

SEE CAO

# Auction Rules for Capacity Allocation in SEE CAO

(hereinafter “**Auction Rules**”)

Version 1.4



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## Contents

Definitions	7
Section 1.	Introduction ..... 13
Article 1.1.	General consideration ..... 13
Article 1.2.	General aspects of the Auction Rules..... 13
Article 1.3.	SEE CAO..... 13
Article 1.4.	General Legal Qualification, Rights and Obligation..... 14
Section 2.	General..... 15
Article 2.1.	Yearly, Monthly, Daily Auctions ..... 15
Article 2.2.	Offered Capacity..... 15
Article 2.3.	Firmness/Curtailment of Allocated PTRs ..... 15
Article 2.4.	Firmness of Program Exchanges ..... 17
Article 2.5.	Secondary Market..... 17
Article 2.6.	Publication on website..... 17
Article 2.7.	Conduct of Auction Participants..... 18
Article 2.8.	Currency ..... 18
Article 2.9.	Timing ..... 18
Section 3.	Participation requirements ..... 19
Article 3.1.	Registration procedure..... 19
Section 4.	Financial Requirements and Risk Management ..... 21
Article 4.1.	General provisions ..... 21
Article 4.2.	Accepted Risk Management Instruments ..... 21
Article 4.3.	Replacement, Extension and Return of Risk Management Instruments ..... 22
Article 4.4.	Calculation of the Value of the Credit Limit..... 22
Article 4.5.	Utilization of the Credit Limit ..... 23
Section 5.	Auction Process ..... 25
Article 5.1.	General Provisions..... 25
Article 5.2.	Auction Specification ..... 25
Article 5.3.	Yearly Auction Process ..... 26
Article 5.4.	Monthly Auction Process ..... 26
Article 5.5.	Daily Auction Process ..... 27
Article 5.6.	Bid submission ..... 27
Article 5.7.	Limitation ..... 29

Article 5.8.	Auction cancellation .....	29
Article 5.9.	Fallback Mode of Yearly and Monthly Auctions .....	29
Article 5.10.	Fallback Mode of Daily Auctions .....	30
Section 6.	Auction Platform .....	31
Article 6.1.	General Provisions.....	31
Article 6.2.	Access to the Auction Platform .....	31
Article 6.3.	Notice Board.....	32
Article 6.4.	Data Security and Protection .....	33
Article 6.5.	Data Exchange .....	34
Section 7.	Determination of Auction Process Results .....	35
Article 7.1.	General Rules .....	35
Article 7.2.	Yearly Auction Processes .....	35
Article 7.3.	Monthly Auction Processes .....	36
Article 7.4.	Daily Auction Processes .....	36
Article 7.5.	Notification of Auction Results .....	36
Article 7.6.	Contestation of the Auction Results .....	37
Section 8.	Transfer of Allocated PTR .....	38
Article 8.1.	General Provisions.....	38
Article 8.2.	Financial arrangements.....	38
Article 8.3.	The Process of Transfer .....	38
Article 8.4.	Legal Consequences of a Transfer.....	39
Article 8.5.	Fallback Mode for Transfer .....	39
Section 9.	Return of the Allocated PTR for Resale .....	40
Article 9.1.	General provisions .....	40
Article 9.2.	Financial arrangements.....	40
Article 9.3.	The process of Resale .....	40
Article 9.4.	Cancellation of Resale into monthly Auction Process .....	41
Article 9.5.	Fallback Mode for Resale.....	41
Section 10.	Use of the Allocated PTR.....	42
Article 10.1.	General provisions .....	42
Article 10.2.	Capacity Usage Rules - Scheduling.....	42
Article 10.3.	Use it or Sell it (UIOSI).....	42
Article 10.4.	Usage of daily PTRs .....	43

Section 11.	General Rules for Payment.....	44
Article 11.1.	General provisions .....	44
Article 11.2.	Amount Due to be paid.....	44
Article 11.3.	Invoicing.....	44
Article 11.4.	Due Time of Payment.....	45
Article 11.5.	Date of Payment and Information on Received Payments .....	45
Article 11.6.	Identification of Payment .....	45
Article 11.7.	Offset and Withholding .....	46
Article 11.8.	VAT Mode.....	46
Section 12.	Yearly Auction - Financial Settlement .....	47
Article 12.1.	Payments and Invoicing .....	47
Section 13.	Monthly Auction - Financial Settlement .....	48
Article 13.1.	Payments and Invoicing .....	48
Section 14.	Daily Auction - Financial Settlement .....	49
Article 14.1.	Payments and Invoicing .....	49
Section 15.	Curtailment, Resale and UIOSI of Allocated PTR- Financial Settlement ..	50
Article 15.1.	Curtailment .....	50
Article 15.2.	Resale of Allocated PTRs.....	50
Article 15.3.	UIOSI of Allocated PTRs.....	51
Section 16.	Suspension and termination of the Framework Contract .....	53
Article 16.1.	Suspension of the Framework Contract .....	53
Article 16.2.	Termination of the Framework Contract.....	54
Section 17.	General Provisions.....	56
Article 17.1.	Applicable law and language.....	56
Article 17.2.	Notification.....	56
Article 17.3.	Liability .....	57
Article 17.4.	Transfer of rights and obligations arising from the Framework Contract...58	
Article 17.5.	Confidentiality .....	58
Article 17.6.	Severability.....	59
Article 17.7.	Settlement of Disputes.....	59
Article 17.8.	Force Majeure.....	60
Article 17.9.	Duration and changes of Auction Rules .....	61
Article 17.10.	Annexes.....	62



## Definitions

Terms and abbreviations used in the Auction Rules have the following meanings:

Allocated PTR	The Reserved PTR awarded on yearly or monthly Auction Process for which the payment is settled in accordance with the Auction Rules.
Auction Calendar	Schedule of yearly and monthly Auction Processes and payments. Auction Calendar is published on SEE CAO's web site <a href="http://www.seecao.com">www.seecao.com</a> .
Auction Participant	A legal entity participating in the Auction Process registered at SEE CAO in accordance with Article 3.1.
Auction Process	The explicit auction used for reservation of PTRs on yearly and monthly time frame or allocation of PTRs on daily time frame carried out by SEE CAO.
Auction Specification	The specific characteristic of an Auction Process including information as defined in Article 5.2.
Auction Platform	IT solution, both hardware and software, for performing the Auction Process.
Auction Platform System Time	Specifies a date and time, using individual members for the month, day, year, weekday, hour, minute, second, and millisecond. The time is represented in CET (UTC+1).
Bank Guarantee	An on-demand, unconditional and irrevocable bank guarantee, issued by a credit institution, and requested by the SEE CAO from Auction Participants for participation in auctions. The bank guarantee must be issued by an institution that meets the requirements set out in Annex 6 and must comply with Attachment 1 of Annex 6. It is considered part of the Credit Limit.
Bid	The request for reservation of PTR consisting of Bid Quantity and Bid Price submitted for a certain Source-Sink Pair.
Bid Price	The part of a Bid representing the price expressed in €/MWh which Auction Participant is willing to pay for reservation/allocation of PTR.
Bid Value	The product of Bid Quantity, Bid Price and the duration of the concerned Product in hours, expressed in Euros.

Bid Quantity	The amount of a PTR in MW requested by an Auction Participant.
Capacity Agreement Identification (CAI)	This is a unique identification that is assigned by the auction office to each PTR during the Auction Process or the process of PTR transfer and shall be used for all references to the PTR.
CET	Central European Time.
Compensation	Money paid to the Auction Participants for the Returned Allocated PTR (Resale and UIOSI) as the price from the relevant auction.
Control Area (CA)	Part of the interconnected transmission system controlled by one TSO.
Credit Limit	The sum in EUR equal to the value of all risk management instruments provided by the relevant Auction Participant and accepted by SEE CAO constituting the maximum limit for the value of PTRs that can be assigned to the relevant Auction Participant in the Auction Process.
Curtailment	The reduction of Allocated PTR in case of Emergency Situation and/or Force Majeure where TSO must act in an expeditious manner and redispatching or countertrading is not possible.
Default Bid	Bid identified by the Auction Participant in the Auction Platform which automatically applies to each subsequent relevant Auction Process.
Deposit	The amount of money deposited by the Auction Participants in the account opened by the SEE CAO on its own name from which the debts related to the Allocated PTR will be collected by the SEE CAO, in case of non-payment. It is considered part of the Credit Limit together with or as an alternative to the Bank Guarantee.
D	The day on which the transmission/delivery of electricity takes place.
D-1	The day prior to the calendar day (D) on which the transmission/delivery of electricity takes place.
D-2	The day two (2) calendar days prior to the day (D) on which the transmission/ delivery of electricity takes place.
EIC Code	ENTSO-E Energy Identification Coding Scheme identifying the parties in a cross border trade.



Emergency Situation	Conditions and/or events and/or circumstances under which fulfillment of SEE CAO's and/or Participating TSOs obligations becomes impossible, partially impossible or extremely difficult. This particularly refers to states in which a secure and stable operation of (a) given Control Area(s) is endangered. An Emergency Situation may also be a result of Force Majeure being a reason for overloading of critical network elements, not fulfilling the n-1 criterion, stability problems, voltage problems, balancing problems in which a Participating TSO is not able to balance its Control Area.
Eligible Auction Participant	An Auction Participant which meets the requirements imposed by national regulations of the relevant Participating TSOs for submission of Bids for a particular Product, i.e. Source – Sink Pair.
Fallback Mode	The process implemented in accordance with provisions set forth in Article 5.9, Article 5.10, Article 8.5 and Article 9.5 in case of unavailability of the Auction Platform.
Force Majeure	Meaning is set forth in Article 17.9.
Framework Contract	The legal framework between SEE CAO and the Auction Participant which governs, inter alia, the participation of the Auction Participant in the Auction Process, consisting of these Auction Rules and duly completed and duly signed Statement of Acceptance as confirmed by SEE CAO.
Gate Closure	The moment in which the Auction Process is finished and Auction Participants are disabled to submit their Bids for that Auction Process.
Gate Opening	The moment in which the Auction Process commences and Auction Participants can submit their Bids.
Indication “All or Nothing”	The indication of whether or not each element of the Bid may be marginal. That is to say that the quantity allocated to each element of the Bid may be anything between 0 and the quantity asked. If it is not divisible the quantity may be only 0 or the quantity asked. This is only applicable for last assessed Bid. If the Offered Capacity is reached, divisible means that it may be reduced to the Offered Capacity and partly accepted.
Initial Auction	The specific characteristic of the Monthly Auction Process before

Specification	the Capacity resale is enabled.
Interconnection	Set of single and/or double circuit lines between transmission systems of Control Areas.
Long Term Transmission Rights	PTRs allocated in yearly and monthly Auction Process.
Marginal Price	The lowest accepted Bid Price for a Product in an Auction Process (see Article 7.1).
Market Participant	Means the market participant as defined under the Regulation (EU) No 1227/2011 of the European Parliament and of Council of 25 October 2011 on wholesale energy market integrity and transparency.
Net Transfer Capacity (NTC)	The maximum capacity for exchange between two Control Areas compatible with security standards applicable in both of those two Control Areas.
Network Security	The extent to which the Network can operate normally, limiting the number of incidents, avoiding major incidents and limiting their consequences where they do occur.
Offered Capacity	The Capacity offered on Auction by SEE CAO in a given Source-Sink Pair for a specific time frame in the Auction Process.
Participating TSOs	TSOs that are shareholders of SEE CAO according to Annex 2.
Party	Either SEE CAO or an Auction Participant.
Parties	SEE CAO and Auction Participant jointly.
Physical Transmission Rights (PTR)	Right to use cross-border capacity of electricity expressed in MW on the relevant Source-Sink Pair.
Product	Whole or part of the yearly, monthly or daily Offered Capacity on the relevant Source-Sink Pair.
Program Exchange	Accepted nomination of Allocated PTR according to the provisions set in these Auction Rules and the matching process performed by the relevant TSOs.
Reimbursement	Money paid back to the Auction Participants for the Allocated PTRs which were lost due to the Curtailment of the Allocated PTRs (original price).

Resale	The mechanism by which an Auction Participant returns a yearly Allocated PTR to relevant TSOs via SEE CAO and which is given to a monthly Auction Process to be resold.
Reserved PTR	By notification of the results from yearly and/or monthly Auction process, the Auction Participant obtains the Reserved PTR. By settlement of the payment the Reserved PTR becomes Allocated PTR.
Secondary Market	The service which allows Transfer and Resale as described in Section 8 and Section 9 respectively.
Scheduling Process	Process of nominating the Program Exchanges to concerned TSO(s).
SEE CAO	Coordinated Auction Office in South East Europe.
Secure Sockets Layer (SSL)	is a standard security technology for establishing an encrypted link between a server and a client.
Sink CA	The Control Area in which the Program Exchange is nominated as an import.
Source CA	The Control Area in which the Program Exchange is nominated as an export.
Source-Sink Pair	The pair of Source CA and Sink CA which shows a direction of power exchange between two neighboring Control Areas.
Statement of Acceptance	The statement by which a legal entity undertakes to comply with the terms and conditions contained in the Auction Rules (see Annex 4).
Time Stamp	Auction Platform System Time assigned to a message when it leaves and/or comes into Auction Platform.
Transfer	The mechanism by which an Auction Participant may transfer its Allocated PTR to another Auction Participant (Transferee).
Transferee	Auction Participant that acquires Allocated PTR as a result of a Transfer.
Transferor	Auction Participant that executes a Transfer to a Transferee.
TSO or Transmission System Operator	Means a natural and legal entity responsible for operating, ensuring the maintenance of and, if necessary, developing the

transmission system in a given control area and, where applicable, its interconnections with other systems, and for ensuring the long-term ability of the system to meet reasonable demands for the transmission of electricity.

UIOSI

Use it or sell it principle.

User

An individual entitled to use the Auction Platform.

Working Days

The calendar days from Monday to Friday excluding the Montenegrin public holidays (see Auction Calendar published on SEE CAO web page [www.secao.com](http://www.secao.com)).

## **Section 1. Introduction**

### **Article 1.1. General consideration**

1. In accordance with the requirements of Regulation (EC) 714/2009 of the European Parliament and of the Council on conditions for access to the network for cross border exchanges in electricity and Energy Community Treaty, these Auction Rules set out the terms and conditions governing the allocation of cross-border capacity through Auction Processes in both directions between Control Areas of the Participating TSO's as shown in Annex 3.
2. The Auction Process is not a commercially motivated activity but one aimed at providing a transparent, market -based method of congestion management.
3. In order to facilitate the market in SEE region, the participating TSOs, decided to establish a Coordinated Auction Office.
4. Cross-border capacity is allocated via Auction Process in the form of Physical Transmission Rights (PTR) on a Yearly, Monthly and Daily basis.
5. The Auction Process is in respect of PTR only. Auction Participants can invoke no other right than the PTR made available to them in accordance with the provisions set out in these Auction Rules.

### **Article 1.2. General aspects of the Auction Rules**

1. The Auction Participant is bound by these Auction Rules as of the conclusion of the Framework Contract, i. e. as of the moment of SEE CAO receiving duly signed Statement of Acceptance filled in by the Auction Participant.
2. These Auction Rules prescribe, among other aspects, the requirements that Auction Participant must fulfill in order to participate in the yearly, monthly and daily Auction Processes, the awarding of PTRs, the conditions to access Secondary Market and the utilization of Allocated PTRs.
3. The Auction Rules cancel and replace all previous auction rules used to allocate cross-border capacity on Source-Sink Pairs and time frames mentioned in Annex 3.
4. The Auction Rules do not regulate grid access in Participating TSOs. Grid access is granted by each relevant Participating TSO in accordance with its internal regulations.
5. In the event of any inconsistency between these Auction Rules and the specific agreements for nominating the capacities, for matters relating to the implementation of Auctions Process and the Secondary Market on the respective Interconnections, the Auction Rules shall prevail.

### **Article 1.3. SEE CAO**

1. Participating TSOs jointly established SEE CAO which provides the Participating TSOs with a service of coordinated allocation office. SEE CAO is responsible towards the

Participating TSOs to carry out the Auction Process in accordance with the Auction Rules which are based, *inter alia*, on the EC Regulation 714/2009.

2. SEE CAO will perform Auction Processes in its own name but on behalf and for the account of the Participating TSOs.

#### **Article 1.4. General Legal Qualification, Rights and Obligation**

1. According to these Auction Rules, there will be only a contractual relation between SEE CAO and the Auction Participant. SEE CAO is obliged to make the Allocated PTR available to the Auction Participant, while the Auction Participants are obliged to fulfill its payment obligations according to the rights granted (PTR).
2. Participating TSOs are committed towards SEE CAO to make the cross-border capacity available to the Auction Participant as PTRs, with the exceptions described in Article 2.3, to accept the results of the Auction Process performed by SEE CAO and to reserve transmission capacities in order to enable the use of Allocated PTRs by the Auction Participant.
3. The PTRs shall be allocated in accordance with the results of the Auction Process except in case of Curtailment as described in Article 2.3.
4. Based on the results of the yearly and/or monthly Auction Process, the Auction Participant obtains a Reserved PTR. The Reserved PTR shall become Allocated PTR once the payment in accordance with Section 11 is made by the Auction Participant. In daily Auction Processes, the PTR is allocated to the Auction Participant by notification of the Auction Process results.

## **Section 2. General**

### **Article 2.1. Yearly, Monthly, Daily Auctions**

1. Auction Processes for the allocation of the Offered Capacities are implemented by way of explicit auctions in accordance with Section 5, for all Source-Sink Pairs (see Annex 3) in each direction and for several time scales in order to allocate the Offered Capacities to Auction Participants.
2. The Auction Processes are run with the following time scales:
  - a. Yearly Auction Process with Products available from the 1<sup>st</sup> of January to the 31<sup>st</sup> of December in the relevant calendar year, or in case of maintenance period, with Products available for smaller periods covering the calendar year. In yearly Auction Processes PTRs are auctioned with base amount of MW per hour, except in case of maintenance period. For the yearly Auction Process, the calculation of auction results is done simultaneously for all Source-Sink pairs once per year.
  - b. Monthly Auction Process with Products available from the first day to the last day of the relevant calendar month or, in case of maintenance period, with Products available for smaller periods covering the calendar month. In monthly Auction Processes, PTRs are auctioned with base amount of MW per hour, except in case of maintenance period. For the monthly auction, the calculation of auction results is done simultaneously for all Source-Sink pairs. Monthly auction results are calculated twelve (12) times per year.
  - c. Daily Auction Process with Products available during 24 hours of the calendar day (23 or 25 hours when daylight savings time changes). In daily Auction Process, PTRs are auctioned with different amounts of MW per hour. For the Daily auction, the calculation of auction results is done simultaneously for all Source-Sink pairs. Daily auction results are calculated three-hundred-sixty-five (or, in case of a leap year, three-hundred-sixty-six) times per year.

### **Article 2.2. Offered Capacity**

1. Offered Capacities for different time frames are offered on Auctions by SEE CAO, following the bilateral agreements among TSOs with full respect of operational conditions and Network Security standards of transmission systems.
2. All available cross-border capacity will be made subject of the yearly, monthly and daily Auction Process.
3. Auction Participants are informed on the SEE CAO website and in the Auction Platform of the Offered Capacities for each Auction Process.

### **Article 2.3. Firmness/Curtailment of Allocated PTRs**

1. On yearly and monthly Auction Processes, PTRs are auctioned on a firm basis with the exception of Network Security or Force Majeure in which case the Allocated PTRs can be curtailed.

2. Yearly and monthly PTRs can be curtailed one hour prior to the long term nomination. After this time they are considered as firmed except for cases of Force Majeure.
3. Curtailment shall be initiated by concerned Participating TSO(s), informing SEE CAO about network conditions and confirming the reduction of the transmission capacity. Curtailment is announced by SEE CAO based on the decision of Participating TSO(s). SEE CAO informs immediately all Auction Participants by a message in the Auction Platform about date, duration and extension of Curtailment.
4. Announcement for Curtailment of Allocated PTRs auctioned in yearly and monthly Auction Processes with a relevant explanation shall be published on SEE CAO website.
5. In case that the situation in the transmission network has improved before the publication of the Auction Specification for daily Auction Process, the corresponding PTRs released as a result of the earlier Curtailment will be offered in the daily Auction Process.
6. Curtailment of Allocated PTRs auctioned in yearly and monthly Auction Processes is based on pro-rata principles. Curtailment ratio for Source-Sink Pair is calculated in the following manner:

$$CR_{x,y} = \frac{RC_{x,y}}{TAP_{x,y}}$$

Where:

- $x$  Source Control Area
- $y$  Sink Control Area
- $CR$  Curtailment ratio of a Source-Sink Pair
- $RC$  Reduction of NTC value declared by concerned Participating TSO(s)
- $TAP$  Total Allocated PTRs on a Source-Sink Pair

7. Curtailed value of each Allocated PTR after Curtailment has been realized is obtained by multiplying the relevant Allocated PTR with Curtailment ratio.

$$\text{Curtailed PTR}_{x,y} = CR_{x,y} \cdot PTR_{x,y}$$

Example:  $RC=100\text{MW}$

$TAP=400\text{ MW}$

$PTR=60\text{ MW}$

$CR = 100/400=0.25$

$\text{Curtailed PTR}=0.25 \times 60= 15\text{MW}$ .

8. Each Allocated PTR auctioned on the yearly and monthly Auction Process after the proportional Curtailment will be rounded down to the nearest MW value. New PTR value after the Curtailment is calculated in the following manner:

$$\text{New PTR}_{x,y} = (1 - CR_{x,y}) \cdot PTR_{x,y}$$



9. SEE CAO informs each Auction Participant of the Curtailed PTR by electronic message via the Auction Platform and e-mail.
10. In case of the Curtailment (Force Majeure or Network Security), each Auction Participant whose Allocated PTR has been curtailed is entitled to reimbursement by SEE CAO in accordance with Article 15.1. Each Auction Participant will be informed by SEE CAO about the amount of such reimbursement.

#### **Article 2.4. Firmness of Program Exchanges**

1. Firmness and curtailment of Program Exchanges is responsibility of each Participating TSOs.
2. Participating TSOs guarantee the realization of the Program Exchanges corresponding to firmly Allocated PTR's with the exception of circumstances that constitute Force Majeure.
3. For circumstances that constitute Force Majeure SEE CAO shall only be obliged to reimburse curtailed PTR's to the PTR's holder for 100% of the Auction Price. After reimbursement of curtailed Allocated PTR, no further liabilities will arise.
4. The liability of the SEE CAO shall not be triggered by any damages caused to Auction Participants due to reductions of Program Exchanges as described herein.

#### **Article 2.5. Secondary Market**

1. Secondary Market enables the following:
  - a. Transfer of yearly and/or monthly Allocated PTRs between Auction Participants in accordance with Section 8.
  - b. Resale of Allocated PTRs allocated in yearly Auction Process to monthly Auction Process in accordance with Section 9, and non-nominated yearly and monthly Allocated PTR to daily Auction process (UIOSI) in accordance with Article 10.3.
2. An Auction Participant holding the Allocated PTR must fulfill its financial obligations towards SEE CAO in relation to such Allocated PTR, regardless if part or all of its Allocated PTRs will be transferred or resold.

#### **Article 2.6. Publication on website**

1. SEE CAO shall publish the following on its website and/or Auction Platform:
  - a. The present Auction Rules, and any amendments thereof;
  - b. Announcements pursuant to these Auction Rules;
  - c. Calendars of yearly and monthly Auction Processes;
  - d. Deadline for nomination of yearly and monthly Allocated PTRs by Auction Participants in the Scheduling Process to the relevant Participating TSO

- e. Auction specifications;
- f. Names, fax and telephone numbers, e-mail addresses of SEE CAO personnel;
- g. Standard documents related to the Auction Process to be downloaded and used by the Auction Participants;
- h. Results of the Auction Process;
  - Offered Capacity
  - Requested capacity (total Bid Quantity)
  - Awarded PTRs
  - Number and list of Auction Participants with successful Bids and overall number of Auction Participants having taken part in the Auction Process;
  - Marginal Price
- i. All information related to Curtailment;
- j. Notices related to Fallback Modes;
- k. All other relevant information.

#### **Article 2.7. Conduct of Auction Participants**

1. Prior to, during and after an Auction Process, Auction Participant(s) must refrain from any action or behavior which adversely affects or threatens to adversely affect competition in the Auction Process or which aims at gaming or which in any other way disrupts or threatens to disrupt the Auction Process, or the transparency, cost-effectiveness or fairness thereof.
2. SEE CAO shall report to the Participating TSOs so that they can inform competent national regulatory authorities and take appropriate measures against those Auction Participants who act or behave or have acted or behaved in violation of the previous paragraph, who misuse any right or position obtained pursuant to an Auction Process or who do not comply with any other provision of these Auction Rules.

#### **Article 2.8. Currency**

All financial information are expressed in Euro (€).

#### **Article 2.9. Timing**

All timings set in the Auction Rules make reference to the Central European Time (CET).

## **Section 3. Participation requirements**

### **Article 3.1. Registration procedure**

1. In order to participate in the yearly, monthly and daily Auction Processes and/or in Secondary Market, Market Participants have to be registered with SEE CAO as Auction Participants by successfully filing the Statement of Acceptance which is published on the website of SEE CAO (see Annex 4).
2. Market Participants must have signed and abide the terms of at least one of the documents mentioned in Annex 4, Attachment 2. That means to be a registered Market Participant in at least one of the participating SEE countries.
3. In order to be registered as Auction Participants Market Participants shall:
  - Submit the Statement of Acceptance (two signed and stamped copies);
  - Fulfill the financial requirements in accordance with Section 4.
4. Once the SEE CAO has received all necessary information, and in case of issuing a confirmation note, it shall return one copy of the Statement of Acceptance signed by it to the Auction Participant without undue delay. Signature of the Statement of Acceptance by the SEE CAO shall not itself indicate compliance with any other condition set in these Auction Rules for the participation in the Auctions. The Statement of Acceptance comes into force on the date of signature by the SEE CAO.
5. An Auction Participant shall ensure that all data and other information that it provides to the SEE CAO pursuant to these Auction Rules (including information in its Framework Contract) is and remains accurate and complete in all material respects and must promptly notify the SEE CAO of any change.
6. An Auction Participant shall notify the SEE CAO if there is any change to the information, submitted in accordance with Article 3 of Annex 4 of these Auction Rules, at least seven (7) Working Days before the change comes into effect and, where that is not possible, as soon as practicable after the Auction Participant becomes aware of the change. SEE CAO will confirm the registration of the change or send a refusal note of registration of the change to the Auction Participant, at the latest, five (5) Working Days after the receipt of the relevant notification of change. The confirmation or refusal note will be sent via email to the Legal representative and operational contact person specified by the Auction Participant in accordance with Annex 4 of the Auction Rules. If SEE CAO refuses to register the change, the reason shall be provided in the refusal note.
7. The change becomes valid on the day of the delivery of the confirmation to the Auction Participant.
8. SEE CAO has the right to request in writing for an update or resubmission of any part of the registration documentation (see Article 3 of the Statement of Acceptance, Annex 4). Failure of the Auction Participant to update or resubmit the entire or a part of the registration documentation in accordance with SEE CAO request within thirty (30) calendar days after delivery of the request, entitles SEE CAO to terminate the Framework Contract.

9. If additional information is required from an Auction Participant as a consequence of an amendment to these Auction Rules, then the Auction Participant shall submit the additional information to the SEE CAO within ten (10) Working Days after the request for such submission by the SEE CAO.
10. Only Auction Participants who by submitting the Statement of Acceptance declare legally binding and unconditionally their full and complete knowledge and acceptance of the valid and effective Auction Rules as published at the website of SEE CAO ([www.seecao.com](http://www.seecao.com)) and that do not engage in any action or behavior that could affect competition in the Auction Process or which aims at gaming or which in any other way disrupts or threatens to disrupt the Auction Process, or the transparency, cost effectiveness or fairness of the Auction Process, may take part in the Auction Process.
11. With regard to the fact that the Auction Process is executed in the Auction Platform, Auction Participants interested in participating in the Auction Process are also obliged to fulfill prerequisites for access to the Auction Platform which are specified in Article 6.2.
12. By the signature of the Statement of Acceptance the Auction Participant warrants that:
  - it has not commenced any proceedings seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights;
  - no insolvency, bankruptcy or other similar legal proceeding affecting creditors' rights have been commenced in relation to the applicant;
  - no winding-up or liquidation proceedings have been commenced with regard to the applicant; and
  - it has no overdue payment obligations towards the Allocation Platform.
13. An Auction Participant has to inform SEE CAO without delay of all facts that constitute or might lead to a situation in which he does not, according to the aforementioned, qualify for the participation in the Auction Process. In the event the Auction Participant does not comply with its aforementioned information obligations, SEE CAO reserves the right to terminate the Framework Contract with that Auction Participant as stated in Section 16 of these Auction Rules.
14. By signing and submitting the Statement of Acceptance to SEE CAO, the Auction Participant authorizes SEE CAO to verify the Auction Participant's respective statements.
15. Auction Participant agrees that its name is included in the Register of Auction Participants which is published on SEE CAO website.

## **Section 4. Financial Requirements and Risk Management**

### **Article 4.1. General provisions**

1. In order to provide a secure Auction Process, to avoid misuse of the PTR and to ensure payments resulting from the yearly, monthly and daily Auction Processes, SEE CAO is responsible to implement risk management instruments that must be applied.
2. The only risk management instruments that are accepted in the Auction Process are: Deposit on SEE CAO's bank Account and/or Bank Guarantee. In relation to obtaining such instruments, all bank fees will be covered by the Auction Participant.
3. The sum of the value of the risk management instruments an Auction Participant provides determines the Auction Participant's Credit Limit (for details see Article 4.4). Auction Participant's Bids will only be considered in the Auction Process if the necessary Credit Limit is available (for details see Article 7.2, 7.3 and 7.4). Sections 12 to 14 specify all the circumstances under which SEE CAO is entitled to exercise the risk management instruments.
4. The Auction Participant is responsible for securing a sufficient amount of his Credit Limit in order to prevent his Bids from being excluded from the Auction Process due to risk management requirements as set forth in Article 7.2, 7.3 and 7.4.
5. The only accepted currency for risk management instruments is EUR.
6. All costs arising in process of issuance and verification of risk management instruments will be covered by the Auction Participant.

### **Article 4.2. Accepted Risk Management Instruments**

1. Each Market Participant who wish to be recognized as Auction Participant can provide one of the following risk management instruments:
  - a. A Deposit provided by the Auction Participant to the bank account of SEE CAO.
    - Deposit Contract shall be concluded between SEE CAO and respective Auction Participant with validity period defined by Auction Participant, as specified in Annex 7.
    - The Deposit shall be managed, controlled and operated exclusively by SEE CAO.
    - Any bank charges or interests relative to the Deposit are to be borne by or credited to the Auction Participant.
    - SEE CAO is entitled to exercise the Deposit in respect of the Allocated Capacities in case of non-payment.
    - The amount of the Deposit will be taken into account in the Credit Limit and will be blocked according to Article 4.5.
    - The Auction Participant is entitled to receive interests for the Deposit credited to the bank account of SEE CAO in the amount defined by a respective decree regarding the interest rates issued by the bank where the Deposit is placed.

- This Deposit can only serve as a risk management instrument and will not be used as an advance payment.
- b. Bank Guarantee issued by a bank with a long-term credit rating of “BBB-” (S&P) or “Baa3” (Moody’s) or “BBB-” (Fitch/IBCA) or higher securing Auction Participant’s overdue payment obligation resulting from the Auction Process (hereinafter “Bank Guarantee”).
  - The Bank Guarantee will be taken into account in the Credit Limit with the maximum drawing amount.
  - Details concerning the Bank Guarantee and an example of the Bank Guarantee are specified in Annex 6.
  - A Bank Guarantee will be rejected and not recognized for the purpose of the Credit Limit by SEE CAO if SEE CAO assesses the Bank Guarantee to be incomplete or non-compliant with the prerequisites specified by Annex 6 for the purpose of the Auction Process. SEE CAO will immediately inform the Auction Participant about the rejection of the Bank Guarantee by e-mail.
  - The Bank Guarantee can only serve as a risk management instrument and not as a regular payment instrument.

#### **Article 4.3. Replacement, Extension and Return of Risk Management Instruments**

1. Bank Guarantees or Deposits may be replaced or extended with an additional Bank Guarantee or Deposit.
2. Bank Guarantees which are not utilized and/or which were not exercised will be returned on Auction Participant’s written request fourteen (14) calendar days after the receipt of the request at the latest. In this situation, the Credit Limit is decreased by the amount of Bank Guarantee which the Auction Participant requested to be returned, one (1) calendar day after the receipt of the request.
3. Deposits which are not utilized and/or which were not exercised will be returned on Auction Participant’s written request. In this situation, the Credit Limit is decreased by the amount of Deposit which the Auction Participant requested to be returned, one (1) calendar day after the receipt of the request. The request for return of Deposit shall contain the following payment details: amount of Deposit to be returned, bank account no., IBAN, name and address of the bank and BIC/SWIFT code. Upon receipt of written request, SEE CAO will sign Consensual Termination of Deposit Contract with Auction Participant. Requested amount shall be forwarded to Auction Participants account no later than three (3) Working Days after receipt of signed Consensual Termination of Deposit Contract.

#### **Article 4.4. Calculation of the Value of the Credit Limit**

1. SEE CAO will calculate the Credit Limit as the sum of the value of all risk management instruments provided by the Auction Participant and accepted by SEE CAO constituting

the maximum limit for the value of PTRs that can be assigned to the Auction Participant in the Auction Process.

2. The value of the Credit Limit is calculated for each Auction Participant as follows:
  - a. Before the yearly and monthly Auction Process as a sum of the following:
    - The maximum value of the Bank Guarantees provided by the Auction Participant to SEE CAO if they fulfill the requirements according to Article 4.2 (b). The Auction Participant is obliged to deliver the Bank Guarantee in original verified by signature through SWIFT, or issued through SWIFT to SEE CAO by 12:00 CET on the last Working Day before the day of the Yearly Auction (see Auction Calendar) respectively by 12:00 CET on the last Working Day before the day of the Monthly Auction, in order for the Bank Guarantee to be included into the calculation of the Credit Limit.
    - The amount of Deposits provided by the Auction Participant to SEE CAO if they fulfill the requirements according to Article 4.2. (a). The Auction Participant is obliged to credit a Deposit on SEE CAO's bank account at the latest three (3) Working Days before the day of the Yearly Auction respectively the day of the Monthly Auction, in order for the Deposit to be included into the calculation of the Credit Limit.
  - b. Before the daily Auction Process as a sum of the following:
    - The maximum value of the Bank Guarantees provided by the Auction Participant to SEE CAO if they fulfill the requirements according to Article 4.2. (b). The Auction Participant is obliged to deliver the Bank Guarantee in original to SEE CAO by 12:00 CET on the last Working Day before the day he places Bids in the daily Auction Process, in order for the Bank Guarantee to be included into the calculation of the Credit Limit.
    - The amount of Deposits provided by the Auction Participant to SEE CAO if they fulfill the requirements according to Article 4.2. (a). The Auction Participant is obliged to credit a Deposit on SEE CAO's bank account at the latest, three (3) Working Days before he places Bids in the daily Auction Process, in order for the Deposit to be included into the calculation of the Credit Limit.

#### **Article 4.5. Utilization of the Credit Limit**

1. SEE CAO will utilize the Auction Participant's Credit Limit according to the following rules:
  - For the yearly Auction Process, the Credit Limit is utilized up to the amount of two-twelfths (2/12) of the Total Auction Participant's Bids Value resulting from the yearly Auction Process. After the notification of the Auction Process results to the individual Auction Participant, the Credit Limit is utilized up to the an amount of two-twelfths (2/12) of the Auction Participant's total financial liability resulting from Reserved PTR assigned to this Auction Participant in the relevant yearly Auction Process. The utilized part will be released after settling the entire payment

accordingly with obligations (twelve (12) monthly instalments) resulting from the yearly Auction Process.

- For the monthly Auction Process, the Credit Limit is utilized at an amount of the Total Auction Participant's Bids Value resulting from the monthly Auction Process. After the notification of the Auction Process results to the individual Auction Participant, the Credit Limit is utilized at an amount of the Auction Participant's total financial liability resulting from Reserved PTR assigned to this Auction Participant in the relevant monthly Auction Process. The utilized part will be released after settling the payment obligation resulting from monthly Auction Process.
  - For the daily Auction Process, the Credit Limit is utilized at an amount of the Total Auction Participant's Bids Value resulting from the daily Auction Process. On the day of the daily Auction Process aggregated results publication and notification, SEE CAO will utilize Auction Participant's Credit Limit by the amount equal to its total financial liability resulting from PTR assigned to this Auction Participant in the relevant daily Auction Process. The utilized part will be released after settling the payment obligation resulting from the daily Auction Process.
2. For evaluation of the Credit Limit which is not utilized in yearly and monthly Auction Processes for the individual Auction Participant the utilized Credit Limit resulting from its participation in Auction Processes is calculated at 15:00 CET on the day of publishing Final results for the yearly and for the monthly Auction Processes. In case of daily Auction Processes the Credit Limit evaluation is carried out at 08:30 CET on D-1.
  3. SEE CAO will utilize the Credit Limit up to the amount of unpaid Auction Participant's liabilities. In the case of Curtailment of daily PTR, exceptionally the reimbursed amount will not be taken into account when utilizing the Credit Limit.
  4. In case there is insufficient Credit Limit, e. g. due to the change of the Auction Participant's registered place for taxation during the year, the Auction Participant is obliged to increase the Credit Limit within fifteen (15) calendar days since the Auction Participant was informed about the insufficient Credit Limit by SEE CAO by e-mail. If the Auction Participant does not increase the Credit Limit within the prescribed deadline, the Framework Contract will be terminated in accordance with Article 17.
  5. If an Auction Participant's Bids are rejected in the Auction Platform due to insufficient Credit Limit and the Auction Participant deems that its Credit Limit should be sufficient to cover its Bids, the Auction Participant is obliged to immediately inform SEE CAO thereof before deadline of contestation for that auction.



## **Section 5. Auction Process**

### **Article 5.1. General Provisions**

1. Before each Auction Process, SEE CAO publishes information regarding Offered Capacity in the Auction Specifications on SEE CAO website according to the dates indicated in Auction Calendar.
2. Auction Processes are organized and executed by SEE CAO, electronically through the Auction Platform. Each Auction Participant fulfilling the requirements for participation in the Auction Process may submit Bids in the Auction Platform until the relevant deadline for submission of Bids in the specific Auction Process expires.
3. For yearly and monthly Auction Processes only Reserved PTRs will be assigned to the Auction Participants. These will become Allocated PTRs when the required payments are performed in accordance with these Auction Rules. In daily Auction Processes PTRs will be directly allocated to the Auction Participants and will become Allocated PTRs immediately upon notification of the Auction Process results to the Auction Participant.
4. SEE CAO will match during the individual Auction Process the Credit Limit of the Auction Participant in order to secure payments of the Auction Participant. If the Credit Limit is not sufficient, the PTRs will be awarded to another Auction Participant according to Article 7.1. The results of the Auction Process will be notified to the awarded Auction Participant.

### **Article 5.2. Auction Specification**

1. The Auction Specifications consist of the following information:
  - Type of product available for Auction Process:
    - Yearly Product: base products for the whole year or a smaller periods covering maintenance period;
    - Monthly Product: base products for a whole month or a smaller period covering maintenance period;
    - Daily Product: hourly;
  - Source-Sink combinations;
  - Offered Capacity;
  - Gate Opening and Gate Closure;
  - Timeframe for the publication of the Auction Process results;
  - Deadline to contest Auction Process results in accordance with Article 7.6;
  - Other additional information.

### **Article 5.3. Yearly Auction Process**

1. SEE CAO publishes on its website, as information, an Auction Calendar setting forth the date of the Yearly Auctions for the upcoming calendar year.
2. SEE CAO will publish on its website, for each Source - Sink Pair the Auction Specifications at least seven (7) calendar days before the day of the yearly Auction Process. All detailed information about the yearly Auction Process is published in the Auction Specifications according to Article 5.2.
3. Auction Participants shall submit their Bids in the time period between the Gate Opening and Gate Closure as determined by the Auction Specifications for the relevant Auction Process. Auction Participants are allowed to submit their Bids with Indication "All or Nothing".
4. Bids must be submitted in accordance with Article 5.6 or, where applicable, with Article 5.9.
5. Each Auction Participant is informed of the result of its Bids, in accordance with Article 7.5, no later than thirty (30) minutes after the Gate Closure of the yearly Auction Process. Results of the yearly Auction Process are published on the SEE CAO website after the Gate Closure of the yearly Auction Process and no later than the deadline specified in Auction Calendar.
6. In exceptional circumstances, SEE CAO may announce on its website dates of the Auction Process and Auction Specifications which deviate from dates indicated in Auction Calendar. Justification for such modification will be published on SEE CAO website.

### **Article 5.4. Monthly Auction Process**

1. SEE CAO publishes on its Website, as information, an Auction Calendar setting forth the dates of the monthly Auction Processes for the upcoming calendar year.
2. SEE CAO will publish on its website, for each Source - Sink Pair the Initial Auction Specification at least five (5) calendar days before the day of the monthly Auction Process and confirm the Auction Specifications as final at least two (2) calendar days before the day of the monthly Auction Process. All detailed information about the monthly Auction Process is published in the Auction Specifications according to Article 5.2.
3. The monthly Auction Process takes place, on a Working Day, in the month before the month for which the PTRs are being auctioned on the Auction Process on the dates and time specified in Auction Specification.
4. The Offered Capacity for monthly Auction Process consists of:
  - Available Transmission Capacity declared for monthly Auction Process,
  - Capacity covered by Allocated PTR's from the yearly Auction Process which are declared for Resale by the Auction Participants.

- The yearly capacity already allocated by SEE CAO which had to be withdrawn from the PTR holder
5. Auction Participants shall submit their Bids in the time period between the Gate Opening and Gate Closure as determined by the Auction Specifications for the relevant Auction Process. Auction Participants are allowed to submit their Bids with Indication “All or Nothing”.
  6. Bids must be submitted in accordance with Article 5.6. or, where applicable, with Article 5.9.
  7. Each Auction Participant is informed of the result of its Bids, in accordance with Article 7.5, no later than thirty (30) minutes after the Gate Closure of the monthly Auction Process. Results from the Monthly Auction Process are published on the SEE CAO website after the Gate Closure of the monthly Auction Process and no later than the deadline specified in Auction Calendar.
  8. In exceptional circumstances, SEE CAO may announce on its website dates of the Auction Process and Auction Specifications which deviate from dates indicated in Auction Calendar. Justification for such modification will be published on SEE CAO website.

#### **Article 5.5. Daily Auction Process**

1. SEE CAO will publish on its website and in the Auction Platform, the Auction Specifications according to Article 5.2.by 09:00 CET on D-1.
2. The daily Auction Process will be held each calendar day on D-1.
3. Gate Opening time is 9:00 CET on D-1.
4. Gate Closure time is 9:30 CET on D-1.
5. The Auction Participant shall submit its Bids in the Auction Platform between Gate Opening and Gate Closure. Auction Participants are allowed to submit their Bids with Indication “All or Nothing”
6. Each Auction Participant is informed of the results of its Bids, in accordance with Article 7.5, no later than thirty (30) minutes after the Gate Closure of the daily Auction Process (10:00 CET). Information resulting from the daily Auction Process are published on SEE CAO website no later than thirty (30) minutes after Gate Closure of the daily Auction Process.
7. In exceptional circumstances, SEE CAO may modify the Gate Opening or Gate Closure for all or some of the Source-Sink Pair. Justification of such modification will be published on the SEE CAO’s website.

#### **Article 5.6. Bid submission**

1. Each Bid submitted in an Auction Process must contain the following:
  - Identification of the Auction Participant in accordance with the Statement of Acceptance;

- identification of the Source-Sink Pair in accordance with the Auction Specifications;
  - year, month or day to which the Bid refers;
  - Product specification (block e.g. base or hourly products e.g. H01)
  - Bid Quantity expressed in MW without decimals. Minimal Bid Quantity is 1 MW;
  - Bid Price expressed in €/MWh with two (2) decimals. Minimal Bid Price must be greater than zero.
  - All relevant information referring to Bid format are defined in the documentation available on SEE CAO website.
2. Auction Platform shall not accept the Bid(s) that:
    - does not comply with the requirements of Article 5.6 Paragraph 1
    - do not satisfy the Risk Management algorithm in accordance with Section 7.
    - are submitted by an Auction Participant who is suspended in accordance with Section 16.
  3. Provided that a Bid or a set of Bids fulfils the requirements set forth in Article 5.6 Paragraph 1 and Paragraph 2, the Auction Platform shall confirm to the Auction Participant that such Bid(s) have been correctly accepted by an acknowledgment of receipt via the Auction Platform and assign the Time Stamp of the Bid. If the Auction Platform does not issue an acknowledgment of receipt for a Bid or issues a rejection message, such Bid(s) shall be deemed not to have been accepted.
  4. The Auction Platform shall notify an Auction Participant whose Bid is rejected as invalid and the reason for this rejection, without undue delay after the Bid is rejected.
  5. The Auction Platform shall maintain a record of all valid Bids received.
  6. Each valid Bid registered at Gate Closure shall constitute an unconditional and irrevocable offer by the Auction Participant to reserve the PTR up to the Bid Quantity and at prices up to the Bid Price and under the terms and conditions of these Auction Rules and the relevant Auction Specification.
  7. The Auction Participant has the option to place Default Bids for Auctions.
    - A default Bid, once identified as such by the Auction Participant, shall apply automatically to each subsequent relevant Auction as defined by the Auction Participant when placing the Default Bid. At the Gate Opening, the registered Default Bid shall be considered as a Bid submitted by the Auction Participant for the relevant Auction.
    - An Auction Participant who wants to modify a Default Bid for a current Auction shall change the Bid Quantity and the Bid Price of its Default Bids before the applicable Gate Closure.
    - An Auction Participant who wants to modify a Default Bid for a future Auction shall change the Bid Quantity and the Bid Price of its Default Bids before the applicable Gate Opening.

- An Auction Participant not wishing to submit the Default Bid on the Auction Platform for future Auctions can cancel its Default Bids before the subsequent Gate Opening.
- Time Stamp of the Default Bid corresponds to the time of creation/update of the Default Bid in the system.

#### **Article 5.7. Limitation**

1. Auction Participant may submit a maximum of twenty (20) Bids for a Product.
2. If a Bid Quantity, or a quantity calculated as a sum of the Bid Quantities for several Bids submitted for the same Auction, by an Auction Participant exceeds the Offered Capacity announced in the final Auction Specification, this Bid or these set of Bids shall be completely rejected. Where a modification of previously submitted Bids results in exceeding the Offered Capacity, the modification shall be rejected and the previously registered Bids will stand.
3. If a Bid Quantity, or a quantity calculated as a sum of the Bid Quantity for several Default Bids submitted for the same Auction, by an Auction Participant exceeds the Offered Capacity announced in the final Auction Specification, the Default Bids with the lowest Bid Price shall be rejected until the requested capacity of the Default Bids is lower or equal to the Offered Capacity. In case there are Default Bids with the same price that should be rejected, the one with the lower Bid Quantity shall be rejected earlier.

#### **Article 5.8. Auction cancellation**

1. In the event of unavailability or technical difficulties with the Auction Platform or, SEE CAO may be forced to cancel an Auction Process:
  - a. Before and during the Auction Process: Auction Participants are informed by a message that appears directly on the Auction Platform and, on SEE CAO website and/or by an email;
  - b. In the event of erroneous results, after the preliminary results of the Auction Process have been sent, the Auction Participants are informed on the Auction Platform and, on SEE CAO website and/or by an email. The results of the Auction Process are thereupon cancelled.
2. SEE CAO notifies the Auction Participants and publishes the reasons which caused the cancellation of the Auction Process on its website as soon as possible.

#### **Article 5.9. Fallback Mode of Yearly and Monthly Auctions**

1. In case that SEE CAO is unable to hold yearly Auction Processes or monthly Auction Processes under the standard condition, SEE CAO can organize a Fallback Mode. In this situation, SEE CAO sends Notification to the Auction Participant, by an email and, via the Auction Platform and/or on the SEE CAO website or by fax, of decision to the switch to Fallback Mode for the Auction Processes. The Fallback Mode is:

- Postponement of the Auction to a later date. The Notification specifies, as a minimum, the new date scheduled for the Auction;
2. The Notification of the switch to Fallback Mode for the Auctions indicates all details for the fallback procedures on the yearly and monthly Auction Processes. SEE CAO may under no circumstances be held responsible if it is unable to contact the Auction Participants via the channels mentioned above, or if it is unable to publish an announcement on its SEE CAO website. Bids submitted prior to the switch to Fallback Mode for the Auction Processes are deemed invalid and must be submitted again according to the conditions stipulated in case of Fallback Mode for the Auction Processes.
  3. If the conditions stipulated in the event of Fallback Mode for the Auction Processes cannot be implemented in time for a given Auction Process, this Auction Process is postponed again or is cancelled and Bids already submitted are automatically cancelled.

#### **Article 5.10. Fallback Mode of Daily Auctions**

1. If the SEE CAO, after publishing the Auction Specification, is unable to hold daily Auction Processes under the standard conditions stipulated, in Articles 5.5, the SEE CAO shall send the Notification to the Auction Participants of decision to the switch to Fallback Mode for the daily Auction Process.
2. In this case and if applicable, an allocation by proportional share shall be applied. The Offered Capacity on the Source-Sink Pair is split in proportional shares between the Auction Participants entitled on the concerned Source-Sink Pair.
3. The price of the PTR is 0 €/MWh. Value of the PTR will be rounded down to the nearest MW value.
4. In Fallback Mode of Daily Auctions, only the Default Bids will be considered. The Auction Participants are entitled to submit Default Bids through the Auction Platform in accordance with Article 5.6.
5. The Default Bids submitted by D-2 14:00 CET will be taken into account in the daily Auction Process. If the Bid Quantity is higher than the Offered Capacity, Bid Quantity will be decreased to the Offered Capacity value.
6. Auction Participants will be informed about the results by 10:15 CET, on D-1.

## **Section 6. Auction Platform**

### **Article 6.1. General Provisions**

1. SEE CAO will organize and execute coordinated Auction Processes of the yearly, monthly and daily PTRs electronically in the user environment of the Auction Platform.
2. The Auction Platform is established for the sole purpose of executing the Auction Processes as a web application.
3. SEE CAO will provide the Auction Participants with operational instructions for using the Auction Platform.
4. SEE CAO will provide a helpdesk support to all Auction Participants. Contact information and hours of operation of helpdesk support will be published on SEE CAO website.
5. SEE CAO reserves the right to change operationally a business day regime, such as closure times in the event of technical problems arise, especially the following: a general collapse of the internet, a collapse of all internet connections of the Auction Platform, a collapse of the Auction Platform (servers, database or Auction Platform application error) or a comparable problem in data exchange between SEE CAO and Participating TSOs. All Auction Participants of the Auction Platform will be informed by notification published in the Auction Platform or on SEE CAO website or by e-mail, without undue delay, of the actual operational situation.
6. All the time data specified in Auction Rules – especially deadlines for data transfer, announcement of results, etc. – are consistent with Auction Platform System Time (CET). The user environment also works with Auction Platform System Time.
7. Auction Participants are prohibited from posting or transmitting to or from the Auction Platform and to or from the notice board any material that is illegal or technically harmful.

### **Article 6.2. Access to the Auction Platform**

1. Auction Platform is available to all Auction Participants who have a web browser (Internet Explorer 7.0 or higher, Mozilla Firefox 3.0 or higher), token and a user account given from SEE CAO.
2. Each User is required to use electronic certificate (token) for the purposes of accessing the Auction Platform and executing business transactions via the Auction Platform. All information regarding acquiring of electronic certificate (token) are published on SEE CAO website ([www.seecao.com](http://www.seecao.com)).
3. After the Auction Participant becomes registered by SEE CAO, its user accounts shall be established in the Auction Platform. The Auction Participant shall submit completely filled application form (see Annex 5.) to SEE CAO for establishing and modifying the accounts for all its Users. The application form shall also be signed by the User that submits to the obligations and rules of conduct set forth in these Auction Rules. All the sections of the application form must contain complete and true information. SEE CAO

will establish a user account or shall modify a user account within three (3) Working Days after the receipt of the application form.

4. Each new User or an old User with a modified user account is informed about an establishment or modification of his user account by e-mail, to the contact address provided in the application form. E-mail information sent by SEE CAO will include an entry key consisting of a user name (login) and a new password in case of a new user account. User is obliged to change the password during the first login. User shall keep this information as confidential. The Auction Participant shall be liable for any direct and indirect damages resulting from any culpable and unauthorized disclosure of such information by the User. SEE CAO is not liable for any unauthorized use of entry key comprising user name and password.
5. SEE CAO shall be entitled to verify the information stated in the application form sent by potential Users and not to establish user account in case of any discrepancy in the data provided, or a suspicion thereof. SEE CAO shall be entitled to prevent the User from accessing the Auction Platform in case it finds any discrepancy such as, but not limited to, the following: False information about the User or the certificate, expiration of User's certificate, or expiration of the Framework Contract between SEE CAO and Auction Participant being represented by this User.
6. User of the Auction Platform shall execute business transactions and configurations of its user account in the user environment. The user environment provides in particular:
  - Information on Auction Platform System Time.
  - Messages from SEE CAO (e. g. the confirmation of executed operations).
  - The set of commands for executing operations.
  - Credit limits information.

### **Article 6.3. Notice Board**

1. The Notice Board supports the possibility of exchange of Allocated PTR's via Secondary Market.
2. The Notice Board is however only a tool for publishing the notices. The Notice Board is not directly connected to other functionalities of the Auction Platform (excluding the identity of Auction Participant), therefore:
  - Notices of willingness to sell or purchase Allocated PTR's and/or any other information published by the User of an Auction Participant are not verified by SEE CAO and SEE CAO does not take any responsibility for the information published on the Notice Board.
  - The Notice Board does neither replace the "Transfer" module of the Auction Platform described in Section 8. nor the "Resale" procedure described in Section 9. Any negotiated transfer of Allocated PTRs (with or without Notice Board usage) is valid only if notified to SEE CAO by Transferor and confirmed by Transferee in accordance with Section 8 of the Auction Rules.
3. A notice includes the following information:



- date of publication,
  - validity period of the offer,
  - reservation period,
  - Source-Sink Pair;
  - volume of PTR;
  - identification of Auction Participant;
  - type of notice (purchase/sale/general);
  - space for comments;
  - contact information ( e. g. a contact phone number, e-mail).
4. The functionality of the Notice Board is available only via web forms (in the Auction Platform), therefore the corresponding data flows cannot be exchanged via web services.
  5. SEE CAO excludes any liability for any direct, indirect or consequential loss or damage incurred by any User in connection with the Notice Board or in connection with the use, inability to use, or results of the use of the Notice Board, any websites linked to it and any materials posted on it, to the extent possible under applicable law.
  6. SEE CAO reserves the right to delete:
    - Any notice not relevant for the purpose of the Notice Board.
    - Vulgarisms or wordings insulting any other User/s and/or other person/s.

The decisions to delete the notice can be based on generally accepted ethical standards. In case of any such deletion made, SEE CAO will provide sufficient reasoning to the respective Auction Participant.

#### **Article 6.4. Data Security and Protection**

1. Commercial data transferred from the User to the Auction Platform via the internet is secured by means of encryption (SSL). Every User has to have his own personal certificate (token) to access the system. For every business data exchange, the standard PKI (Public key infrastructure) is used. This mechanism enables the authorization of transactions and retrospective identification of persons who entered data into the Auction Platform or who executed specific operations. All operations done via the Auction Platform are registered with the information of the responsible User and Time Stamp.
2. Each Auction Participant undertakes to follow all the security rules specified in the Auction Rules. In particular, the Auction Participant undertakes to make sure that:
  - The Auction Platform User entitled to submit Bids keeps his private key in a manner so that no other person can get access to the key;
  - The Auction Platform User entitled to submit Bids shall use his private key and a certificate exclusively in line with the Auction Rules for communication;
  - The Auction Platform User entitled to submit Bids shall inform SEE CAO immediately of any disclosure or possible disclosure of his private key.

## **Article 6.5. Data Exchange**

1. Data exchange between the Auction Participant and SEE CAO Auction Platform is done by e-mail (notifications), upload or download of documents via Auction Platform, manually through user interface in web forms of Auction Platform or using the web services.
2. All documents that are exchanged must follow ECAN standards or templates proposed in Auction Platform User Guide or Web Services Specification document which are published on Auction Platform.

## **Section 7. Determination of Auction Process Results**

### **Article 7.1. General Rules**

1. The results of the Auction Process are determined according to the following principles:
  - If the total Bid Quantity of all submitted valid Bids is equal to or lower than the relevant Offered Capacity, the Marginal Price is zero (0) €/MWh.
  - If the total Bid Quantity of all submitted valid Bids exceeds the relevant Offered Capacity, the Marginal Price is equal to the lowest Bid Price selected in full or in part.
2. The results of the Auction Process for each Product are determined by the Auction Platform according to the following rules:
  - a. First, for each Product, the Bids are ranked in decreasing order based on the Bid Prices;
  - b. Only Bids that comply with the terms of Article 5.1 and Article 5.6. are taken into account in this ranking;
  - c. The Bid(s) with the highest Bid Price are being selected until the entire Offered Capacity under the relevant Product is exhausted. The Bid whose Bid Quantity is greater than the residual Offered Capacity under the relevant Product is being selected partially up to the limit of the residual Offered Capacity.
  - d. If two (2) or more valid Bids have the same Bid Price, with a combined Bid Quantity which exceeds the residual Offered Capacity, those Bids are selected partially in proportion to the Bid Quantities of those Bids in units rounded down to the nearest MW.
  - e. In case there is amount of MWs which cannot be proportionally distributed in accordance with Article 7.1 Paragraph 2 d, those MWs shall be awarded to the Bid with the lowest Time Stamp.
  - f. The Bid Price of the last selected Bid constitutes the Marginal Price.
3. Auction Participants whose Bids have been selected are informed of the results of the Auction Process and the PTR is deemed to have been reserved for/allocated to such Auction Participants. In case the Auction Process was not successfully performed, it will be cancelled according to Article 5.8.

### **Article 7.2. Yearly Auction Processes**

1. All Bids which fulfill the requirements set forth in Article 5.6 will be evaluated and the Marginal Price will be determined in accordance with the rules stated in Article 7.1.
2. For each Auction Participant the total Auction Participant's Bids Value will be compared to the part of the Auction Participant's Credit Limit which is not utilized. If two-twelfths (2/12) of the total Auction Participant's Bids Value regarding the yearly Auction Process rounded to two (2) decimal places exceeds the part of the Auction Participant's Credit Limit which is not utilized, each Auction Participant's Bid(s) exceeding the Credit Limit shall be excluded and shall not be assessed in the relevant Auction Process.

3. If an Auction Participant's Bid(s) is (are) excluded according to the previous paragraph, Bid evaluation procedure will be repeated without the excluded Bid(s) in accordance with Article 7.1.
4. In case Auction Participant's Bid(s) is (are) selected in the yearly Auction Process one Reserved PTR per Source-Sink combination is created in the Auction Platform.

### **Article 7.3. Monthly Auction Processes**

1. All Bids which fulfill the requirements set forth in Article 5.6 will be evaluated and the Marginal Price will be determined in accordance with the rules stated in Article 7.1.
2. For each Auction Participant the total Auction Participant's Bids Value will be compared to the part of the Auction Participant's Credit Limit which is not utilized. If the Total Auction Participant's Bids Value regarding the monthly Auction Process rounded to two (2) decimal places exceeds the part of the Auction Participant's Credit Limit which is not utilized, each Auction Participant's Bid(s) exceeding Credit Limit shall be excluded and shall not be assessed in the relevant Auction Process.
3. If an Auction Participant's Bid(s) is (are) excluded according to the previous paragraph, Bid evaluation procedure will be repeated without the excluded Bid(s).
4. In case Auction Participant's Bid(s) is (are) selected in a monthly Auction Process one Reserved PTR per Source-Sink combination is created in the Auction Platform.

### **Article 7.4. Daily Auction Processes**

1. All Bids which fulfill the requirements set forth in Article 5.6 will be evaluated and the Marginal Price will be determined in accordance with the rules stated in Article 7.1.
2. Bids submitted by Auction Participant are accepted separately in delivery sequence, up to the level of its Credit Limit which is not utilized. Each Bid delivered exceeding the Auction Participant's Credit Limit which is not utilized shall be excluded and shall not be assessed in this daily Auction Process.
3. In case Auction Participant's Bid(s) is (are) selected in a daily Auction Process one Allocated PTR per Source-Sink combination is created in the Auction Platform.

### **Article 7.5. Notification of Auction Results**

1. SEE CAO publishes the results of the Auction Process on SEE CAO's website for each Product and Source-Sink Pair by the deadline indicated in Auction Calendar. The publication of the Auction Process results comprises the following data:
  - total offered PTR in MW;
  - total Reserved PTRs in MW;
  - total requested PTR in MW;
  - Marginal Auction Price in €/MWh;

- number of Auction Participants who submitted at least one Bid for the relevant Product and Source-Sink Pair;
  - number of awarded Auction Participants for the relevant Product and Source-Sink Pair;
2. Additionally, each Auction Participant is informed by SEE CAO about its Auction Process results by an email and/or in the Auction Platform by the deadline indicated in Auction Calendar.
  3. The notification to the Auction Participant about its Auction Process results contains at least the following information: awarded PTRs (with CAI code) for each Auctioned Product and the Marginal Price. If the Auction Platform is unavailable, Auction Participants are informed of the Auction Process results by e-mail or fax.

#### **Article 7.6. Contestation of the Auction Results**

1. The Auction Participant may contest the results of the Auction Process according to the following deadlines:
  - for yearly and monthly Auction Processes, no later than one (1) Working Day after the results have been notified to the Auction Participant;
  - for daily auctions, no later than one half (1/2) an hour after the results have been notified to the Auction Participant.
2. The Auction Participants' contestation has to be marked as "contestation" and it has to be notified by e-mail or fax to SEE CAO with confirmation of receipt.
3. SEE CAO shall reply to the Auction Participant within the below indicated deadlines:
  - for yearly and monthly Auction Processes, no later than two (2) Working Days after the results have been notified to the Auction Participant;
  - for daily auctions, no later than one (1) hour after the results have been notified to Auction Participant.
4. In the event of successful contestation SEE CAO will cancel the Auction Results in accordance with Article 5.8.
5. In case of cancelation of monthly auction results, Allocated PTRs nominated for Resale in monthly Auction Process will be returned to the Auction Participants that held those Allocated PTRs.
6. In case of cancelation of daily Auction Process results, Allocated PTRs nominated for UIOSI in daily Auction Process will be compensated by the original Marginal Price from initial yearly or monthly Auction Process to the Auction Participants that held those Allocated PTRs.

## **Section 8. Transfer of Allocated PTR**

### **Article 8.1. General Provisions**

1. The Transfer of Allocated PTR will be supported by the Auction Platform. Only the Allocated PTRs auctioned on yearly and monthly Auction Processes may be transferred by a Transferor to a Transferee. Allocated PTR allocated in daily Auction Processes is not possible to be transferred to other Auction Participants.
2. Both Transferor and Transferee have to fulfill the prerequisites for accessing the Auction Platform as stated in Section 6 and prerequisites for participation in the Auction Process for the Product, i.e. Source-Sink Pair in which the relevant Allocated PTRs have been obtained.
3. The minimum volume for a Transfer is one (1) MW over one (1) hour.

### **Article 8.2. Financial arrangements**

1. The Auction Participant, who wants to transfer its Allocated PTRs entirely or partly, must fulfill its financial obligations towards SEE CAO.
2. The Auction Participant can transfer Allocated PTR without any additional fee.
3. In case of reduction of capacity according to Article 2.3, the reimbursement of the curtailed Allocated PTRs is done to the Auction Participant which holds the Allocated PTR at the moment the Curtailment is performed.

### **Article 8.3. The Process of Transfer**

1. The Auction Participant, who holds Allocated PTR, is allowed to transfer the Allocated PTR to another Auction Participant through the Auction Platform.
2. Allocated PTR can be transferred on an hourly basis.
3. The Auction Participant who intends to transfer Allocated PTR may offer an Allocated PTR transfer in any time period, and any amount, through the Auction Platform to other Auction Participants.
4. The transfer of yearly and monthly Allocated PTR should be confirmed in the Auction Platform by the Transferee within four (4) hours since the offer was placed and by 10:00 CET on D-2 at the latest; otherwise, the transfer is cancelled and the Allocated PTR remains with the Transferor. Transferred Allocated PTR will receive a new CAI code in the Auction Platform. The Transferee has to meet the eligibility requirements of these auction rules.
5. The Auction Platform provides information to the Auction Participants about the Allocated PTR allocated to him. All Allocated PTR's transfer history will be stored in the Auction Platform.
6. The receipt of an offer for a transfer of Allocated PTR submitted by the Transferor and the receipt of the confirmation submitted by the Transferee will be registered in the

Auction Platform automatically and evidence thereof sent to the Transferor and Transferee.

7. The receipt of the Transferee's confirmation (submitted according to Paragraph 4 above) at the Auction Platform is the decisive criterion in meeting the time limit for Transfer.

#### **Article 8.4. Legal Consequences of a Transfer**

1. Both Auction Participants, i. e. Transferor and Transferee, accept that all rights and obligations resulting from these Auction Rules (with exception of the payment obligation regarding the allocation of PTR) are transferred together with the Allocated PTR.
2. SEE CAO is not obliged to examine whether the Transfer between the Transferor and the Transferee is rightful. In any case, after confirmation of the Transfer by Transferee, any disputes arising from disagreements between the Transferor and the Transferee do not affect the validity of the Transfer.

#### **Article 8.5. Fallback Mode for Transfer**

1. In the event that SEE CAO has to switch in Fallback Mode for Transfer, SEE CAO will send notification by fax or e-mail to the Transferor and the Transferee.
2. In case of the Fallback Mode, the deadline for sending Transfer notifications is described in Article 8.3. (4). SEE CAO will send acceptances or rejections of operations on the Secondary Market before 10:30 CET on the same Day.
3. In certain cases of an unexpected breakdown in the Auction Platform causing the suspension of the Secondary Market, SEE CAO will not be liable for compensation of any damages whatsoever arising therefrom.

## **Section 9. Return of the Allocated PTR for Resale**

### **Article 9.1. General provisions**

1. The Auction Participant holding Allocated PTR allocated on yearly Auction Process or resulting from PTR Transfer may return its Allocated PTR partly or entirely to relevant TSOs via SEE CAO. PTR that was returned will be given in monthly Auction Process performed by SEE CAO.
2. The Allocated PTR allocated in yearly and/or monthly Auction Process which is not used in schedule nominations in due time is automatically returned from Auction Participants to Participating TSOs for daily Auction Process via SEE CAO by using “Use It Or Sell It” principle, as described in Article 10.3.
3. Allocated PTR allocated in yearly Auction Process declared for Resale on a monthly Auction Process must be a constant band of MW over the entire month or the allocation period in question. The minimum value is one (1) MW over one (1) monthly auction period.
4. The Resale of Allocated PTR allocated in daily Auction Process is not possible.

### **Article 9.2. Financial arrangements**

1. The Auction Participant, who wants to Resale its Allocated PTR entirely or partly, must fulfill its financial obligations towards SEE CAO as described in Article 15.2.

### **Article 9.3. The process of Resale**

1. The Auction Participant, who holds yearly Allocated PTR, is allowed to Resale the Allocated PTR on monthly Auction Process.
2. The volume of Allocated PTR declared for Resale has to be constant band (MW) for considered period.
3. Resale notification of the Allocated PTR has to be submitted by the reseller to the Auction Platform after the Initial Auction Specification is created but no later than 12:00 CET on the day of publishing the Auction Specification for relevant monthly Auction Process.
4. If the Auction Participant wants to correct a previous Resale notification, it must modify a Resale notification via the Auction Platform with a new modified volume of capacity.
5. The receipt of confirmation for Resale submitted by the reseller will be confirmed by SEE CAO automatically.
6. The receipt of confirmation sent by SEE CAO to the reseller after receiving this Resale notification includes a message accepting the Resale or a message setting out the reasons for rejection if the Resale has been rejected.
7. If the Resale is accepted by SEE CAO, the Allocated PTR of the reseller is reduced by the amount of the Resale.



#### **Article 9.4. Cancellation of Resale into monthly Auction Process**

1. In the event of Curtailment of Allocated PTR which is submitted for the Resale to Auction Platform by deadline in accordance with Article 9.3 (3), SEE CAO will cancel all Resales that have been accepted to a monthly Auction Process for which the final Auction Specifications have not yet been published.
2. By this cancellation, the Allocated PTR that was given for Resale is returned back to the reseller before the Curtailment is applied.

#### **Article 9.5. Fallback Mode for Resale**

1. In the event that SEE CAO has to switch in Fallback Mode for Resale, SEE CAO will send notification by fax or e-mail to the reseller.
2. In case of the Fallback Mode, the deadline for sending Resale notifications is described in Article 9.3. (3). SEE CAO will send acceptances or rejections of operations on the Secondary Market by 17:00 CET on the day before day of publishing the Auction Specification for relevant monthly Auction Process.
3. In certain cases of an unexpected breakdown in the Auction Platform causing the suspension of the Secondary Market, SEE CAO will not be liable for compensation any damages whatsoever arising therefrom.

## **Section 10. Use of the Allocated PTR**

### **Article 10.1. General provisions**

1. The Allocated PTR may be used by Auction Participants only if the Auction Participants fulfill the preconditions for access to transmission network for a certain Source-Sink Pair during the nomination of Allocated PTR in Scheduling process which is organized by concerned Participating TSO.
2. Auction Participant has to conclude relevant contract(s) with concerned Participating TSO recognizing the Auction Participant to use the Allocated PTRs (see Annex 4, Attachment 2).
3. Participating TSOs have reserved their right to change their requirements for the use of Allocated PTR and SEE CAO reserves the right to adjust the Auction Rules based on changes introduced by Participating TSOs in accordance with Section 17.

### **Article 10.2. Capacity Usage Rules - Scheduling**

1. The rights document shall contain the information about the volume in MW that eligible Auction Participants are entitled to nominate at specific Source-Sink pair. The Auction Platform shall calculate daily and no later than 10:30 am on the D-2 of the delivery day capacity rights for yearly and monthly allocated PTR, and no later than 10:30 am in the D-1 of the delivery day the capacity rights for daily allocated PTR.
2. The nomination of Allocated PTR for the concerned Source-Sink Pair takes place by delivering the Program Exchange to Participating TSO as Source Control Area and to Participating TSO as Sink Control Area in Scheduling Process organized by Participating TSOs according to their individual rules. Cross nomination of Program Exchanges is based on one of the following principles:
  - A to A: The Auction Participant A shall be on both sides of the concerned TSO Border.
  - A to B: The Auction Participant A may appoint one legal entity B on the counter TSO side.
  - A to N: The Participant A may appoint several legal entities N on the counter TSO side.

Implementation of these principles will be in accordance with rights document generated by SEE CAO and TSOs internal rules at relevant Source-Sink Pair.

3. Yearly and monthly Allocated PTRs must be nominated by Auction Participants in the Scheduling Process to the relevant Participating TSO until the deadline published on SEE CAO web page ([www.seecao.com](http://www.seecao.com)).
4. Daily Allocated PTR must be nominated by Auction Participants in the Scheduling Process to the relevant Participating TSO in accordance with their individual rules.

### **Article 10.3. Use it or Sell it (UIOSI)**

1. The use of Allocated PTRs awarded in yearly and monthly Auction Processes is based on “Use it or Sell it” principle which means that Allocated PTR that have not been nominated by Program Exchanges in Scheduling Process to Participating TSOs are automatically resold on the daily Auction Process.
2. Non-nominated Allocated PTRs awarded in yearly and monthly Auction Processes are confirmed by relevant Participating TSO, after the Scheduling Process has been finished and non-nominated Allocated PTR has been released.
3. An Auction Participant is entitled to receive per each MW and hour of non-nominated Allocated PTR awarded in yearly and monthly Auction Processes a financial compensation equal to the Marginal Price determined in the daily Auction Process (including the Marginal Price equal to 0 (zero) in case of no congestion).
4. If Offered Capacities on the daily Auction Process, due to technical constraints, become lower than non-nominated Allocated PTR awarded in yearly and monthly Auction Processes, at concerned Source-Sink Pair, the non-nominated Allocated PTR awarded in yearly and monthly Auction Processes are curtailed on a pro-rata basis. The Auction Participant will receive per each curtailed non-nominated MW and hour a financial compensation equal to the original Marginal Price of the initial Auction Process at which PTR was allocated for the reservation. The part of non-nominated Allocated PTR which is not curtailed will be compensated with the Marginal Price determined in daily Auction Process (including the Marginal Price equal to 0 (zero) in case of no congestion).
5. , The concerned Auction Participant is entitled to receive per each non-nominated MW and hour a financial compensation equal to the original Marginal Price of the initial Auction Process at which PTR was allocated in case that relevant daily Auction Process is cancelled after preliminary results are published.

#### **Article 10.4. Usage of daily PTRs**

1. Allocated PTRs from the daily auction process are used according to the local market rules and/or bilateral agreements between relevant TSOs.
2. Allocated daily PTRs that are not nominated in the Scheduling Process are not financially compensated to the relevant Auction Participant.

## **Section 11. General Rules for Payment**

### **Article 11.1. General provisions**

1. Any payment collected by SEE CAO through the Auction Process will at any time be treated as the property of the relevant Participating TSO.
2. The relevant currency for invoicing is €.
3. The price for the Reservation of PTRs respectively for the Allocated PTRs covers only the right to use the allocated capacity and does not include any use of the transmission system.
4. Auction Participants are required to pay the price for Reserved PTRs respectively for the Allocated PTRs to SEE CAO, even if the Allocated PTRs are subsequently Resold or Transferred by the Auction Participant via the Secondary Market.
5. Objections to the accuracy of the invoice/credit note drawn up by SEE CAO shall be made within five [5] calendar days after the invoice date or credit date. SEE CAO is obliged to reply to the Auction Participant in five [5] calendar days after receipt of the objection.
6. A claim made by an Auction Participant against a TSO and/or SEE CAO does not relieve such Auction Participant from the obligation to settle the amount owed to SEE CAO.
7. All invoices will be issued in English language.

### **Article 11.2. Amount Due to be paid**

1. SEE CAO will invoice the Auction Participant the price for the Reserved PTRs in case of yearly and monthly Auction Processes respectively for the Allocated PTRs in case of daily Auction Processes, rounded to two (2) decimal places plus any applicable taxes, duties or other charges.
2. All bank fees will be covered by the Auction Participant.
3. The price for the Reserved PTRs covers only the right to use the allocated capacity and does not include any charges for the transmission system.

### **Article 11.3. Invoicing**

1. Invoices in electronic form are sent by e-mail, to the finance contacts declared in Annex 4, on the issue date of the invoice from Auction Specification. Subject of the invoice is the “Reservation of Physical Transmission Rights”.
2. Original invoices are sent to the Auction Participant via post. Auction Participants who have declared in Annex 4. Statement of Acceptance, that they can accept invoice in electronic form, will receive all invoices in hard copy once per month (yearly, monthly and daily invoices in one envelope).

#### **Article 11.4. Due Time of Payment**

1. Invoices have to be paid to SEE CAO no later than on the due date stated on the invoice, free of charge and without deduction.
2. On the next working day after the due date, SEE CAO is entitled to execute the Bank Guarantee and/or the Deposit.
3. SEE CAO is obliged to notify the Auction Participant in case the Bank Guarantee/Deposit has been exercised.
4. In case of delayed payment, the creditor (SEE CAO) is entitled to charge interest rates on the amount due for each day which has commenced for the whole period of delay until SEE CAO's bank account will be credited.
5. The applicable interest rate shall be the one (1) month EURIBOR rate plus one (1) percentage point per annum. Such interest shall be deemed to accrue from day to day. Credit limit will be blocked on the due date with fixed interest rate.
6. Information about deadlines for invoicing and payment are published in Auction Calendar for auction process and payment published on SEE CAO web page ([www.seecao.com](http://www.seecao.com)).

#### **Article 11.5. Date of Payment and Information on Received Payments**

1. Date of payment or settlement of payment is the date upon which the given amount is credited to the bank account of SEE CAO.
2. Information on payments received is processed – as a basic principle – by SEE CAO until 08:30 CET on the day following the day when payment was realized according to Paragraph 1. Based on information on payments settled by the Auction Participant, a related utilized part of the Credit Limit of the Auction Participant will be released by/to SEE CAO on the other hand.
3. If the data on payments received is not processed by 08:30 CET of the day following the day payment was realized according to Paragraph 1 due to any technical difficulties faced by SEE CAO, the amount due will be considered as paid for the purpose of releasing the utilized part of the Credit Limit based on a corresponding request of the Auction Participant. However, if it turns out later on, that the conditions for release were actually not fulfilled, Article 4.5 applies correspondingly.

#### **Article 11.6. Identification of Payment**

1. The Auction Participant shall always, when executing a payment, indicate the payment identification number, which is the number of the invoice.
2. Each payment is identified by the payment identification number. The payments shall match the amount of the debt (i. e. the amount indicated on the relevant issued invoice).
3. In case the paid amount or the payment identification number differs from the invoiced data, the debt is considered as unpaid until its final manual clearance.

#### **Article 11.7. Offset and Withholding**

1. The Auction Participant shall not be entitled to offset any amount, or withhold any debts arising in connection with obligations resulting from an Auction Process, against any claims of SEE CAO, whether or not arising out of an Auction Process. Nevertheless, the right to offset and the right to withhold are not excluded in case the Auction Participant's claim against SEE CAO is established by a legally binding judgment or uncontested.

#### **Article 11.8. VAT Mode**

1. VAT will not be charged to Auction Participants by SEE CAO in accordance with the Article 46 point 7 of the Rulebook on the implementation of the Montenegrin Law on VAT.

## **Section 12. Yearly Auction - Financial Settlement**

### **Article 12.1. Payments and Invoicing**

1. SEE CAO will plan and conduct the yearly Auction Process in such a manner that the chronological sequence of the process steps allows for the collection of the payable Marginal Price and thus the allocation of the capacities covered by the Reserved PTR in a timely manner prior to conducting the monthly Auction Process for the month of January.
2. The price to be paid by the Auction Participant for the PTRs awarded in the yearly Auction Process is determined separately for each Product by multiplying the Marginal Price [€/MWh] with the quantity of Reserved PTR expressed in MW and the corresponding usage hours for the respective Product in the yearly Auction Process.
3. For Allocated PTRs at yearly Auction Processes, the amount to be paid by the Auction Participant determined in accordance with previous paragraph is divided into twelve (12) monthly installments, each monthly installment being one twelfth (1/12th) of the total amount, rounded down to the nearest Euro cent and two decimal places. Last monthly installment will be calculated as total price amount minus sum of all previous monthly installments (to avoid errors caused by rounding).
4. For Allocated PTRs at yearly Auction Processes, the Credit Limit will be blocked by SEE CAO up to the amount of two (2) invoiced monthly installments from the moment the corresponding PTR is deemed to have been reserved by the Auction Participant and the Credit Limit will be reduced accordingly till the end of the year.
5. The invoicing is done by SEE CAO, no later than the tenth (10<sup>th</sup>) calendar day, 2 months in advance of the month of use of the Allocated PTRs (except January).
6. The due date of the payment shall be ten (10) calendar days after the date of invoice.
7. Each monthly amount is to be paid in advance. Each monthly amount has to be paid based on the invoice issued by SEE CAO. All bank fees will be covered by the Auction Participant.
8. Following the payment of each monthly amount, the respective Reserved PTR is allocated for the relevant month to the Auction Participant.
9. If the payment is not settled by due date, SEE CAO will inform the Auction Participant on the following Working Day by e-mail or by fax that the payment of the invoice has not been credited to SEE CAO's bank account and that the Bank Guarantee and/or Deposit will be executed.

## **Section 13. Monthly Auction - Financial Settlement**

### **Article 13.1. Payments and Invoicing**

1. The price to be paid by the Auction Participant for the PTRs awarded in the monthly Auction Process is determined separately for each Product by multiplying the Marginal Price [€/MWh] with the quantity of Reserved PTRs expressed in MW and the corresponding usage hours for the respective Product in the monthly Auction Process.
2. The invoicing is done by SEE CAO, no later than on the Working Day following the Auction Process, one month in advance of the month of use of the Allocated PTRs.
3. The due date of the payment shall be ten (10) calendar Days after the date of invoice.
4. Each monthly amount is to be paid in advance. Each monthly amount has to be paid based on the invoice issued by SEE CAO. All bank fees will be covered by the Auction Participant.
5. Following the payment of each monthly amount, the respective Reserved PTR is allocated for the relevant month (for deadlines see settlement calendar – Auction Calendar) to the Auction Participant.
6. If the payment is not settled by due date, SEE CAO will inform the Auction Participant on the following Working Day by e-mail or by fax that the payment of the invoice has not been credited to SEE CAO's bank account and that the Bank Guarantee and/or Deposit will be executed.



## **Section 14. Daily Auction - Financial Settlement**

### **Article 14.1. Payments and Invoicing**

1. The price to be paid by the Auction Participant for the PTRs awarded in the daily Auction Process is determined separately for each hour by multiplying the Marginal Price [€/MWh] calculated according to these auction rules with the Allocated PTR expressed in MW in the respective hour. The price for the share of the acquired PTRs in the relevant daily Auction Process is then calculated as the sum of the hourly amounts.
2. The price for daily Allocated PTRs will be invoiced on a monthly basis. The amount is to be paid retroactively for the preceding month.
3. The invoice is issued for all financial obligations resulting from daily Auction Processes by no later on the 5<sup>th</sup> calendar day after the month of use of capacity for the relevant month (see Auction Calendar).
4. The due date of the payment shall be ten (10) calendar days after the date of invoice.
5. The amount has to be paid based on the invoice issued by SEE CAO. All bank fees will be covered by the Auction Participant.
6. If the payment for the daily Allocated PTR for a particular Source-Sink Pair is not received by the deadline for the relevant month (see Auction Calendar) SEE CAO immediately exercises the Bank Guarantee/Deposit.
7. SEE CAO is obliged to notify the Auction Participant in case the Bank Guarantee/Deposit has been exercised.

## **Section 15. Curtailment, Resale and UIOSI of Allocated PTR- Financial Settlement**

### **Article 15.1. Curtailment**

1. All costs which arise by guaranteeing the reimbursement to Auction Participants for its held Allocated PTR (in case of Curtailments) are fully covered by the congestion revenues used as described in Article 16.6 of Regulation (EC) No 714/2009, as implemented respectively in national regulatory validation process.
2. The Auction Participant whose PTR has been curtailed has right to be reimbursed for each curtailed MW of Allocated PTR and for each hour of Curtailment with the price which is equal to original price (Marginal Price) paid for PTR reservation.
3. SEE CAO will issue a credit note for the reimbursement with regard to cancelled reservation of PTRs which equals the original price paid by the Auction Participant for the original reservation of PTRs. In case Auction Participant has some liabilities towards the SEE CAO and confirms to SEE CAO that it would like to apply the financial compensation for the above mentioned credit note, SEE CAO shall prepare financial compensation statements which would be the base for decreasing Auction Participants liabilities towards SEE CAO.
4. Bank account no., IBAN, name and address of the bank and BIC/SWIFT code provided by Auction Participant to SEE CAO during the registration process will be used.
5. This settlement of reimbursement to the Auction Participants is generally sent by the 7th Working Day of the following month by SEE CAO to the Auction Participant.

### **Article 15.2. Resale of Allocated PTRs**

1. The prerequisite for Resale to be handled by SEE CAO is the receipt of the complete payment for the Reserved PTRs acquired on the yearly Auction Process by the submitting Auction Participant.
2. The Allocated PTRs resold at a monthly Auction Process is remunerated at the Marginal Price of the Auction Process at which that PTR was Resold, which may be zero.
3. The Auction Participant shall issue an invoice based on the information made available by SEE CAO in the Auction Platform and for all cases of return having occurred in the preceding month. The information provided by SEE CAO will contain a list of returned Allocated PTRs for that Auction Participant and will specify the amount of compensation to be invoiced. Subject of the invoice shall be "Compensation for Resale of the Allocated PTR". This invoice should be delivered to SEE CAO no later than ten (10) Working Days following the Auction Process. The amount of the compensation by SEE CAO within the scope of the Resale is determined by multiplying the respective Marginal Price [€/MWh] with the quantity of MWh of the Allocated PTRs being resold [MW] in the respective time unit (days, hour). The remuneration results from the sum of the amounts determined for each unit of time.

4. The compensation to be paid in the context of the Resale is paid to the Auction Participant no later than the 12th Working Day of the following month to the account stated by the Auction Participant in the Statement of Acceptance (Annex 4). In case Auction Participant has some liabilities towards the SEE CAO and confirms to SEE CAO that it would like to apply the financial compensation for the above mentioned compensation, SEE CAO shall prepare financial compensation statements which would be the base for decreasing Auction Participants liabilities towards SEE CAO.

### **Article 15.3. UIOSI of Allocated PTRs**

1. The prerequisite for UIOSI to be handled by SEE CAO is the receipt of the complete payment for the Reserved PTRs acquired on the yearly and monthly Auction Process by the submitting Auction Participant.
2. The Allocated PTRs resold at a daily Auction Process is remunerated at the Marginal Price of the Auction Process at which that PTR was resold, which may be zero.
3. The Auction Participant shall issue an invoice based on the information made available by SEE CAO in the Auction Platform and for all cases of return having occurred in the preceding month. The information provided by SEE CAO will contain a list of returned Allocated PTRs for that Auction Participant and will specify the amount of compensation to be invoiced. Subject of the invoice shall be "Compensation for UIOSI of the Allocated PTR". This invoice should be delivered to SEE CAO by tenth (10<sup>th</sup>) Working Day of the following month.
4. The amount of the compensation by SEE CAO within the scope of the UIOSI is determined by multiplying the respective Marginal Price [€/MWh] with the quantity of MWh of the Allocated PTRs being resold on UIOSI [MW] in the respective time unit (days, hour). The remuneration results from the sum of the amounts determined for each unit of time.
5. The compensation to be paid in the context of the UIOSI is paid to the Auction Participant no later than the end of the following month to the account stated by the Auction Participant in the Statement of Acceptance (Annex 4). In case Auction Participant has some liabilities towards the SEE CAO and confirms to SEE CAO that it would like to apply the financial compensation for the above mentioned compensation, SEE CAO shall prepare financial compensation statements which would be the base for decreasing Auction Participants liabilities towards SEE CAO.
6. In the event of cancellation of a daily Auction Process as described in Article 10.3.5 reimbursement is done by original price of the Auction Process at which that PTR was allocated. SEE CAO will issue a credit note for the reimbursement with regard to cancelled reservation service which equals the original price paid by the Auction Participant for the original reservation services.
7. Bank account no., IBAN, name and address of the bank and BIC/SWIFT code provided by Auction Participant to SEE CAO during the registration process will be used.
8. This settlement of compensation payments to the Auction Participants is generally sent by the 7th Working Day of the following month by SEE CAO to the Auction Participant.



## **Section 16. Suspension and termination of the Framework Contract**

### **Article 16.1. Suspension of the Framework Contract**

1. SEE CAO may by notice to the Auction Participant suspend temporarily the Auction Participant's rights in connection with these Auction Rules with immediate effect if the Auction Participant commits a major breach of an obligation in connection with these Auction Rules which may have a significant impact to SEE CAO as follows:
  - if an Auction Participant fails to pay any amount properly due and owing to the SEE CAO pursuant to Article 11.4;
  - if an Auction Participant fails to provide and maintain risk management instruments in accordance with Article 4.2;
  - any breach which may have a significant financial impact to the SEE CAO;
  - SEE CAO has reasonable grounds that the Auction Participant no longer satisfies one or more of any other conditions to participate in Auction Processes according to these Auction Rules unless termination applies according to Article 16.2.
2. In any case of a minor breach in relation to these Auction Rules such as but not limited to the failure of the Auction Participant to notify a change in the submitted information in accordance with Article 3.1, SEE CAO may by notice to the Auction Participant inform the Auction Participant's that its rights in connection with these Auction Rules may be suspended unless the Auction Participant remedies the suspension event in the time period specified in the notice. The suspension shall take effect when the period specified for remedy has elapsed without that such remedy has taken place.
3. After the suspension takes effect in accordance with Paragraphs 1 and 2 of this Article, the suspended Auction Participant may no longer participate in an Auction Process or in the Transfer or return of long term transmission rights and unless the payment of the long term transmission right is fully settled or fully secured by risk management instruments by the suspended Auction Participant, the suspended Auction Participant shall not be entitled to use long term transmission rights according to Section 10. For the avoidance of doubt, the long term transmission rights which the Auction Participant is prohibited from using as a result of such suspension may be offered by the Auction Platform in subsequent Auction Processes and the SEE CAO shall not return the remuneration for long term transmission rights in accordance with Section 15.
4. SEE CAO may withdraw a notice under Paragraphs 1 or 2 of this Article at any time. Having given a notice under Paragraphs 1 or 2 of this Article, SEE CAO may give an additional notice at any time in respect of the same or a different suspension event.
5. Once the Auction Participant has fulfilled or remedied the suspension event as notified to it in the notice sent by the SEE CAO, SEE CAO shall reinstate as soon as reasonably practicable the Auction Participant's rights in relation to use of its allocated long term transmission rights and its ability to participate in Auction Processes and/or the Transfer and return of long term transmission rights by written notice to the Auction Participant. As from the date of effect of the reinstatement, the long term transmission rights allocated prior to the suspension and which remain unused may be nominated in the case of

Physical Transmission Rights and the Auction Participant may participate in Auction Processes and/or the Transfer and return of long term transmission rights and is entitled to receive remuneration for long term transmission rights in accordance with Section 15.

6. If the SEE CAO gives a notice to an Auction Participant under Paragraph 1 or 2 of this Article, such notice of suspension does not relieve the Auction Participant from its payment obligations under Section 11, including its payment obligations in relation to the long term transmission rights for which the Auction Participant loses the right of use pursuant to Paragraph 2.

#### **Article 16.2. Termination of the Framework Contract**

1. An Auction Participant may at any time request the SEE CAO to terminate the Framework Contract to which the Auction Participant is a Party. The termination shall take effect after thirty (30) Working Days upon receipt of the termination request by the SEE CAO and if all outstanding payment obligations are settled.
2. An Auction Participant may terminate the Framework Contract to which the Auction Participant is a Party for good cause when the SEE CAO has committed a major breach of an obligation connected with these Auction Rules or the Framework Contract in the following cases:
  - where the SEE CAO repeatedly fails to pay any amount properly due and owing to the Auction Participant with a significant financial impact;
  - where there is a significant breach of the confidentiality obligations in accordance with Article 17.5.
3. The Auction Participant shall send a notice to the SEE CAO stating the reason for termination and giving the SEE CAO twenty (20) Working Days to remedy the breach. Unless the SEE CAO remedies the breach within the abovementioned deadline, the termination shall take effect immediately upon expiration of such deadline. A holder of Long Term Transmission Rights whose Framework Contract is terminated under this paragraph is under no obligation to pay remaining instalments for the Long Term Transmission Rights' and is entitled to a refund to the extent that any instalment includes an amount in respect of use after the date of termination, to be calculated pro-rata from the date termination takes effect.
4. If any of the termination events in Paragraph 4 occurs in relation to an Auction Participant, the SEE CAO may by notice to the Auction Participant terminate the Framework Contract, including the Auction Participant's rights connected with these Auction Rules. A termination under this paragraph takes effect from the time of the notice or any later time specified in it. The Auction Participant may not at a later stage enter into the Framework Contract with the SEE CAO until the circumstances of termination continue to exist or it is not sufficiently guaranteed that the breach may not occur again.
5. The termination events referred to in Paragraph 3 shall be the following:
  - if the rights of the Auction Participant are suspended for longer than thirty (30) Working Days

- if a Auction Participant does not qualify for the participation in the Auction as set forth in Article 3.1;
  - if an Auction Participant repeatedly breaches these Auction Rules or a Framework Contract, whether or not the breach is capable of remedy;
  - if a competent authority (i) determines that the Auction Participant has committed a misuse or fraudulent act and (ii) requests the SEE CAO to terminate the Framework Contract to which such Auction Participant is a Party or (iii) agrees that the SEE CAO has reasonable grounds to believe that the Auction Participant has committed a misuse or fraudulent act in participating in Auction Processes and Transfer/return of long term transmission rights; or
  - if the Auction Participant has taken any action which may lead to the damaging or reduction in effectiveness of the Auction Platform (it being understood that such an action is deemed to happen in case of any behavior that can be assimilated to an attack on the information system such as, but not limited to, deny of service, spam, virus, brute forcing, Trojan horse attack).
6. After the termination takes effect in accordance with Paragraphs 1 to 3 of this Article and from that time, the Auction Participant may no longer participate in an Auction or in the transfer or return of long term transmission rights it has acquired. Sections 8, 9 and 10 shall not apply to such acquired long term transmission rights. For the avoidance of doubt, the long term transmission rights, which the Auction Participant is prohibited from using as a result of termination, may be offered by the SEE CAO in subsequent Auction Processes and the SEE CAO shall not return the remuneration for long term transmission rights in accordance with Section 15.
7. Termination of a Framework Contract does not affect any rights and obligations under or in connection with the Framework Contract and these Auction Rules which arose prior to that termination unless otherwise specified in this Article. Accordingly, any Auction Participant whose Framework Contract is terminated will remain liable, subject to and in accordance with the Auction Rules, in respect of all such rights and liabilities. This paragraph shall apply without prejudice to other remedies available to the SEE CAO under these Auction Rules.

## **Section 17. General Provisions**

### **Article 17.1. Applicable law and language**

1. The Framework Contract is governed by Belgian law without regard to its conflict of law rules to the extent that the application of the laws of another jurisdiction would be required thereby. For the avoidance of doubt, the application of the UN Convention on the International Sale of Goods shall be excluded.
2. Notwithstanding any translations that may be made, whether certified or not, the sole applicable language for interpretation or application of the Auction Rules and the Framework Contract is English.

### **Article 17.2. Notification**

1. All notices, legal procedures, and communications arising out or related to the Auction Rules, shall be in written and carried out in English, to the extent permitted by rules of public policy relating directly or indirectly to these procedures.
2. Unless otherwise explicitly prescribed herein, e-mail service shall be deemed as valid mean of communication and an electronic message shall be deemed delivered at the time when the electronic message is demonstrably confirmed to the sender as delivered to the recipient or the recipient acknowledges the receipt thereof.
3. In the event of difficulties in using e-mail, notices may be sent by fax, hand delivery, courier or post; and the delivery will be deemed as confirmed on the date of a provable receipt of delivery.

All notices or other communications shall be given by letter delivered by hand against receipt or sent by registered mail or courier in the following cases:

- a) the conclusion of the Framework Contract according to Section 3 and Annex 4;
  - b) the termination of the Framework Contract according to Section 16 and
  - c) the submission of the Bank Guarantee and Deposit Contract in accordance with Article 4.2.
4. All notices or other communications shall be deemed to have been received:
    - a) in the case of delivery by hand, when delivered against receipt; or
    - b) in the case of recorded delivery prepaid post, on the day following the recorded day of delivery; or
    - c) in the case of facsimile, on acknowledgement of receipt by the addressee's facsimile receiving equipment; or
    - d) in the case of email, when delivered to the other party but only if an acknowledgement of receipt is requested and obtained by the Party sending the e-mail.



5. If a notice or other communication has been received outside normal working hours on a Working Day), it is deemed to have been received at the opening of business on the next Working Day.
6. The entire communication with the Auction Platform will be archived by SEE CAO. Each Auction Participant, as well as SEE CAO, undertakes herein not to dispute or claim as invalid any action executed via the Auction Platform in accordance with these Auction Rules, on the basis that the respective acts have been done in the form of an electronic data exchange.
7. Furthermore, each Auction Participant, as well as SEE CAO, state that they shall consider SEE CAO data logs from the databases of SEE CAO and/or any recordings of telephone conversations between SEE CAO and User, made in line with these Auction Rules, to be reliable evidence, unless it is proved otherwise.
8. The Time Stamp is attached to every message leaving the Auction Platform or received by the Auction Platform.
9. The Time Stamp uses the Auction Platform System Time.

### **Article 17.3. Liability**

1. As a legal consequence of the fact that SEE CAO is, pursuant to, acting on behalf of the Participating TSOs but in its own name under the present Auction Rules, SEE CAO bears a contractual liability towards the Auction Participants, whereas Participating TSOs can only be held liable in tort towards the Auction Participants.
2. This Article applies to damages resulting from a breach of any provision of the Auction Rules. This Article does not apply to the cancellation of an Auction Process after the end of the deadlines for contestation, to the compensation of the UIOSI in case of cancellation of a daily Auction Process, to the Curtailment of the Allocated PTR in the event of Force Majeure or for reasons linked to the Emergency Situation and in case daily Offered Capacity becoming lower than the non-nominated yearly and monthly scheduling nomination in accordance to Article 2.3, and Article 10.3. The application of compensation mechanisms is strictly limited to the cases described in said Articles and does not extend to any breach of any provision of the Auction Rules.
3. SEE CAO shall only be liable towards Auction Participants only for damages caused as a result of gross negligence or willful misconduct. SEE CAO shall not be liable towards Auction Participants for loss of profits or consequential damages to the extent permitted under the applicable law.
4. No indemnification will be due unless the Party proves specifically that the damage suffered resulted directly from the breach and that the Party took reasonable steps to mitigate the damages suffered.
5. Neither the TSOs nor SEE CAO are responsible for the timely arrival of Bids and Transfer and Resale notifications or if SEE CAO is unable to contact the Auction Participants via the channels foreseen by these Auction Rules.
6. This Article survives the termination of the Auction Participant's Framework Contract.

#### **Article 17.4. Transfer of rights and obligations arising from the Framework Contract**

1. Neither Party may transfer, in any way, any of the rights and obligations arising from the Framework Contract without the prior written consent of the other Party, without prejudice to the operations undertaken in relation to the Secondary Market.
2. In the event of a change in the Participant's legal status, such as a merger or a takeover or a change in the company name, the Participant shall notify SEE CAO of the upcoming change by sending a registered letter with acknowledgement of receipt, as soon as possible, and in any event at least fifteen (15) days before the date on which the change takes effect.

#### **Article 17.5. Confidentiality**

1. SEE CAO is entitled to process all data of the Auction Participant and the Auction Process and to send it to Participating TSOs and to publish it according to the terms of these Auction Rules. Auction Participant accepts release of such information to Participating TSOs and its publication in accordance with the Auction Rules. Each Party will determine by all means available any other information of any type or on any support, which it considers confidential, without prejudice to application of the provisions of the present Auction Rules.
2. Without prejudice to the aforementioned statutory and regulatory provisions the confidential information may not be disclosed to a third party without the other Party's prior and expressed consent and subject to the strict condition that the Party has given assurance that such third party observes the same undertakings of confidentiality as those set out in the present Article.
3. These conditions shall not prejudice:
  - the obligations to disclose information to any competent state or regulatory authorities of the SEE countries that might request such information in relation to the exercise of their missions or disclose certain information in accordance with Participating TSOs' national laws or EU legislation;
  - the obligations to disclose information to any court of law, administrative authority and arbitrators that might request such information;
  - the transmission by the Participating TSOs and/or SEE CAO of information for the purpose of accomplishing their missions or in relation to the contracts and/or rules with the foreign transmission system operators;
  - the transmission by the TSOs and/or SEE CAO of information to consultants (such as, legal, technical or other advisers), so long as they are not producers, suppliers, intermediaries or companies linked or associated therewith and that such consultants do work for the TSOs, SEE CAO and/or one of the institutions mentioned above
  - the communication of information essential for technical or security reasons;
  - the obligation to publish data in accordance to the applicable law or as foreseen in the present Auction Rules.

4. Moreover, the obligations arising from the present Article 17.5 are not applicable:
  - if the Party which receives the information can prove that at the time of disclosure, such information was already publicly available;
  - if the receiving Party provides proof that, since the time of disclosure, the said information has been legally received from a third party or has become publicly available;
  - to confidential information communicated, in accordance with the legal and regulatory provisions, in an incorporated form from which no item of information specific to a market player can be deduced;
  - to information whose publication is explicitly provided for by the present Auction Rules.
5. Each Party undertakes to take all the measures necessary to ensure compliance with the present obligation to confidentiality by its staff.
6. Each Party shall notify the other Party without delay of any violation of the obligations arising from the present Article 17.5.
7. The Parties shall comply with the present confidentiality obligation throughout the validity of the Framework Contract and for a period of five (5) years after termination of the Framework Contract.

#### **Article 17.6. Severability**

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

#### **Article 17.7. Settlement of Disputes**

1. In the event of any dispute arising under or in connection with these Auction Rules, the Parties undertake to meet to look for an amicable solution. To this end, the requesting Party or TSO shall send notification to the other Party indicating:
  - the Framework Contract reference; and
  - the reason for the dispute; and
  - a proposal for a future meeting, physical or not, with a view to settling the dispute amicably.
2. If no agreement is reached or no response received within a Period of thirty (30) days from the date of the aforementioned notification, the requesting Party may refer the dispute to the arbitration to be finally settled in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC), to be resolved by three (3) arbitrators

to be appointed in accordance with the said rules. The language to be used in the arbitral proceedings shall be English.

3. The Auction Participant hereby irrevocably agrees that arbitral proceedings pending under these Auction Rules may be, upon request of SEE CAO, consolidated with arbitral proceedings that may be pending between SEE CAO and the Participating TSO, if the two disputes are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable awards resulting from separate proceedings.
4. The provisions of Paragraphs 2 – 3 of this Article 17.8 shall apply to any dispute between an Auction Participant having its registered seat in Montenegro and SEE CAO to the extent this is permitted under the Montenegrin law. To the extent and for as long as the Montenegrin law does not allow two parties having their registered seat in Montenegro to agree on an international arbitration, any dispute between the Auction Participant having its registered seat in Montenegro and SEE CAO shall be resolved by the Commercial Court in Podgorica.
5. In cases of late payment, a Party may bring court proceedings against the other Party for any amount due under or in connection with these Auction Rules and unpaid for more than twenty (20) Working Days after the date the amounts were due
6. Notwithstanding any reference to amicable settlement, expert resolution or arbitration under this Article, the Auction Platform and the Auction Participant shall continue to perform their respective obligations under these Auction Rules and the Auction Participant's Framework Contract.
7. This Article survives the termination of the Auction Participant's Framework Contract.

### **Article 17.8 Force Majeure**

1. Force Majeure means any unforeseeable event or situation beyond the reasonable control of Party and/or a Participating TSO, and not due to a fault of such Party and/or a Participating TSO, which cannot be avoided or overcome with reasonable foresight and diligence, which cannot be solved by measures which are from a technical, financial and/or economic point of view, reasonably possible for the claiming Party and/or a Participating TSO, which has actually happened and is objectively verifiable, and which makes it impossible for such Party and/or a Participating TSO to fulfill temporarily or definitively, its obligations hereunder in accordance with the terms of the Auction Rules.
2. The Party, which invokes Force Majeure, shall send the other Party notification describing the nature of Force Majeure and its probable duration.

The affected obligations, duties and rights of a Party subject to the Force Majeure, shall be suspended from the beginning of the Force Majeure. Allocated PTRs that have been paid for and which become subject to a Force Majeure are reimbursed for the period of that Force Majeure.

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

4. The Party which invokes Force Majeure shall make every possible effort to limit the consequences and duration of the Force Majeure.
5. If a Force Majeure event lasts for more than thirty (30) days, the SEE CAO may suspend entitlement of the Auction Participant and/or the Auction Participant may request the withdrawal of its entitlement by sending notification by registered mail with acknowledgement of receipt, with due explanation. The withdrawal or suspension of entitlement will take effect on the date of receipt of the said notification.

#### **Article 17.9. Duration and changes of Auction Rules**

1. The Auction Rules are of indefinite duration and are subject to amendment in accordance with this Article. These Auction Rules and any amendments thereof are proposed by the relevant TSOs, shall be consulted upon and approved by the relevant National Regulatory Authorities. SEE CAO shall publish the amended Auction Rules and send an amendment notice to Auction Participants after such approval(s) has been notified to the SEE CAO.
2. Given that SEE CAO acts on behalf of Participating TSOs any modification of the Auction Rules will be coordinated with the Participating TSOs in accordance with the procedure agreed between the Participating TSOs and SEE CAO.
  - The Auction Participant will be informed well in advance about any modification of the Auction Rules by publication of such amended Auction Rules on the website of SEE CAO and by sending an e-mail to the Auction Participant announcing the prospective changes.
  - An amendment shall take effect at the date and time specified in the amendment notice but not earlier than thirty (30) calendar days after the amendment notice is sent to Auction Participants by the SEE CAO.
3. The amended Auction Rules are applied to all Auction Processes which take place after these amendments of the Auction Rules came into force and binding to all existing and new Auction Participants.
4. Unless expressly stated otherwise by SEE CAO the amended Auction Rules shall govern all rights and obligations in connection with these Auction Rules including those acquired before the date of amendment but with the delivery date after the amendment takes effect.
5. Any amendment of these Auction Rules shall apply automatically to the Framework Contract in force between SEE CAO and the Auction Participant, without the need for the Auction Participant to sign a new Framework Contract but without prejudice to the Auction Participant's right to request the termination of its Framework Contract in accordance with Article 16.4, Paragraph 1. By participating in the Auction after the Auction Participant was informed about the changes and/or adaptations of the Auction Rules and after these changes and/or adaptations of the Auction Rules entered into force, it is deemed that the Auction Participant has accepted the changed, i.e. the valid and effective version of the Auction Rules.
6. Before submitting any significant amendment(s) of the Auction Rules to the respective competent authorities, the Participating TSOs will organize for Auction Participants the opportunity, and in any event not less than fifteen (15) Working Days, to review and give

written comments on the proposed amendment(s). The definitive version of the amendment(s) to the Auction Rules takes into account, as much as possible, the results of the Auction Participants consultation.

7. To avoid problems related to the potential abuse of dominant position of any market player, the European Commission or the relevant regulatory and/or competition authorities, may impose additional restrictions in general or on an individual company on account of market dominance by common decision. The relevant regulatory and/or competition authorities are the authorities of South Eastern Europe region countries (see Regulation 714/2009/EC). SEE CAO reserves the right to introduce such restrictions in the course of the year. Any such restriction has to be published on the website of SEE CAO thirty (30) calendar days, at the latest, before the changes come into force.

#### **Article 17.10. Annexes**

1. The following annexes shall constitute an integral part of these Auction Rules:

Annex 1. Address of the SEE CAO

Annex 2. List of the Participating TSOs in SEE CAO

Annex 3. List of Source - Sink Pairs

Annex 4. Statement of Acceptance

Annex 5. Registration to Auction Platform

Annex 6. Bank Guarantee – Requirements

Annex 7. Deposit Contract- Template

## **Annex 1. Address of SEE CAO**

All information regarding address and contact details are available on [www.seeca.com](http://www.seeca.com)

## Annex 2. List of the Participating TSOs in SEE CAO

<b>TSO</b>	<b>Address</b>
HOPS	Croatian Transmission System Operator Ltd. <a href="http://www.hops.hr">www.hops.hr</a>
NOS BiH	Nezavisni operator sistema u BiH <a href="http://www.nosbih.ba">www.nosbih.ba</a>
CGES	Crnogorski Elektroprenosni sistem AD <a href="http://www.cges.me">www.cges.me</a>
OST	Operatori i Sistemit te Transmetimit <a href="http://www.ost.al">www.ost.al</a>
KOSTT	Operator Sistemi, Transmisioni dhe Tregu KOSTT sh.a <a href="http://www.kostt.com">www.kostt.com</a>
ADMIE	Independent Power Transmission Operator S.A <a href="http://www.admie.gr">www.admie.gr</a>
TEİAŞ	Türkiye Elektrik İletim A.Ş <a href="http://www.teias.gov.tr">www.teias.gov.tr</a>
MEPSO	Македонски електропреносен систем оператор <a href="http://mepso.com.mk/">http://mepso.com.mk/</a>



### Annex 3. List of Source - Sink Pairs

	<b>Source – Sink Pairs</b>	<b>Type</b>	<b>Time frame</b>	<b>Time zone</b>
1.	HOPS < > NOS BiH	Joint	Y/M/D	CET
2.	NOS BiH < > CGES	Joint	Y/M/D	CET
3.	CGES < > OST	Joint	Y/M/D	CET
4.	CGES < > KOSTT <sup>1</sup>	Joint	Y/M/D	CET
5.	OST < > KOSTT <sup>2</sup>	Joint	Y/M/D	CET
6.	IPTO < > OST	Joint	Y/M/D	CET
7.	TEIAS < > IPTO	Joint	Y/M/D	CET
8.	IPTO < > MEPSO <sup>3</sup>	Joint	Y/M/D	CET

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<sup>1</sup> Upon all necessary preconditions are fulfilled

<sup>2</sup> Upon all necessary preconditions are fulfilled

<sup>3</sup> Upon all necessary preconditions are fulfilled

## **Annex 4. Statement of Acceptance for the Auction Process in SEE CAO**

### **General information:**

Company name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Business register  
number: \_\_\_\_\_  
VAT number: \_\_\_\_\_  
TAX number: \_\_\_\_\_  
Legal representative: \_\_\_\_\_  
Telephone number: \_\_\_\_\_  
Fax number: \_\_\_\_\_  
EIC code: \_\_\_\_\_

### **Article 1. Declaration**

By signing and with delivery of this Statement of Acceptance, the Market Participant declares fulfillment of all participation requirements and commits to abide to these Auction Rules for Capacity Allocation in SEE CAO (hereinafter Auction Rules) and Annexes which are published on [www.seecao.com](http://www.seecao.com).

With the delivery of this signed Statement of Acceptance, Market Participant declares that Statement of Acceptance and its attachments contain complete and true information.

With the delivery of this signed Statement of Acceptance, Market Participant declares that any amendments took place according to Article 17.10 are accepted by Market Participant without need for any additional notification.

### **Article 2. Registration**

Statement of Acceptance has to be delivered in two hard copies to SEE CAO at least fifteen (15) days before the first participation in the Auction Process in writing, duly completed and signed, only by courier or personally to SEE CAO, all Working Days between 8:00 and 16:00. Statement of Acceptance delivered to SEE CAO by e-mail or fax will not be taken in consideration.

SEE CAO will confirm or reject registration by sending a note to the Market Participant no later than two (2) working days after SEE CAO has received the Statement of Acceptance. Confirmation or rejection note will be sent via e-mail, on the address for all correspondence provided in the Statement of Acceptance

The original confirmation or rejection note will be sent by SEE CAO by registered mail no later than two (2) Working Days after the confirmation or rejection note has been sent via e-mail. In case of confirmation note, SEE CAO will send to Market participant a Statement of

Acceptance signed by SEE CAO. By sending confirmation to the Market Participant, Market Participant is registered and gains right to participate on Auction Process as Auction Participant. In case that SEE CAO rejects registration, the reason(s) will be stated in rejection note.

**Article 3. Examination of Statement of Acceptance**

SEE CAO may verify information provided in this Statement of Acceptance and in the attachments attached to it.

SEE CAO is entitled to reject registration of Market Participants in case of any discrepancy and/or misrepresentation in the Statement of Acceptance.

SEE CAO has the right to ask in writing for an update or resubmission of any part of the registration documentation.

**Article 4. Legal Consequences of the Registration**

Delivery of duly completed and signed Statement of Acceptance with the required attachments, which is to be confirmed by SEE CAO creates a Framework Contract between SEE CAO and the Auction Participant. The Auction Rules constitute an integral part of this Framework Contract and therefore are the contractual basis for the Auction Processes.

This Framework Contract is valid for an indefinite number of Auction Processes.

This Framework Contract can be terminated according to the Section 16 of the Auction Rules.

**Article 5. Attachments**

The Statement of Acceptance is only complete if the following documents are attached:

1. Original or verified copy of an extract from the Commercial/Company Register together with a certified English translation which is not older than 3 months.
2. A list of the authorized representatives who are entitled to communicate with SEE CAO in the name of the Auction Participant and who are entitled to execute legally binding statements towards SEE CAO which bind the Auction Participant (see Attachment 4.1).

Any Statement of Acceptance delivered to SEE CAO without the attachments above mentioned attached to it will not be considered and will not create the contractual relationship between the Auction Participant and SEE CAO as explained in Article 4 above.

For the Auction Participants:

For SEE CAO:

Name and position of the legal representative:

Name and position of the legal representative:

\_\_\_\_\_

\_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

**Attachment 4.1. Auction Participant's contact details**

**Contact details for all correspondence**

Contact person:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

**Operational contact**

Contact person:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

**Financial contact:**

Contact person:	
Address:	
Telephone number:	
Fax number:	
E-mail:	

**Bank details**

Bank:	
Intermediary Bank:	
Account Holder:	
Account number:	
SWIFT Code:	
IBAN Code:	

The company can accept invoices sent by e-mail directly from the Auction Platform without signature

**Attachment 4.2. Designation of the contractual documents**

For participation in yearly, monthly and daily Auction Processes and in Secondary Market and Use of the Allocated PTRs the Auction Participant declares that it has signed at least one of the following documents:

- A valid and effective balancing energy contract signed with HOPS (Auction Participant has to be recognized as Balance Responsible Party in Croatia) and valid contract signed with Croatian Energy Market Operator.
- Concluded all relevant contracts with the NOS BiH, including the contracts for access to the network and for transmission;
- Concluded all relevant contracts with the CGES, including the contracts for access to the network and for transmission;
- Concluded all relevant contracts with the OST, including the contracts for access to the network and for transmission;
- Concluded all relevant contracts with the KOSTT, including the contracts for access to the network and for transmission;
- Concluded a Day Ahead Energy Transactions Contract with LAGIE (The Operator of Electricity Market S.A.) and a Transmission System Transactions Contract with ADMIE;
- Concluded all relevant contracts with the TEIAS, including the contracts for access to the network and for transmission;
- Concluded all relevant contracts with the MEPSO, including the contracts for access to the network and for transmission;

## Annex 5. Registration to Auction Platform

### Auction Participant

<b>Full Name:</b>	
<b>EIC code:</b>	
<b>Authorized person</b>	

The *Auction Participant* requests:

- setup
- modification
- deletion

of an Auction Platform user account for the following representative of the Auction Participant:

### User

<b>First, Last Name:</b>	
<b>E-mail:</b>	
<b>Phone:</b>	
<b>Certificate No:</b>	
<b>Issuing Authority:</b>	<b><u>Pošta CG</u></b>
<b>Valid until:</b>	

On the basis of the Auction Rules, the content of which is known to the aforementioned User, the User is authorized to perform operations in the Auction Platform in accordance with the Users rights, and in such a case, represents the Auction Participant specified above.

Login information (username and password) will be sent to the User on the above mentioned e-mail, and he is obliged to change the password during his first login.

Date \_\_\_\_\_

\_\_\_\_\_  
Auction Participant authorized person

\_\_\_\_\_  
User

## **Annex 6. Bank Guarantee - Requirements**

In accordance with Article 4.2, SEE CAO shall accept Bank Guarantees under the conditions stated below.

### **Quality of the guarantee bank**

The bank issuing the guarantee in favor of SEE CAO (i.e. the guarantee bank) or the financial group, the guarantee bank belongs to, must conform to at least one of the following requirements regarding its long-term credit rating:

- a) Moody's - minimum "Baa3",
- b) Fitch/IBCA – minimum "BBB-",
- c) Standard & Poor's – minimum "BBB-".

### **Requirements regarding the form of the guarantee**

The guarantee must be written in English (letter of guarantee).

### **Data required in the letter of guarantee**

The following data must be stated in the letter of guarantee:

- A particular sum, i.e. the maximum drawing amount,
- Currency, namely EUR,
- The beneficiary's account (SEE CAO), to which it shall be paid, i.e.: the current account No. account
- International Bank Account Number (IBAN) of Beneficiary : Beneficiary's Bank's address: Exact identification of the guarantee bank,

Beneficiary: SEE CAO Coordinated Auction Office for South East Europe registered in the commercial register at the Central Register of companies in Montenegro under: 5-0635601/002

- Exact identification of the committer (name, address, commercial/company register no., etc).
- It may contain a reference to the Uniform Rules for Demand Guarantees (no. 758) issued by the International Chamber of Commerce in Paris – however, if so, reference may not be made to Article 15 of the Uniform Rules for Demand Guarantees "Requirements for demand", i. e. Article 15 shall not apply which has to be explicitly pointed out in the letter of guarantee,
- The guarantee validity time – this is determined by the committer appropriately with respect to following requirements. The guarantee validity time must be at least 10 calendar days after due date of last invoice of the Auction Process indicated in Auction Calendar.
- Effectiveness of the guarantee, which is given by the date of issue,
- Conditions for a bank guarantee exercise, in particular:
  - Disbursement upon first demand (instantly) without any objections through SWIFT only,
  - Being irrevocable,
  - Being unconditional,
  - Being nontransferable,

- A form of exercise of the beneficiary to the guarantee (bank) is a SWIFT with full wordings and through intermediary Bank confirming that the signatures on the request appear to conform to specimen held by the bank,
- Information that a partial and multiple fulfillment is allowed, up to the maximum amount of the sum.

### **Unauthorized provisions**

Inter alia, the bank guarantee may not contain:

- conditions which are contrary to the requirements of the beneficiary for the letter of guarantee,
- conditions which would in a substantial manner modify the beneficiary's requirements regarding the letter of guarantee,
- anything other than the conditions stated for exercising the bank guarantee.



## Attachment 6.1. Bank Guarantee

SEE CAO Coordinated Auction Office for South East Europe  
Moskovska 39  
81000 Podgorica  
Montenegro

Commercial Register at Number: 5-0635601/002

TAX ID: 02890909

VAT ID: 30/31-11585-9

Bank Guarantee No. ....

We have been informed that .....**name of company, address**..... (the "Committer") will participate in "Coordinated Auction of Transmission Capacity in the SEE-Region" carried out by you (the "Auction Process").

The Committer's liabilities resulting from its participation in the Auction Process is to be secured by a bank guarantee.

Upon the Committer's instructions we, .....**Name of Bank, address**....., Id. No. ...., ..... registered in the Commercial Register at the Local Court in ....., hereby issue in your favor an irrevocable and unconditional guarantee up to the maximum amount of

**EUR 00.000,00**

in Words: EURO .....

and undertake to pay you upon receipt by us of your first demand in writing without delay or objection to your account No.01-501-0004349.3, IBAN: ME25550015010004349346 held at **Societe Generale Banka Montenegro AD, Podgorica Montenegro (SWIFT: PDBPMEPG)**, any amount or amounts up to the total amount guaranteed by us provided such request is in compliance with all terms and conditions of this Bank Guarantee and contains your statement in writing to which Committer.....**name of company, address**..... your request relates (the "Request").

Your Request addressed to us at .....**Name of Bank, address**....., **SWIFT**....., shall be submitted to us not later than the date of expiry mentioned below of this guarantee.

Your Request relative to our guarantee shall be sent only by SWIFT with full wordings and through intermediary Bank confirming that the signatures on the request appear to conform to specimen held by the bank.

The amount of our guarantee shall decrease by every payment made by us thereunder. The guarantee ceases to be valid upon the payment of the total amount guaranteed by us.

This guarantee will become effective on the date of its issue and is valid until .....**date, time**..... inclusive.

Following the lapse of the date our guarantee ceases to be valid.

This guarantee also ceases to be valid following the lapse of the date of receipt by us (return to us) of this original Bank Guarantee provided such return takes place prior to the stated date of expiry of this guarantee.

This guarantee is not transferable.

This guarantee shall be governed by the laws of the ... [and shall be subject to the Uniform Rules for Demand Guarantees, published as No. 758 by the International Chamber of Commerce in Paris, except as stated above, i. e. in particular Article 15 of the Uniform Rules for Demand Guarantees does not apply].

All charges of your bank are on the account of the Applicant.

## Annex 7. Deposit Contract

Concluded in Podgorica, Montenegro on \_\_\_\_\_ between:

\_\_\_\_\_ (name of the Market Participant) with its registered office at \_\_\_\_\_ (Market Participant's address) Tax No \_\_\_\_\_, VAT No \_\_\_\_\_ (in further text: Auction Participant) represented by \_\_\_\_\_ (insert name and position held in Company), on one side,

and

Coordinated Auction Office in South East Europe doo Podgorica, with its registered office at Moskovska 39, Podgorica, Montenegro, tax No 02890909, VAT No 30/31-11585-9 (in further text: SEE CAO), represented by Aleksandar Mijušković, Executive Director, on the other side.

Parties hereto agree on the following:

### Article 1.

Auction Participant is obligated to transfer amount of EUR \_\_\_\_\_ (deposit amount) to SEE CAO international account with specific purpose as risk management instrument- the Deposit, in accordance with Articles 4.1.2 and 4.2.1, sub point (a.) of the Auction Rules for Capacity Allocation in SEE CAO.

### Article 2.

In accordance with Section 4 of Auction Rules for Capacity Allocation in SEE CAO each Market Participant who wish to be recognized as Auction Participant shall provide the Deposit as a risk management instrument in accordance with the following:

- A Deposit provided by the Auction Participant to the special bank account of SEE CAO.
- The Deposit shall be managed, controlled and operated exclusively by SEE CAO.
- Any bank charges or interests relative to the Deposit are to be borne by or credited to the Auction Participant.
- SEE CAO is entitled to exercise the Deposit in respect of the Allocated Capacities in case of non-payment.
- The amount of the Deposit will be taken into account in the Credit Limit and will be blocked according to Article 4.5 of the aforementioned Auction Rules.
- The Auction Participant is entitled to receive interests for the Deposit credited to the bank account of SEE CAO in the amount defined by a respective decree regarding the interest rates issued by the bank where the Deposit is placed.
- This Deposit can only serve as a risk management instrument and will not be used as an advance payment.

### **Article 3.**

The deposit referred to in Article 1 of this contract is to be taken for a period of \_\_\_\_\_ years (months) from the date of payment.

### **Article 4.**

Deposits may be replaced or extended with an additional Deposit.

Deposits which are not utilized and/or which were not exercised will be returned on Auction Participant's written request fourteen (14) calendar days after the receipt of the request at the latest.

The request for return of Deposit shall contain the following payment details: amount of Deposit to be returned, bank account no., IBAN, name and address of the bank and BIC/SWIFT code.

### **Article 5.**

SEE CAO can use this deposit in accordance with Auction Rules for Capacity Allocation in SEE CAO.

Auction Participant revokes its right of protest if SEE CAO uses the Deposit for settling its claims in accordance with this Contract and the Auction Rules for Capacity Allocation in SEE CAO.

### **Article 6.**

Provisions of the Auction Rules for Capacity Allocation in SEE CAO if not mentioned here are binding for this Contract as well.

In the case of any discrepancy between provisions of this Contract and of the Auction Rules for Capacity Allocation in SEE CAO, this Contract shall prevail.

### **Article 7**

In the case of any dispute with respect to this Contract, Commercial Court in Podgorica, Montenegro shall be in charge of resolving it.

### **Article 8**

This Contract is made in 4 (four) identical copies out of which, two of which shall retain Auction Participant and two shall retain SEE CAO.

**SEE CAO**

**Auction Participant**