted in written, directly, through fast courier firms or by fax.

16.2.1.3 The notifications transmitted to the parties will be addressed to the persons appointed as responsible for receiving the respective notifications.

16.2.1.4 The data requested according to this Commercial Code will be presented in the format specified by the Commercial Code or, as the case may be, in the format specified by the MO, TSO or the Settlement Administrator.

16.2.2 The Information, Telecommunication And Database Systems

16.2.2.1 The MO, TSO and the Settlement Administrator will each establish the adequate information systems, including the hardware and software requirements, which fulfill all the requirements of the following Systems: Trading, Scheduling, Balancing Market and Settlement, according to this Commercial Code.

16.2.2.2 The MO, TSO and the Settlement Administrator will, each, establish adequate interface protocols for the communication between the parties and the Trading System, the Scheduling System, the Balancing Market System and the Settlement System, using the corresponding international standards, and will make available these interface protocols for all the requesting parties.

16.2.2.3 Supplementary to the parties' responsibility of fulfilling the provisions of this Commercial Code regarding the data communication, the parties must realize adequate systems for an efficient communication with the MO's Trading System, TSO's Scheduling System and Balancing Market System and the Settlement Administrator's Settlement System.

16.2.2.4 The MO, TSO and the Settlement Administrator will communicate the parties in due time about the technical features of the information systems that they are obliged to implement according to paragraph 16.2.2.3.

16.2.2.5 The MO, TSO and the Settlement Administrator will each set up and maintain databases of all the requested information, supplied either by the MO, TSO or the Settlement Administrator or by another party to the MO, TSO or the Settlement Administrator, according to this Commercial Code. Each database will keep an identical and complete copy of all the corresponding supplied or retained data. The format for keeping the registrations will be established by the MO, TSO or the Settlement Administrator, as the case may be.

16.3 Market monitoring

16.3.1. The monitoring responsibility

16.3.1.1. The Competent Authority, together with the MO and TSO, will take the necessary measures for:

a) monitoring the markets operation, according to this Commercial Code;

b) monitoring the fulfillment, by the parties involved, of all the rules and procedures of this Commercial Code, as well as of any other rules and procedures established according to its provisions;

c) identifying any case of non-obedience or anti-competition behaviour.

16.3.1.2 The MO and TSO will inform the Competent Authority about any aspect that leads to:

a) an inadequate operation of the centralized markets;

b) an anti-competition or inadequate behaviour of any market participant, coming up with possible solutions to remedy the situation.

16.3.1.3 The solutions mentioned in the previous paragraph will include, as the case may be:

a) proposals to modify the Commercial Code or any other related regulations and procedures;

b) proposals to penalize the participants whose behaviour has been noticed as inadequate.

16.3.1.4 The market monitoring activity performed by the MO and TSO will be organized within distinct departments, based on the procedures approved by the Competent Authority, and will be focused on monitoring the electricity/services trading activities on the centralized markets administered by the MO and the TSO.

16.3.1.5 The MO and the TSO regularly transmit to the Competent Authority , in an agreed upon format, electrocnically or in writing, as the case may be, by postal services, the necessary information to allow the Competent Authority to evaluate the efficiency of the wholesale market and the reciprocal influences between specific the markets named in section 3.1.4., as components of the wholesale market. The transmitted information include, but not necessarily limit at: phisical notifications, preliminary/final notifications; hourly offers of the BRP and BM participants, the merit order on the DAM, BM and BRP, respectively, the marginal prices for the balancing energy, consumption prognoses, settlements, availability

decalrations, as well as reports containing syntheses of some information of this kind.

16.3.1.6. The information related to par. 16.3.1.5. are object of specific procedures issued by the Competent Authority.

16.3.1.7. Upon request by the Compentent Authority, MO and TSO send the the Comtenet Authority history data from the database owwed by the two operators, in an agreed upon format, for the development of specific analyses by the Competent Authority.

16.3.1.8. The Market and BRP participants will periodically draw up and send to the Competent Authority a report regarding the transactions concluded on the markets component of the wholesale market and other information related to them, in order to allow the estimation of those market operation and the market behavior of the respective entities. The reports content, format, transmission periodicity and the way of transmission are set up by the Competent Authority in speific procedures..

16.3.2. Penalties For Market Participants In Cases Of Non-Obedience Or Anti-Competition Behaviour

16.3.2.1. The Competent Authority analyzes, based on its own procedure, any situation that reflects an inadequate behavior of one or more market participants, noticed by:

a) the MO/TSO, according to the provisions of paragraph 16.3.1.;

b) the market monitoring department within the Competent Authority, as a result of its direct market monitoring activity;

c) any other market participant.

16.3.2.2. If the analysis performed according to the provisions of paragraph 16.3.2.1 proves that one or more market participants have not respected the provisions of this Commercial Code or other rules and procedures established according to its provisions or have behaved in an anti-competition manner, then, depending on the seriousness of the facts, the Competent Authority will:

a) warn the respective participants to obey the rules, to behave in a competition manner and to remove any causes for not being able to act as requested;

b) penalize the respective parties, according to the provisions of the *law*;

c) exclude immediately, from one or more centralized markets organized according to this Commercial Code, the participant found guilty.

16.3.2.3. If the results of the analysis performed according to the provisions of paragraph 16.3.2.1. confirm that one or more market participants have broken a legal provision regarding the competition and the transparency or confirm an abuse of dominant position on the market, then the Competent Authority informs the corresponding ministry and the Competition Council about these aspects.

16.4 Administration

16.4.1 The Competent Authority is the administrator of this Commercial Code, in this quality being entitled to approve any rule proposed in order to modify the provisions of this Commercial Code.

16.4.2 The proposal to modify the provisions of this Commercial Code may be suggested to the Competent Authority by one of the following parties:

a) Licensed Party;

b) Associations of electricity consumers.

16.4.3 The approval or the rejection, by the Competent Authority, of the proposals to modify one or more provisions of this Commercial Code, submitted by the parties mentioned in the previous paragraph, is the consequence of analyzing them according to the provisions of „The procedural norms regarding the issuance of regulations", approved by the Competent Authority.

16.4.4 The MO or any other requested party, according to the provisions of this Commercial Code, will not implement any modification of the Commercial Code until the Competent Authority approves and publishes the respective modification. Any such modification will become effective starting with the date specified in the order or decision issued by the Competent Authority.

16.4.5 If a modification is approved by the Competent Authority, the MO, TSO or any other requested party, according to the provisions of the Commercial Code, will be responsible for implementing the modification efficiently, economically and on time.

16.4.6 In order to increase the efficiency of applying the regulation framework provided by this Commercial Code, there operates the Electricity Market Committee, which has the main attributions specified in Order no. 523/30.07.2004 of the Ministry of Economy and Commerce.

16.5 The Approval Of The Secondary Rules, Documents And Procedures

16.5.1 The parties which are requested to elaborate framework-contracts, rules and procedures, according to the provisions of this Commercial Code, or to specify the content or the format of any information submitted according to this

Commercial Code, will do so on time. After elaborating it, the designated party will submit the respective document to the Competent Authority for approval.

16.5.2 The approval, by the Competent Authority, of the document mentioned in paragraph 16.5.1 is the consequence of analyzing it according to the provisions of „The procedural norms regarding the issuance of regulations", approved by the Competent Authority.

16.6 Final Dispositions

Total or Partial Abrogation

16.6.1 If any provision of the Commercial Code is totally or partially abrogated, the validity of all the other non-abrogated provisions of the Commercial Code will not be affected.

Other provisions

16.6.3. In order to limit the impact of the sudden price variations on the end users, the Competent Authority is entitled to impose limits for the offering prices on the centralized markets.