DAILY SHADOW ALLOCATION RULES

Daily Shadow Allocation Rules for the Allocation of Cross-Zonal Capacities on the border between the Bidding Zones of Compania Nationala de Transport al Energiei Electrice Transelectrica S.A. („Transelectrica“ or “TEL”) and ELEKTROENERGIEN SISTEMEN OPERATOR EAD (“ESO”)

Daily Shadow Allocation Rules for the Reservation of Capacities with respect to the ESO – TEL Transmission Border (“Daily Shadow Allocation Rules”)

Definitions / Terms

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

SEE Market Coupling: is a coordinated day-ahead electricity implicit auction mechanism in SEE CCR market areas for at least one Bidding Zone Border of SEE CCR (Greece – Bulgaria or/and Bulgaria – Romania), performing the matching of the supply and demand curves of different power exchanges, taking into account the cross border capacity made available by the TSOs.

Allocated Capacity: for the daily shadow auctions this is the capacity that the Registered Participant gains by notification of the Auction results.

Allocation Platform: the entity within TEL executing the daily shadow auction procedures.

Registered Participant: means a market participant which has entered into a Cross Border Capacity Allocation Contract with the Allocation Platform. The Registered Participants have to complete and sign a Registration Form (Annex 2) for participation in shadow daily auctions confirmed by TEL and must have concluded Cross Border Capacity Allocation Contract with TEL (published on www.transelectrica.ro).

Auction Price: the price in EUR/MWh to be paid by Registered Participants receiving a reservation of Capacity in case the total amount of the requested reservation of network Capacity exceeds the ATC.

Bid Price: the highest price in EUR/MWh which a Registered Participant is willing to pay for 1 MW of Capacity. He must be prepared to pay this Bid Price.

Capacity: cross-border transmission capacity in MW.
Capacity Allocation Platform ("DAMAS system"): an internet based platform to perform the Daily Capacity Allocation, technically hosted by DAMAS system and functionally operated by the Allocation Platform, and which can be accessed at website: https://www.markets.transelectrica.ro/Cfrmset.asp


Curtailment: Reduction of daily Allocated Capacity or Used Capacity.

Daily Available Transmission Capacity ("ATC"): the part of the NTC that remains available, after each phase of the allocation procedure and nomination procedure, considering netting process, for further commercial activity and which shall be offered in the daily shadow auction procedures (final offered capacity).

Daily Shadow Auction Bid: is an offer by an Registered Participant to purchase rights to use capacity submitted in an auction pursuant to and in compliance with these Daily Shadow Allocation Rules; such an offer consists of two values per product (capacity per direction): a Capacity in MW and a Bid Price in Euro per MWh.

Daily Shadow Allocation Rules: the regulations set out in this document applicable to the allocation of the reservation of Capacities at the transmission interconnections between the control areas of TEL and ESO, including General Rules for the Auctioning of the Reservation of Transmission Capacities and Specific Rules for the Daily Shadow Allocation of the Reservation of Transmission Capacities and describing the procedure applied to Daily shadow allocation.

Decoupling: a situation where it is not possible, for a specific day, to allocate the available transmission capacity (final offered capacity) for one of interconnection RO-BG and/or BG-GR.

Early Decoupling: Decoupling announced before NEMO order book gate closure time.

EIC-Code: Energy identification code serving to clear the identification of Registered Participants in a cross-border trade (see https://www.entsoe.eu/fileadmin/user_upload/edi/library/eic/cds/area.html).

Emergency Situation: A situation where a TSO must act in an expeditious manner and redispachoing or countertrading is not possible as defined by Article 16 of Regulation 714/2009/EC.

ENTSO-E ("European Network of Transmission System Operators for Electricity"): 2/20
an International Association with membership of European Transmission System Operators with the aim to contribute to reliable and efficient pan-European and regional markets, ahead of the European Union Third Legislative Package of the Internal Electricity Market.


**Fallback:** The solution to handle Decoupling in the 3M Market Coupling. In this case on the BG-RO border explicit capacity auction will be held in line with this Daily Shadow Allocation Rules. TEL is responsible for the official announcement of Fallback.

**Force majeure:** means any unforeseeable or unusual event or situation beyond the reasonable control of ESO and TEL, and not due to a fault of ESO and/or TEL, which cannot be avoided or overcome with reasonable foresight and diligence, which cannot be solved by measures which are from a technical, financial or economic point of view reasonably possible for ESO and/or TEL, which has actually happened and is objectively verifiable, and which makes it impossible for ESO and/or TEL to fulfil, temporarily or permanently, its obligations.

**Interconnection:** a single and/or double circuit lines between the Bulgarian and Romanian transmission system which connects the control areas of ESO and TEL synchronously.

**ESO-ELEKTROENERGIEN SISTEMEN OPERATOR EAD (“ESO”):** The Bulgarian Transmission System Operator with registered office at 201, Tsar Boris III Blvd., 1618, Sofia, Bulgaria. TEL is responsible for handling the daily auction procedures and operates on behalf of ESO and TEL. The Romanian Independent Transmission Operator is responsible for the handling of the daily shadow auction procedures which is operated on behalf of ESO and TEL.

**Net Transfer Capacity (“NTC”):** the maximum exchange program between two control areas compatible with security standards applicable in both areas and taking into account the technical uncertainties on future network conditions.

**Transfer:** the trading of the reservation of capacity purchased in the course of auctions between market participants.

**Shadow Auction:** the fallback solution of market coupling to allocate daily ATC. Shadow Auction is a technical allocation of daily ATC on the Bulgarian-Romanian border done by TEL every day of the market coupling RO-BG. During the normal operation of Market Coupling the daily Shadow Auction is cancelled before evaluation of the daily Shadow Auction bids. Evaluation of daily Shadow
Auction bids and publication of auction results only happen if a Fallback is
officially announced. Rules of the Shadow Auction are defined in this Daily
Shadow Allocation Rules document.

**Used Capacity:** the capacity that has been used for nomination.

**Working Day:** The calendar days from Monday to Friday with the exception of
Bulgarian bank holidays.

**General Rules for the Auctioning of the Reservation of ATC on the
ESO – TEL Interconnection**

The following provisions shall in general apply to daily shadow allocation:

**A) Scope of the Daily Shadow Allocation Rules**

1. The demand for Capacity at the border between Bidding Zones of TEL
and ESO is usually much higher than the ATC. In order to obtain maximum
transparency in the allocation of the ATC and to avoid discrimination in
allocating the ATC, explicit auctions are held for yearly and monthly time
frames, while an implicit allocation is performed on a daily basis in the
GR-BG and/or BG-RO market areas. However, in case of decoupling
fallback solution is applied on ESO/TEL border in order to allocate daily
ATC by means of explicit Shadow Auction, according to the Daily
Shadow Allocation Rules described in this document. The Daily
Shadow Allocation Rules are construed in accordance with the
regulations set out by European law, in particular by the EU-Regulation
and Romanian and Bulgarian law and by the Romanian and Bulgarian
Regulatory Authorities. In order to correspond with these legal
requirements the auction covers the reservation of the ATC. The
auctioning of the reservation of the ATC aims at providing a transparent
method of congestion management.

2. This document contains the terms and conditions for the daily shadow
auctioning of the reservation of ATC at the Interconnection that is jointly
offered by ESO and TEL.

3. Shadow auctions for daily ATC for the time period of the borders RO-BG
and/or BG-GR coupling solution will be held in order to ensure that
reservations of ATC will be valid for each side of the Interconnection.
Shadow auctions for border RO-BG for daily ATC will be held by TEL.

4. ESO will fully accept the result of the individual daily shadow auction
procedures held by TEL provided these procedures are consistent with
the terms and conditions of the Daily Shadow Allocation Rules and will
carry out the transmission services according to the respective auction
results in compliance with the legal requirements of grid access, possible electricity import bans and applicable market rules. These Daily Shadow Allocation Rules only deal with the reservation of ATC at the Interconnection.

5. Shadow auction will only have results in case of a Fallback resulting from decoupling of markets from Romania, Bulgaria and Greece.

B) General Provisions

6. The ATC is determined by ESO and TEL in accordance with the applicable technical rules, particularly in accordance with the applicable rules published by the ENTSO-E, applicable laws and regulations in a transparent and non-discriminatory way.

7. The ATC is published according to the regulations set out in these Daily Shadow Allocation Rules. The daily ATC is offered for reservation by TEL through the use of the DAMAS system. The document "DAMAS User’s Guide" contains detailed rules for using the DAMAS system. This document and the “Daily Shadow Allocation Rules” are published on the website of TEL www.transelectrica.ro.


9. Registered Participants will be informed in due time on the website of TEL www.transelectrica.ro and in the DAMAS system about the ATC for the reservation for the daily shadow allocation procedure.

10. The Allocated Capacity or Used Capacity can be curtailed in case of an Emergency Situation or Force Majeure. Details about Curtailment procedure including financial issues are described in Annex 1.

11. Each purchase of reservation of daily Capacity made pursuant to the Daily Shadow Allocation Rules shall be deemed to constitute a contract between TEL on the one hand and the Registered Participant on the other hand ("Contract"). With the purchase of reservation of Capacity the Registered Participant assumes the rights and the duties set out in the Daily Shadow Allocation Rules, especially the full payment of the Auction Price in due time.

12. Pursuant to applicable Romanian law TEL may be forced to refuse demands for services of electricity transport if the transport endangers the system operation security.

13. Pursuant to applicable Romanian law TEL may be forced to refuse demands for services of electricity transport if the transport endangers the
safe operation or the balancing of the Bulgarian power system.

14. If the Registered Participant does not fulfil or only partially fulfils any obligation resulting from the Contract in due time, especially if the Registered Participant does not pay the full Auction Price within the time limits set out in the Daily Shadow Allocation Rules, TEL is entitled either to enforce the completion of the Contract and hold the Registered Participant liable for the Auction Price, interests, charges and expenses including attorney’s fees, arising from the enforcing of the completion of the Contract or to withdraw from the Contract and hold the Registered Participant liable for the total damage resulting from the withdrawal, such as, but not limited to fees, including attorney’s fees.

15. With the delivery of a daily shadow auction bid the Registered Participant shall be obliged to pay the Auction Price for the reserved capacity. The Registered Participants shall not be entitled to offset and/or withhold any debts arising in connection with obligations resulting from an auction to any claims of TEL and/or ESO, whether or not arising out of an auction.

16. Furthermore, with the delivery of a daily shadow auction bid the Registered Participant accepts the auction regulations set out in the Daily Shadow Allocation Rules and submits to the Daily Shadow Allocation Rules without any reservation. If the Registered Participant does not submit to the Daily Shadow Allocation Rules, the Registered Participant shall be expressly barred from the participation in the daily shadow auction process and the daily shadow auction bids shall not be accepted by the Allocation Platform.

17. By notification of the auction result Registered Participant gains Allocated Capacity in accordance with notified auction results. Allocated Capacity is guaranteed by TEL and ESO, except the cases of Curtailment. Registered Participant is obliged to pay the fee for allocated capacity rights in accordance with these Daily Shadow Allocation Rules.

18. TEL and ESO reserve the right to amend and/or adapt the Daily Shadow Allocation Rules. The actual version of the Daily Shadow Allocation Rules will be published on the website of TEL www.transelectrica.ro and on the website of ESO www.eso.bg minimum 15 days before coming into force. By the delivery of a daily shadow auction bid after the amendments and/or the adaptations being published, the Registered Participant submits to the new version of the Daily Shadow Allocation Rules.

C) Liability

19. TEL and/or ESO shall only be liable for any damage caused by willful misconduct or gross negligence. Claims for damages arising out or related to the Daily Shadow Allocation Rules and/or the Contract are limited to the damages typical and foreseeable, unless TEL and/or ESO have acted willfully
or by gross negligence. In no event shall TEL and/or ESO be liable for any loss of profit, loss of business, or any other damages of any kind. In any case the liability of TEL and/or ESO for Procedure shall be limited to € 5,000.-- in total.

20. TEL and ESO undertake to carry out the provisions set out in the Daily Shadow Allocation Rules with the diligence of a careful businessman and control area manager in compliance with the applicable regulations set out by European law, respectively by the EU-Regulation, Romanian and Bulgarian law and by the Romanian and Bulgarian Regulatory Authorities.

21. Liability for a breach of contract damaging life, physical well-being, or health that has been caused willfully, by gross negligence, or by a felony offense cannot be validly excluded.

22. Any contractual clause shall be null and void if it beforehand limits or excludes liability for damage proceeding from willful or gross negligence; injury to life, physical well-being, or health; or the consequences of a crime.

D) General Requirements for Participating in the Daily Shadow Allocation Procedures

23. For participating in the daily shadow auction procedures Registered Participants have to fulfil the requirements set out in the Daily Shadow Allocation Rules as well as in the document ”DAMAS User’s Guide” published on the website of TEL www.transelectrica.ro.

With the delivery of the filled in and validly-signed Registration Form (published on TEL website) the Registered Participant declares legally binding and irrevocably that:
- he is business company operating and incorporated under law and is not subject to bankruptcy or liquidation proceedings

- he is full and complete knowledge of the actually applicable Daily Shadow Allocation Rules, which are published at the website of the Allocation Platform.

- he accepts and submits without any reservation/restriction to these actually applicable Daily Shadow Allocation Rules

- there are no court or other proceedings in progress against him that would threaten the fulfilments of the conditions set out in these Daily Shadow Allocation Rules
- the representative(s) who sign(s) the daily shadow auction bid have all
  authorisations by law or from other organisations, based on which they
  are able to assume the obligations arising out of participation

- he has not any debts outstanding to the concerned TSOs (ESO
  and/or TEL)

In the case if the Registered Participant does not meet any of the above
requirements he shall be excluded from the auction.

E) Transfer of Reserved Capacities purchased in the course of daily shadow
auctions

Reservations of Capacities purchased in the course of daily shadow auctions
cannot be transferred.

F) Exceptional circumstances

24. Exceptional circumstances shall be serious disturbance to the functioning
of the IT System(s) or devices used by the Allocation Platform.

Exceptional circumstances may be the reason for changing, cancelling
or suspending an auction. In case of exceptional circumstances, the
Allocation Platform shall inform all Registered Participants via telephone,
fax or e-mail of the cancellation of the relevant auction(s). The TSOs will also
publish information on their Websites, if available.
In cases where auctions are cancelled all Daily shadow auction bids
already submitted to the Capacity Auction System are deemed as invalid.

25. During the normal procedure of Market Coupling, Daily Shadow Auction
process will be cancelled before evaluation of the shadow auction bids. As
this is the normal procedure, Rules for Exceptional circumstances do not
apply for these cancellations.

G) Miscellaneous

26. Notwithstanding special provisions set out in the Daily Shadow Allocation
Rules no modification of the Contract between ESO and TEL on the one
hand and the Registered Participant on the other hand shall take effect
unless it is in writing, by fax or e-mail confirmed, executed and delivered
by TEL and/or ESO.
27. If any part or provision of the Daily Shadow Allocation Rules and/or its Annexes are or become invalid, illegal, void and/or unenforceable, the remaining part(s) shall continue to be valid and enforceable and shall not be affected thereby. Any invalid, illegal, void and/or unenforceable part(s) or provision(s) shall be replaced by valid, legal and/or enforceable part(s) or provision(s) in order to achieve the intended economic and legal effect as far as possible.

H)

Applicable Law, Dispute Resolution and Venue

28. These Daily Shadow Allocation Rules shall be governed by and construed in accordance with the laws of Bulgaria without recourse to Bulgarian private international law as well as by EU law, particularly Directive 2009/72/EC and Regulation 714/2009/EC. For the avoidance of doubt, the application of the UN Convention on the International Sale of Goods shall be excluded. In the event of any dispute or differences arising from the Daily Shadow Allocation Rules and its Annexes or related to its violation, termination or becoming null or void, the parties concerned shall endeavour to reach an amicable settlement. The claimant is obliged to describe and present its claim in detail including the identification of the respective article/paragraph of the Daily Shadow Allocation Rules. However, in the event that such a settlement is not reached within thirty (30) days of first notification of the reason for the disputes, then all disputes arising in connection with the Daily Shadow Allocation Rules shall be resolved by a three-person Arbitral Tribunal appointed in accordance with the rules of arbitration of the United Nations Commission of International Trade Law (UNCITRAL Rules). All costs and expenses incurred in connection with any arbitral proceedings hereunder shall be borne by the losing party, except as provided otherwise in the arbitral award. The place of arbitration for all disputes, arising from the auction processes, concerning the daily shadow auctions, shall be the permanent arbitration court of the Bulgarian Chamber of Commerce and Industry.

I)

Complaint Procedure

29. Should the Registered Participant come to conclusion that the Daily Shadow Allocation Rules have been breached by an incorrect calculation, incorrect output from data check, or incorrect evaluation, the Registered Participant is entitled to initiate through its representative, the DAMAS system User examination procedure. The request must be delivered to the contacts of Allocation Platform by signed fax message or via registered mail, and must contain:
- date
- identification of Registered Participant
- name, e-mail address and telephone of contact person / User
- brief description of the situation – i.e., the subject matter
- detailed description of the situation
- well-founded means of proof (downloads from logs, communication records, etc.)

The Allocation Platform will confirm the receipt of such a complaint via e-mail. If the Parties could not reach an agreement within 10 days the Auction Participant may refer a complaint pursuant to the process described in the Daily Shadow Allocation Rules to the relevant national Regulatory Authority according to Article 37, section 11 of the Directive 2009/72/EC. The Registered Participant shall indicate in the complaint the TSO, to whom process the complaint concerns. The national Regulatory Authority of the concerned TSO, acting as dispute settlement authority shall issue a decision after receipt of the complaint within the time frame set forth in the Directive 2009/72/EC.

The TSOs are obliged to give all information to the proceeding Regulatory Authority, which is necessary to handle the complaint in due time.

The complaint procedure according to Article 37, section 11 of the Directive 2009/72/EC described in this Article does not affect the right of the Registered Participant set forth in Article G.

Then above described initiative shall not have suspense impact on the results of the relevant Allocation Process.

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

The shadow auction of the reservation of the daily ATC at border between Bidding Zones from TEL and ESO will be organized and executed electronically by TEL in DAMAS system.

The rules and regulations for the daily shadow auctions are principally laid down in these Daily Shadow Allocation Rules and specifically in the "DAMAS User’s Guide" published on the website of TEL www.transelectrica.ro. All detailed instructions concerning the requirements for participating in the daily shadow auction procedures and the handling of the DAMAS system are laid down in the "DAMAS User’s Guide".

By accessing the daily shadow auction the Registered Participant shall be obliged to accept the regulations set out in the Daily Shadow Allocation Rules and in the "DAMAS User’s Guide" published on the website of TEL www.transelectrica.ro without any reservation.

If the Registered Participant does not want to submit to the Daily Shadow Allocation Rules and the "DAMAS User’s Guide" the Registered Participant shall
be expressly barred from the access to the daily shadow auctions on TEL/ESO interconnection.

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

TEL and ESO reserve the right to change operationally a business day regime– i.e. time closures in reasonable cases in accordance with the Daily Shadow Allocation Rules especially in case of technical problems.

TEL and ESO reserve the right to amend and/or adapt the Daily Shadow Allocation Rules and TEL reserve the right to adapt the "DAMAS User’s Guide". The actual version of the Daily Shadow Allocation Rules is published on the website of TEL www.transelectrica.ro and on the website of ESO www.eso.bg. The actual version of the "DAMAS User’s Guide" will be published on the website of TEL www.transelectrica.ro. In case of amendment and/or adaptation of the Daily Shadow Allocation Rules and/or the “DAMAS User’s Guide” the above mentioned publication of the documents must happen at least 15 days before the amendments and/or adaptations come into force. By accessing the daily shadow auction after the amendments and/or adaptations being published, the Registered Participant submits to the valid version of the Daily Shadow Allocation Rules and/or the "DAMAS User’s Guide".

Daily shadow auctions will be held every calendar day for the following calendar day (delivery day). First daily shadow auction is held the same day as the first market coupling procedure, i.e. one day before the first delivery day.

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

**DAMAS system**

The DAMAS system is an electronic web-based trade portal operated by TEL. The DAMAS system can be downloading from the website of TEL https://www.markets.transelectrica.ro/Cfrmset.asp. TEL and/or ESO shall not be liable for an uninterrupted provision of the DAMAS system.

All issues concerning the daily shadow auctions, such as, but not limited to, the security, technical and operational issues concerning the DAMAS system and the website of DAMAS system, particularly the "DAMAS User’s Guide" are developed by TEL. Therefore the execution and the administration of the daily shadow auctions are totally in the responsibility of TEL. This means, that TEL takes
full responsibility for the correct, non-discriminatory and transparent execution of the daily shadow auctions and for the full compliance with applicable national and European laws and/or regulatory requirements.

TEL and/or ESO may suspend, on a preliminary or permanent basis, the internet-based auction system at any time.

If the DAMAS system and/or the website of DAMAS system is interrupted and/or suspended, the shadow allocation of daily available capacities will be postponed or cancelled. All relevant users of the DAMAS system will be informed immediately of the interruption and/or suspension of the DAMAS system and/or the website of DAMAS system.

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

In order to participate in the daily shadow auction procedure, the Registered Participants shall fulfil the requirements set out in the Daily Shadow Allocation Rules, the "DAMAS User’s Guide" and particularly shall have access to the DAMAS system operated on the website in accordance with the rules set out in the "DAMAS User’s Guide", which are published on the website of TEL www.transelectrica.ro.

Additionally the Registered Participants have to fulfil the rules set out for the use of reserved capacity.

** Capacities **

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

Final ATC values are published in DAMAS system not later than 8:45 AM CET for the actual daily shadow auction. ATC values will be published on the website of TEL (www.transelectrica.ro) if and when the first notification is sent to Registered Participants that a Fallback might be announced, thus explicit daily shadow auction bids might be evaluated that day.

** Daily shadow auction bids for the Reservation of Capacity **

In order to participate in the daily shadow auction procedure, daily shadow auction bids shall be submitted to the DAMAS system in accordance with the "DAMAS User’s Guide" document.

Each Registered Participant can deliver his daily shadow auction bids for the
shadow auctions held on the actual day.

The latest time to deliver a daily shadow auction bid is the time of the official announcement of switch to Fallback for the next delivery day.

Registered Participant must be prepared to pay these bids in addition to other transmission fees.

The daily shadow auction bids shall be binding until the end of the daily shadow auction and cannot be modified after the official announcement of switch to Fallback.

For further consideration each daily shadow auction bid must contain the following unambiguous and legible specifications:

1. Identification of the user,
2. Specification of the profile,
3. Specification of the transmission direction,
4. Day the bid refers to,
5. For each hour of the day the amount of the transmission capacity to be reserved in MW (natural numbers, maximal the published ATC in each hour.)
6. The value of the bid in EUR/MWh (max. two decimals) in each hour - it has to be higher than zero.

Daily shadow auction bids must state the highest Price in EUR/MWh the Registered Participant is willing to pay.

Daily shadow auction bids specifying all the above mentioned data must be submitted, without any reservation, in the form set out in the "DAMAS User’s Guide" document.

The Registered Participant is entitled to submit up to 10 offers for one profile and one direction, independent from each other.

Daily shadow auction bids, which do not fulfil the above mentioned requirements, will not be considered in the allocation procedure.

After entering the daily shadow auction bids, the Registered Participants receive a confirmation. In case of any failure the entering of the daily shadow auction bids will be refused and the Registered Participant will be informed about the reasons for refusal.

Confirmation receipt of daily shadow auction bids at the DAMAS system is the decisive criterion in meeting the time limit.

Communication of Fallback and submit of Daily shadow auction bids
During normal operation of market coupling, daily shadow auction bids submitted for Daily Shadow Auction will not be evaluated as the shadow auction process is cancelled before evaluation of daily shadow auction bids. In case of technical problem or other unusual situation in the Market Coupling procedure, Registered Participants will receive system message(s) and/or e-mail notification(s) that a switch to Fallback might happen, thus explicit daily shadow auction bids might be evaluated that day. The communication will happen with a timing that gives sufficient time for Registered Participants to submit their bids. These communications are only for notification, not official announcements of Fallback.

In case of switch to Fallback, it will be officially announced to Registered Participants by DAMAS system message and/or e-mail.

Registered Participants can submitted daily shadow auction bids for actual shadow auction any time before the official announcement of switch to Fallback.

**Daily Shadow Auction Procedure for the Reservation of Capacity**

If switch to Fallback is officially announced, all received daily shadow auction bids for the actual shadow auction are ordered by descending bid price. In case two or more delivered daily shadow auction bids offer the same price per MW for the auctioned capacities, the earliest will take priority (the decisive criterion is the time stamp on the bid). Daily shadow auction bids are met in that order until a bid exceeds ATC value in sum with all previous accepted daily shadow auction bids.

If the total amount of requested reservation of capacity is smaller than the ATC or equals the ATC, payment for congestion management procedure will amount to zero, i.e. each Registered Participant will receive the reserved capacity according to his daily shadow auction bid and free of charge at the bottleneck.

If the total amount of the requested reservations of capacity exceeds the available capacity for reservation, the price for the reservation of capacities shall be determined by the daily shadow auction bid with the lowest price offer, accepted, even in and reduced amount, by TEL in the allocation process of the auctioned reservation of capacities (“Auction Price”).

This Auction Price shall be paid by all Registered Participants receiving a reservation of capacity. All Registered Participants receiving a reservation of capacity shall be deemed to have purchased the reservation of capacity.
The following table, Figure 1, shows an example:

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<th>Max. Capacity:</th>
<th>100</th>
<th>RO-BG</th>
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<th>Hour: 1</th>
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<tr>
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<td>bid (EUR/MWh)</td>
<td>time stamp (hh:mm:ss)</td>
<td>total (MW)</td>
<td></td>
</tr>
<tr>
<td></td>
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<td>09:10:03</td>
<td>10</td>
<td></td>
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<td>30</td>
<td></td>
</tr>
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<td>09:49:58</td>
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</tr>
</tbody>
</table>

Figure 1: Daily Shadow Auctioning

In this example, the Auction Price is determined at 200 EUR/MWh. Bidding company "a" receives a total of 10 MW and has to pay 2000 EUR, "b" receives a total of 40 MW and has to pay 8000 EUR – second bid of the bidding company “b” is reduced, “c” receives a total of 50 MW and has to pay 10000 EUR.

In case all delivered bids offer the same price per MWh for the auctioned capacities and the total request for the reservation of capacities is higher than the available capacity auctioned for reservation, the capacity will be allocated according to the principle “first come – first served”. The decisive criterion is the time stamp of each bid.

**Publication and Notification of the Results of an Auction**

TEL will publish the final results of the daily shadow auction procedure on a daily basis not later than 12:45 PM CET (10:40 in case of Early Decoupling if ATC was published) of the day of the auction in the system "DAMAS" as follows:

a) Date and Period of reservation,

b) Specification of profile and direction,

c) Amount of reserved transmission capacity for the Registered Participant for each hour in MW,

d) Value of payment for the purchased reservation of capacity for each hour in EUR/MWh,

e) Capacity Agreement Identification (CAI) assigned to Allocated Capacity.

Summary results (for each hour and direction total requested capacity, total allocated capacity and Auction Price) will be published on the website of TEL [www.transelectrica.ro](http://www.transelectrica.ro) not later than 12:45 PM CET (10:40 in case of Early Decoupling if ATC was published) of the day of the auction.
Use of Reserved Capacity

General grid access for the use of reserved (purchased) capacity is not covered by the scope of the Daily Shadow Allocation Rules unless otherwise stipulated in the following provisions.

TEL and ESO will carry out the transmission services according to the respective auction results in compliance with the legal requirements of grid access in each control area, possible electricity import bans and applicable market rules of TEL and ESO.

Upon reservation of capacity in the course of a daily shadow auction, TEL and ESO commit themselves to ensure that the reserved capacity is operationally feasible for the Registered Participant solely at the Interconnection with the exception of Emergency Situation.

Details about Curtailment procedure including financial issues are described in Annex 1.

The use of the reserved transmission Capacities in compliance with the requirements stated in the Daily Shadow Allocation Rules takes place by delivery of fixed schedules to ESO and TEL in accordance with individual national market rules valid at the time of delivery. The reserved Capacities are used on the basis of the schedules disposal respecting the principle defined in actual Yearly and Monthly Auction Rules for the Allocation of capacities on the interconnection between the control areas of CN TRANSELECTRICA SA ("TEL") and ESO ("ESO"). Using of Capacity Agreement Identification within schedule document is obligatory.

The schedules for the following day must be received by:

TEL before 2.30 PM CET.
ESO before 2.30 PM CET.

ESO and TEL compare and match delivered individual fixed schedules. In case of a mismatch modifications of schedules are allowed during the correction cycle. Modified schedules must have been received by ESO and TEL until 15:00 CET on the day of the shadow auction. After this deadline modifications are no longer allowed.

The use of reserved transmission capacities from daily shadow auction process is based on the principle “use it or lose it”. This means that reserved transmission capacities which are not used by fixed schedules will irrevocably fall back to the ESO and TEL. This will take place with immediate effect after the fixed
schedules were confirmed by ESO and TEL and to the extent the reserved transmission capacities were not used. In this case no compensation in whatever form may be claimed.

The physical electricity transmission capacity which was not allocated in the daily shadow auction process and the physical electricity transmission capacity released because reserved transmission capacities allocated in a daily shadow auction process fell back to ESO and TEL may be further used by ESO and TEL.

The Reserved Capacity may only be used by market participants, including the Registered Participant, if the market participant(s) fulfil(s) the prerequisites for transmission network use for ESO and TEL. Prerequisites may be fulfilled either by one market participant in ESO and TEL or by two market participants (one will fulfil prerequisites of ESO, other will fulfil prerequisites of TEL).

The unconditional prerequisites for using the electricity transmission network of TEL: A valid and effective system usage contract with TEL and a valid and effective balancing contract signed with TEL (Registered Participant has to be recognized as Balance responsible party) or signed and effective balance membership contract with a Balance responsible party in Romania.

The unconditional prerequisites for using the electricity transmission network of ESO: A valid and effective system usage contract with ESO and a valid and effective balancing contract signed with ESO (Registered Participant has to be recognized as Balance responsible party) or signed and effective balance membership contract with a Balance responsible party in Bulgaria.

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

**Assignment (Transfer) of Reserved Capacities**

Reservation of capacities purchased in the course of daily shadow auctions cannot be transferred to other market participants.

**Accounting, Loosing of Allocated Capacity and Exclusion of Participating in Daily Shadow Auction Procedures**

The payment and accounting of the Auction Price will be handled by TEL. The results of the daily shadow auctions are settled financially on a monthly basis. TEL will issue invoice till 3 working days after the respective month period. TEL will send the issued invoice to the Registered Participant by post and a copy by fax. The Registered Participant shall credit the invoiced payment to TEL onto its account stated on the invoice. The invoice will be mature within 8 calendar days of its issue date.

According to the European and Romanian tax law value added tax will be
charged to the payment and will be shown separately on the invoice. In case the Registered Participant declares its VAT registration in EU Member State the method of the “Reverse charge taxation” that EU enforced, is applied. In this mode the Registered Participant must provide TEL with its European VAT Number and is obliged to settle the VAT with the respective national tax office. TEL is entitled to make adjustments of the payment due to increases or introduction of taxes, duties, etc.

All bank fees have to be paid by the Registered Participant. The date of payment is the date upon which the given amount is credited to the stated account of the ESO. Invoices have to be paid not later than on the maturity date stated on the invoice, free of charge and without deduction and/or offsetting (receipt of payment at the account of the ESO). If such a time limit expires on a public holiday, Saturday or Sunday, payment is due on the following working day.

In case of delayed payment TEL is entitled to charge default interest on a due amount for each commenced day of the delay. The interest on late payment shall be calculated as the sum of the central bank base rate in effect on the first day of the calendar half-year affected by the default - if the monetary claim is to be satisfied in a foreign currency, to which it pertains, or - if the monetary debt is to be satisfied in a foreign currency, the base rate of the issuing central bank, or failing this the money market rate - plus eight percentage points (for 360-day accounting year).

For the purposes of calculating the interest, the central bank base rate in effect on the first day of the calendar half-year affected shall apply for the entire period of the given calendar half-year. The central bank base rates are specified and published (http://www.ecb.europa.eu/) by the European Central Bank.

If the payment of summary invoice is not settled on the last day of the following month of the month of performance of daily shadow auctions TEL and ESO will enforce the completion of the Contract and the Registered Participant shall be liable pursuant to the General Provisions set out in chapter B) of these Daily Shadow Allocation Rules.

Address
Auction Office Address

 Operated by TEL via System "DAMAS"

DAMAS Operators:
E-mail: published on the website of TEL
Tel: published on the website of TEL
Fax: published on the website of TEL
Annex 1

**Detailed rules of Curtailment**

The Allocated Capacity or Used Capacity can be curtailed in case of an Emergency Situation or Force Majeure.

After the cut-off time for the matching process, the Curtailment of the submitted schedules shall be implemented pursuant to the proceedings set forth in the relevant laws, and shall only be used in Emergency Situations. In case of a foreseeable event (for example a long-term drought) the Curtailment of submitted schedules should not be used. If such cases occur, the correct procedure for curtailment has to be only the Curtailment of allocated capacities and/or temporary postponement or cancellation of the Daily- and/or Intraday Allocation Process.

In case of curtailment of Capacities allocated in daily shadow Auction and/or Used Capacities there will be used proportional curtailment of capacity in a non-discriminatory manner. Curtailment shall have as reference a time-period multiple of an hour.

**Payment Obligation in case of Curtailment**

In case of Curtailment the Participant whose Allocated Capacity or Used Capacity has been curtailed will pay only the capacity which was not curtailed, at the Auction Price (Hour, Daily Shadow Auction, Direction), including in case of Force Majeure.

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

TEL and ESO shall inform immediately each Registered Participant whose Allocated Capacity or Used Capacity is curtailed about such case and by the 5th calendar day of the following month TEL shall calculate the Registered participants’ costs according to the Daily Shadow Allocation Rules, on behalf of both TSOs and notify him based on an invoice.
# Annex 2 – Registration Form

## APPLICATION FOR REGISTRATION AS CROSS-BORDER REGISTERED PARTICIPANT

<table>
<thead>
<tr>
<th>Applicant’s data</th>
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<tbody>
<tr>
<td>Full name of the company:</td>
<td></td>
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<tr>
<td>Headquarters address:</td>
<td></td>
</tr>
<tr>
<td>Certificate for tax registration (CIF (for Romania)/VAT number):</td>
<td></td>
</tr>
<tr>
<td>Chamber of Commerce/National Office for Trade Registration Number:</td>
<td></td>
</tr>
<tr>
<td>Share capital:</td>
<td></td>
</tr>
<tr>
<td>Contact details: telephone:</td>
<td>Fax:</td>
</tr>
<tr>
<td>E-mail:</td>
<td>Web page:</td>
</tr>
</tbody>
</table>

| EIC Code: |  |
| IBAN / Bank Name and Branch: |  |

| Applicant’s legal representatives: |  |
| Name: | Telephone: | Fax: |
| E-mail: |  |
| Name: | Telephone: | Fax: |
| E-mail: |  |

| Contact persons: |  |
| Name: | Telephone: | Cellphone: |
| Fax: | E-mail: |

The solicitant declares that he has read the provisions of this procedure and of its ANNEXES, as well as the regulations in force regarding the allocation of the Capacities between Bidding Zones of Transelectrica and ESO and fully understands and accepts them.

Legal representative signature/stamp

## The Balancing Responsible Party assuming the balancing responsibility for the cross-border Registered Participant which has a legal right to trade in the Romanian electricity market.

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Full name of the company:</td>
<td></td>
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<tr>
<td>Headquarters address:</td>
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<tr>
<td>Telephone: fax:</td>
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<tr>
<td>E-mail: web page:</td>
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<tr>
<td>BRP Identification code:</td>
<td></td>
</tr>
<tr>
<td>BRP Statement on assuming the balancing responsibility for the cross-border Registered Participant:</td>
<td></td>
</tr>
</tbody>
</table>