



**ACCESS RULES TO FRANCE-ITALY, SWITZERLAND-ITALY, AUSTRIA-  
ITALY, SLOVENIA-ITALY, GREECE-ITALY INTERCONNECTIONS  
(Capacity Allocation Auction Rules)**

**2010**

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# Section I. Introduction

## 1.01. General Context

In accordance with Regulation (EC) n° 1228/2003 of the European Parliament and of the Council, of 26<sup>th</sup> of June 2003 on conditions for access to the network for cross-border exchanges in electricity as well as Commission decision n°2006/770/CE of 9<sup>th</sup> November 2006 amending the appendix to the Regulation and for the Swiss border in accordance with the relevant Swiss law, the Auction Rules set out the terms and conditions governing the allocation of available Interconnection Capacity via Auctions in both directions on the Interconnections between Italy and France, Switzerland, Austria, Slovenia and Greece.

Concerning the interconnection between:

Italy and France: RTE EDF Transport S.A. (RTE) the French Transmission System Operator and TERNA Rete Elettrica Nazionale Spa (TERNA) the Italian Transmission System Operator have commissioned Auction Operators to allocate the ATC for the year 2010, on that interconnection in both directions;

Italy and Switzerland: swissgrid the Swiss Transmission System Operator and TERNA Rete Elettrica Nazionale Spa (TERNA) the Italian Transmission System Operator have commissioned Auction Operators to allocate the ATC for the year 2010, on that interconnection in both directions;

Italy and Austria: VERBUND-Austrian Power Grid AG (APG) the Austrian Transmission System Operator and TERNA Rete Elettrica Nazionale Spa (TERNA) the Italian Transmission System Operator have commissioned Auction Operators to allocate the ATC for the year 2010, on that interconnection in both directions;

Italy and Slovenia: Elektro Slovenija d.o.o. (ELES) the Slovenian Transmission System Operator and TERNA Rete Elettrica Nazionale Spa (TERNA) the Italian Transmission System Operator have commissioned Auction Operators to allocate the ATC for the year 2010, on that interconnection in both directions.

Italy and Greece: HTSO, the Hellenic Transmission System Operator S.A. and TERNA Rete Elettrica Nazionale Spa (TERNA) the Italian Transmission System Operator have commissioned Auction Operators to allocate the ATC for the year 2010, on that interconnection in both directions.

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

## 1.02. Auction Procedure

As described specifically in the Appendix I, TERNA and RTE have decided that the activities related to Allocation of PTRs with delivery from 1st January 2010 in the direction from France to Italy will be gradually managed by TERNA which already manages the opposite direction.

Thus, TERNA will become the Auction Operator for both directions of the France – Italy border.

Consequently, for the Allocation of ATC on the France-Italy Interconnection, Switzerland-Italy Interconnection, Austria-Italy Interconnection, Slovenia-Italy Interconnection and Greece-Italy Interconnection for the year 2010:

- for the direction from France to Italy:
  - for PTRs delivered from 1<sup>st</sup> January 2010 to 31<sup>st</sup> of March 2010 (Phase 1), RTE operates as Auction Operator on behalf of both TSOs (RTE and TERNA) and TERNA operates as Auction Administrator
  - for PTRs delivered from 1<sup>st</sup> April 2010 (Phase 2): TERNA operates as Auction Operator on behalf of both TSOs (RTE and TERNA).

- Please note that:
  - The transition between Phase 1 and Phase 2 is expected as described above (target date);
  - The transition will be confirmed to Users at least one month before;
  - In the present document, only reference to Phase 1 and Phase 2 will be done.
- swissgrid operates, as Auction Operator, the Auctions of PTRs for the direction from Switzerland to Italy on behalf of both TSOs (swissgrid and TERN);
- APG operates, as Auction Operator, the Auction of PTRs for the export from Austria to Italy on behalf of both TSOs (APG and TERN);
- ELES operates, as Auction Operator, the Auctions of PTRs for the export from Slovenia to Italy on behalf of both TSOs (ELES and TERN);
- HTSO operates, as Auction Operator, the Auctions of PTRs for the export from Greece to Italy on behalf of both TSOs (HTSO and TERN).
- for the direction from Italy to France, Switzerland, Austria, Slovenia and Greece: TERN operates, as Auction Operator, the Auctions of PTRs on behalf of TERN and the respective TSO of each inter-connection.

All relevant information is made available on the specific Auction Websites of the respective Auction Operator according to the Auction procedures.

### 1.03. Definitions

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

<b>Annex:</b>	Document attached to these Auction Rules valid for all Inter-connections.
<b>Appendix:</b>	Document attached to these Auction Rules specific for each Interconnection.
<b>APG:</b>	VERBUND-Austrian Power Grid AG (“APG”) with registered office in A-1220 Wien, Wagramer Straße 19, IZD-Tower and with the number of the commercial register FN 177696 v: The Austrian Transmission System Operator responsible for the handling of the yearly, monthly and daily auction procedures for interconnection capacity from Austria to Italy.
<b>Allocated PTRs:</b>	Capacity (MW) that the User gains by notification of the auction results in form of Physical Transmission Rights.
<b>Allocation</b>	The process by which the Auction Operator attributes Capacity to the User in response to a Bid Notified by the User.
<b>Attachment:</b>	Documents attached to the Appendices of these Auction Rules.
<b>Auction:</b>	Yearly, Monthly and/or Daily Auction held under these Auction Rules. The mechanism used to allocate Capacity via

	explicit Yearly, Monthly and/or Daily Auctions.
<b>Auction Administrator:</b>	Legal entity which operates the Auction Tool.
<b>Auction Operator:</b>	Legal entity which operates the Auctions and Secondary PTR Market. In the following document Auction Operator means the respective Auction Operator for the relevant Interconnection.
<b>Auction Rules:</b>	<p>These Auction Rules valid for the access to France-Italy, Switzerland-Italy, Austria-Italy, Slovenia-Italy, Greece-Italy Interconnections comprise:</p> <ul style="list-style-type: none"> <li>a. Article 1 to Article 10</li> <li>b. Annexes applying to all Interconnections</li> <li>c. Specific Appendices per Interconnection and their Attachments which are: <ul style="list-style-type: none"> <li>– Appendix I for the Auctions on French-Italian border;</li> <li>– Appendix II for the Auctions on Swiss-Italian border;</li> <li>– Appendix III for the Auctions on Austrian-Italian border;</li> <li>– Appendix IV for the Auctions on Slovenian - Italian border;</li> <li>– Appendix V for the Auctions on Greek-Italian border.</li> </ul> </li> </ul>
<b>Auction Specification:</b>	Information on a specific Auction provided on the Auction Website.
<b>Auction Tool:</b>	IT system used by Auction Operator and operated by Auction Administrator, if any, to receive Bids from Users, process them and return the results of the Auction.
<b>Auction Website:</b>	Websites of the Auction Operators with the content as listed in Article 2.06 of these Auction Rules.
<b>Auctioning Day:</b>	All Calendar Days, on which Auctions take place. Bids can be submitted till a specific deadline on this day.
<b>Available Transmission Capacity (“ATC”):</b>	Part of the NTC available, for each phase of the allocation procedure, for further commercial activity and which shall be offered in the Yearly, Monthly and Daily Auction procedures.
<b>Bank Guarantee:</b>	Bail in form of an irrevocable and directly enforceable bank guarantee valid for a limited period waiving any exceptions or set-offs. Under this term it is also covered any amendment of the initial Bank Guarantee, duly signed, approved by the Auction Operator, when filed by the PTR Holder, in order to comply with the obligations arising from the results of the auctions or in order to extend the validity of the initial Bank Guarantee or in order to perform all obligations arising from the Auction Rules.
<b>Beneficiary:</b>	User that acquires a PTR as a result of a PTR Transfer.
<b>Bid:</b>	An offer submitted by a User to purchase rights to use capacity pursuant to and in compliance with these Auction

	Rules; such an offer consists of two values per product: a capacity in MW and a price in Euro (€) per MWh.
<b>Bid File:</b>	Set of Bids submitted to the Auction Operator by a User for a given Auction in electronic form.
<b>Block:</b>	A quantity of MW made available at Daily Auction over one hour.
<b>Calendar Day</b>	Calendar day includes the Working and non-Working Days.
<b>Capacity Price:</b>	Price expressed in Euro (€) payable by a PTR Holder as a result of the successful Bid in the Auction, being Clearing Price times Allocated PTR times number of hours the PTR refers to.
<b>Capacity Usage Authorisation:</b>	Formal sending from certain TSO in order to give to PTR holders the exact amount of periodic PTR for their periodic nomination; Capacity Usage Authorisation takes into account results of periodic auctions, secondary PTR market and possibly curtailments.
<b>Clearing Price:</b>	Price expressed in Euro (€) per MWh resulting from an Auction.
Competent Authorities	Any NRA and/or any local, national or supra-national agency, authority, department, inspectorate, minister, ministry, court official or public or statutory person (whether autonomous or not) of, or of the government of, Austria, France, Greece, Italy, Slovenia, Switzerland or the European Union.
<b>Congestion Management Rules on the Italian Interconnection:</b>	Rules describing the provisions governing congestion management on the interconnection grid, including also application procedures, terms and conditions to assign virtual production/consumption units to the signatory of Dispatching Contract. These rules are issued by TERNA and displayed on its website.
<b>Counterparty:</b>	Legal entity, which has been designated by the PTR Holder as its counterparty regarding nomination of schedules according to the Auction Rules.
<b>Curtailment:</b>	Reduction of already Allocated PTRs as described in Article 2.04.
<b>Daily Auction:</b>	PTR auctioning for the respective following day.
<b>Day of Execution:</b>	Day on which electricity transports using the Allocated PTRs take place.
<b>Daily ATC:</b>	Part of ATC to be allocated in the Daily Auction as described in relevant Articles.
<b>Dispatching Contract:</b>	Contract which sets out rights and obligations related to the dispatching service according to the Italian Regulatory Authority (AEEG).
<b>Exchange schedule:</b>	The accepted Nomination according to the provisions set in these Auction Rules and the matching process made by TSOs.
<b>EIC-Code:</b>	ENTSO-E identification code, which univocally identifies



	Users in a cross-border trade (see <a href="http://www.entsoe.eu/resources/edi/library/eic/cds/area.htm">http://www.entsoe.eu/resources/edi/library/eic/cds/area.htm</a> ).
<b>ELES:</b>	ELEKTRO-SLOVENIJA, d.o.o. ("ELES") with registered office in 1001 Ljubljana, Hajdrihova 2, Slovenija. ELES is the Slovenian Transmission System Operator. ELES is the Auction Operator for the interconnection capacity from Slovenia to Italy according to these Auction Rules.
<b>Equivalent Day:</b>	100% Curtailment for 24 hours.
<b>ENTSO-E ("European Network of Transmission System Operators for Electricity"):</b>	International Association with membership of European Transmission System Operators with the aim to promote the reliable operation, optimal management and sound technical evolution of the European electricity transmission system in order to ensure security of supply and to meet the needs of the Internal Energy Market..
<b>Force Majeure:</b>	As defined in Article 10.06.
<b>French Import/Export Rules (« Règles d'Accès au RPT pour des Importations et des Exportations »):</b>	Rules describing the conditions to access RTE's Transmission System for exports and imports. The French Import/Export Rules are published on RTE's website.
<b>HTSO:</b>	Hellenic Transmission System Operator S.A. with registered office at 72 Kastoros Street, 18545 Piraeus, Greece.  HTSO is the Auction Operator for the interconnection capacity from Greece to Italy according to these Auction Rules.
<b>Individual Block:</b>	Bid submitted by a User in the Daily Auction. It refers to multiple, consecutive hourly blocks, which have been defined by the Auction Operator. The price in Euro (€) per MWh applies to every hour of the defined Individual Block.
<b>Interconnection:</b>	Set of single and/or double circuit lines between the Italian and neighbouring countries' transmission systems which connects the control areas of each TSO synchronously or through a DC link in the Greek-Italy border.
<b>Maintenance Period:</b>	Period of time during which a Product has to be adjusted due to planned maintenance.
<b>Monthly Auction:</b>	PTR auctioning for the respective following month.
<b>Monthly ATC:</b>	Part of ATC to be allocated in the Monthly Auctions as described in the relevant Articles.
<b>National Regulatory Authorities (NRA)</b>	E-Control, CRE, RAE, AEEG, Agen-RS, EICom
<b>Net Transfer Capacity ("NTC"):</b>	Maximum exchange program between two control areas compatible with security standards applicable in both areas and taking into account the technical uncertainties on future network conditions. The Net Transfer Capacity on the northern Italian border is determined jointly by the French, Italian, Swiss, Slovenian and Austrian Transmission System Operators. The Net Transfer Capacity can be reduced due to security problems. In this case a common procedure is applied on the whole northern Italian border.
<b>Nomination:</b>	Notification to the TSOs by a PTR Holder and its Counterparty of his schedules relating to the power expressed in

	integer value of MW which he wants to use within the capacity defined by the PTRs awarded to him.
<b>On Behalf of Traders (OBOT):</b>	In case of technical difficulties due to which the Auction Participant is not able to enter bids into the Auction System, the Auction Participant may assign on certain borders the Auction Operator to put bids in its name to Auction Tool.
<b>Party:</b>	Designates a TSO, an Auction Operator or a User.
<b>Payment on Advanced Invoice/ pro forma invoice:</b>	Invoice issued to the PTR Holder directly after the conclusion of the Yearly and/or Monthly Auction, which must be settled no later than timeframes indicated in these Auction Rules or in the invoice.
<b>Physical Transmission Right (PTR):</b>	Right to use Interconnection capacity for electricity transports expressed in MW.
<b>Periodic:</b>	Yearly and Monthly.
<b>Product:</b>	Whole or part of the Yearly, Monthly or Daily ATCs offered in an Auction with reference to a specific period of time.
<b>PTR Holder:</b>	User that has obtained a PTR in the Auction or via Secondary PTR Market.
<b>PTR Transfer:</b>	Mechanism by which a PTR Holder may transfer a PTR to a Beneficiary.
<b>PTR Resale:</b>	Mechanism by which a PTR Holder may resell a PTR back to the Auction Operator.
<b>Reseller:</b>	PTR Holder that resells PTR to Monthly Auctions in respect of a Resale Notification.
<b>RTE:</b>	RTE ("RTE EDF Transport S.A.") with registered office at Tour Initiale, 1, terrasse Bellini, TSA 41 000, 92919 La Défense Cedex, and commercial register number 44619 258 RCS Nanterre – the French transmission system operator, acting, as the case may be, as Auction Operator and Secondary Market Operator on the French/Italian Interconnection in compliance with these Rules.
<b>Resale Notification:</b>	Information about a PTR Resale submitted to the Auction Operator by a Reseller in electronic form.
<b>Secondary Market Notification File:</b>	File transmitted to Auction Operator by a PTR Holder in the context of Secondary PTR Market.
<b>Secondary PTR Market:</b>	Mechanism that permits transfer and resale by a PTR Holder of the PTRs acquired at Yearly and/or Monthly Auctions according to these Auction Rules.
<b>Statement of acceptance</b>	Declaration by the User to comply with all the provisions contained in these Auction Rules relevant for the specific Interconnection and direction.
<b>swissgrid:</b>	swissgrid with registered office at Werkstrasse 12, 5080 Laufenburg Switzerland and commercial register number CH-400.3.026.187-4 – the Swiss transmission system operator and Auction Operator for the interconnection capacity from Switzerland to Italy according to these Auction Rules.

<b>TERNA:</b>	TERNA with registered office at Viale Egidio, Galbani 70 00156 Roma Italy and commercial register number 05779661007– the Italian transmission system operator and Auction Operator according to these Auction Rules.
<b>Transfer Notification:</b>	Information about a PTR Transfer submitted to the Auction Operator by a Transferor in electronic form.
<b>Transferor:</b>	PTR Holder that executes a PTR Transfer to a Beneficiary in respect of a Transfer Notification.
<b>Transmission System Operators (TSOs):</b>	APG, TERNA, RTE, HTSO, swissgrid, ELES.
<b>User:</b>	Legal entity, participating in an Auction and/or Secondary PTR Market.
<b>Working Day:</b>	Every day except for Saturdays, Sundays and any official holiday of the respective countries as listed in Annex VI and in the respective Attachment to each Appendix.
<b>Yearly Auction:</b>	PTR auctioning for the following year.
<b>Yearly ATC:</b>	Part of ATC to be allocated in the Yearly Auctions in form of PTRs.

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

The Auction Rules comprise:

- a. Article 1 to Article 10
- b. Annexes applying to all Interconnections
- c. Specific Appendices per Interconnection and their Attachments which are:
  - Appendix I for the Auctions on French-Italian border;
  - Appendix II for the Auctions on Swiss-Italian border;
  - Appendix III for the Auctions on Austrian-Italian border;
  - Appendix IV for the Auctions on Slovenian -Italian border;
  - Appendix V for the Auctions on Greek-Italian border.

Each Appendix supplements, amends or details specific provisions regarding a single Interconnection. These Appendices are to be used exclusively for the relevant border.

In case of discrepancies between points a) and c), the Appendices prevail.

These Auction Rules describe (among other aspects) the requirements that Users must fulfil to participate in the Yearly, Monthly and Daily Auctions, the Auction proceedings, the awarding of PTRs, the conditions to access Secondary PTR Market and the utilisation of Allocated PTRs.

Common parts of these Auction Rules (Articles 1-10 and all the Annexes referring to Articles 1-10) are to be amended based on the approval of all the TSOs and approval or review of all the National Regulatory Authorities, depending on their respective national prerogatives. Specific rules for each border (Appendices) are to be amended based on the approval of the involved TSOs and on the approval or review of the involved NRAs, depending on their respective national prerogatives.

The Auction Rules make reference to the Congestion Management Rules on the Italian Interconnection published on TERNA's website. Any changes in the Congestion Management Rules on the Italian Inter-

connection or any changes on the congestion management rules issued by the TSOs, which can impact the Interconnection congestion management and these Auction Rules, will be subject to prior agreement between the relevant TSOs.

Each TSO agrees to perform its respective obligations and publish common part of the Auction Rules (point a) and b) of this Article) and Appendices from point c) of this Article, which refer to the border of the relevant TSO.

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

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

A successful Bid for Interconnection capacity binds the TSOs involved on that Interconnection for that Auction and the User to fulfil their respective duties. TSOs are obliged to make ATC for electricity transports available to the PTR Holder while the PTR Holder is under the obligation to pay the Capacity Price to the respective Auction Operator as well as to file all necessary financial guarantees described thereto.

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

Each Auction Operator collects all debts resulting from the Auction of PTRs for the Auctions performed by it on the respective Interconnection as defined in Article 1.02 on behalf of both TSOs on that Interconnection if not differently provided in the following articles or in the relevant Appendix.

## Section II. General

### Article 2.01 Yearly, Monthly and Daily Auctions

Separate Auctions are held for PTRs in each direction for each Interconnection, that means from Austria, France, Greece, Slovenia, and Switzerland to Italy and from Italy to each border (Austria, France, Greece, Slovenia and Switzerland).

The following Auctions take place for each Interconnection in each direction:

- a. Yearly Auctions in respect of PTRs for Yearly ATC from 1<sup>st</sup> of January through 31<sup>st</sup> of December 2010
- b. Monthly Auctions in respect of PTRs for Monthly ATC from the first day through the last day of a calendar month within the year 2010;
- c. Daily Auctions in respect of PTRs for Daily ATC for each hour of a Calendar Day of the year 2010.

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

1. The NTCs which are the basis for auctioning in form of PTRs are agreed between:
  - Austria, France, Slovenia, Switzerland and Italy according to the criteria defined by ETSO and agreed by means of the Pentilateral Agreement between Terna, APG, swissgrid, RTE and ELES;
  - Italy and Greece according to the criteria defined by ETSO, applicable laws and regulations;
2. The NTCs and ATCs for the respective Interconnection and direction are published on the Auction Websites.
3. Users shall be timely informed of the Interconnection Capacity for each Auction by publication on the relevant Auction Websites.

**Indicative and not binding NTC values on the France, Switzerland, Austria, Slovenia and Greece to Italy Interconnection in MW**

Table n.1		WINTER		SUMMER	
PERIOD	BORDER	Period 1 7h-23h	Period 2 23h-7h	Period 1 7h-23h	Period 2 23h-7h
Monday until Saturday (*)	France	2.650	2.535	2.400	2.250
	Switzerland	4.240	3.750	3.460	3.140
	Austria	220	210	200	190
	Slovenia	430	395	330	310
	Greece	500	500	500	500
Sunday and Holidays (*)	France	2.535	2.535	2.182	2.250
	Switzerland	3.750	3.750	3.226	3.140
	Austria	210	210	182	190
	Slovenia	395	395	300	310
	Greece	500	500	500	500

Note:

- (\*) with exception of the periods indicated in table 2 for the Northern Italian Border
- The Swiss border includes the NTC values related to the Merchant Lines
  - Mendrisio-Cagno (380 kV)
  - Tirano-Campocologno (150 kV)
  - assessed as follows:
  - Winter peak 350 MW
  - Winter off-peak 350 MW

- Summer peak 300 MW
- Summer off-peak 350 MW

Table n.2 North Interconnection	Bank holidays and period of law consumption(**)	Low consumption weekends (***)	
BORDER	0h-24h	0h-7h / 23h-24h	7h-23h
France	1.054	1.230	1.406
Switzerland	1.687	1.968	2.249
Austria	88	102	117
Slovenia	171	200	228

**(\*\*) Bank holidays and period of law consumption**

From 1st to 10th January

From 3rd to 5th April

From 24th to 25th April

From 1st to 2nd May

From May 30th to June 2nd

From October 30th to November 2nd

December 8th

From December 24th -26th

**(\*\*\*) Low consumption weekends**

March 27th - 28th

April 10th -11th

April 17th -18th

May 8th - 9th

May 15th -16th

May 22nd - 23th

June 5th - 6th

June 12th -13th

**Indicative and not binding NTC values on Italy to France, Switzerland, Austria, Slovenia and Greece Inter-connection in MW**

PERIOD	BORDER	<i>Winter</i>		<i>Summer</i>	
		Period 1 7h-23h	Period 2 23h-7h	Period 1 7h-23h	Period 2 23h-7h
Monday until Saturday	France	995	1.160	870	1.055
	Switzerland (*)	1.810	1.910	1.440	1.660
	Austria	85	100	70	90
	Slovenia	160	180	120	145
	Greece	500	500	500	500
Sunday and Holidays	France	1.160	1.160	1.055	1.055
	Switzerland (*)	1.910	1.910	1.660	1.660
	Austria	100	100	90	90
	Slovenia	180	180	145	145
	Greece	500	500	500	500

Note: (\*) The Swiss border includes the NTC values related to the Merchant Lines

- Mendrisio-Cagno (380 kV)

- Tirano-Campocologno (150 kV)

assessed as follows:

- Winter peak 350 MW

- Winter off-peak 350 MW

- Summer peak 300 MW

- Summer off-peak 350 MW

Where:

- Winter period includes the following months: January, February, March, April, October, November and December, including particular conditions if necessary, defined in the Auction Specifications.
- Summer period includes the following months: May, June, July, August and September, including particular conditions for August or other month, if necessary, defined in the Auction Specifications.
- Holidays are the Italian holidays (cf ANNEX VI).

The values in the table above named "*NTC values*" represent the maximal values which have previously been agreed upon between the TSOs and have to be considered as indicative and not binding.

In no case any of the TSOs can be held liable by the Users or third parties for not confirming the maximal values as indicated in the table above in the Auctions.

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

1. PTRs are offered in units of 1 MW;
2. For Yearly, Monthly and Daily Auctions, PTRs are offered as Products defined, by the relevant TSOs. The Products can be offered according to the following definitions:
  - a. Yearly Base: flat 00:00-24:00 from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010.
  - b. Yearly Base without August or with Maintenance Period: flat 00:00-24:00 from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010 with the exception of August or the Maintenance Period.
  - c. Monthly Base: flat 00:00-24:00 from 1<sup>st</sup> Day of the Month to the last Day of the Month.
  - d. Monthly Peak: 08:00-20:00 from Monday to Friday of the first Day of the Month to last Day of the Month

- e. Monthly Off Peak: 00:00-08:00 and 20:00-24:00 from Monday to Friday; 00:00-24:00 on Saturday and Sunday, from the first Day of the Month to the last Day of the Month.
- f. Daily product: hourly Blocks.

The products c. d. e. could have maintenance periods as well, communicated through the Auction Specification.

These Products(\*)<sup>1</sup> are published in the Auction Specifications on the Auction Website in accordance with these Auction Rules.

## Article 2.04 Firmness of PTRs

1. Yearly and Monthly PTRs are offered on a firm basis except for cases where Curtailments are necessary due to circumstances that constitute Force Majeure as defined in Article 10.06 or due to the network security reasons and after all other available measures according to relevant national and European legislation have been taken.

In case of PTR Curtailments for network security reasons, the PTR Holder is compensated at 100% of the Clearing Price paid corresponding to the hours of curtailed PTRs. However, PTR Curtailment for network security reasons is allowed up to 35 Equivalent Days or 840 hours. This limit is calculated for each border and direction. PTRs acquired through Yearly and Monthly Auctions are curtailed on a 'pro rata' basis. Beyond this limit, the PTRs are guaranteed.

PTRs acquired through Yearly and Monthly Auctions are curtailed on a 'pro rata' basis. The curtailed share for a PTR Holder is calculated separately for each product based on the amount of PTRs he has acquired of that product.

2. Daily PTRs are offered on a firm basis except for cases where Curtailments are necessary due to circumstances that constitute Force Majeure.
3. In the event of a failure to make Capacity available to the extent of PTRs offered firm, the Auction Operators shall only be obliged to pay a refund in accordance with paragraph (1) or (2); it shall not be liable to a PTR Holder for any incidental, indirect or consequential damages caused by such failure.

## Article 2.05 Guarantee of schedules

TSOs guarantee the realisation of the Exchange Schedules corresponding to firmly Allocated PTRs, except Force Majeure.

For the sake of clarification the following will be applied by TSOs to curtail PTRs:

- a. If the decision for the curtailments is taken before the deadline for binding nominations of Yearly and/or Monthly PTRs, then the TSO is permitted to perform these curtailments (of Yearly and/or Monthly PTRs).
- b. If the decision for the curtailments is taken in D-1 after the deadline for nominations of Yearly and/or Monthly PTRs and before the publication of the Daily ATC, then the TSO cannot curtail Yearly and/or Monthly PTRs, but only to perform redispatching. The TSO could additionally reduce the Daily ATC.
- c. After the publication of the Daily ATC curtailments are not possible; PTRs are offered on a firm basis except force majeure.

## Article 2.06 Auction Website

Each Auction Operator operates and maintains, as part of its website, an Auction Website. On these Auction Websites the following publications are made:

- a. Auction Rules, and any alterations thereof;
- b. Announcements pursuant to these Auction Rules;
- c. Auction Specifications;
- d. Names, fax and telephone number(s), e-mail address (es) of Auction Operator or relevant TSOs' contact persons;
- e. Formats of documents related to the Auction to be downloaded and used by Users;
- f. NTC;

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<sup>1</sup> (\*)Note: The Peak and Off-peak on Greece-Italy border have the following shape:

- peak: 06:00-22:00 from Monday to Saturday

- off-peak 00:00-06:00 and 22:00-24:00 from Monday to Saturday and 00:00-24:00 on Sunday



- g. Auction Results (Clearing Price, allocated quantity for all products);
- h. Number of Users with successful Bids and overall number of Users;
- i. The name of the PTR Holder (Yearly and Monthly Auction, Transfer) in respect of Annex I;
- j. Aggregated nominations results (i.e. total capacity used following nomination of Yearly and Monthly PTRs);
- k. Planned Curtailments;
- l. Maintenance Periods;
- m. Indicative calendars for Yearly and Monthly Auctions;
- n. Other relevant information.

## **Article 2.07 Conduct of Users**

1. Prior to, during and after an Auction, Users must refrain from any action or behaviour which adversely affects or threatens to adversely affect competition in the bidding proceedings or which aims at gaming or which in any other way disrupts or threatens to disrupt the Auction proceedings, or the transparency, cost-effectiveness or fairness thereof.
2. Auction Operators are entitled to report data to the Competent Authorities so they can take appropriate measures against those who act or behave or have acted or behaved in violation of the first paragraph, who misuse any right or position obtained pursuant to an Auction or who do not comply with any other provision of these Auction Rules.

## **Article 2.08 Currency**

Financial securities, price settlement and payments in respect of the Auctions as well as financial information are in Euro (€).

## **Article 2.09 Timing**

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

## **Article 2.10 Fallback procedure in case of IT Systems disturbance**

Serious disturbance to the functioning of the IT System or devices used by the Auction Operator may be the reason for changing, canceling or suspending any procedures regarding these Auction Rules. The Auction Operator shall also publish information on its Auction Websites about the implementation of downgraded mode, interruption etc, if available.

Therefore, in case of IT system disturbances (as defined above) the Auction Operator performs the following fallback procedures and actions:

1. If the electronic mail server of the Auction Operator is in operation, then the Auction Operator informs the Users (via e-mail) that the Auction shall be performed via e-mail (the Bid Files shall be send via e-mail by the Users).
2. If the electronic mail server of the Auction Operator is completely or partially out of operation, then the Auction Operator informs the Users (via phone or fax) that the Auction is cancelled.
3. The Auction Operator informs the Users if any other measures have to be taken.

The Auction Operator shall also publish information on its Auction Websites about the implementation of postponement, downgrade mode, interruption etc, if available.

## Section III. Participation requirements

### Article 3.01 Registration requirements

In order to participate in the Auctions at a specific Interconnection the applicant has to fulfil the requirements specified in Articles 3.02 and 3.03 below and in the applicable Appendix.

#### Qualification to apply for Auction participation:

1. The applicant is not in any default regarding invoices arising from its participation in the Auctions performed on the same Interconnection on which it applies for the Auction participation.
2. The applicant at the time of its registration is not excluded from further Auctions and Secondary PTR market and from the nomination by any Auction Operator according to Article 3.04.

Procedure to apply for Auction participation:

1. The applicant must submit a completed and signed Statement of Acceptance form given in Annex I to the relevant Auction Operator. The original form has to be submitted via mail to the address reported in Annex III. However, the Statement of Acceptance could be sent in advance via fax.
2. By signing the Statement of Acceptance, the User undertakes to comply with all the provisions contained in these Auction Rules relevant for the specific Interconnection and direction.

Notwithstanding the right of the relevant Auction Operator to request a renewal of the registration and/or the documents to be submitted., the User has to inform the Auction Operators forthwith of any changes.

The applicant must allow at least two (2) working days for the processing of the Statement of Acceptance after the Auction Operator has received such form by mail or fax, duly completed by the Applicant. The applicant shall be informed about the admission or rejection by electronic mail or fax. In case of rejection of its registration request, the Auction Operator shall inform the Applicant of the reasons for the rejection by electronic mail or fax.

In order to facilitate Transfers regarding the Secondary PTR Market, the User agrees, that its name is included in the list of possible Beneficiaries accessible only to PTR Holders.

### Article 3.02 Financial guarantees

- a. Auctions in direction from Italy to Austria, France, Greece, Slovenia and Switzerland and Auction in direction from France to Italy

For all Auctions the User is required to provide TERNA with a Bank Guarantee or to deposit the equivalent amount of money to an account kept by TERNA, covering all outstanding debts resulting:

- from the Auction of PTRs from Italy to Austria, France, Greece, Slovenia and Switzerland
- from the Monthly and Daily Auctions from France to Italy operated by TERNA as Auction Operator;
- from the Yearly Auction of PTRs from France to Italy for the residual amounts to be invoiced related to the Phase 2 ,

The Bank Guarantee is valid for duration at least up to end of March 2011 and waiving any exceptions or setoffs. The Type of Bank Guarantee is provided in the Annex II. It must be subject to Italian law and be provided by a bank with a registered office located in a member state of the European Union having a subsidiary duly established in Italy.

The minimum amount of the Bank Guarantee is fifty thousand (50.000) Euros.

The amount of the Bank Guarantee of a PTR Holder has to cover 1/12 of all outstanding debts resulting from Yearly Auctions and all outstanding debts resulting from Monthly Auctions and all outstanding debts resulting from Daily Auctions on a monthly base.

If the amount is not sufficient to cover outstanding debts, TERNA shall ask the PTR Holder to increase the amount of the bank guarantee within the date communicated by TERNA and not later than ten (10) Working Days.

The Capacity Price from Yearly and Monthly Auctions will be settled on a monthly basis using Payment on advanced invoices (payment in advance of use of PTRs), as described in the Article 9.02.

In case the payments are not made as specified above, a demand for payment is made under the Bank Guarantee and PTRs not paid by the User are considered by TERN as Capacity available for Allocation in the subsequent Auctions. However the PTR Holder is not relieved from its payment obligations concerning the capacities that had been reallocated due to the User's non compliance with the financial terms described herein.

In order to start participating again in the Auctions held by TERN the User has to submit a new Bank Guarantee of equal amount with the Bank Guarantee in respect of which a demand for payment was made and with equal format and expiry date.

The User may not participate in the Auction during the ninety (90) Calendar Days before the expiry date of its Bank Guarantee, unless it has first provided to TERN a new Bank Guarantee with a longer validity period. This new Bank Guarantee must have been accepted by TERN.

*b. Auctions in direction from Austria, France, Greece, Slovenia and Switzerland to Italy*

Yearly, Monthly and Daily Auctions shall be settled, according to the specific provisions set in:

- Appendix I for the Auctions on French-Italian border;
- Appendix II for the Auctions on Swiss-Italian border;
- Appendix III for the Auctions on Austrian-Italian border;
- Appendix IV for the Auctions on Slovenian -Italian border;
- Appendix V for the Auctions on Greek-Italian border.

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

In order to participate in the Auctions, the User must be compliant with the provisions set in:

- Appendix I for the Auctions on French-Italian border;
- Appendix II for the Auctions on Swiss-Italian border;
- Appendix III for the Auctions on Austrian-Italian border;
- Appendix IV for the Auctions on Slovenian-Italian border;
- Appendix V for the Auctions on Greek-Italian border.

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

#### *Deregistration*

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

- The User no longer possesses rights to use any Allocated PTRs and
- The User has fulfilled all its obligations towards the respective Auction Operator.

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

#### *Temporary Suspension*

Should the User in any manner:

- a. be in default of its financial obligations or,
- b. institute or has instituted against it a proceeding seeking a judgement of insolvency or any other relief under insolvency law. This provision will apply unless it is stated otherwise by the public order national laws applicable to such situation or
- c. not fulfil the requirements regarding grid access for a respective Interconnection,

then the User is temporary suspended by the relevant Auction Operator from further Auctions and Secondary PTR market on the respective Interconnection (import/export direction) on which the abovementioned events occurred.

The suspension shall promptly be notified by the relevant Auction Operator to the User by both facsimile transmission and mail (with acknowledgment of receipt) and shall be in effect on the date of acknowledgment of receipt or in the date specified in the Notification, if any. The User shall be obliged to pay the Capacity Price for the already allocated PTRs.

In this case the Auction Operator will reallocate only the Yearly and Monthly PTRs acquired by the suspended User and/or claim under the Bank Guarantee of the suspended User or the money of the deposit account are placed for the benefit of the Auction Operator.

Suspension does not free the User from its payment obligations as described in Section IX .

The user shall participate again in the Auctions and Secondary PTR market on the day after the Working Day on which the Auction Operator before 12:00:

- verifies that all the conditions set out in Articles 3.01, 3.02 and 3.03 have once more been met and/or;
- receives full payment of invoices which are due and which have not yet been paid by the User and/or;
- the Auction operator is served by the User of a decision issued by the Competent Authority(ies) stating that the User may still participate in Auctions.

#### *Exclusion*

Should the User in any manner :

- a. breach persistently and/or intentionally the Auction Rules following the prior notification of the breach from the Auction Operator;
- b. declare itself dissolved or wound up or ;
- c. be declared bankrupt, dissolved or wound up by a court ruling,

then the User can be excluded by the relevant Auction Operator from further Auctions and Secondary PTR market and from the nomination on all the interconnections (import/export direction).

This provision will apply unless it is stated otherwise by the public order national laws applicable to such situation or a decision is issued by the Competent Authority(ies) and served by the User to the Auction Operator stating that the User may still participate in Auctions.

The exclusion shall promptly be notified by the relevant Auction Operator to the User by both facsimile transmission and mail (with acknowledgment of receipt) and shall be in effect on the date of acknowledgment of receipt or on the date specified in the Notification, if any. The User shall be obliged to pay the Capacity Price for already Allocated PTRs.

In this case the Auction Operator will reallocate only the Yearly and Monthly PTRs acquired by the excluded User and/or claim under the Bank Guarantee of the excluded User or the money of the deposit account are placed for the benefit of the Auction Operator.

Exclusion does not free the User from its payment obligations as described in Section IX.

## **Section IV. Auction proceedings**

### **Article 4.01 Auctions Specification**

The Auction Specifications consist of information regarding:

- Products made available for Auctions:
  - a. Annual Product: base load, and/or base load without August or Maintenance Period, and/or peak load and/or off-peak load;
  - b. Monthly Product: base load, and/or peak-load and/or off-peak load;

c. Daily Product: hourly Blocks and/or Individual Blocks.

Not all Products are available at each Interconnection.

- ATC;
- Gate openings and closures;
- Timeframe for the publication of Auction results;
- Deadline to contest Auction results in accordance with Article 5.02;
- Other additional information.

## **Article 4.02 Yearly, Monthly and Daily Auctions**

Yearly, Monthly and Daily Auctions shall be performed by Auction Operators.

### **(1) Yearly Auctions**

For each Interconnection the Auction Specifications will be published by the respective Auction Operators on the Auction Website five (5) Calendar Days before the Auctioning Day of the Yearly Auctions.

- a. Only those Bids submitted by Users, which meet the requirements of the Auction Rules in particular, those of Article 4.03 and 4.04 shall be considered in the Auction.
- b. Each User is informed of the outcome of its Bid(s) no later than two (2) hours after the gate closure of the Yearly Auction. The results of the Auctions are announced on the Auction Websites shortly after the Users have been informed individually.
- c. Detailed information about the Yearly Auction is published in the Auctions Specifications according to Article 4.01.

### **(2) Monthly Auctions**

For each Interconnection the Auction Specifications will be published by the Auction Operator on the Auction Websites two (2) Working Days before the Auctioning Day of the Monthly Auction.

- i. Only those Bids submitted by Users, which meet the requirements of the Auction Rules in particular, those of Article 4.03 and 4.04 shall be considered in the Auction. The Monthly ATC to be auctioned will consist of:
  - Part of total ATC foreseen to be allocated in the Monthly Auction
  - The Yearly Capacity already allocated by the Auction Operator to be resold via Secondary PTR Market as Monthly products;
  - The Yearly Capacity already allocated by the Auction Operator which had to be withdrawn from the PTR Holder;
  - The Yearly Capacity not allocated in the Yearly Auction.
- ii. Each User is informed of the outcome of its Bid(s) no later than two (2) hours after the gate closure of the Monthly Auction. The results of the Auctions are announced on the Auction Websites shortly after the Users have been informed individually.
- iii. Detailed information about the Monthly Auction is published in the Auctions Specifications according to Article 4.01.

### **(3) Daily Auctions**

For each Interconnection and each direction, the Daily ATC takes into account:

- Part of the total ATC foreseen to be allocated in the Daily Auction;
- The Yearly and Monthly capacity that has not been allocated in the Monthly Auction;
- The Yearly and/or Monthly capacity already allocated by the Auction Operator, which had to be withdrawn from the PTR Holder;
- Yearly and/or Monthly PTRs which have not been nominated (see UIOSI principle in Section VIII);
- Netting effects based on Nominations in the respective counter direction.

(a) *Daily Auctions in direction from Italy to Austria, France, Greece, Slovenia and Switzerland*

TERNA, as Auction Operator, shall perform the joint Allocation for Daily ATC from Italy to France, Italy to Switzerland, Italy to Austria, Italy to Slovenia and Italy to Greece, seven (7) days a week.

The following steps are performed for the Daily Auction on the above mentioned Interconnections:

- a. The Daily ATC for a Daily Auction on each border is published on the Auction Website of the Auction Operator no later than 07:50 on the Auctioning Day.
- b. Daily Auctions are held on the day preceding the Day of Execution (D-1).
- c. Bids must have reached TERNA between 07:50 and 08:20 on the Auctioning Day.
- d. Only those Bids submitted by Users, which meet the requirements of these Auction Rules, in particular, those of Article 4.03 and Article 4.04 shall be considered in the Auction.
- e. Each User is informed of the outcome of its Bid(s) no later than 08:30 on the Auctioning Day. The results of the Auctions are announced on the Auction Website shortly after the Users have been informed individually.
- f. The above time schedules may be modified by the Auction Operator via Auction Specifications.

(b) *Daily Auctions in direction from Austria, France, Greece, Slovenia and Switzerland to Italy*

Daily Auctions taking into account the Daily ATC in direction from France to Italy, Austria to Italy, Greece to Italy, Slovenia to Italy and Switzerland to Italy shall be performed by the respective Auction Operator as set in:

- Appendix I for the Auctions on French-Italian border;
- Appendix II for the Auctions on Swiss-Italian border;
- Appendix III for the Auctions on Austrian-Italian border;
- Appendix IV for the Auctions on Slovenian-Italian border;
- Appendix V for the Auctions on Greek-Italian border.

#### **Article 4.03 Format of Bids and Bid limitation**

1. Bids are submitted by the User using a Bid File for each Auction described in Annex IV or via Auction Tool;
2. In Yearly, Monthly and Daily Auctions the User may submit a Bid File with a maximum of 10 Bids.
3. In all Auctions, for each Bid the requested Interconnection capacity shall not exceed the ATC available for the respective Auction.
4. For consideration each Bid must contain the following unambiguous and legible specifications:
  - a. The value of the Bid in €/MWh (max. two decimals);
  - b. The amount, in Blocks of integer quantity (MW) minimum 1 MW, of the required Interconnection Capacity.

#### **Article 4.04 Submission of Bids for Yearly, Monthly and Daily Auctions**

(a) *Submission of Bids for Yearly, Monthly and Daily Auctions performed by TERNA, acting as Auction Operator*

The User submits its Bid File to the Auction Tool in accordance with the formats defined in ANNEX IV. Bids that are not submitted in the required format will not be taken into account.

Bids are subject to functional acknowledgement of receipt or refusal. If the functional acknowledgement of receipt is not issued, the Bid in question is deemed as not submitted.

The Auction Tool enables the User to submit a Bid File for a specific Auction. The User accesses the Auction Tool according to the conditions set in ANNEX IV.

(b) *Yearly, Monthly and Daily Auctions in direction from Austria, France, Greece, Slovenia and Switzerland to Italy*

The rules for the submission of Bids for Yearly, Monthly and Daily Auctions for each Auction on each Interconnection in the relevant direction are set in:

- Appendix I for the Auctions on French-Italian border;
- Appendix II for the Auctions on Swiss-Italian border;
- Appendix III for the Auctions on Austrian-Italian border;
- Appendix IV for the Auctions on Slovenian-Italian border;
- Appendix V for the Auctions on Greek-Italian border.

#### **Article 4.05 Fallback procedures and Cancellation of an Auction**

In case of serious disturbance to the functioning of the IT System or devices used by Auction Operator Article 2.10 applies accordingly.

Additionally, if postponement of an Auction is not possible, according to downgraded mode, the Auction is conducted or cancelled according to the notice provided by the Auction Operator.

Bids submitted prior to the switch to downgraded mode are deemed invalid and must be submitted again according to the conditions stipulated in the event of downgraded mode being adopted.

If the conditions stipulated in the event of downgraded mode being adopted cannot be implemented in time for a given Auction, the Auction is cancelled and all Bids already submitted are automatically cancelled.

## Section V. Determination of Auction results

### Article 5.01 Awarding of PTRs

The ATC is auctioned in each direction by the TSOs under uniform terms and conditions (i.e. one Clearing Price for each direction) in form of PTRs.

For Auctions in direction from Italy to Austria, France, Greece, Slovenia and Switzerland as well as in direction from France to Italy, from Switzerland to Italy and from Greece to Italy the Bids, are classified as follows:

#### a) Case 1:

If the sum of all Bids submitted for a given Auction falls short of or equals the ATC for the respective Auction, no Clearing Price is charged to the PTR Holder.

#### b) Case 2:

If the sum of all Bids submitted for a given Auction exceeds the ATC, a Clearing Price is charged to the PTR Holder for each allocated MWh. For this purpose, the Bids are sorted out by the prices offered, starting with the highest price and ending with the lowest one.

The requested capacities of the Bids are added up to the Bid (marginal Bid), which represents the level above which the sum of the Interconnection capacity requested by the Users exceeds the ATC. The price of the marginal Bid is the Clearing Price. Each User who bided more than the Clearing Price receives the Interconnection capacity requested at the Clearing Price in form of a PTR. The remaining Interconnection capacity is allocated to the User of the marginal Bid.

If the ATC is reached with several Bids of the same price, the remaining Interconnection capacity is distributed pro-rata in proportion to the requested Interconnection capacity of the Bids.

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

For Auctions in direction from Slovenia to Italy, Austria to Italy, the Bids are classified as follows:

- Appendix III (Art. 4.1) for the Auctions on Austrian-Italian border;
- Appendix IV for the Auctions on Slovenian-Italian border;

PTRs are considered to have been awarded to a successful User at the moment that the PTR Holder has been informed by the respective Auction Operator provided that Article 4.05 does not apply.

The PTR Holder is not obliged to use the PTR allocated in an Auction; the Capacity Price, however, must be paid at any rate once the PTR has been allocated.

### Article 5.02 Deadline for contesting results

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

- for Yearly and Monthly Auctions: no later than one (1) Working Day after the publication of Auction results;
- for Daily Auctions: no later than two (2) hours after the gate closure for the publication of the Auction results in the Auction website;
- The contest has to be marked as “contest” and it has to be sent by fax and confirmed by letter to the contact indicated in Annex III for the respective border.

The Auction Operator shall reply to the User no later than:

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



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

### **Article 5.03 Monitoring of other irregularities within Auctions**

The User is under the obligation to closely monitor the Auctions. In the case of any other irregularities occurring that have no impact on the Auction results, the User may announce these irregularities to the contact indicated in Annex III within the deadline as set out in Article 5.02.

## **Section VI. Secondary PTR Market**

The respective Auction Operator operates the Secondary PTR Market according to the provisions set in Section VI and relevant Appendixes..

### **Article 6.01 PTR Transfers**

#### **a. Characteristics of PTR Transfers**

PTRs allocated through Yearly and Monthly Auctions or resulting from PTR Transfer may be transferred by a Transferor to a Beneficiary provided that the Transfer Notification is sent by the Transferor to Auction Operator according to point (c) of this Article.

The PTRs transferred must be indicated without taking account any programmed Curtailment, such as those described in Article 2.04.

The PTRs allocated through Daily Auctions cannot be transferred.

In the event of Curtailment the Auction Operator reserves the possibility of applying the conditions defined in Article 2.04.

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

#### **b. Financial arrangements**

The User which got awarded PTRs in the Auction remains responsible for the payment of the Capacity Price for the transferred PTRs without any additional fee, even in the case of multiple Transfers among several Users.

In case of Curtailment, possible indemnification up to 100% of the Capacity Price according to Article 2.04 shall be in favour of the Beneficiary.

#### **c. Transfer Notification**

A PTR Holder willing to execute a PTR Transfer has to access the Auction Tool and-follow the instructions regarding Transfer as set out in the relevant instructions by the respective TSOs.

The PTR Transfer can only be initiated if the respective PTR is paid and the PTR Holder and the Beneficiary comply with these Auction Rules and the Transfer deadline is not exceeded. A successfully initiated PTR Transfer generates information to the Beneficiary. Within four (4) hours the Beneficiary has to accept or reject the PTR Transfer. If within four (4) hours the Beneficiary does not react, the PTR Transfer is evaluated as rejected.

Transfer deadline is D-2 (two days before execution) at 12:00 am.

### **Article 6.02 PTR Resale**

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

PTRs allocated through Yearly Auctions or resulting from PTR Transfers may be resold at Monthly Auctions.

Resale from Yearly and/or Monthly PTRs to a Daily Auction is only possible via "Use It Or Sell It" principle as described in Section VIII of these Auction Rules.

The PTRs must consist of a constant value of capacity (MW) throughout the corresponding Monthly product for the month concerned by the PTR Resale (for instance Yearly base on Monthly base).

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

In the event of Curtailment the Auction Operator reserves the possibility of applying the conditions defined in Article 2.04. In case of Curtailments before the Monthly Auction, PTR Resale is reduced proportionally throughout the complete month concerned by the PTR Resale.

The minimum volume for a PTR Resale through a Monthly Auction is 1 MW over 1 month.

#### **b. Financial arrangements**

The Reseller remains responsible for the payment of the Capacity Price for the resold PTRs without any additional fee.

The Reseller is compensated with the relevant Clearing Price for its resold PTRs. The Clearing Price for PTR Resale shall take place according to Article 5.01.

If due to network constraints, the respective ATC of the Auction, in which Capacity shall be resold, has to be curtailed in line with 6.02a, so that, in order to guarantee that the resold PTRs consist of a constant value of capacity (MW) throughout the corresponding Monthly product for the month concerned by the PTR Resale, the capacity that could be resold is less than the one offered for resale, this difference continues to be Yearly PTRs. For this reason the PTR Holder receives, for the hours affected by Curtailment, indemnification up to 100% of the Clearing Price of the Yearly Auction.

### **c. Resale Notification**

A PTR Holder willing to execute a PTR Resale has to access the Auction Tool and follow the instructions regarding PTR Resale as set out in the relevant instruction by the respective TSOs. The PTR Resale can only be initiated, if the respective PTR is paid, the PTR Holder complies with this Auction Rules and the Resale deadline is not exceeded.

Monthly Resale deadline: five (5) Working Days before the Monthly Auction.

## **Article 6.03 Secondary PTR Market - downgraded mode**

When downgrade mode is adopted according to Article. 2.10, Transfer Notification and Resale Notification are sent by fax.

In the downgrade mode it is not possible to cancel and/or replace a Resale Notification that refers to several Daily Auctions after the Resale Notification deadline for the first Daily Auction in the Resale Notification.

Date and time mentioned in the fax received by the Auction Operator are deemed authentic.

The Auction Operator processes Transfer and Resale Notifications:

- from 09h00 to 12h00 and 14h00 to 17h00 from Monday to Friday except on public holidays.

The Auction Operator answers to Transfer and Resale Notifications at the following times:

- seven (7) days before the Auction, excluding public holidays, at 17h00, for a Resale through a Monthly Auctions

As a last resort, adoption of downgrade mode in response to unplanned unavailability of the information system may result in the Secondary PTR Market being suspended.

The suspension shall not give rise to any indemnification.

## **Article 6.04 Fallback procedure for Secondary PTR Market**

In case of serious disturbance to the functioning of the IT System or devices used by the Auction Operator Article 2.10 applies accordingly.

If a Monthly Auction including capacity based on Resale should be cancelled the Reseller may regain the PTR and thus cancel the PTR Resale. If however, the Monthly Auction is rescheduled for a later date then the Resale Notifications are conserved.

## **Section VII. Capacity usage rules**

### **Article 7.01 Notification of the Counterparty to TSOs**

Notification of the PTR Holders' Counterparty(ies) to the concerned TSOs is needed for the Nomination consistency check.

The PTR Holder designates his Counterparty as described in the:

- Appendix I for French-Italian border;
- Appendix II for Swiss-Italian border;
- Appendix III for Austrian-Italian border;
- Appendix IV for Slovenian-Italian border;
- Appendix V for Greek-Italian border.

### **Article 7.02 Usage of PTRs acquired through Yearly, Monthly and Daily Auctions**

On each interconnection the use of Allocated PTRs is notified via the nomination of fixed schedules by the relevant User to the involved TSOs in compliance with the requirements of grid access in each control area.

Modalities for the use of allocated capacities are described in the following paragraphs.

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

For PTRs nomination the PTR Holder can designate as its Counterparty(ies) a legal entity(ies) allowed to make nominations to the neighbouring TSO (A-to-N principle).

The PTR Holder has to communicate its Counterparty(ies) and nominates as described in the:

- Appendix I for French-Italian border;
- Appendix II for Swiss-Italian border;
- Appendix III for Austrian-Italian border;
- Appendix IV for Slovenian-Italian border;
- Appendix V for Greek-Italian border.

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

For these nominations, the PTR Holder should designate itself or a Counterparty (A to B principle). These Counterparty designations can be changed every month; not later than five (5) Working Days until 12:00 before the start of the relevant month.

.The PTR Holder nominates PTRs on the relevant Interconnection as described in the:

- Appendix I for French-Italian border;
- Appendix II for Swiss-Italian border;
- Appendix III for Austrian-Italian border;
- Appendix IV for Slovenian-Italian border;
- Appendix V for Greek-Italian border.

## **Section VIII. Use it or Sell It (UIOSI)**

### **Article 8.01 Characteristics of unused periodic PTR**

For each day, all non-nominated long-term (Yearly and Monthly) PTRs, if paid according to Section IX, are automatically considered in the ATC for the Daily Auction (see Article 4.02, paragraph 3) and they are refunded to the PTR holders taking into account the respective Daily Auction Clearing Prices. (i.e. if the PTR holder “A” doesn’t nominate, for the day “X”, 100 MW of Yearly Base product, this 100 MW will be reallocated on the Daily Auction of day “X” and the Clearing Prices of this Daily Auction will be reimbursed to the PTR Holder A)

### **Article 8.02 Financial arrangements**

The PTR Holders are compensated to the respective Daily Auction Clearing Prices for the non-nominated long-term PTRs. The Clearing Prices for Daily Auction are defined by the clearing process described in Article 5.01.

If due to network security reasons, the NTC has to be reduced before the Daily Auction, the Daily ATC can be lower than the non-nominated long-term PTRs. In this case the non-nominated long-term PTRs are curtailed on a pro rata basis (ATC divided by the sum of all non-nominated long-term PTRs). PTR Holders of the non-nominated long-term PTRs are compensated taking into account:

- the Daily Auction Clearing Prices for the part of their non-nominated long-term PTRs that have been re-auctioned in the Daily Auction
- the provision in Article 8.03 for the curtailed non-nominated long-term PTRs.

### **Article 8.03 Fallback procedure**

In case of serious disturbance to the functioning of the IT System or devices used by the Auction Operator, Article 2.10 and 4.05 apply accordingly.

In case:

- a. Daily Auction is cancelled, or
- b. if due to network security reasons the NTC is reduced before the Daily Auction,

the curtailed non-nominated long-term PTRs are compensated to the PTR's holder up to 100% (if not differently provided in the Appendices):

- a. of the Clearing Price of the Auction at which the PTR was acquired (in case the non-nominated long-term PTRs are clearly identified)

or

- b. of the weighted average of the Clearing Prices of Yearly and Monthly Auctions at which the non-nominated long-term PTRs were acquired (in case the non-nominated long-term PTRs cannot be clearly identified if they are Yearly or Monthly PTRs).

## **Section IX. Settlement / Payment**

### **Article 9.01 Generality**

Each Auction Operator shall invoice the PTR Holders the Capacity Price, if not differently provided in the following Articles or in the relevant Appendix.

The valuation is exclusive of tax and shall be increased to include taxes and levies at the official rates in force.

### **Article 9.02 Settlement of Yearly, Monthly and Daily PTRs**

#### **Auctions in direction from Italy to Austria, France, Greece, Slovenia and Switzerland**

##### **a) Issuance of invoices**

###### **(a1) Yearly PTRs**

After the results of Yearly Auctions have been published, the Auction Operator shall issue Payment on Advanced Invoice to all the PTR Holders of the allocated Capacity. The Payments on Advanced Invoices shall be invoiced in twelve monthly amounts proportional to the amount of hours and the Capacity of the product within relevant months. Each amount is to be paid two months in advance. The first Payment on Advanced Invoice is issued for the period of the first two months (January and February) while the remaining Payment on Advanced Invoices are issued once a month (e.g. amount for March 2010 in January 2010, April 2010 in February 2010, ....). Liabilities arising from Allocated PTRs need to be settled by the PTR Holder within the set deadline and in the amount defined on Payment on Advanced Invoice, namely by remitting the outstanding amount onto the Auction Operator's bank account.

Payment deadline is set as indicated in the invoice and not later than five (5) Working Days before the date of publication of Auction Specification for PTRs referred to the same month of the not settled Yearly PTRs.

###### **(a2) Monthly PTRs**

After the results of Monthly Auctions have been published, the Auction Operator shall issue a Payment on Advanced Invoice to the User namely for the entire allocated period. Liabilities arising from Allocated PTRs need to be settled by the Users within the set deadline and in the amount defined on the Payment on Advanced Invoice, namely by remitting the outstanding amount onto the Auction Operator's bank account.

Payment deadline is set not later than two (2) Working Days before the date of publication of Auction Specification for the first Daily Auction referred to the same month of the not settled Monthly PTRs.

###### **(a3) Daily PTRs**

No later than the fifteenth 15<sup>th</sup> of each month M, TERNAL sends to the PTR Holder an invoice including the amounts due for Capacities Allocated at Daily Auctions for use during month M-1.

Bids selected at Daily Auctions are invoiced all at once and grouped together on a single line per Daily Auction. The unit prices indicated on the Invoice are therefore average prices provided as an indication only.

Invoices are Notified to the PTR Holder at the address indicated in the Statement of Acceptance.

The PTR Holder Notifies TERNAL of any changes in its invoicing address. Such change shall take effect on the first Day of month M+1, on the condition that Notification of the change has been received at least seven (7) Days before the end of Month M.

Issued invoices are sent in advance via fax or e-mail; in this case the delivery date shall be the date resulting from sending devices.

Payment deadline is set not later than two (2) Working Days before the date of publication of Auction Specification for the first Daily Auction referred to month M+1 of Monthly PTRs.

###### **(a4) Resales/UIOSI and Curtailments**

In case of Curtailments or Resales/UIOSI PTR Holders are compensated according to Section VIII and Articles 6.02 and 6.04 and obliged to issue separate invoices (one for curtailment if any and one for resale/UIOSI if any). Credits for Curtailments and Resales/UIOSI shall be credited to the PTR holders on monthly basis.

TERNA will communicate the amount of credits for curtailment and resale/UIOSI within the 15<sup>th</sup> of month M for the month M-1.

#### ***(a5) Invoice disputes***

To be admissible, any claims made relative to an invoice must be notified by registered letter with acknowledgement of receipt to TERNA, within thirty (30) days of the invoice's date of issue. Beyond this period, the invoice shall be deemed to have been accepted by the PTR Holder. The above-mentioned registered letter must contain a precise and detailed description of the grounds for the objection to the invoice.

A claim in no way relieves the PTR's holder from the obligation to pay the invoice in accordance with the terms of paragraph (c).

#### **b) Payment condition**

The PTR Holder pays TERNA the sums invoiced within the date defined in the invoice which cannot be earlier than two (2) Working Days from its issuance, by bank transfer to the account specified in the invoice issued by TERNA.

Any bank charges relative to the settlement of the invoice are at the PTR Holder's expense.

The PTR Holder shall ensure that its bank transmits the corresponding invoice number with the payment order. In the event of a SWIFT transfer, the PTR Holder undertakes to ensure that the invoice number is specified on the line "Payment reason". The absence of an invoice number means that TERNA must identify the transfers made to its account manually. Such manual identification shall give rise to an administrative fee of 100 Euros, plus any duties and taxes in force.

TERNA shall pay the Beneficiary's invoice for Curtailment and the PTR Holder's invoice for Resale within fifteen (15) days from receipt of the invoice, whilst TERNA shall issue a credit note to PTR Holder for Curtailment. The credit note amount shall be withheld by the PTR holder from the payment of the first upcoming PTR auction invoice issued by TERNA.

#### **c) Late payment**

Payment is deemed to have been made on the day on which it appears on TERNA's bank statement, which is consulted every Working Day, provided the PTR Holder has specified a correct invoice reference number.

The PTR Holder is responsible for anticipating bank processing and payment registration times. TERNA shall make every effort to minimise these times, but may not be held responsible if a period of two (2) Working Days elapses between the point at which the PTR Holder makes payment (as defined in the paragraph above) and the point at which it is registered by TERNA.

If full payment is not received by the specified deadline, TERNA shall send the PTR Holder an official reminder (by notification).

Furthermore, if funds are not sufficient to cover debts or if the payment is not settled on the 5<sup>th</sup> Working Day after the notification of the official reminder, TERNA shall invoke the Bank Guarantee by right. If the amount of the Bank Guarantee is not sufficient to cover the debts TERNA withdraws from the obligation resulting from these Auction Rules and the PTR Holder loses the PTRs not paid.

The User shall be excluded from all following auctions until the date when he can submit a new Bank Guarantee. TERNA is allowed to adjust the amount of Bank Guarantee.

#### **d) Interest on arrears**

If the sums invoiced are not paid in full by the specified deadline, the said sums shall be subject to interest without any further notification of notice to pay being required.

The rate of interest, determined on the day on which the invoice is sent, is equal to the interest rate applied by the European Central Bank at its most recent refinancing operation, plus 5 points.

This interest is calculated from the first day following the expiry date, until the date on which the invoice is paid in full.

This interest shall be increased to include taxes and levies in force.

In case of late payments by Auction Operator the rate of interest, as determined above, will be applied.

### **Auctions in direction from Austria, France, Greece, Slovenia and Switzerland to Italy**

Settlement of Yearly, Monthly and Daily PTRs allocated on each interconnection are described in:

- Appendix I for French-Italian border;
- Appendix II for Swiss-Italian border;
- Appendix III for Austrian-Italian border
- Appendix IV for Slovenian-Italian border;
- Appendix V for Greek-Italian border.

### **Article 9.03 Exclusion of set-off**

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

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



## **Section X. Miscellaneous**

### **Article 10.01 Information / Notices**

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

### **Article 10.02 Limitation of Liability**

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

### **Article 10.03 Confidentiality**

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

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

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

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

## **Article 10.04 Severability**

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

## **Article 10.05 Disputes and Applicable Law**

1. All disputes arising out of these rules or related to their violation, termination or nullity shall be referred to and finally resolved by arbitration under the ICC rules, which Rules are deemed to be incorporated by reference into this Clause. The number of arbitrators shall be three. The place of arbitration shall be Lugano (Switzerland). The language to be used in the arbitral proceedings shall be English. The claimant shall nominate one (1) arbitrator and the respondent shall nominate one (1) arbitrator. The arbitrators nominated by each Party shall nominate the chairman of the arbitral tribunal within three Working (3) Days from the confirmation of the appointment of the second arbitrator by the ICC. If the nominated arbitrators by each Party cannot agree on the appointment of the chairman, the chairman shall be appointed by the ICC Court.
2. Notwithstanding the above, any Party to this Auction Rules shall have the right to have recourse to and shall be bound by the pre-arbitral referee procedure of the International Chamber of Commerce in accordance with its Rules for a Pre-Arbitral Referee Procedure.  
  
The provisions of this Clause constitute an irrevocable consent by the Parties to any proceedings in terms hereof and no Party shall be entitled to withdraw there from or claim at any such proceedings that it is not bound by such provisions.
3. These Auction Rules and Auctions that take place hereunder are governed by Belgian law, Rome Convention on the law applicable to the contractual obligations dated June 19<sup>th</sup> 1980 will be applied accordingly.
4. For the sake of clarity, Appendix II (Appendix ruling the Italian - Swiss Interconnection) prevails concerning applicable law on the Italian - Swiss Interconnection.
5. The application of the UN Convention on Contracts for the International Sale of Goods (CISG) shall be excluded.

## **Article 10.06 Force Majeure**

"Force Majeure" means any unforeseeable event or situation beyond the reasonable control of a Party, and not due to a fault of such Party, which cannot reasonably be avoided or overcome, and which makes it impossible for such Party to fulfil temporarily or definitively, its obligations hereunder in accordance with the terms of the Auction Rules.

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

The obligations, duties and rights of a Party subject to the Force Majeure, with the exception of confidentiality obligations defined in Article 10.03, shall be suspended from the beginning of the Force Majeure. The obligations, duties and rights shall be suspended for such period as it is reasonable having regard to the effect of the impediment on performance of the obligations, rights and duties under the Auction Rules.

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

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

If a Force Majeure lasts for more than thirty (30) Days and adversely affects the essential obligations of the Parties under the present Auction Rules, the Auction Operator may suspend entitlement of the User and/or the User 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 10.07 Amendment of Rules

The present Auction Rules will be amended according to the following procedure:

(a) Amendments due to technical and legal requirements:

These Auction Rules are subject to the technical and legal conditions at the time at which they take effect. In the event that there is a change in law or regulation, any rules imposed (as the case may be) by Competent Authorities at national or international level which have an effect on these Auction Rules or if the auctioning process is enhanced then, notwithstanding any other provision of these Auction Rules, the Auction Rules will be amended accordingly.

(b) Amendments of the Auction Rules:

- TSOs are entitled to propose amendments to these Auction Rules
- Users are entitled to put forward to TSOs proposals for amending the Auction Rules. Every proposal should be sent by registered post with acknowledgement of receipt, containing a clear description of the proposed amendment and its motivation. The TSOs concerned by the proposal shall, within twenty (20) Working Days starting from the date of acknowledgement of receipt, confirm or refuse the acceptability of the proposal, providing a justification for the decision taken both to the User and to the relevant National Regulatory Authorities.

(c) Users consultation:

- Before making any amendments of the present Auction Rules, whatever TSOs act upon the proposals they receive or undertake to modify the Auction Rules at their own initiative, the concerned TSOs will give Users a reasonable opportunity, and in any event not less than ten (10) Working Days, to review and give written comments to the TSO on the proposed amendment.

When the consultation period has expired, TSOs draw the definitive text of the amendment to the Auction Rules.

(d) Auction Rules approval

The amended version of the present Auction Rules, as well as any relevant information related to the Users' consultation as described above and which might be requested by the relevant National Regulatory Authorities and a report of users' consultation will be submitted to the relevant National Regulatory Authorities for approval and/or advise as the case may be.

Within a period of ten (10) Working Days following the last decision of the relevant National Regulatory Authorities, concerned TSOs:

- Draw up the amended definitive version of the Auction Rules;
- Publish on their respective Website the amended definitive version of the Auction Rules, its date of entry into force;
- Notify each User concerned by the amendment that an amended version of the Auction Rules is available on their Website, and its date of effect.

(e) Amendments of the present Auction Rules have no impact on the validity of the Statement of Acceptance signed by the User. This Statement of Acceptance continues to be in force and includes acceptance of the modifications made to the Auction Rules, without prejudice to the User's right to deregistration in accordance with Article 3.04.

# APPENDIX I Specific Capacity Access Rules on French and Italian Interconnection

As introduced in the Section I Article 1.02, and pursuant to discussions related to European Regional Initiatives between TSOs of the Central South Europe (CSE), European Commission and NRAs, TERNA and RTE have decided to gradually centralize all activities related to the Allocation of PTRs with delivery from 1st January 2010 in the direction from France to Italy during 2010 as a first step towards the harmonisation within the CSE Region.

This centralization will actually be implemented according to the following:

- As from the end of 2009 for the PTRs with delivery from the 1st January 2010, all the Auctions in the sense from France to Italy will be held with TERNA's Auction Tool (DAMAS);
- For the PTRs with delivery from 1<sup>st</sup> January 2010 to 31<sup>st</sup> of March 2010 (Phase 1), RTE remains the Auction Operator in the direction from France to Italy, and thus keeps, *inter alia*, managing Users' Entitlement, operating Secondary PTR Market, capacity curtailments and manage the invoicing;
- For the PTRs with delivery starting from 1<sup>st</sup> April 2010 (Phase 2), TERNA will fully become the Auction Operator on both directions on the France – Italy border; and thus will, *inter alia*, manage Users' Entitlement, operate Secondary PTR Market, capacity curtailments and manage the invoicing.
- Please note that:
  - The transition between Phase 1 and Phase 2 is expected as described above (target date);
  - The transition will be confirmed to Users at least one month before;
  - In the present document, only reference to Phase 1 and Phase 2 will be done.

For Nomination, the present Appendix of the Auction Rules makes reference to the last version of the “*French Import Export Rules*” published on RTE's web site. Any changes in the French Import/Export Rules, which can impact the Italian French interconnection congestion management and these Auction Rules, shall be subject to prior agreement between RTE and TERNA.

In addition to the amendment procedure described in Article 1.04 of the common parts, any amendment to the common parts of these Auction Rules (Articles 1 to 10 and all the annexes referring to Articles 1 to 10) and/or to Specific Rules for French-Italian border (Appendix I) will be submitted to a prior consultation of the Users by RTE in accordance to the article 10.07 of the common part.

## 1 Participation requirements

### 1.1 Financial guarantees for Auctions in direction from France to Italy

Regarding the Bank Guarantee to be provided:

- the User has to provide RTE with the requested Bank Guarantee in accordance with the provisions of 1.1 (a) and (b) below for the PTRs Allocated by RTE acting as Auction Operator. This provision shall not preclude the User from the obligation to provide TERNA with the Bank Guarantee required in Article 3.02, for the specific case of the outstanding debts resulting from the Yearly PTRs Allocated by RTE in December 2009, in order to cover the residual amounts to be invoiced and related to Phase 2,
- The User has to provide TERNA with the requested Bank Guarantee in accordance with the provisions of Article 3.02 of the common parts for the PTRs Allocated by TERNA acting as Auction Operator and for the Yearly PTRs allocated by RTE for the residual amounts to be invoiced related to Phase 2.

#### **a) Compulsory nature of the Bank Guarantee to be provided to RTE**

For sake of clarity, the provisions set forth below will only apply to the Auctions managed by RTE acting as Auction Operator.

The Bank Guarantee to be provided to RTE shall be valid until at least end of Phase 1 plus 90 calendar days. RTE shall be entitled to suspend a User during the ninety (90) Days preceding the expiry of its Bank Guarantee unless the User has provided a new Bank Guarantee with a longer validity period, which has been accepted by RTE.

The Bank Guarantee shall be delivered by a credit institution acknowledged as solvable, and located in a member State of the European Union or in Switzerland or in Norway. This credit institution shall not be the User itself or shall not control this User or be controlled by it under the meaning of corporation law.

The Bank Guarantee shall be issued by a credit institution which Long Term financial rate obtained from an international rating agency is at least A+ or A1.

If, during the execution of the present Agreement, the Long Term financial rate of the credit institution which issued the Bank Guarantee becomes lower than A+ or A1, RTE is entitled to require the User to provide, within thirty (30) days, a new Bank Guarantee complying with the criteria defined above.

The Bank Guarantee is accepted once RTE has Notified the User and the credit institution that issued it of its agreement with the terms of the said Bank Guarantee.

#### ***b) Amount of the Bank Guarantee to be provided to RTE***

For sake of clarity, the provisions set forth below will only apply for the Auctions managed by RTE acting as Auction Operator.

The User has to provide RTE with a Bank Guarantee of 500 000 € in order to cover all debts resulting from the Auction of PTR from France to Italy (according to the model supplied in Attachment I-1) and from the participation in the Secondary PTR Market managed by RTE acting as the Auction Operator.

By derogation, a User can first choose to give a Bank Guarantee limited to 50.000 € in order to participate to the Auctions. But, as soon as this User obtains Capacity at the Yearly and/or Monthly Auctions, it shall increase the amount of its Bank Guarantee to 500.000 €, within five (5) Working Days. In the case the User does not comply with this requirement, the User shall lose the Allocated Capacity acquired at the Yearly and/or Monthly Auctions and won't be allowed to participate in further Auctions or in the Secondary PTR Market until it has provided a Bank Guarantee of the requested amount. RTE and Terna will Allocate such lost PTR on next available Auctions.

If RTE is forced to invoke the Bank Guarantee or if two late payments (as defined in chapter 7.4) are observed in the rolling twelve months period, RTE is entitled to notify the User to provide, within 8 Working Days, a new Bank Guarantee which amount shall be equal to whichever of the following three values is highest:

- Total of all invoices issued under the present AR in the direction France to Italy and which have not yet been paid by the User, where this absence of payment can be observed the day after the day on which RTE invokes the Bank Guarantee or observes the second late payment.
- Five hundred thousand (500,000) Euros \* (1+ NIP), NIP being the number of payment incidents (see chapter 7.4) observed over the last twelve sliding months, including the current month, when payment incidents have been observed on the part of the User;
- The highest Bank Guarantee amount actually required from the User during the previous six months, excluding the current month.

To revise the amount of its Bank Guarantee, the User must provide a new Bank Guarantee to RTE. This revision request is accepted once RTE has notified the credit institution and the User that they agree with the new terms of the Bank Guarantee.

RTE shall be entitled to suspend the User if the amount of either Bank Guarantee is less than five hundred thousand Euros (€ 500,000), or less than the last minimum Bank Guarantee amount required from the User in accordance with the present Chapter.

## **1.2 Requirements in respect of grid access**

In order to participate in the Auctions and to the Secondary PTR Market, on the French and Italian Interconnection, the User has:

- To sign a Dispatching Contract and to be compliant with the Congestion Management Rules on the Italian Interconnection;
- To sign a French Import/Export Rules participation agreement; and therefore must be Responsable D'Equilibre or attached to;
- To declare the same registered EIC code with both TSO.

Only for the Allocation of Yearly products and for the Allocation of Monthly products for January 2010, in order to participate in the Auctions, the User:

- a. Must have registered with the relevant Auction Operator by submitting a completed Statement of Acceptance form given in ANNEX I of the Auction Rules including the EIC Code;
- b. Must declare the same registered EIC code with both TSO.
- c. Must be signatory of French Import/Export Rules participation agreement and therefore must be Responsable D'équilibre or attached to and must have sent to TERNA a request to conclude a dispatching contract;

or

Must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection and must have sent to RTE the Annex I of French Import/Export Rules.

However, the User must be fully compliant with these two last conditions at least three (3) Working Days before the usage of PTR Allocated. If not, the User shall not be allowed to participate in the next Auctions, and in the Secondary PTR Market, and shall lose the PTR acquired in the previous Auctions. Consequently, all its Capacity Usage Authorizations shall be set at zero.

RTE and TERNA shall Allocate such lost PTRs on next available Auctions.

In case of discrepancy, the present Rules shall prevail on the French Import/Export Rules and on the Dispatching Contract and/or on Congestion Management Rules on the Italian Interconnection.

### **1.3 Temporary Suspension**

If a User is temporarily suspended, it shall no longer take part in Auctions or in the Secondary PTR Market, the Allocated Capacity that has not yet been used shall no longer be Nominated, Transferred and/or Resold until it fulfils again the requirements stating that the User may still participate in Auctions, and this according to the Rules of the country in which the User is established.

In particular, for the direction France to Italy, the User is entitled once more on the day after the Working Day on which the Auction Operator, before 12:00:

- Observes that all the conditions set out in Articles 3.02 and 3.03, and Chapters 1.1 and 1.2 have once more been met;
- And registered full payment of invoices which are due and which have not yet been paid by the User.

When the User is entitled once more, unused Capacity Allocated prior to the suspension of the entitlement may be Nominated, Transferred or Resold and the User may take part in Auctions and the Secondary PTR Market.

The Beneficiary of a Transfer is not affected by suspension of the Transferor's entitlement.

- In case of temporary suspension, the Auction Operator shall offer the Capacities freed up as a result on a day to day basis at Daily Auctions.
- Suspension takes effect on the date indicated in the communication notifying suspension of entitlement.
- Suspension does not free the User from its payment obligations as described in Chapter 7, including any capacities lost. The User cannot claim for any compensation in the event that this stipulation is applied.

### **1.4 Exclusion**

Exclusion of the User takes effect on the date indicated in the notification of the Exclusion.

If the Auction Operator excludes a User, the User concerned shall no longer participate in Auctions, or in the Secondary PTR Market on all the Interconnections (import/export direction), and the Allocated Capacity that has not yet been used shall no longer be Nominated, Transferred and/or Resold. The Beneficiary of a Transfer is not affected by exclusion of the Transferor's Entitlement.

The Auction Operator offers the Capacities freed up as a result at the next Auctions. In the specific case of bankruptcy as foreseen in Article 3.04 and regarding the direction from France to Italy only, the product of such Resale operated by the Auction Operator will be deducted from the total amount of the User's debt.

Exclusion does not free the User from its payment obligations as described in Chapter 7, including any Capacities lost. The User can not claim for any compensation in the event that this stipulation is applied.

## 2 Auction proceedings

### 2.1 Products offered in both directions

PTRs are offered as Products, according to the following definitions:

- **Yearly Base** (flat 00:00-24:00 from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010) for both directions;
- **Yearly Base without August or maintenance periods** (flat 00:00-24:00 from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010 with the exception of August or maintenance periods) for the direction from France to Italy;
- **Monthly Base** (flat 00:00-24:00 from 1<sup>st</sup> Day of the Month to the last Day of the Month)<sup>2</sup> for the direction from France to Italy and eventually in the opposite direction;
- **Monthly Peak** (08:00-20:00 from Monday to Friday of the first Day of the Month to last Day of the Month) for both directions;
- **Monthly Off Peak** (00:00-08:00 and 20:00-24:00 from Monday to Friday; 00:00-24:00 on Saturday and Sunday from the first Day of the Month to the last Day of the Month) for the direction from Italy to France;
- **Daily** (hourly blocks) for both directions.

### 2.2 Daily Auctions in the direction from France to Italy

#### (a) For the PTRs related to Phase 1

TERNA is acting as Auction Administrator with its Auction tool DAMAS, while RTE is Auction Operator.

RTE, as Auction Operator, shall perform the joint Allocation on 100% of Available Interconnection Capacity from France to Italy, 7 days a week.

- The ATC available at the Daily Auction is published on the Auction Websites of the TSO no later than 07:50 on the Auctioning Day.
- Daily Auctions are held on the day preceding the Day of Execution (D-1).
- Bids must have reached TERNA acting as Auction Administrator before 08:20 on the Auctioning Day.
- Only those Bids submitted by Users, which meet the requirements of these Auction Rules, in particular, those of Articles 4.03 and 4.04 shall be considered in the Auction.
- Each User is informed of the outcome of its Bid(s) no later than 08:30 on the Auctioning Day. The results of the Auctions are announced on the Auction Websites shortly after the Users have been informed individually.

The above time schedules may be modified via Auctions Tool.

#### (b) For the PTR related to Phase 2

TERNA, as Auction Operator, shall perform the joint Allocation for Daily ATC from Italy to France seven (7) days a week with same timeframes described above.

### 2.3 Submission of Bids for Yearly, Monthly and Daily Auctions in the direction from France to Italy

As for the whole 2010 year, the Auction Tool in the direction from France to Italy is the one operated by TERNA (DAMAS), the provisions set in Article 4.03 and Article 4.04 (a) shall apply.

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<sup>2</sup> In case of exceptional circumstances, the monthly base product can be not available all days of the month.



## 2.4 Auction Results for the direction France to Italy

### **Notification of Auction results**

The results of Auctions are Notified to each User which participated in the Auction concerned, via the Auction Tool (DAMAS) for the whole 2010 year, at the following times:

- For Periodic Auctions: no later than two Hours after the Auction closes;
- For Daily Auctions: no later than ¼ Hour after the Auction closes.

### **Publication of Auction results**

As it is set forth in Article 2.06, the Auction Operator will publish on the Auction Website the Auction Results. Nevertheless, even if TERNA will become the Auction Operator for the PTRs related to Phase 2, RTE will keep publishing on its website the data listed within Article 2.06.

The name of a User having acquired Capacity at Yearly and Monthly Auctions will be published on the Auction Website and also on RTE's Website for the period when RTE will not be the Auction Operator anymore), in order to facilitate the Secondary PTR Market.

## 2.5 Cancellation of an Auction after the deadline for contesting results for PTRs Allocated in the direction from France to Italy

When the Auction Operator is forced to cancel an Auction after the deadline for contesting results:

- The PTRs Allocated during this Auction shall be set to zero due to the cancellation of the Auction;
- No invoice will be provided for this Auction;
- Users who have acquired PTRs during this Auction will be compensated by the Auction Operator at 10% of the payment they would have made if the Auction had been validated.

## 3 Firmness of PTR and Guarantee of Schedules

For the whole 2010 year and only in the direction from France to Italy, the provisions set forth in Article 2.04 (1) are amended as follow:

Yearly and Monthly PTRs are offered on a firm basis except for cases where Curtailments are necessary due to circumstances that constitute Force Majeure as defined in Article 10.06 or due to the network security reasons and after all other available measures according to relevant national and European legislation have been taken.

- (i) in case of PTR Curtailments for network security reasons on French Italian border the PTR Holder is compensated at 110% of the total payments effectuated for the hours of curtailed PTRs up to 35 Equivalent Days or 840 hours. PTRs acquired through Yearly and Monthly Auctions are curtailed on a 'pro rata' basis.;
- (ii) In case of PTR Curtailments under circumstances that constitute Force Majeure as defined in Article 10.06, the PTR Holder is not invoiced or, in the case that the invoice has already been issued, reimbursed at 100% of the Clearing Price paid by the PTR Holder and corresponding to the hours of curtailed PTRs.

However, PTR Curtailment for network security reasons is allowed up to 35 Equivalent Days or 840 hours. This limit is calculated for each border and direction...

Concerning the provisions set forth in Article 2.05, as of reception of the Capacity Usage Authorisation by the PTR Holder, the PTRs Allocated through Yearly and Monthly Auctions in the direction from France to Italy become firm except in case of Force Majeure.

For the sake of clarification the following will be applied by the Auction Operator to curtail PTR:

- a) If the decision for the Curtailment is taken in **D-2 Working Days** (D is the day of execution) before the deadline for the sending of the Capacity Usage Authorisation for Periodic Schedules then the Auction Operator is entitled to perform the Curtailment of Yearly and/or Monthly PTR;

- b) Except Force Majeure, none Curtailment will have effect on the Capacity Usage Authorisation for Periodic Schedules after their sending in **D-2 Working Days around 04:00 pm**. However the Auction Operator will reduce the Daily ATC if the Curtailments are known before the Daily Auctions (without changing the timetable of the Daily Auctions);
- c) Once Daily PTRs have been awarded to a successful User, they become firm except Force Majeure.

## 4 Capacity usage Rules

### 4.1 Counterparty for PTRs acquired through Yearly, Monthly and Daily Auctions

#### (a) For the PTRs related to Phase 1

##### ***Periodic PTR Allocated from France to Italy***

For Periodic – Yearly and/or Monthly – PTR Nominations from France to Italy PTR Holder shall designate himself (A-to-A) or one Dispatching Contract signatory (A-to-B-and-only-one B) as Counterparty. This Dispatching Contract signatory shall need to abide by the Congestion Management Rules on the Italian Interconnection. The PTR Holder must notify its Counterparty to RTE for the week W no later than 12:00 on Wednesday of week W-1. In the event of a PTR Transfer, the new PTR Holder must notify its Counterparty following the above-mentioned criteria.

If the information is inaccurate, incomplete or not received by 12:00 on Wednesday of week W-1, the Auction Operator TSOs is entitled to reset the PTR Holder's schedules to 0 MW for all the week W.

##### ***Daily PTRs Allocated from France to Italy***

For Daily PTRs from France to Italy, the PTR Holder should designate itself or one Dispatching Contract signatory (A to B principle); like Periodic PTR, this Dispatching Contract signatory shall need to abide by the Congestion Management Rules on the Italian Interconnection; the PTR Holder must notify its Counterparty to RTE for the week W no later than 12:00 on Wednesday of week W-1; if no declaration is done or if declaration is inaccurate, incomplete or not received by 12:00 on Wednesday of week W-1, a A to A principle will be used.

##### ***Periodic and Daily PTRs Allocated from Italy to France***

For PTRs acquired through Yearly, Monthly and Daily Auctions Nominations from Italy to France, PTR Holder designates itself as Counterparty (A to A).

#### (b) For the PTRs related to Phase 2

Due to the setting up of the new RTE's scheduling tool (MORGAN), there will be no longer need to declare prior Counterparties before scheduling. Counterparties will be designated simultaneously when scheduling.

The following rules apply:

- Periodic PTR Allocated from France to Italy: A to N principle is set up.
- Daily PTR Allocated from France to Italy: A to B principle remains active
- Periodic and Daily PTR Allocated from Italy to France: A to A principle remains active.

### 4.2 Capacity Usage Authorisations and Guarantee of schedules

#### (a) For the PTRs related to Phase 1

##### ***PTRs Allocated from France to Italy***

In the direction from France to Italy, a Capacity Usage Authorisation designates for a given day:

- For Yearly and Monthly Auctions: the hourly aggregation of PTRs plus or minus PTR Transfer, minus the PTRs released in Secondary PTR Market from France to Italy, and takes into account eventual Curtailments;
- For Daily Auctions: the hourly PTRs acquired from France to Italy.

The following principles apply:

- RTE shall calculate and communicate to the PTR Holders their Capacity Usage Authorisation;
- The Capacity Usage Authorisation refers only to exchange programmes between RTE and TERNA;
- The User must respect these Capacity Usage Authorisations when nominating.

The Notification of Allocated capacity profiles and Capacity Usage Authorisation is described below:

- Following a Periodic Auction, as soon as possible after the results of the Auction and within 2 Worked Days maximum, RTE Notifies the User of the Allocated Capacity Profile by e-mail.
- After a Periodic Auction, RTE Notifies the Capacity Usage Authorisation to the User. This Capacity Usage Authorisation contains a consolidated list of the Capacities Allocated at the Periodic Auctions, and is sent:
  - Before 16:00 on Thursday for the following Saturday, Sunday and Monday
  - Before 16:00 on Friday for the following Tuesday
  - Before 16:00 on Monday for the following Wednesday
  - Before 16:00 on Tuesday for the following Thursday
  - Before 16:00 on Wednesday for the following Friday.

These deadlines for the Notification of Capacity Usage Authorisations remain identical on public holidays.

- Following a Daily Auction, RTE only Notifies the User of its Capacity Usage Authorisation on D-1.

Only the last Capacity Usage Authorisation received by the User must be taken into account for Nominations.

Capacity Usage Authorisations take account of Transfers and/or Re-sales on the Secondary PTR Market, as well as any Curtailments of the kind defined in Chapter 3.

#### ***PTRs Allocated from Italy to France***

For PTRs in direction from Italy to France, TERNA shall communicate through the Auction Tool, for a given day, the maximum amount of PTRs that can be nominated by each PTR Holder split among Yearly and Monthly PTRs according to the Italian Congestion Management Rules.

The maximum amount of PTRs, which can be nominated, designates:

- For Yearly Auctions: the hourly aggregation of PTRs plus/minus Secondary PTR Market (Transfer), minus the PTRs released in Secondary PTR Market from Italy to France (Resale);
- For Monthly Auctions: the hourly aggregation of PTRs plus/minus Secondary PTR Market (Transfer)

#### ***(b) For the PTR related to Phase 2***

#### ***PTRs Allocated from France to Italy***

RTE will continue to forward Capacity Usage Authorisation to the Users as for the Phase 1 with similar characteristics except that:

- RTE will no longer be in charge of Capacity usage calculation as TERNA will be in charge of all secondary trading activities (cf. chapter 5) and implementation of Curtailment calculation;
- RTE will no longer forward to users Allocated Capacity Profile by e-mail after Periodic Auctions. The Allocated Capacity Profile is available on the TERNA Auction Tool.

#### ***PTRs allocated from Italy to France***

For PTRs in direction from Italy to France TERNA shall communicate through the Auction Tool, for a given day, the maximum amount of PTRs which can be nominated by each PTR Holder split among Yearly and Monthly PTRs according to the Italian Congestion Management Rules.

The maximum amount of PTRs which can be nominated designates:

- For Yearly Auctions: the hourly aggregation of PTRs plus/minus Secondary PTR Market (PTR Transfer), minus the PTRs released in Secondary PTR Market from Italy to France (PTR Resale);
- For Monthly Auctions: the hourly aggregation of PTRs plus/minus Secondary PTR Market (PTR Transfer)

### 4.3 Usage of PTRs acquired through Yearly and Monthly Auctions

The TSOs guarantee the realisation of the Exchange schedules corresponding to firmly Allocated PTR, except Force Majeure.

For the PTRs with delivery from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010

#### ***PTRs Allocated from France to Italy***

- RTE shall communicate to the PTR Holders their Capacity Usage Authorisation as the result of the Yearly and Monthly Auctions, according to the modalities defined in the Chapter 4.2.
- The PTR Holder and its Counterparties, must Nominate to RTE and TERNAL according to the modalities defined in the French Import/Export Rules and in the Congestion Management Rules on the Italian Interconnection. The deadline for the Nomination is fixed at 07:00 AM on the day before the Day of Execution on RTE side and on TERNAL side at 08:30 AM on the day before the Day of Execution.
- The PTR Holder Nomination made to RTE is binding for PTR Holder and its Counterparties.
- Unused PTRs shall be sold through the Daily Auctions with a "Use It Or Sell It" principle described in the chapter 6.
- If the Nomination exceeds the Capacity Usage Authorisation, the PTR Holder receives an acknowledgement informing that its periodic Nomination has been rejected.
- If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder shall be set to zero.

#### ***PTRs Allocated from Italy to France***

- The PTR Holder and its Counterparties, must Nominate to TERNAL and RTE according to the modalities defined in the Congestion Management Rules on the Italian Interconnection and in the French Import/Export Rules. The deadline for the Nomination is fixed at 7:00 on the day before the Day of Execution on RTE side and according to the modalities defined in the Congestion Management Rules on the Italian Interconnection on TERNAL side.
- The PTR Holder Nomination made to TERNAL is binding for PTR Holder and its Counterparties.
- Unused PTRs shall be sold through the Daily Auctions with a "Use It Or Sell It" principle described in Section VIII .
- If the Nomination exceeds the maximum amount of PTRs, PTR Holder shall be requested to revise its Nomination.
- If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder shall be set to zero.

### 4.4 Usage of PTRs acquired through Daily Auctions

For the PTR with delivery from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010

#### ***PTRs Allocated from France to Italy:***

- RTE shall communicate to the PTR Holders their Daily Capacity Usage Authorisation as the result of Daily Auctions shortly after the Daily Auction gate closure according to the modalities defined in the Chapter 4.2.

- b. The PTR Holders Nominate to RTE until 14:00 on the day before Day of Execution and to TERNNA according to the Italian Congestion Management Rules the use of their PTRs acquired through Daily Auction for the respective Day of Execution.
- c. The PTRs acquired through Daily Auction must be Nominated to RTE and to TERNNA according to the modalities defined in the French Import/Export Rules and in the Congestion Management Rules on the Italian Interconnection.
- d. In case of discrepancies between Nominations made by PTR Holders and its Counterparty to TSOs the minimum value shall prevail.

***PTRs Allocated from Italy to France:***

- a. TERNNA shall communicate to the PTR Holders their Daily PTRs acquired through Daily Auctions shortly after the Daily Auction gate closure according to the modalities defined in the Auction Tool.
- b. The PTR Holders Nominate to RTE until 14:00 on the day before Day of Execution and to Terna according to the Italian Congestion Management Rules the use of their PTRs acquired through Daily Auction for the respective Day of Execution.
- c. The PTRs acquired through Daily Auction must be Nominated to TERNNA and to RTE according to the modalities defined in the Congestion Management Rules on the Italian Interconnection and in the French Import/Export Rules.
- d. In case of discrepancies between Nominations made by PTR Holders and its Counterparty to TSOs the minimum value shall prevail.

## 5 Secondary PTR Market for PTRs Allocated from France to Italy

The present chapter deals with the following two situations:

- For PTRs related to Phase 1, RTE, remaining Auction Operator, operates Secondary PTR Market as described in the following chapter 5.1, 5.2 and 5.3 below; the User may assign responsibility for Notifying Transfers and/or Resales on its behalf to a proxy (cf. Attachment I-2), i.e. another User which has signed a Participation Agreement for French Import/Export Rules. The User sends RTE a power of attorney as per the model attached in Attachment 1-4.
- For PTRs related to Phase 2, TERN, becoming Auction Operator, operates Secondary PTR Market as described in Section VI with the exception of Transfer timing deadline and Curtailment. In case of Curtailment, the possible indemnification of the Capacity Price is calculated according to Chapter 3 of this Appendix.

### 5.1 PTR Transfer

#### (a) For the PTRs related to Phase 1

The process described in Article 6.01 (c) of these Auction Rules does not apply specifically for the notification.

The User Notifies the Capacity Transferred without taking into account any programmed Curtailment, of the kind described in Chapter 3.

The Auction Operator (RTE) reserves the possibility of applying the conditions defined in Chapter 3 in the event of a reduction before the Capacity Usage Authorisations are sent.

The minimum volume Transferable is one (1) MW over one (1) Hour.

Over a continuous Transfer period, only one Transfer Notification can be carried out by the PTR Holder.

A Transfer Notification must be notified to the Auction Operator (RTE) according to the Attachment I-3. Upon receiving a Transfer Notification, the Auction Operator shall verify:

- That the Transferor and the Beneficiary comply with Section III of these Auction Rules, up to the end of the Transfer period;
- That the Transferor is effectively the PTR Holder of the PTR to be Transferred as of Transfer Notification: to verify this, RTE calculates the Capacity Held on the Auction and Block concerned, taking account of any previous Transfers, and/or Resales accepted by RTE;
- That the Transfer Notification deadline as defined in the Annex Attachment I-3 has not been exceeded.

The Transfer Notification File is sent to RTE within the deadlines specified in the Attachment I-3.

After receiving the Transfer Notification, the Auction Operator sends:

- A message to the Transferor and the Beneficiary indicating its acceptance of the Transfer Notification, provided the Transfer Notification meets the above criteria and the checks conducted by the Auction Operator are positive;

Or

- A message to the Transferor only, detailing the reasons for the rejection if the Transfer Notification has been rejected. The Transferor may then send a new file repeating its Transfer Notification, which incorporates the Auction Operator's comments and bears the same Transfer Notification code, and which cancels and replaces the previous file. This new Transfer Notification must not exceed the deadline for Transfer Notification as defined in the Attachment I-3

The Auction Operator needs approximately (1) one hour to respond to the Transferor and/or Beneficiary following a Transfer Notification, except downgraded mode.

The Capacity obtained via a Transfer may be the subject of other Transfers by the Beneficiary.

A Transferor may ask the Auction Operator to cancel a PTR Transfer in respect of template in the Attachment I-5. The cancellation is accepted under the following conditions:

- The Beneficiary is, at the time of the cancellation, PTR Holder of at least the same amount of PTRs as in the Transfer Notification to be cancelled;
- The cancellation notification respects the same deadlines as a Transfer Notification for the same Transfer period defined in the Attachment I-3;
- The Beneficiary has informed by fax or email the respective Auction Operator that the cancellation is acceptable. This notification must also respect the same deadlines as a Transfer Notification for the same period.

A PTR Transfer accepted by the Auction Operator may be cancelled and replaced by a new PTR Transfer if:

- The Transferor asks the Auction Operator to cancel the PTR Transfer, according to the conditions stipulated above;
- The Transferor then notifies a new PTR Transfer in accordance with the present Article;

This Transfer Notification is subject to verifications by the Auction Operator.

#### **(b) For the PTRs related to Phase 2**

As the Auction Operator (TERNA) operates Secondary PTR Market with its Auction Tool, the provisions set in Article 6.01 of the common parts shall apply except for the deadlines. The notification shall be sent as following:

- Before 12:00 on the Thursday, a Transfer may be Notified if the start date of the corresponding Transfer Period is no earlier than the following Saturday, Sunday or Monday;
- Before 12:00 on the Friday, a Transfer may be Notified if the start date of the corresponding Transfer Period is no earlier than the following Tuesday;
- Before 12:00 on the Monday, a Transfer may be Notified if the start date of the corresponding Transfer Period is no earlier than the following Wednesday;
- Before 12:00 on the Tuesday, a Transfer may be Notified if the start date of the corresponding Transfer Period is no earlier than the following Thursday;
- Before 12:00 on the Wednesday, a Transfer may be Notified if the start date of the corresponding Transfer Period is no earlier than the following Friday.

## **5.2 PTR Resale**

Due to the “Use It or Sell It” principle (cf. chapter 6), the only PTR Resale possible is from a Yearly product to a Monthly Allocation.

Annual Capacity that may be Resold at a Monthly Auction must be a constant band of Capacity (MW) throughout the entire month concerned by the Resale, and may only be Resold at a band Monthly Auction.

If the Monthly Product is not a continuous band due to periods when the Available Capacity is nil, the Resale of Annual Capacities at this Monthly Auction will only be accepted if the Annual and Monthly Products are equal to zero during the same periods of the month.

#### **(a) For the PTRs related to Phase 1**

##### ***Resale Notification in the direction from France to Italy***

The process described in Article 6.02 (c) of these Auction Rules related to the notification does not apply.

The User Notifies the Capacity concerned by a Resale Notification without taking account of any programmed reductions, such as those described in Chapter 3.

The minimum volume of Capacity that may be Resold is one (1) MW over one (1) Month.

Over a continuous Resale period only one Resale Notification shall be carried out by the PTR Holder.

A Resale Notification must only be notified to Auction Operator according to the provisions set in Attachment I-4.

Upon receiving a Resale Notification, the Auction Operator shall verify:

- That the Reseller complies with Section III, up to the end of the Resale period;
- That the Reseller is effectively the PTR Holder at the time of the Resale Declaration: to verify this, RTE calculates the Capacity Held on the Auction and Block concerned;
- That the Resale Notification deadline as defined in the Attachment I-4 for PTR Resale has not been exceeded;
- That, for a Resale Notification at a Monthly Auction, the Reseller notifies a constant capacity for the whole month concerned by the Monthly Auction.

The Resale Notification File is sent to RTE within the deadlines specified in the Attachment I-4

After receiving this file, the Auction Operator sends to the Reseller:

- A message accepting the Resale Notification, provided the Resale Notification meets the above criteria  
or
- A message to the Reseller, detailing the reasons for the rejection if the Resale Notification has been rejected. The Reseller may then send a new file repeating its Resale Notification, which incorporates the Auction Operator's comments and bears the same Resale Notification code, and which cancels and replaces the previous file. This new Resale Notification must not exceed the deadline for Resale Notification as defined in Attachment I-4.

The Auction Operator needs approximately (1) one hour to respond to the Reseller following a Resale Notification, except downgraded mode.

A Reseller may ask Auction Operator to cancel a Resale Notification. The cancellation is accepted provided that the cancellation notification respects the same deadlines as a Resale Notification for the same period as defined in Attachment I-6

An accepted Resale Notification may be replaced by a new one provided that the new Resale Notification fulfils all the requirements set in this Chapter.

### ***Reduction of Capacities for Resale in the direction from France to Italy***

In the case of a known reduction before a Monthly Auction, Users' Resale Offers are reduced proportionally throughout the complete month concerned by the Resale.

The reduction applied at the Monthly Auction may be revised by RTE before Capacity Usage Authorisations are sent. The reduction in effect at the time the Capacity Usage Authorisations are sent is the one taken into account for the purposes of calculating compensation.

Compensation is paid for the reduced portion of the Capacity based on the Capacity initially acquired by the Reseller, and is equal to the product of:

- A compensation co-efficient equal to 110% for a Reduction for Power System Safety reasons;

**Or**

- A reimbursement coefficient equal to 100% for a Reduction in the case of Force Majeure in the event that Capacity Held has already been invoiced;

and

the Clearing Price of the initial Auction at which this Capacity was Allocated multiplied by the total monthly energy in MWh represented by all the reductions affecting the Capacity during the course of Month M.

### **(b) For the PTRs related to Phase 2**

As the Auction Operator (TERNA) operates Secondary PTR Market with its Auction Tool, the provisions set forth in Article 6.02 of the common parts shall apply.

## **5.3 Downgraded mode**

### **(a) For the PTR related to Phase 1**



The downgraded mode for sending Transfer and Resale Notifications by the User is fax, as defined in Attachments I-7 and I-8.

The date and time at which RTE receives the fax are deemed authentic.

RTE processes faxes on worked Days (Monday to Friday) excluding French public holidays (Attachment I-9) and during worked Hours (09:00 to 12:00 and 14:00 to 17:00).

In this case, RTE sends acceptances or rejections of Transfers and Resales on the Secondary PTR market at the following times:

- 7 Days before the Auction, excluding French public holidays, at 17:00, for a Resale at a Monthly Auctions
- D-2 worked days, excluding French public holidays, at 14:30, D being the Day of Delivery, for a Transfer.

As a last resort, adoption of downgraded mode in response to unplanned unavailability of the Information System may result in the Secondary PTR Market being suspended.

This suspension shall not give rise to compensation by RTE.

If the periods between the date of the Yearly Auctions and that of the Monthly Auctions are not compatible with the deadlines for receiving capacity Transfer and Resale Notifications, the Secondary PTR Market may be suspended.

#### (b) For the PTR related to Phase 2

The provisions set forth in Articles 6.03 and 6.04 of the common parts shall apply.

## **6 Use It Or Sell It (UIOSI) in the direction from France to Italy**

All non-nominated long-term PTR are automatically considered in the ATC for the daily Allocation and refunded to the PTR holders taking into account the respective Daily Auction Clearing Prices.

The PTR holders are compensated to the relevant Daily Auction Clearing Prices for the non-nominated periodic PTRs.

If due to network security reasons, the NTC has to be reduced before the Daily Auction, the Daily ATC can be lower than the non-nominated long-term PTR. In this case the non-nominated long-term PTR are curtailed pro rata (ATC divided by the sum of all not-nominated long-term PTR). PTR holders of the non-nominated long-term PTRs are compensated taking into account:

- the Daily Auction Clearing Prices for the part of their non-nominated long-term PTRs that have been re-Auctioned in the Daily Auction
- and for the remaining part, the 110 % of a price calculated as the weighted average of the Clearing Prices of Yearly and Monthly Auctions at which the non-nominated long-term PTR were acquired, considering that the Capacity Usage Authorization is a sum of all capacities acquired in yearly and monthly Auctions and consequently it's impossible to associate the periodic Nomination to a specific periodic product,

In case of Daily Auction cancellation due to serious disturbance to the functioning of the IT System or devices used by the Auction Operator, PTR holders are compensated up to 110 % of the price calculated as described above.

## 7 Settlement and Invoicing of PTRs Allocated from France to Italy

The present chapter deals with two situations

- For the settlement and the invoicing of PTRs related to Phase 1, RTE, remaining Auction Operator, settles as described in the following chapter 7.1, 7.2, 7.3 and 7.4;
- For the settlement and the invoicing of PTR related to Phase 2, TERNA, becoming Auction Operator, settles according to the Article 9.02 of the common parts.

Due to the different approach of settlement, this way of sharing role between RTE and TERNA drives to the situation illustrated in the table below:

	SETTLEMENT AND INVOICING TIMING OF PTRs ALLOCATED FROM FRANCE TO ITALY							
	... during	... during	... during	... during	... during	... during	...	... during
	Jan 2010	feb-10	mar-10	apr-10	may-10	jun-10	...	dec-10
Yearly PTRs	Jan-10	feb-10 Apr 2010 <sup>(1)</sup>	mar-10 May 2010 <sup>(1)</sup>	Jun 2010 <sup>(1)</sup>	Jul 2010 <sup>(1)</sup>	Aug 2010 <sup>(1)</sup>	...	Oct 2010 <sup>(1)</sup>
Monthly PTRs	Jan-10	feb-10	mar-10 Apr 2010 <sup>(2)</sup>	May 2010 <sup>(2)</sup>	June 2010 <sup>(2)</sup>	July 2010 <sup>(2)</sup>	...	Nov 2010 <sup>(2)</sup>
Daily PTRs		Jan-10	feb-10	mar-10	Apr 2010 <sup>(3)</sup>	May 2010 <sup>(3)</sup>	...	Jan 2011 <sup>(3)</sup>
Curtailments		Jan-10	feb-10	mar-10	Apr 2010 <sup>(3)</sup>	May 2010 <sup>(3)</sup>	...	Jan 2011 <sup>(3)</sup>
Re-sales (Yearly on Monthly)	Jan-10	feb-10	mar-10	mar-10	Apr 2010 <sup>(3)</sup>	May 2010 <sup>(3)</sup>	...	Jan 2011 <sup>(3)</sup>
UIOSI		Jan-10	feb-10	mar-10	Apr 2010 <sup>(4)</sup>	May 2010 <sup>(4)</sup>	...	Jan 2011 <sup>(4)</sup>
Compensation for daily auction cancellation		Jan-10	feb-10	mar-10	Apr 2010 <sup>(3)</sup>	May 2010 <sup>(3)</sup>	...	Jan 2011 <sup>(3)</sup>
Invoice sent by RTE								
Invoice sent by TERNA								

- (1) see Art.9.02 a) (a1) Payment deadline is set as indicated in the invoice and not later than five (5) working days before the date of publication of Auction Specification for PTRs referred to the same month of the not settled Yearly PTRs.
- (2) see Art.9.02 a) (a2) Payment deadline is set not later than two (2) working days before the date of publication of Auction Specification for the first Daily Auction referred to the same month of the not settled Monthly PTRs.
- (3) see Art.9.02 a) (a3) Payment deadline is set not later than two (2) working days before the date of publication of Auction Specification for the first Daily Auction referred to month M+1 of Monthly PTRs.
- (4) see Art.9.02 a) (a4) communication of the amount of credits for curtailment and resale/UIOSI within the 15th of month M for the month M-1

### 7.1 Invoices

#### (a) For the PTRs related to Phase 1

No later than the 30th of each month M, RTE sends the User an invoice including the amounts due for:

- Capacities Allocated at Periodic Auctions for use during Month M;
- Capacities Allocated at Daily Auctions for use during month M-1;
- Any reductions applied during month M-1;
- Capacities Resold at Monthly Auctions for the month M;
- Reimbursements of non used periodic Capacities (UIOSI);
- Any compensation following cancellation of a Daily Auction, for month M-1.

Bids selected at Daily Auctions are invoiced all at once and grouped together on a single line per Auction. The unit prices indicated on the Invoice are therefore average prices provided as an indication only.

Bids selected at monthly Periodic Auctions are invoiced all at once.

Bids selected at annual Periodic Auctions are invoiced on a monthly basis: 1/12th of the Bid's gross valuation rounded down the nearest Euro cent each month for 11 months, with the balance the 12th month.

Invoices are sent to the User by registered mail with acknowledgement of receipt, with due explanation, at the address indicated on the Attachment I-10.

The User may Notify RTE of any possible change in its invoice address. This change will take effect on the 1st Day of month M+1, on condition that Notification of this change of address has been received at least 7 Days before the end of Month M.

#### (b)For the PTRs related to Phase 2

The provisions set forth in Article 9.02 (a1), (a2), (a3) and (a4) of the common parts shall apply.

## **7.2 Invoice disputes**

#### (a)For the PTRs related to Phase 1

Any claims made relative to an invoice shall be Notified by registered mail with acknowledgement to RTE within thirty (30) Days of the invoice's date of issue. If no claim is made by the end of this period, the invoice will be deemed to have been accepted by the User. The Notification of a claim does not suspend any obligation to pay the sums invoiced.

If the claim proves to be justified, the reimbursement is made as per the terms of Chapter 7.4.

#### (b)For the PTRs related to Phase 2

The provisions set forth in Article 9.02 (a5) of the common parts shall apply.

## **7.3 Payment conditions**

#### (a)For the PTRs related to Phase 1

The User pays RTE the sums invoiced within 30 Days of the date of issue of the invoice, by bank Transfer to the account specified by RTE in the Participation Agreement for French Import/Export Rules. If the User adopts a direct debit system, the sums invoiced will be debited on the thirtieth (30th) Day after the invoice's date of issue.

Any bank charges relative to the settlement of the invoice are at the User's expense.

In the event of payment by bank Transfer, the User will ensure that its bank transmits the corresponding invoice number with the payment order. In the event of a SWIFT Transfer, the User undertakes to ensure that the invoice number is specified on the line "Payment reason". The absence of an invoice number means that RTE must identify the Transfers made to its account manually. Such manual identification will give rise to an administrative fee of 100 Euros, plus any duties and taxes in force.

A payment is deemed to be made on the Day on which it appears on RTE's bank statement, which is consulted each worked Day, provided the User has specified an exact invoice number reference.

The User is responsible for anticipating the times needed by the bank to process transactions and register payments. RTE shall make every effort to minimize these times, but cannot be held responsible if a period of two worked Days expires between the point at which the User makes payment (as per the definition given in the preceding paragraph) and the point at which it is registered by RTE.

#### (b)For the PTR related to Phase 2

The provisions set forth in Article 9.02 (b) of the common parts shall apply.

## **7.4 Late payment**

#### (a)For the PTR related to Phase 1

If full payment is not received by the specified deadline, RTE (or respectively the User) will register a "payment incident", and will send the User (or respectively RTE) an official reminder (by Notification) including official notice to pay.

If payment owed by the User is not received in full by the specified deadline plus fifteen worked Days, RTE will invoke the Bank Guarantee by right.

(b)For the PTR related to Phase 2

The provisions set forth in Article 9.02 (c) of the common parts shall apply.

## **7.5 Interest on arrears**

(a)For the PTR related to Phase 1

If the sums invoiced are not paid in full by the specified deadline, the said sums will be subject to interest without any further Notification of notice to pay being required.

The rate of interest, determined on the Day on which the invoice is sent, is equal to the interest rate applied by the European Central Bank at its most recent refinancing operation, plus 7 points.

This interest is calculated from the first Day following the expiry date, until the date on which the invoice is paid in full.

This interest will be increased to include taxes and levies in force.

The minimum amount of this interest is fixed at 140 Euros plus tax.

(b)For the PTR related to Phase 2

The provisions set forth in Article 9.02 (d) of the common parts shall apply.

## **Precision related to following attachments:**

- |                 |  |
|-----------------|--|
| Attachment I-1  | Bank Guarantee model for Auctions in direction from France to Italy<br>To provide to RTE when RTE is Auction Operator  |
| Attachment I-2  | Conditions in which a User may appoint a proxy for Nominating Capacity Transfers and Resales<br>To provide if needed to RTE only for PTR related to Phase 1while RTE is Auction Operator |
| Attachment I-3  | Transfer Notification for PTRs From France to Italy<br>To provide if needed to RTE only for PTR related to Phase 1while RTE is Auction Operator  |
| Attachment I-4  | Resale Notification for PTRs From France to Italy<br>To provide if needed to RTE only for PTR related to Phase 1while RTE is Auction Operator  |
| Attachment I-5  | PTR TRANSFER CANCELLATION REQUEST<br>To provide if needed to RTE only for PTR related to Phase 1while RTE is Auction Operator  |
| Attachment I-6  | PTR RESALE CANCELLATION REQUEST<br>To provide if needed to RTE only for PTR related to Phase 1while RTE is Auction Operator  |
| Attachment I-7  | Notification of Capacity Transfers in Downgraded Mode<br>To provide if needed to RTE only for PTR related to Phase 1while RTE is Auction Operator  |
| Attachment I-8  | NOTIFICATION Or MODIFICATION of capacity Resale at a monthly Auction in down-graded mode<br>To provide if needed to RTE only for PTR related to Phase 1while RTE is Auction Operator     |
| Attachment I-9  | Public holidays 2010 in France   |
| Attachment I-10 | Contacts details for the User and RTE  |

# Attachment I-1 Bank Guarantee model for Auctions in direction from France to Italy

## Guarantee upon first request

To be returned to the following address:...

[ ]<sup>(3)</sup> a company incorporated under [ ]<sup>(4)</sup> law, its registered offices being located at [ ], represented by [ ]<sup>(5)</sup> (the “Guarantor”) undertakes, by virtue of the present document, irrevocably and unconditionally, by order and on behalf of [ ]<sup>(6)</sup>, company incorporated under [ ]<sup>(7)</sup> (registration number [ ]) (the “Originator”) to pay RTE EDF Transport SA, limited company with capital of €2,132,285,690, 1 Terrasse Bellini TSA 41000 92919 Paris La Défense Cedex, identified under the n°444 619 258 in the Nanterre Trade and Business Register, (the “Beneficiary”), independently of the validity of the legal effects of the Statement of Acceptance, signed by the Originator in accordance with the Access Rules to France Italy interconnection in force, upon first demand, in accordance with the conditions below and without asserting any exception or objection, resulting from the Agreement, any sum up to a maximum amount of:

[ ]<sup>(8)</sup>,

including interest, costs and ancillary charges, (the “Guaranteed Amount”) in the event of failure by the Originator to respect any of its obligations with regard to the Agreement.

Modification or removal of factual or legal relations or links that may exist as of this day between the Guarantor and the Originator, may not discharge us from the present guarantee.

All the provisions of the present undertaking will retain their full effect, irrespective of any change in the financial or legal status of the originator.

The present guarantee may be invoked from the date of the present documents until [ ] inclusive (the “Expiry Date”).

The request for payment must be sent to us by registered letter with acknowledgement of receipt (the “Letter of Invocation of Guarantee”). We must receive this letter no later than the Expiry Date.

The present guarantee will become null and void at the Expiry Date, irrespective of whether it has been returned to us or not by this date.

The Guarantor may only be dispensed from the obligations incumbent upon him under the terms of the present guarantee before the Expiry Date, if the Beneficiary gives its written consent.

Any payment must be made within the 10 Working Days following reception of the Letter of Invocation of Guarantee. The Guarantor will carry out this payment in compliance with the instructions contained in the Letter of Invocation of Guarantee.

Reasonable and duly justified costs relative to the present guarantee will be borne by the Guarantor.

The present guarantee is governed by French law. For interpretation and execution of the present document, the Commercial Court of NANTERRE will be competent.

Drawn up in ....., on.....

---

<sup>(3)</sup> Company name of the banking establishment issuing the Bank Guarantee.

<sup>(4)</sup> Nationality of applicable law.

<sup>(5)</sup> Name of the authorised representative.

<sup>(6)</sup> Company name of the User.

<sup>(7)</sup> Nationality of applicable law.

<sup>(8)</sup> Contract amount.

## Attachment I-2 Conditions in which a User may appoint a proxy for Nominating Capacity Transfers and Resales

Only for the PTR related to Phase 1

The User may appoint a proxy, i.e. another User, to act on its behalf, for Notifying Transfers and Resales of Capacities he has acquired on an interconnection, under its Participation Agreement. In this case, the User who has appointed the proxy may no longer Notify Transfers and/or Resales.

In this case, the User must send RTE a power of attorney as per the model below:

### Power of attorney for the Notification of Capacity Transfers and Resales

**Between:**

Company:

\_\_\_\_\_  
\_\_\_\_\_

having its registered offices at

\_\_\_\_\_  
\_\_\_\_\_

registered under the number \_\_\_\_\_ represented by \_\_\_\_\_

acting in his/her capacity as \_\_\_\_\_,

Hereinafter referred to as the "Principal"

**Of the first part,**

Company:

\_\_\_\_\_  
\_\_\_\_\_

having its registered offices at

\_\_\_\_\_  
\_\_\_\_\_

registered under the number \_\_\_\_\_ represented by \_\_\_\_\_

acting in his/her capacity as \_\_\_\_\_,

Hereinafter referred to as the "Proxy"

**Of the second part,**

or by default, hereinafter referred to individually as a "Party" or jointly as the "Parties",

The following has been agreed and decided upon:

## **Preamble**

Each Party has signed a Participation Agreement for the Access Rules for Imports and Exports on the French Public Power Transmission System (Rules).

Under the Rules, a Party may appoint another Party to Notify RTE of its Capacity Transfers and Resales.

Consequently, the Parties have agreed upon the following.

## **Article 1 Purpose**

The Principal appoints the Proxy to act on his behalf, for the purpose of Notifying his Capacity Transfers and Resales to RTE in accordance with the Rules.

The Principal may no longer Notify his Capacity Transfers and Resales.

## **Article 2 Framework**

The Parties expressly acknowledge that this power of attorney is not intended to discharge them from any of the obligations incumbent upon them under the Rules.

## **Article 3 Term**

The present power of attorney enters into force on .

It shall end:

- Automatically and immediately in the event that either of the Parties' Participation Agreements are terminated,
- At the initiative of one of the Parties, fifteen (15) Calendar Days after the other Party has received notification of the termination by registered letter with acknowledgement of receipt.

Signed in two original copies,

in \_\_\_\_\_, (date) \_\_\_\_\_.

For the Principal:	For the Proxy:
Name:	Name:
Position:	Position:



## Attachment I-3 Transfer Notification for PTRs From France to Italy

Only for the PTR related to Phase 1

The Notification of the Transfer is effectuated via the Notification File, which must contain the following information:

- A unique code for a given Transfer (defined by the TSO)
- The Transferor's EIC Code
- The Beneficiary's EIC Code
- The codes denoting the Auction and the Block at which the Capacity due for Transfer was Allocated
- The Transfer Period: dates concerned by the Capacity Transfer, including start and end dates
- The volume of Capacity Transferred: 24 hourly point (not including any programmed Curtailments)

The Notification File is sent to the TSO by email:

- Before 12:00 on the Thursday, a Transfer may be Notified if the start date of the corresponding Transfer Period is no earlier than the following Saturday, Sunday or Monday;
- Before 12:00 on the Friday, a Transfer may be Notified if the start date of the corresponding Transfer Period is no earlier than the following Tuesday;
- Before 12:00 on the Monday, a Transfer may be Notified if the start date of the corresponding Transfer Period is no earlier than the following Wednesday;
- Before 12:00 on the Tuesday, a Transfer may be Notified if the start date of the corresponding Transfer Period is no earlier than the following Thursday;
- Before 12:00 on the Wednesday, a Transfer may be Notified if the start date of the corresponding Transfer Period is no earlier than the following Friday.

## Attachment I-4 Resale Notification for PTRs From France to Italy

### Only for the PTR related to Phase 1

With the UIOSI principle, the only Resale Notification possible concerns yearly products to monthly Allocations.

The Notification of the Resale is effectuated via the Notification File, which must contain the following information:

- A unique code for a given Resale;
- The Reseller's EIC Code;
- The codes denoting the Auction and the Block at which the Capacity due for Resale was Allocated;
- The Resale Period: dates concerned by the Capacity Resale, including start and end dates;
- The volume of Capacity Resold (excluding any programmed Curtailments): Constant band of Capacity (MW) throughout the entire month for a Resale at a band Monthly Auction;

For a Resale at a Monthly Auction, the Notification must be made by the Reseller no later than 7 days before the Day of the Monthly Auction, at 12:00.

In specific cases, for instance for Resale from the yearly product to a January Monthly Auction, due to the potential short time between these two Auctions, the time for notification can be shorter than 7 days. In these cases, the Auction operator will inform customers in due time to allow the secondary trading.

In case of exceptional circumstances, if the monthly base product for the Resale is not available all days of the month (cf. Appendix I, chapter 2.1), re sales cannot be accepted.

## Attachment I-5.PTR TRANSFER CANCELLATION REQUEST

Number of Pages:

If you do not receive all pages, let us know immediately.

---

EXPÉDITEUR/FROM

---

SOCIETE/COMPANY NAME :

---

ADRESSE/ADDRESS :

---

TÉLÉPHONE/PHONE :

---

FAX :

---

---

DESTINATAIRE/TO

---

ATTN :

CNES

FAX/FAX : (33) 1 41 66 72 65

According to the Participation Agreement n°AI\_AAMM\_nnnn\* signed between XXX and RTE.

### SECONDARY MARKET: PTR TRANSFER CANCELLATION REQUEST

Transfer identification number \*\* : \_\_\_\_\_

\*: AAMM is the year and the month of the beginning of the Agreement validity period, and nnnn is the User RTE number.

\*\*: The Transfer identification number is indicated in the response that RTE sends after the initial Transfer Notification.

## Attachment I-6 PTR RESALE CANCELLATION REQUEST

Number of Pages:

If you do not receive all pages, let us know immediately.

\_\_\_\_\_  
EXPÉDITEUR/FROM

\_\_\_\_\_  
SOCIETE/COMPANY NAME :

\_\_\_\_\_  
ADRESSE/ADDRESS :

\_\_\_\_\_  
TÉLÉPHONE/PHONE :

\_\_\_\_\_  
FAX :

\_\_\_\_\_  
DESTINATAIRE/TO

\_\_\_\_\_  
ATTN :

\_\_\_\_\_  
CNES

\_\_\_\_\_  
FAX/FAX : (33) 1 41 66 72 65

According to the Participation Agreement n°AI\_AAMM\_nnnn\* signed between XXX and RTE.

*Indicate if the PTRs are to be resold at a Monthly or a Daily Auction*

### SECONDARY MARKET : PTR RESALE CANCELLATION REQUEST

Resale identification number \*\*: \_\_\_\_\_

\*: AAMM is the year and the month of the beginning of the Agreement validity period, and nnnn is the User RTE number.

\*\*: The Resale identification number is indicated in the response that RTE sends after the initial Resale Notification.

## Attachment I-7Notification of Capacity Transfers in Downgraded Mode

*To be used only on the instructions of RTE in the event of a failure in the Information System.*

Number of pages: 1+

Please let us know immediately if you have not received every page.

\_\_\_\_\_  
EXPÉDITEUR/FROM

SOCIETE/COMPANY NAME:

\_\_\_\_\_  
ADRESSE/ADDRESS:

\_\_\_\_\_  
TÉLÉPHONE/PHONE:

\_\_\_\_\_  
FAX:

\_\_\_\_\_  
DESTINATAIRE/TO

ATTN:

CNES

FAX/FAX : (33) 1 41 66 72 65

Under Participation Agreement °AI\_YYMM\_nnnn\* signed between XXX and RTE.

\*: YYMM denotes the year and month in which the Participation Agreement began and nnnn is the customer's RTE number.

## SECONDARY MARKET: NOTIFICATION OF A CAPACITY TRANSFER

F R O M (reminder): \_\_\_\_\_

TRANSFEROR NAME	
TRANSFEROR'S EIC CODE	
BENEFICIARY NAME	
BENEFICIARY'S EIC CODE	
ID CODE of the AUCTION at which the Capacity to be Transferred was Allocated	
ID CODE of the AUCTION BLOCK at which the Capacity to be Transferred was Allocated	
TRANSFER START DATE (format: day – month – year: dd-mm-yy)	
TRANSFER END DATE (format: day – month – year: dd-mm-yy)	
HOURLY PERIOD	CAPACITY TO BE TRANSFERRED IN MW
0 – 1	
1 – 2	
2 – 3	
3 – 4	
4 – 5	
5 – 6	
6 – 7	
7 – 8	
8 – 9	
9 – 10	
10 – 11	
11 – 12	
12 – 13	
13 – 14	
14 – 15	
15 – 16	
16 – 17	
17 – 18	
18 - 19	
19 – 20	
20 – 21	
21 – 22	
22 – 23	
23 – 24	

## Attachment I-8 NOTIFICATION Or MODIFICATION of capacity Re-sale at a monthly Auction in downgraded mode

*To be used only on the instructions of RTE in the event of a failure in the Information System.*

Number of pages: 1+

Please let us know immediately if you have not received every page.

\_\_\_\_\_  
EXPÉDITEUR/FROM

SOCIETE/COMPANY NAME:

\_\_\_\_\_  
ADRESSE/ADDRESS:

\_\_\_\_\_  
TÉLÉPHONE/PHONE:

\_\_\_\_\_  
FAX:

\_\_\_\_\_  
DESTINATAIRE/TO

ATTN:

CNES

FAX/FAX: (33) 1 41 66 72 65

Under Participation Agreement °AI\_YYMM\_nnnn\* signed between XXX and RTE.

\*: YYMM denotes the year and month in which the Participation Agreement began and nnnn is the customer's RTE number

<b>SECONDARY MARKET: NOTIFICATION OR MODIFICATION OF A CAPACITY RE-SALE AT A MONTHLY AUCTION</b>
--

ID CODE of the RESALE **	
RESELLER NAME	
RESELLER'S EIC CODE	
ID CODE of the AUCTION at which the Capacity to be Resold was Allocated	
ID CODE of the AUCTION BLOCK at which the Capacity to be Resold was Allocated	
RESALE PERIOD ( <i>format month – year</i> )	
CAPACITY TO BE RESOLD IN MW	

**\*\*:** If a request to modify a Notification of Capacity Resale at a Monthly Auction is accepted by RTE, enter the ID code of the Resale in the table above.

The ID code of the Resale is indicated in RTE's response to the initial Resale request.



## Attachment I-9 11    Public holidays 2010   in France

Public French Holidays	
Date:	Description:
01.01. 2010	New Year's Day
05.04.2010	Easter Monday
01.05. 2010	Labour Day
08.05. 2010	Victory day 1945
13.05.2010	Ascension
23.05.2010	Pentecost
14.07. 2010	National day
15.08. 2010	Assumption Day
01.11.2010	All Saints' Day
11.11. 2010	Liberation Day
25.12. 2010	Christmas

## Attachment I-10      Contacts details for the User and RTE

### USER CONTACT DETAILS:

#### EIC CODE:

#### Invoicing:

Contacts:	
Invoice address:	
Telephone number:	
Fax number:	
Email:	

#### All correspondence

Contacts:	
Address:	
Telephone number:	
Fax number:	
Email:	

#### Auctions

Contacts:	
Address:	
Telephone number:	
Fax number:	
Email:	

**Daily Import and Export Programme Supervisor**

Contacts:	
Telephone number:	
Fax number:	
Email:	

**RTE CONTACT DETAILS:****All correspondence**

Contact:	
Address:	RTE – CNES Service Relations Clientèle Bâtiment La Rotonde 204, boulevard Anatole France 93206 Saint Denis Cedex 06 France
Telephone number:	
Fax number:	(33) 141 667 265
Email:	

**Daily Import and Export Programme Supervisor (including IFA)**

Contacts:	CNES Network and Interconnection Management Service
Telephone number:	(33) 1 41 66 72 40
Fax number:	(33) 1 41 66 70 75

# APPENDIX II Specific Capacity Access Rules on Swiss and Italian Interconnection

## 1 Participation requirements

swissgrid, acting as Auction operator, will process the Statement of Acceptance as fast as possible after having received such form by mail or fax, duly completed by the Applicant. Yet, the Applicant must allow a maximum of 5 Working Days for the processing. Anyways the original forms have to be submitted via standard mail to the address reported in Annex III. The Applicant shall be informed about the admission or rejection by electronic mail or fax. In case of rejection of its registration request, the Auction Operator shall inform the Applicant of the reasons for the rejection.

In order to allow automatic processing of PTR Transfers regarding the Secondary PTR Market, the User agrees, that his name is listed in the menu of possible Beneficiaries accessible only to PTR Holders.

### ***a. Financial guarantees - Auctions in direction from Switzerland to Italy (Art. 3.02 b)***

The User is required to provide swissgrid with a Bank Guarantee or with a monetary deposit in a swissgrid account. The User will receive the interest paid on the account and will be charged for the management of the account..

The Bank Guarantee must be issued by a credit institution rated A Minus by either the credit rating agency Dun & Bradstreet, Moody's or Standard & Poor or of another equivalent rating agency according to the model supplied in Attachment II-1

The amount of the financial guarantee has to cover 1/12 of all outstanding debts resulting from Yearly Auctions, all outstanding debts resulting from Monthly Auctions and all outstanding debts resulting from Daily Auction on a monthly base, yet the minimum amount of financial guarantee is Fifty thousand (50 000) Euros.

If the amount is not sufficient to cover outstanding debts, swissgrid shall ask the PTR Holder to increase the amount of the financial guarantee within the date communicated by swissgrid and not later than 10 Working Days.

The User has to enable swissgrid to effectuate automatic collection with Electronic Fund Transfer (EFT) authorization in swissgrid's favour for a nominated bank account (the form for the EFT authorization is shown in Attachment II -2. Alternatively the User can enable swissgrid to effectuate automatic collection by direct debit authorization (DD) – shown in Attachment II-3. The latter requires a bank account in Switzerland. Registration will only proceed once the test of the EFT/DD has been concluded successfully. The sum for the EFT/DD test will be €10.00 and will be offset against any following Action results by the Auction Participant.

### ***b. Requirements in respect of grid access - Auctions on both directions on Switzerland-Italy Interconnection (Art. 3.03)***

In order to participate in Yearly and Monthly Auctions, the User:

- must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERN website

**OR**

- must have signed a Balance Group Contract in Switzerland;

In order to participate in the Daily Auctions, the User:

- for Daily Auctions in the direction from Italy to Switzerland must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERN website
- for Daily Auctions in the direction from Switzerland to Italy must have signed a Balance Group Contract in Switzerland

For all auctions the User must have the same registered EIC code with both TSOs.

## 2 Auction proceedings

### **2.1 Auctions on the Interconnection between Switzerland and Italy**

The ATC for Yearly, Monthly and Daily Auctions is determined taking into account the relevant Swiss and Italian law.

#### **Submission of Bids for Yearly, Monthly and Daily Auctions from Switzerland to Italy**

The User submits his Bids via the Auction Tool in accordance with the formats defined in the Instruction to Bidders. The Auction Tool enables the User to submit a Bid File for a given Auction. The User accesses the Auction Tool according to the conditions set out in the Instruction to Bidders.

Bids not submitted in the required format shall not be taken into account.

Bids give rise to functional acknowledgement of receipt. If the functional acknowledgement of receipt is not issued, the Bid in question is deemed not to have been submitted.

The amount of MW requested in a Bid file may not be higher than the relevant ATC.

#### **Daily Auctions from Switzerland to Italy**

swissgrid, as Auction Operator, shall perform the joint allocation of the Daily ATC, on a daily basis.

- a. The Daily ATC is published on the Auction Website no later than 07:45 am at the Auctioning Day
- b. Bids must be received to swissgrid Auction Tool between 07:45 am and 08:15 am on the Auctioning Day.
- c. Only those Bids submitted by Users, which meet the requirements of the Auction Rules, in particular, those of Bid Limitations and Submission of Bids for Daily Auctions shall be considered in the Auction.
- d. Each User is informed of the outcome of his Bid(s) no later than 30 minutes after the conclusion of the Daily Auction. The public results of the Auctions are published on the Auction Websites shortly after.
- e. The above time schedules may be jointly modified by swissgrid and Terna who will inform Users about it in due time.
- f. In case the Auction shall be postponed or cancelled the Users are informed from swissgrid via e-mail and information given on the Auction Website.

#### **Fallback procedures and Cancellation of an Auction (Art. 4.05)**

Yearly and Monthly Auctions may be cancelled until fifteen (15) minutes after the publication of auction results. Daily Auctions may be cancelled until 08.45

## 3 Secondary PTR Market for PTRs allocated in the direction from Switzerland to Italy

### **3.1 PTR Transfer**

#### **Characteristics of PTR Transfer (Art. 6.01 a.)**

The conduction of PTR Transfers is IT based. Any submission of Transfer Notification is done via the Auction Tool.

#### **Financial Arrangements (Art. 6.01 b.)**

PTR Transfer is allowed if all liabilities resulting from the auction of PTR, that is subject of the PTR Transfer have been settled by Transferor.

In case a PTR Holder wishes to transfer PTRs derived from a Yearly Auction for which he has not paid yet he must inform the Auction Operator about his intention in written form. The Auction Operator hereafter activates the invoice procedure in line with the request.

### **3.2 PTR Resale**

#### ***Characteristics of PTR Resale (Art. 6.02 a.)***

The conduction of PTR Resales is IT based. Any submission of Resale Notification is done via the Auction Tool.

#### ***Financial Arrangements (Art. 6.02 b.)***

PTR Resale is allowed if all liabilities resulting from the Auction of PTR, that is subject of PTR Resale have been settled by the Reseller.

In case a PTR Holder wishes to resale PTRs derived from a Yearly Auction for which he has not paid yet he must inform the Auction Operator about his intention in written form. The Auction Operator hereafter activates the invoice procedure in line with the request.

### **3.3 Secondary PTR market – downgraded mode**

Art. 6.03 of these Auction Rules does not apply to PTRs allocated in the direction Switzerland to Italy.

## **4 Capacity Usage Rules**

### **4.1 Counterparty and PTR Nomination for PTRs acquired through Yearly, Monthly Auctions Yearly and Monthly PTRs allocated from Switzerland to Italy**

For PTRs Nominations from Switzerland to Italy, PTR Holder can designate Counterparty(ies) allowed to make nominations to the neighbouring TSOs (A-to-N).

If the PTR Holder is a signatory of a Balance Group contract (Contract which sets out the rights and obligations regarding the schedule management in Switzerland) he can designate a maximum of 20 Counterparties, which are signatories of a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnections. This applies as well, if the PTR Holder is a signatory of a Balance Group contract and a Dispatching Contract.

If the PTR Holder is a signatory of a Dispatching Contract he can designate a maximum of 20 Counterparties, which are signatories of a Balance Group contract.

The PTR Holder has to communicate the Counterparties to swissgrid by using the relevant Form (Attachment II-4) no later than 12:00 on Wednesday of Week W-1. Attachment II-4 submitted in due time can be used on Monday of week W (First execution day: Tuesday of Week W). Any Counterparty can be modified every week by sending in a new Attachment II-4. Only those Counterparties listed in the last form are relevant. Each Counterparty must confirm the supply relationship on a separate confirmation form (Attachment II-5).

If the PTR Holder wants to cancel one supply relationship he has to fill the relevant Counterparty Cancellation Form (Attachment II-6), sign it and send it to the Counterparty. The Counterparty on its turn has to confirm the cancellation of the relationship by means of a signature on the same form and sends this form to swissgrid.

Only by receiving a Counterparty Cancellation Form with signatures of both PTR Holder and Counterparty swissgrid will process this request. It will be processed together with the next handling of the new and modified Counterparty requests (in line with Attachment II-4) with the same deadlines as above. As a consequence of the received Counterparty Cancellation request, swissgrid cancels the indicated supply relationship for both parties.

If no Counterparties are registered the use of allocated PTRs is not possible.

### PTR Nomination

The PTR Holder must nominate the use of his PTRs with the relevant Counterparty in the Auction Tool of swissgrid no later than 07:00 on D-1. This Nomination made to swissgrid for Yearly and Monthly PTRs is binding for the PTR Holder and his Counterparty(ies).

The relevant Counterparty has to nominate the corresponding PTR values to TERNAs no later than 8:30 D-1 according to the Italian Congestion Management Rules.

In case of a mismatch the Nomination to swissgrid shall prevail.

Nomination to swissgrid have to be done by PTR Holders through the Auction-Tool till 7:00 D-1 and have to be confirmed by the signer of a Balance Group contract through the Balance Group-System till 13:30 D-1 according to the modalities defined in the Balance Group Contract. Counterparties have to submit the corresponding schedules to Terna according to the Congestion Management Rules on the Italian Interconnection.

If no valid Nomination is submitted in due time the PTRs of the PTR Holder shall be set to zero ("Use it or Sell it" principle) and sold through the Daily Auctions according to Section VIII of this Auction Rules.

### **Yearly and Monthly PTRs allocated from Italy to Switzerland**

For Nominations of PTRs from Italy to Switzerland, PTR Holder can designate as his Counterparty(ies) a legal entity(ies) allowed to make nominations to the neighbouring TSOs (A-to-N). The PTR Holder can register maximum 20 supply Counterparties.

If the PTRs Holder has not signed a Dispatching Contract and is not compliant with the Congestion Management Rules on the Italian Interconnection, however is a Balance Responsible Party in Switzerland then the PTR Holder in order to Nominate PTRs to TERNAs has to delegate the right to nominate through a proxy to one or more Counterparty(ies), which are signatories of a Dispatching Contract and comply with the Congestion Management Rules.

The PTR Holder must notify his Counterparties to TERNAs as indicated in the Italian Congestion Management Rules no later than 12:00 on Wednesday of Week W-1 and can modify the notification every week.

In the event of a PTR Transfer, the new PTR Holder must notify his Counterparty following the above mentioned criteria.

If the information is inaccurate, incomplete or not received by 12:00 on Wednesday of Week W-1, the TSOs should be able to reset the PTR Holder's schedules to 0 MW.

The PTR Holder and his Counterparties, must nominate to TERNAs according to the modalities defined in the Congestion Management Rules on the Italian Interconnection. Additionally a corresponding schedule has to be submitted to swissgrid according to the provisions in the Balance group contract.

Nomination to TERNAs is binding for the PTR Holder and his Counterparties.

Unused PTRs shall be sold through Daily Auctions ("Use it or Sell it" principle) according to Section VIII of this Auction Rules.

If the Nomination exceeds the maximum amount of PTRs, PTR Holder shall be requested to revise his Nomination.

If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder shall be set to zero.

## **4.2 Counterparty and PTR Nomination for PTRs acquired through Daily Auctions**

For PTRs Nominations from Switzerland to Italy and from Italy to Switzerland, the PTR Holder should designate himself or one Counterparty (A to B principle). These Counterparty designations can be changed every week; not later than 12:00 of Wednesday of Week W-1.

The PTRs acquired through Daily Auction must be nominated to Terna and swissgrid according to the modalities defined in the Congestion Management Rules on the Italian Interconnection and in the Balance Group contract.

In case of discrepancies between nominations made by PTR Holders and his Counterparty to TSOs the minimum value shall prevail.

PTRs acquired through Daily Auctions are subject to the “use it or lose it” principle.

#### ***PTRs allocated from Switzerland to Italy:***

The PTR Holder has to communicate the Counterparty to swissgrid by using the same Form as for Counterparty Management of Yearly and Monthly PTRs (Attachment II-4). This Counterparty has to be one of the up to 20 Counterparties announced by means of the Counterparty Management Form. Attachment II-4 submitted in due time can be used on Monday of week W (First execution day: Tuesday of Week W). Any counterparty can be modified every week by sending in a new Attachment II-4. The Counterparty must confirm the supply relationship on a separate confirmation form (Attachment II-5).

The PTR Holders nominate to Swissgrid until 13:30 on the day before Day of Execution the use of their PTRs acquired through Daily Auction for the respective Day of Execution.

The Counterparty nominate to Terna according to the modalities defined in the Congestion Management Rules on the Italian Interconnection.

#### ***PTRs allocated from Italy to Switzerland:***

The Counterparty nominated to Swissgrid until 13:30 on the day before Day of Execution the use of their PTRs acquired through Daily Auction for the respective Day of Execution. The PTR Holders nominate to Terna according to the modalities defined in the Congestion Management Rules on the Italian Interconnection.

## **5 Use it or Sell it (Art. 8.03) for PTRs allocated in the direction from Switzerland to Italy**

In case that the non-nominated long-term Yearly and Monthly PTRs are curtailed as described in 8.03 of the main part, PTR holder are compensated up to 100% of the Clearing Price of the Auction at which the PTR was acquired.

## **6 Settlement and Payment (Art. 9.02) for PTRs allocated in the direction from Switzerland to Italy**

**Yearly Auctions** shall be invoiced in twelve monthly amounts proportional to the amount of hours and the capacity of the product within that month. Each amount is to be paid **two months in advance**. The amount of January 2010 and February 2010 shall be invoiced at the same time – directly after the publication of Yearly Auction results. The remaining months shall be invoiced month by month (e.g. amount for March 2010 in January 2010). Invoices for Yearly Auctions are collected automatically three (3) Working Days after invoicing from the business account specified by the User.

**Monthly Auctions** shall be invoiced directly after the publication of Monthly Auction results and shall be collected automatically three (3) Working Days after invoicing from the business account.

**Daily Auctions** shall be invoiced on a weekly basis and will be collected automatically three (3) Working Days after invoicing from the business account.

swissgrid and Terna are entitled to make adjustments of the payment due to increases or introduction of taxes, duties, etc. Value added tax shall be charged according to the applicable tax law.

### **Late payment**

If full payment is not received by the specified deadline, swissgrid shall send the User an official reminder.

If funds are not sufficient to cover debts or if the payment is not settled on the 7<sup>th</sup> day after invoicing swissgrid shall invoke the financial guarantee by right. If the amount of the financial guarantee is not sufficient to cover the debts



swissgrid can withdraw from the obligation resulting from this Auction Rules. The User loses the PTRs not paid.. swissgrid shall charge the User any additional costs arising out of the invoking of the financial guarantee and any additional costs, damages and losses arising out of the non-compliance with the payment obligations.

The User shall be excluded from all following auctions until the date when he submits a new Bank Guarantee or again a sufficient deposit. swissgrid shall allowed to set an amount deviant from the one stated in Article 1 a. of this Appendix.

### **Suspension and Exclusion**

Suspension or exclusion (Art. 3.04) does not exonerate the User from its payment obligations in accordance with these Auction Rules including for PTRs of which it loses the benefit. The User may not claim any indemnity as a result of the application of the present stipulation.

### **Resale and Curtailment credits**

Credits shall be given to PTR Holders in the case of (a) curtailments or (b) Resale.

#### *Curtailment credits*

In case of Curtailments PTR Holders shall be compensated according to Article 6.04 and Article 6.02b. Credits for Curtailments shall be credited to the PTR Holders on a weekly basis. The payment shall be initiated three (3) Working Days after submission of the credit note at the same time as payments of the Daily Auction.

#### *Resale credits*

Credits for **Resale in the Monthly Auction** shall be credited to the Reseller directly after the publication of Monthly Auction results. The payment shall be initiated three (3) Working Days after submission of the credit note at the same time as payments for Monthly Auctions.

Credits for not nominated PTRs shall be credited to the Reseller on a weekly basis. The payment shall be initiated three (3) Working Days after submission of the credit note at the same time as payments for the Daily Auction.

### **Invoice disputes**

Article 9.02 (b) of these Auction Rules applies accordingly.

## **7. Miscellaneous.**

### **7.1 Disputes and applicable Law (Art. 10.05)**

(I) These Auction Rules and Auctions that take place hereunder are governed by Belgian law.

(II) Notwithstanding the foregoing, the Swiss Energy Supply Act dated 23rd March 2007, including any future amendments, implementation documents and rulings by the Competent Swiss Authorities („the Swiss Energy Supply Act“) and the corresponding Italian laws, regulations and rulings (for example, but not limited to, Decree n. 79 dated March 16<sup>th</sup> 1999 and Law n. 239 dated August 23<sup>rd</sup> 2004) (the “Italian Laws”) will apply and supersede any other law or regulation insofar as the Swiss Energy Supply Act and/or said Italian Laws, regulations and rulings provide for the reservation of capacities or priority capacity allocation at the Swiss-Italian Interconnection. As a consequence, swissgrid shall take account of the capacity reservation and the priority capacity allocation at said Interconnection resulting from said Italian Laws, regulations and rulings. Terna, vice versa, shall take account of the capacity reservation and the priority capacity allocation at said Interconnection resulting from the Swiss Energy Supply Act.

(III) In case that either swissgrid or Terna considers that, as a consequence of the foregoing, it cannot lawfully carry out its respective task as an auction operator, a conflict is deemed to exist (“conflict”). Each of swissgrid or Terna shall refer the conflict to their respective Competent Authorities for a consensual resolution. Pending a consensual resolution, swissgrid or Terna, as the case may be, will, without jeopardizing the grid security, refrain from allocating the capacities concerned; all other capacities shall remain unaffected. For the avoidance of doubt, the resolution of the conflict is not subject to the general arbitration clauses contained in the Auction Rules.

## **7.2 Force Majeure (Art.10.06)**

*For means of clarity, for the direction CH-IT the occurrence of "Force Majeure" does not entitle the PTR holder to any reimbursement or extension of rights for PTRs unavailable due to this "Force Majeure".*

## **Attachment II**

The forms displayed in Attachments II-1 up to II-7 are not binding. The Users have to make sure that they use the most recent version of the forms, to be found on the swissgrid website at [www.swissgrid.ch](http://www.swissgrid.ch).

## Attachment II-1

### Bank guarantee

#### Bank guarantee<sup>9</sup>

[Bank Name]

[Bank Address]

[Bank Address]

swissgrid ag<sup>10</sup>

Dammstrasse 3

5070 Frick

Switzerland

Capacity allocations on the Swiss-Italian border shall in the event of congestion be allocated through auctions. The execution and management of the auction from Switzerland to Italy is the task of swissgrid ag, Werkstrasse 12, 5080 Laufenburg (hereinafter the **"Beneficiary"**).

[COMPANY NAME]\_\_\_\_\_, [Address]\_\_\_\_\_ (hereinafter the **"Guarantor"**), accepts upon signing the "statement of acceptance" the terms of the auction agreement (Capacity Allocation Auction Rules) and its appendices. The reciprocal rights and duties of the Beneficiary and the guarantor are governed by the auction agreement (Capacity Allocation Auction Rules) and its appendices.

[\_\_\_\_\_] BANK NAME\_\_\_\_\_ (hereinafter the **"Bank"**) acknowledges that the Guarantor entered into an auction agreement (Capacity Allocation Auction Rules) on [Date]\_\_\_\_\_ with the Beneficiary. According to the terms of the agreement, payments for the services of the Beneficiary must be backed by a bank guarantee of up to €\_\_\_\_\_ (written in full: \_\_\_\_\_)<sup>11</sup>.

[\_\_\_\_\_] BANK NAME\_\_\_\_\_ hereby irrevocably undertakes to pay to the Beneficiary, upon its first demand, irrespective of the validity and the legal effects of the auction agreement (Capacity Allocation Auction Rules) and waiving all rights of defence or objection arising from the same, any amount up to the above-mentioned maximum amount, upon receipt of the duly signed request for payment of the Beneficiary, stating that the Guarantor has not carried out its payment obligation.

Our guarantee is valid up to [Date]\_\_\_\_\_ <sup>12</sup> and shall automatically expire if the Beneficiary's request for payment has not been made on or before this date.

Our liability shall be reduced by every payment made by us pursuant to a claim under this guarantee.

This guarantee is governed by Swiss law. Place of performance and of jurisdiction is the place of the registered office of the Beneficiary.

[Signature of manager with \_\_\_\_\_ BANK NAME\_\_\_\_\_]

<sup>9</sup> The payment guarantee must have the contents below. Apart from the written requirement, no other formal requirements apply in relation to the bank guarantee.

<sup>10</sup> The payment guarantee form, completely and correctly filled out, must be returned to this address.

<sup>11</sup> The guaranteed amount is minimum € 50,000.00. If the guaranteed amount is not sufficient to cover 1/12 of all outstanding debts resulting from Yearly Auctions, Monthly Auctions and Daily Auctions on a monthly basis then swissgrid shall ask the PTR Holder to increase the amount of bank guarantee within the date communicated by swissgrid and not later than 10 working days.

<sup>12</sup> The end date is 31 January 2011 if the Guarantor participates in the annual auction. For monthly and daily auctions, the Guarantor shall choose the end date at its own discretion. In any event a compulsory condition for participating at the auctions is that The Guarantor provides a bank guarantee which is valid for at least two months beyond the execution of the relevant auction or auctions.

## Attachment II-2

### EFT Account Sheet

valid from February 1, 2007

#### Please complete together with your bank

(Explanations may be found on the reverse side.)

Account Holder: \_\_\_\_\_ User Number: \_\_\_\_\_

Address: \_\_\_\_\_ Contact Person: \_\_\_\_\_

E-mail: \_\_\_\_\_ Phone: \_\_\_\_\_

\_\_\_\_\_ Fax: \_\_\_\_\_

The account holder appoints Fides Treasury Services AG to implement the changes regarding the EFT access of the bank accounts indicated below according to the Change Code (Chc.) and for the User Numbers given above:

Acc.	Chc.	Account Number	Max.Am.1	Ref.Curr.
1	<input type="checkbox"/>	_____	_____	EUR
2	<input type="checkbox"/>	_____	_____	EUR
3	<input type="checkbox"/>	_____	_____	EUR
4	<input type="checkbox"/>	_____	_____	EUR

The accounts are from the following bank and branch:

The request is valid also for the following company (if specified):

Company: _____	User Number: 3182A01
Address: Dammstrasse 3	Contact Person: Customer Competence Centre
CH - 5070 Frick	Phone/Fax: +41 848 014 014

Account holder: Place, Date: \_\_\_\_\_ Signature: \_\_\_\_\_

To be completed by the Bank:

Settlement officer:		SWIFT		manager:	
Phone/Fax:		Name:			
Email:		Phone/Fax:			
Customer Officer:		Email:			
Phone/Fax:					
Email:					
<p>SWIFT-address for the delivery of the payments by Fides Treasury Services AG:</p> <p>Fides Treasury Services AG sends payment-messages from sender address CRESCHZFEFT.</p>					
Account	Format of the account number	MT101		MT103	
(as above)					Currency
1					
2					
3					
4					

The bank confirms the acceptance and the processing of the payments in connection with above accounts.

**Bank:** \_\_\_\_\_ **Place, Date:** \_\_\_\_\_ **Signature:** \_\_\_\_\_

## Explanatory Notes

User Number	EFT contract number entry. The initial allocation occurs via Fides Treasury Services AG. For Change Code L (delete) this must be entered by the customer.
-------------	---

Chc. Change Code: E = open/access, L = delete/exit.

Account Number      Entered by the customer. Account Number used by the EFT services (left justified).

Max.Am.1 Maximum Amount per payment debiting the relevant account per transaction, to be stated in millions.

Ref.Curr.	Currency of Max.Am.1
-----------	----------------------

Bank	Name and address of the bank or branch.
------	---

SWIFT manager	Contact point/person at the Bank responsible for all technical aspects relating to SWIFT or the electronic banking systems.
---------------	---

Format of Account Number      Entered by the Bank. EFT Payment Orders are transmitted as MT1xx/2xx/3xx Customer Transfer messages. The bank internal account format that ensures automatic processing must be entered (left justified)

Currency                      Currency in ISO-Code  
(Eg. CHF for Swiss francs, USD for US-Dollar)

**The customer fills in the form and sends the original to the bank (with standard letter at first contact). The bank sends the completed form to swissgrid ag.**

**Please send the form to:**

swissgrid ag  
Customer and Information Centre  
Dammstrasse 3  
Postfach 22  
CH- 5070 Frick  
  
Tel.    +41848014014  
Fax.   +41 58 580 2121

## Attachment II-3

### Direct Debit Authorization (DD) Form

LSV IDENT.

GRID2

LSV<sup>+</sup>

EUR

Zahlungsempfänger / Bénéficiaire / Beneficiario / Creditor

Kunde / Client / Cliente / Customer

swissgrid ag  
Customer and Information Centre  
Dammstrasse 3  
Postfach 22  
CH- 5070 Frick

Ref Nr. / No. Réf.

N. Rif / Ref. no.

Belastungsermächtigung mit Widerspruchsrecht	Autorisation de débit avec droit de contestation	Autorizzazione di addebito con diritto di contestazione	Debit authorization with right of objection
(i)	(ii)	(iii)	(iv)
Hiermit ermächtige ich meine Bank bis auf Widerruf, die ihr von obigem Zahlungsempfänger vorgelegten Lastschriften <b>in EUR</b> meinem Konto zu belasten.	Par la présente j'autorise ma banque, sous réserve de révocation, à débiter sur mon compte les recouvrements directs <b>en EUR</b> émis par le bénéficiaire ci-dessus.	Con la presente autorizzo la mia banca revocabilmente ad addebitare sul mio conto gli avvisi di addebito <b>in EUR</b> emessi dal beneficiario summenzionato.	I hereby authorize my bank to deduct debits <b>in EUR</b> from the above-listed creditor directly from my account until this authorization is revoked.
Bankname / Nom de la banque / Nome della banca / Name of bank			
PLZ und Ort / NPA et Lieu / NPA e Luogo / Postal code and City			
IBAN order / au / o / or			



N. di conto / Account no.

N. di clearing bancario (se conosciuto) / Bank clearing no. (if known)

\_\_\_\_\_

If there are insufficient funds in my account, then my bank is not obligated to carry out the debit.

I will be notified of each debit to my account.

The amount debited will be repaid to me if I contest the debit in binding form to my bank within 30 days of date of notification.

I authorize my bank to notify the creditor in Switzerland or abroad about the contents of this debit authorization as well as any subsequent rescinding thereof with the means of communications considered best suited by the bank.

Unterschrift / Signature / Firma / Signature

Leer lassen, wird von der Bank ausgefüllt / Laisser vide, à remplir par la banque / Lasciare vuoto, è riempito della banca / Leave blank, to be completed by the bank.

\_\_\_\_\_

**IBAN:**

Stempel und Visum der Bank:

Timbre et visa de la banque:

## Attachment II-4

### Form for Announcement of Counterparty Management

Counterparty Management

☐

New

☐

Modify

#### Applicant's Contact Data

Name according to commercial register		
Address	Postal address	
	Zip/Postal Code, Town	
	Country	

#### Declaration of Applicant

Please fill out if a Balance Group Contract with swissgrid and/or a Contratto di dispacciamento with Terna exists.

Balance Group Contract	<input type="checkbox"/>	YES, the relevant EIC-Code is:	
E-Mail-Address for TPS-Schedule (only BG-R) <sup>1</sup> :			
Contratto di dispacciamento	<input type="checkbox"/>	YES, the relevant EIC-Code is:	

				Modifications	
No	EIC Code	Name of Counterparty	A:B	New	
1					If you have a Balance Group Contract with swissgrid please fill in the left column in the first row you're A:B relationship (for daily auction) followed by up to 19 Counterparties in Italy. If you do not participate on daily auction, please fill in the left column up to 20 Counterparties in Italy.
2					
3					
4					
5					If You have a Contratto di dispacciamento with Terna, please fill in the left column in the first row you're A:B relationship (for daily auction) followed by up to 19 Counterparties in Switzerland. If you do not participate on daily auction, please fill in the left column up to 20 Counterparties in Switzerland.
6					
7					
8					
9					If you have any relationship modification on you're A:B relationship, please place a check mark on the column "A:B".
10					
11					If you add a new relationship, please place a check mark on the column "New". Please make sure that each relationship

12					is confirmed by the respective Counterparty with the Counterparty Confirmation Form. To do so, please fill out one Counterparty Confirmation form for each of your Counterparties and send the respective one to the correspondent Counterparty. Each Counterparty must sign the respective form and send it to the swissgrid address listed in the present form.
13					
14					
15					
16					
17					In case of curtailments the PTR holders get the chance to adapt their already done nominations. If the PTR holder does not react until the nomination deadline and the already done nominations exceed the curtailed PTRs, the auction system will curtail his nominations pro rata.
18					
19					
20					

† Every BG-R will receive from swissgrid till 08:00 am an ESS-TPS-Schedule that contains all obligations per counterparty relationship at the border CH-IT after the nomination of all longterm PTR's to Terna and swissgrid according to the Instructions to Bidders

## Delivery of Counterparty Management Form

Please fill out this form, **fax it to +41 58 580 21 21** or mail it to [info@swissgrid.ch](mailto:info@swissgrid.ch).

The Original shall be sent to: (Please note that registration process can only be started after reception of all original documents by post).

**swissgrid ag**

**Customer and Information Centre**

**Dammstrasse 3**

**Postfach**

**5070 FRICK**

**SWITZERLAND**

**22**

**Signature of Applicant:**

\_\_\_\_\_  
Date/Place

\_\_\_\_\_  
Name/Signature

\_\_\_\_\_  
Date/Place

\_\_\_\_\_  
Name/Signature

## Attachment II-5

### Confirmation Form of Counterparty Management

#### Counterparty Confirmation

We \_\_\_\_\_ (Name of Counterparty)

confirm the supply relationship

with \_\_\_\_\_ (Name of Applicant)

with the EIC-Number \_\_\_\_\_ (EIC-Number of Applicant):

Counterparty		EIC	Code
Balance Group Contract	<input type="checkbox"/>	YES, the relevant EIC-Code is:	
Contratto di dispacciamento	<input type="checkbox"/>	YES, the relevant EIC-Code is:	

#### Counterparty Contact Data

Last name, first name	
Phone number	
E-Mail address	

## Delivery of Counterparty Confirmation Form

Please fill out this form, **fax it to +41 58 580 21 21** or mail it to [info@swissgrid.ch](mailto:info@swissgrid.ch).  
The Original shall be sent by mail to:

**swissgrid ag**

**Customer and Information Centre**

**Dammstrasse 3**

**Postfach  
5070 FRICK**

**SWITZERLAND**

**22**

**Signature of Counterparty:**

---

Date/Place

---

Name/Signature

---

Date/Place

---

Name/Signature

## Attachment II-6

### Counterparty Cancellation Form

#### **Counterparty Cancellation**

We \_\_\_\_\_ (Name of Counterparty)  
with the EIC-Number \_\_\_\_\_ (EIC-Number of Counterparty)  
confirm the cancellation of the relationship  
with \_\_\_\_\_ (Name of Applicant)  
with the EIC-Number \_\_\_\_\_ (EIC-Number of Applicant)

---

#### **Counterparty Contact Data:**

Last name, first name	
Phone number	
E-Mail address	

#### **Applicant Contact Data:**

Last name, first name	
Phone number	
E-Mail address	

## Delivery of Counterparty Cancellation Form

Please fill out this form, **fax it to +41 58 580 21 21** or mail it to [info@swissgrid.ch](mailto:info@swissgrid.ch).

The Original shall be sent by mail to: (Please note that the cancellation process can only be started after reception of the original document by post).

**swissgrid ag**

**Customer and Information Centre**

**Dammstrasse 3**

**Postfach  
5070 FRICK**

**SWITZERLAND**

**22**

## Signature of Counterparty and Signature of Applicant:

---

Date/Place

---

Name/Signature of Counterparty

---

Date/Place

---

Name/Signature of Applicant

## Attachement II-7

### Account Specification Form

**Account Specification Form**

☐

*New*

☐

*Modify*

#### Company

Name according to commercial register		
Legal status		
Commercial register number		
Place of registration		
VAT number		
Address	Postal address	
	Zip/Postal Code, Town	
	Country	

#### Auction contact person

Last name, First name	
Phone number (direct)	
General department phone number	
Mobile phone number	
Fax number (direct)	
E-Mail address (direct)	
E-Mail address (mailing list)	

#### Accounting and billing contact person (accessible on every Working Day)

Last name, First name	
Phone number	
E-Mail address	

#### Account Specification

	<b>Master Accounts</b> (able to bid and to view results)	<b>READ-ONLY Accounts</b> (only able to view results)
<b>Number of Accounts</b> (max. 5 together)		



Delivery of Account Specification Form

Please fill out this form, **fax it to +41 58 580 21 21** or mail it to [info@swissgrid.ch](mailto:info@swissgrid.ch).

The Original shall be sent by mail to: (Please note that the registration process can only be started after reception of all original documents by post).

**swissgrid ag**

**Customer and Information Centre**

**Dammstrasse**

**Postfach 22**

**5070 FRICK**

**SWITZERLAND**

**3**

**Signature of Applicant:**

---

Date/Place

---

Name/Signature

---

Date/Place

---

Name/Signature

# APPENDIX III Specific Capacity Access Rules on Austrian and Italian Interconnection

## 1 General

### ***Firmness of PTRs (Art. 2.04)***

In case of PTR Curtailments for network security reasons, the PTR Holder is compensated at 100% with the Clearing Price paid at the auction where PTR was originally acquired and taking into account the hours of curtailed PTRs.

PTRs acquired through Yearly and Monthly Auctions are curtailed on a 'pro rata' basis, i.e. with the same curtailment factor for curtailments applied D-2 12:00.

### ***Guarantee of schedules (Art. 2.05 c.)***

After the publication of the Daily ATC, TSOs will put all efforts in order to guarantee the realisation of the Exchange Schedules corresponding to firmly Allocated PTRs, except Force Majeure.

In order to guarantee the Exchange Schedules, APG will put in place all available measures according and available to the Austrian Market rules. Nevertheless, if all available measures on Austrian market side are not enough to guarantee the Exchange Schedules APG, on such circumstances, shall request from Austrian Balance Group to modify the Exchange Schedules on the Austrian-Italian interconnection.

## 2 Participation requirements

For participation in Auctions and/or the Secondary PTR market in direction from Austria to Italy, the Applicant must allow a maximum of 5 Working Days for the processing of the Statement of Acceptance after the Auction Operator ([www.Auction-Office.at](http://www.Auction-Office.at)) has received such form by mail or fax, duly completed by the Applicant. The Applicant shall be informed about the admission or rejection by electronic mail or fax. In case of rejection of its registration request, the Auction Operator shall inform the Applicant of the reasons for the rejection.

In order to allow automatic processing of Transfers regarding the Secondary PTR Market, the User agrees, that his name is listed in the menu of possible Beneficiaries accessible only to PTR Holders.

### ***2.1 Requirements in regard to financial guarantees - Auctions in direction from Austria to Italy (Art. 3.02 b)***

For participation in the Yearly and/or Monthly Auction the User is required to provide APG with a **Bank Guarantee** issued by a bank with long-term credit rating of "BBB-" (S&P) or "Baa3" (Moody's) or "BBB-" (Fitch/IBCA) or higher. The minimal amount of the Bank Guarantee, which has to be submitted by User to Auction Operator ([www.Auction-Office.at](http://www.Auction-Office.at)) in order to participate in the Auctions, is **fifty thousand (50.000,00) Euros**.

As soon as this User acquires Capacity at the Yearly Auction, he has to increase the amount of his Bank Guarantee (according to the model supplied in Attachment III-5) to the amount which covers 1/12 of all outstanding debts resulting from the Yearly Auction of PTRs within five (5) Working Days, otherwise he shall lose the Capacity acquired at the Yearly Auction and won't be allowed to participate in the further Auctions or in the Secondary Market until he has provided a Bank Guarantee with the amount requested. Auction Office Austria will allocate such "lost" Capacity on the next available auctions. The new Bank Guarantee has to be provided directly to APG via e-mail ([netz.apg@verbund.at](mailto:netz.apg@verbund.at)) (copy) and via post (original) within five (5) Working Days.

For participating in Daily Auctions the User shall enable APG to effectuate automatic collection with a direct debit authorization based on an Austrian business account in APG's according to Attachment III-1.

APG will accept in advance payment for the total amount for Yearly and/or Monthly auctions within five (5) Working Days after the publication of the auction results.

## **2.2 Requirements in respect of grid access - Auctions on both directions on Austria-Italy Interconnection (Art. 3.03)**

In order to participate in the Yearly and Monthly Auctions, the User:

- must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website

**OR**

- must be recognised by the Austrian Regulatory Authority as representative of a Balance Group

**AND**

- must have the same registered EIC code with both TSOs.

In order to participate in the Daily Auctions, the User:

- for Daily Auctions in the direction from Italy to Austria must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website
- for Daily Auctions in the direction from Austria to Italy must be recognised by the Austrian Regulatory Authority as representative of a Balance Group or must be member of a recognized Austrian balance group. In particular, in case the User is a member of a balance group it shall submit the written acknowledgement of the representative of the balance group wherein the representative of its balance group commits itself to handle the corresponding cross border schedule (see Attachment III-7);

**AND**

- must have the same registered EIC code with both TSOs.

## **3 Auction proceedings**

### **3.1 Daily Auctions on the Interconnection between Austria and Italy**

#### **Daily Auctions from Austria to Italy**

Auction Office Austria, as Auction Operator, will perform the joint allocation of the Daily ATC, on a daily basis.

- a. The Daily ATC is published on the Website of Auction Office Austria ([www.Auction-Office.at](http://www.Auction-Office.at)) together with the Auction Specification no later than 08:00 at the Auctioning Day and consists of:
  - ATC previously not allocated on long-term auctions and/or foreseen for allocation on the daily level;
  - Yearly or Monthly PTRs which have not been nominated;
  - Netting effects based on nominations in the counter direction (TERNA to APG)
- b. Bids must be submitted to Auction Office Austria Auction Tool between 07:00 and 08:05 on the Auctioning Day.

- c. Only those Bids submitted by Users, which meet the requirements of the Auction Rules, in particular, those of Bid Limitations and Submission of bids for Daily auctions shall be considered in the Auction.
- d. Each User is informed of the outcome of his Bid(s) no later than 30 minutes after the conclusion of the Daily Auction. The results of the Auctions are announced on the Auction Websites shortly after.
- e. The above time schedules may be jointly modified by Auctions Operators via Auctions Specifications.

### **3.2 Submission of Bids for Yearly, Monthly and Daily Auctions from Austria to Italy**

#### **Submission of Bids for Yearly, Monthly and Daily Auctions organized by APG, with Auction Office Austria ([www.auction-office.at](http://www.auction-office.at)) acting as Auction Operator**

The User submits his Bids via the Auction Tool in accordance with the formats defined in Attachment III-2 (Technical manual APG Auction Tool). Bids not submitted in the required format will not be taken into account.

Bids give rise to functional acknowledgement of receipt. If the functional acknowledgement of receipt is not issued, the Bid in question is deemed not to have been submitted.

The Auction Tool enables Users to submit a Bid File for a given Auction. The User access to the Auction Tool is set out in Attachment as well as potential Bid limitations are described in Attachment III-2. The description of format of Bids and potential Bid limitation in Attachment III-2 is preferential to art. 4.03.

### **3.3 Exceptional circumstances / Fallback procedure (Art. 4.05) for auctions performed from Austria to Italy**

Exceptional circumstances shall be serious disturbance to the functioning of the IT System or devices used by the Auction Operator (see Attachment III-3) and may be the reason for changing, cancelling or suspending an Auction.

In cases where exceptional circumstances occur on the side of the User, his bids may be submitted with the support of the Auction Operator. Auction Participants which intends to use that services have to sign the Attachment III-8 (OBOT-Agreement). Only those bids received at least 15 minutes before the gate closure of an auction may be taken into account.

## **4 Determination of Auction Results from Austria to Italy**

### **4.1 Awarding of PTRs (Art. 5.01)**

The following “b. Case 2” prevails on the “Art. 5.01 b. Case 2” of these Auction Rules:

#### **b) Case 2:**

If the sum of all Bids submitted for a given Auction strictly exceeds the ATC, a Clearing Price is charged to the PTR Holder for each allocated MWh. For this purpose, the Bids are sorted out by the prices offered, starting with the highest price and ending with the lowest one.

The requested capacities of the Bids are added up to the Bid (marginal Bid), which represents the level above which the sum of the Interconnection capacity requested by the Users strictly exceeds the ATC.

The price of the marginal bid is the Clearing Price. Each User who bid more than the Clearing Price receives the Interconnection capacity requested at the Clearing Price in form of a PTR. The remaining Interconnection capacity is allocated to the User of the marginal Bid. In case of Daily Auctions a User may also submit Individual Blocks. The awarding in case of Individual Blocks is described in the auction manual (see Attachment III-2).

If the ATC is reached with several Bids of the same price, the remaining Interconnection capacity is distributed according to first-come-first served principle.

## **5 Secondary PTR Market for PTRs allocated from Austria to Italy**

### **5.1 PTR Transfer (Art. 6.01)**

#### **Characteristics of PTR Transfer (Art. 6.01 a)**

The conduction of Transfers is IT based. Any submission of Transfer Notification is done via the Auction Tool. The deadline for PTR transfers submission is two days (D-2) 12:00 before the usage of the PTRs.

#### **Financial Arrangements (Art. 6.01 b.)**

Transfer of PTRs is allowed if all liabilities resulting from the auction of PTR, that is subject of Transfer, have been settled by Transferor.

If a PTR Holder needs to anticipate payments for PTRs allocated in the Yearly Auction in order to execute a Transfer, he has to inform the Auction Operator in writing about this payment. The Auction Operator hereafter activates the invoice procedure in line with the request.

#### **Transfer Notification (Art. 6.01 c)**

The process described in Article 6.01 c of the Auction Rules do not apply to Transfers of PTRs allocated in the direction Austria to Italy.

A PTR Holder willing to execute a Transfer has to access the Auction Tool and follow the instructions regarding Transfer as set out in the Attachment III-2.

### **5.2 PTR Resale (Art. 6.02)**

#### **Characteristics of PTR Resale (Art. 6.02 a)**

The conduction of Resales is IT based. Any submission of Resale Notification is done via the Auction Tool. The deadline for yearly PTR Resales into monthly auctions has to be made two days (D-2) 12:00 before the publication of the Monthly Auctions Specification. In this case, PTR Holder sells the respective PTR to the Auction Operator who sells the PTR in its own name and for own account to a market participant. Due to the applied "Use It or Sell It" principle (cf. chapter 6), the only PTR resale possibility is the resale of a yearly product to the monthly allocation.

#### **Financial Arrangements (Art. 6.02 b.)**

Resale of PTRs is allowed if all liabilities resulting from the auction of PTR, that is subject of Resale have been settled by Reseller.

If a PTR Holder needs to anticipate payments for PTRs allocated in the Yearly auction in order to execute a Resale, he has to inform the Auction Operator in writing about this payment. The Auction Operator hereafter activates the invoice procedure in line with the request.

#### **Resale Notification (Art. 6.02 c.)**

The process described in Article 6.02 c of the Auction Rules do not apply to the Resale of PTRs allocated in the direction Austria to Italy.

A PTR Holder willing to execute a Resale has to access the Auction Tool and follow the instructions regarding Resale as set out in the Attachment III-2.

### **5.3      *Secondary PTR market – downgrade mode (Art. 6.03)***

The Article. 6.03 does not apply to PTRs allocated in the direction Austria to Italy (see also Attachment III-3).

## **6   Use It Or Sell It (UIOSI) for the direction from Austria to Italy**

### **6.1      *Characteristics of unused periodic PTR (Art. 8.01)***

PTR holders who do not nominate their Periodic PTRs until the nomination deadline, sell the respective PTR (by implied agreement) to the Auction Operator. In this case the Auction Operator sells the PTR in its own name and for own account to a User.

### **6.2      *Financial arrangements (Art. 8.02)***

All non-nominated Periodic PTRs, if paid according to Section IX, are automatically considered in the ATC for the daily allocation and refunded to the PTR holders taking into account the respective Daily Auction Clearing Prices received from the new PTR holder for respective PTRs. The Clearing Prices for Daily Auction shall be defined by the clearing process described in Article 4.1 of Appendix-III.

**For the direction from Austria to Italy**, if due to network security reasons, the NTC has to be reduced before the Daily Auction, the Daily ATC can be lower than the non-nominated long-term PTRs. In this case the non-nominated long-term PTRs are curtailed pro rata (ATC divided by the sum of all not-nominated long-term PTRs).

### **6.3      *Fallback procedure (Art. 8.03)***

**For the direction from Austria to Italy**, PTR holders of the non-nominated long-term PTRs are compensated taking into account:

- the Daily Auction Clearing Prices for the part of their non-nominated long-term PTRs that have been re-auctioned in the Daily Auction
- and for the remaining part, the 100 % with the clearing prices of auctions at which PTR was originally acquired.

In case of a daily auction cancellation due to the serious disturbance in the functioning of the IT System or devices used by the Auction Operator, PTR holders which have not nominated PTRs until the deadline for periodic nominations of PTRs, are compensated with the clearing price of auction at which PTR was originally acquired.

**For the direction from Italy to Austria**, the articles 8.02 and 8.03 are applied.

## **7   Capacity Usage Rules**

### **7.1      *Notification of the Counterparty to TSOs (Art. 7.01)***

Notification of the counterparties to APG and TERNA is made by the PTR Holder in case he is a recognized Austrian balance group. In case the PTR Holder is not a recognized Austrian balance group he shall sign a membership for the nomination of schedules in the Auction system (Article 7.2 - Nominations to APG).

The notification of counterparty shall be done as described in the following paragraphs.

## **Counterparty for PTRs acquired through Yearly and Monthly Auctions**

### ***Yearly and Monthly PTRs nomination from Austria to Italy***

- For nomination of PTRs from Austria to Italy, the PTR Holder in case he is a recognised Austrian balance group – can designate as a Counterparty himself (A to A) or a Dispatching Contract signatory also (A-to-n).

In case the PTR Holder is not a recognised Austrian balance group the PTR Holder shall sign a membership to an Austrian recognised balance group in the Auction system. This balance group is from now on responsible for the nomination process and for the counterpart designation (A to A) or (A to n).

If the Dispatching Contract signatory is designated as Counterparty, he will need to be compliant with the Congestion Management Rules on the Italian Interconnection.

The Austrian balance group must notify his counterparty(ies) to APG (according the form in Attachment III-6) no later than 12:00 (CET) on the 5th Working Day preceding the day of execution. The notification is valid and can be modified for the whole following calendar month.

If the information is inaccurate, incomplete or if is not received by 12:00 (CET) on the 5th Working Day preceding the day of auction, the PTR Holder shall not be able to nominate his capacity rights.

### ***Yearly and Monthly PTRs nomination from Italy to Austria***

- For Nominations of PTRs from Italy to Austria, PTR Holder can designate as his Counterparty(ies) a legal entity(ies) allowed to make nominations to APG (A-to-N). The PTR Holder can register maximum 10 Counterparties.

If the PTRs Holder has not signed a Dispatching Contract and is not compliant with the Congestion Management Rules on the Italian Interconnection, however is a recognised Austrian balance group, in case the PTR Holder is only a member of a recognised Austrian balance group, then the PTR Holder in order to Nominate PTRs to TERNA has to delegate the right to nominate through a proxy to one or more Counterparty(ies), which are signatories of a Dispatching Contract and comply with the Congestion Management Rules.

The PTR Holder must notify his Counterparties to TERNA as indicated in the Italian Congestion Management Rules no later than 12:00 (CET) on Wednesday of Week W-1 and can modify the notification every week.

In the event of a PTR Transfer, the new PTR Holder must notify his Counterparty following the above mentioned criteria.

If the information is inaccurate, incomplete or not received by 12:00 (CET) on Wednesday of Week W-1, the TSOs should be able to reset the PTR Holder's schedules to 0 MW.

The PTR Holder and his Counterparties must nominate to TERNA according to the modalities defined in the Congestion Management Rules on the Italian Interconnection.

Nomination to TERNA is binding for the PTR Holder and his Counterparties.

Unused PTRs shall be sold through Daily Auctions with a "Use It or Sell it (UIOSI)" principle described in the chapter 6.

If the Nomination exceeds the maximum amount of PTRs, PTR Holder shall be requested to revise his Nomination.

If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder shall be set to zero.

### **Counterparty for PTRs acquired through Daily Auctions**

- For PTRs nominations from Austria to Italy and from Italy to Austria, the PTR Holder should designate himself as Counterparty (A to A).

## **7.2 Usage of PTRs acquired through Yearly, Monthly and Daily Auctions (Art. 7.02)**

For using capacities allocated in auctions the PTR Holders and/or his Counterparty:

### **Nominations to APG**

- must be recognised by the Austrian Regulatory Authority as representative of a balance group. In particular, in case the Auction Participant is not a recognised Austrian balance group itself – it shall declare an Austrian balance group to the Auction Office for the nomination. (Attachment III-7) This balance group is from now on responsible for the nomination process.

Attachment III-7 shall be received from the Auction office latest 5 Working Days till 12:00 (CET) before the Allocated Capacity takes effect.

The membership to a balance group can be changed on a monthly basis. The new Attachment III - 7 shall be received from the Auction office latest 5 Working Days (CET) till 12:00 before the first day of the next month.

### **Nominations to TERNA**

- must have signed a dispatching contract in Italy and be compliant with the Congestion management Rules on the Italian interconnection issued by TERNA and published on TERNA website;

The use of PTRs operates via the delivery of fixed schedules to APG and TERNA in compliance with the legal requirements of grid access in each control area, possible electricity import bans and applicable market rules of APG and TERNA.

Modalities for the use of allocated capacities are described in the following paragraphs.

### **Art. 7.02 a.: Counterparty and PTR nomination for PTRs acquired through Yearly and Monthly Auctions**



The usage of Yearly and/or Monthly PTRs operates via the delivery of fixed schedules to:

**APG** for the following day must be received **before 07:15 (CET)**

**TERNA** according to the provisions set in the Congestion management Rules on the Italian interconnection.

Nomination to APG is binding for the PTR Holder and his Counterparties for direction from Austria to Italy.

Nomination to TERNA is binding for the PTR Holder and his Counterparties for direction from Italy to Austria.

Modifications of schedules after this time are not possible. Use is generally based on the principle "Use It or Sell It (UIOSI)" principle (cf. chapter 6).

#### **Art. 7.02 b.: Counterparty and PTR nomination for PTRs acquired through Daily Auctions from Austria to Italy**

The usage of Daily PTRs operates via the delivery of fixed schedules to:

**APG** for the following day must be received **before 14:30 (CET)**

**TERNA** for the following day according to the provisions set in the Congestion management Rules on the Italian interconnection.

Modifications of schedules after this time are not possible. Use is generally based on the principle "Use It or Lose It" (UIOLI). Capacities awarded in daily auctions cannot be transferred to other market participants.

In case of discrepancies between nomination made by PTR Holder and his Counterparty to TSOs the minimum value shall prevail.

## **8 Settlement and Payment (Art. 8.03)**

The payment and accounting of the Capacity Price in the direction from Austria to Italy will be handled by APG. To secure the payment of the Capacity Price the User who has obtained PTRs

- has to communicate to APG an Austrian business account within five Working Days after getting the positive registration confirmation by mail from Auction Office Austria;
- enables APG to effectuate automatic collection with a direct debit authorization in APG's favour (the form for the direct debit authorization is shown in Attachment III-1);
- has to provide sufficient funds; and
- has to provide a bank guarantee according to Attachment III-5

**Yearly Auctions** will be invoiced in twelve monthly amounts proportional to the amount of hours and the capacity of the product within the month in question. Each amount is to be paid **two months in advance**. The amount of January 2010 and February 2010 will be invoiced at the same time – directly after the pub-

lication of Yearly Auction results. The remaining months will be invoiced month by month (e.g. amount for March 2010 in January 2010). Invoices for Yearly Auctions are collected automatically two months in advance.

**Monthly Auctions** will be invoiced directly after the publication of Monthly Auction results and will be collected automatically five days after invoicing from the Austrian Business account.

**Daily Auctions** will be invoiced on a monthly basis and will be collected automatically five days after invoicing from the Austrian Business account.

In the case of insufficient funds of the Austrian Business account for the automatic collection or if the payment is not settled on the 20th day of the same month, or if the Bank guarantee is exhausted, APG will withdraw from the obligations resulting from these Auction Rules and the User will lose its PTRs. Such released PTRs will be auctioned in the daily auction – or if applicable in the following monthly auction.

Moreover, the User shall be excluded from all following auctions until that date when the User remits sufficient funds to the business account for APG and all payments of the Auction Participant are settled.

If the User is not able to communicate an Austrian Business Account to APG, APG will accept in advance payment (instead of a direct-debt authorization) for the total amount for yearly and/or monthly auctions within five Working Days after the publication of the auction results:

**Bank Austria – UniCredit Group**

**Am Hof 2a**

**1010 Wien**

IBAN: AT06 1200 0506 1660 3600

BIC: BKAUATWWXXX

The User is not entitled to offset any debts that arise in the connection with an yearly and/or monthly auction to any claim on APG, whether or not arising out of the auction. Transmission fees such as, but not limited to, resulting from the cross-border-tariffication, including all relevant and allowable charges, will be charged independently of the payment for congestion management.

If time limits expire on public holidays, payment should be received on the preceding Working Day. Should the time limits expire on Sundays or public holidays following a Sunday, payment should be received on the following Working Day.

APG and Terna are entitled to make adjustments of the payment due to increases or introduction of taxes, duties, etc. Value added tax will be charged according to the applicable tax law.

**Late payment**

In case of delayed payment APG is entitled to charge interest rates on a due amount for each commenced day of the delay. The interest rate is set regularly on the first Working Day of each calendar month of the year as a fixed amount equalling (base rate of the OENB +8 % p.a.) percent. This interest rate is valid for the given month. Base rate of the OENB is defined for the purposes of these Yearly and Monthly Auction Rules as the interest rate. Its value is specified daily by the Austrian National Bank.

In case of insufficient funds of the business account for the automatic collection, or if the full payment is not received until the due date, APG will register a "payment incident", and will send the User an official reminder (by Notification) including official notice to pay. If the payment, owed by the User, is not received in full fifteen (15) Working Days after due date, APG will draw the Bank Guarantee.

**Resale and Curtailment credits**

In case of Curtailment or Resale, PTR Holders will receive credit notes from APG on a monthly basis. If PTR holder is a participant on the yearly auction the amount of the Resale or Curtailment is subtracted from the next monthly invoice for the yearly auction. In case that APG has no direct debit authorization of PTR Holder, the amount of the credit note will be transferred to the bank account which has to be communicated from PTR Holder to APG.

## Attachment III-1

### Form for the direct debit authorization

name:
street:
zipcode/city:
phone:
fax:
email:



Verbund Austrian Power Grid AG  
A-1220 Wien, Wagramer Straße 19, IZD-Tower  
Phone: +43-(0)-50313-56159  
Fax: +43-(0)-50313-52089  
Mail: netz.apg@verbund.at

#### Authorization for direct debit collection

Hereby we revocably authorize you to collect debts at maturity from our bank account by debit advice. Herewith our bank shall be authorized to cash the debit advice, whereas there is no obligation for redemption, particularly if our bank account offers insufficient coverage. We reserve the right to revoke the debts collection within 42 days after the date of debts collection without stating the reason.

Account number:	Name of bank:	Bank Code:

To (payee):  Verbund Austrian Power Grid AG A- 1220 Wien, Wagramer Straße 19, IZD-Tower
--

location, date:	signature:
-----------------	------------

## **Attachment III-2**

### **APG Auction Tool**

The manual for auctions in the direction from Austria to Italy of the Auction Tool is an integrative part of these Auction Rules and is hosted on the homepage of the Auction Office Austria ([www.auction-office.at](http://www.auction-office.at)).

## **Attachment III-3**

### **Downgraded Modes**

In case of exceptional circumstances, the Auction Operator shall inform all Auction Participants via telephone, fax or e-mail of the cancellation of the relevant auction(s) and about the new date of the auction.

In cases where auctions are cancelled and/or repeated all Bids already submitted to the Auction Tool are deemed as invalid and must be submitted again.

#### **Downgraded mode for Daily Auctions**

If the Auction Administrator is unable to hold Daily Auctions under the standard conditions stipulated, the Auction Operator shall notify the Auction Participants via telephone, fax or e-mail.

If the normal course of an auction cannot be ensured through the Auction Tool, the auction for that particular day shall be cancelled.

#### **Downgraded mode for Secondary Market**

No downgraded mode for Secondary Market is foreseen. Nevertheless APG reserves the right to install a downgrade mode for Secondary Market if applicable.

## Attachment III-4

### User accesses the APG Auction Tool

A-1090 Wien, Alserbachstrasse 14-16

[www.auction-office.at](http://www.auction-office.at)

Phone: +43 1 253 7272 90 Fax: +43 1 253 7272 96

<b>Company</b>	
Name according to commercial register	
Department	
No. of Commercial Register	
Address	
Post Code	
Country	
VAT number	
<b>Balance Group Information</b>	
Name Of Balance Group	
Nomination will be performed with this BG?*	YES <input type="checkbox"/> NO <input type="checkbox"/>
EIC Code	
E-Mail	
<b>Member data</b>	
Responsible Person	
Telephone	
Fax	
E-mail	
<b>Auction Participant</b>	
Name (Senior User)	
Telephone	
E-mail	
Name (User)	
Telephone	
E-mail	

\* If "NO" the Auction Participant needs to submit a valid "Membership of recognized Austrian Balance Group" (Attachment III-7) form in due time for the final usage of Allocated Capacities!

---

date, signature

# Attachment III-5

## Bank Guarantee

TO: Beneficiary

VERBUND-Austrian Power Grid AG  
1220 Wien, Wagramer Straße 19, IZD-Tower  
Austria

Guarantee No.....:

Sellers .....

Buyers

(our clients) .....

regarding.....:

For the participation of our Client to the Auction for the Allocation and Assignment of Physical Transmission Rights to use interconnection capacity for electricity transfers from Austria to Italy at the time period starting from 1.12.2009 and ending on 31.03.2011 we understand from our clients that they have to furnish a payment guarantee in your favour.

This being premised, we, ....., [Wien], upon request of our clients herewith issue this guarantee and undertake irrevocably to transfer to you within ten (10) bank Working Days as from receipt of your first written demand, stating that our clients have not fulfilled their contractual obligations, without examination of the underlying legal relationship and waiving all objections arising therefrom, for the amount of

EUR .....--

altogether, to an account to be indicated by you.

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

Our guarantee will expire automatically

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

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

Any charges arising in connection with this guarantee are to be borne by our client..

This guarantee is governed by and shall be construed in accordance with the laws and regulations of the Republic of Austria. Place of performance is Vienna, Austria.



## Attachment III-6

### Counterparty notification form

This form shall be delivered to the following fax numbers:

To APG: +431 53113 – 53219

	APG	TERNA
<b>Name of the company</b>		
<b>Address</b>		
<b>VAT No. (if available)</b>		
<b>EIC-Code</b>		
<b>Contact Person</b>		
<b>Telephone No.</b>		
<b>Fax No.</b>		
<b>E-mail address</b>		

	<b>From:</b>	<b>To:</b>
<b>Period</b>		

Confirmation done by nominated companies		
	<i>Name of the company registered/identified by APG</i>	<i>Name of the company registered/identified by TERNA</i>
Date		
<b>Signature and stamp</b>		

	APG's approval	TERNA's approval
Date		
<b>Signature</b>		

## Attachment III-7

### Form of Acknowledgement of “Membership of recognized Austrian Balance Group”

This form shall be delivered to the following fax number:

Auction Office Austria

A-1090 Wien, Alserbachstrasse 14-16, Austria

Phone: +43 1 253 7272 90, Fax: +43 1 253 7272 96

[www.auction-office.at](http://www.auction-office.at)

	Auction Participant	Austrian Balance Group
Name of the company/ Austrian Balance Group:		
Address:		
EIC-Code		
Contact Person/ Representative:		
Telephone No.:		
Fax No.:		
E-mail address:		

	From	To
Period:		

By signing this acknowledgement the representative of the Austrian Balance Group confirms that the Auction Participant is a member of its balance group during the above given period and commits itself to handle the corresponding cross border schedule

Confirmation		
	Auction Participant registered/identified by APG:	Name of the Austrian Balance Group:
Date:		
Signature:		

## Attachment III-8

### OBOT - On Behalf Of Trader Registration

A-1090 Wien, Alserbachstrasse 14-16

Phone: +43 1 253 7272 90 Fax: +43 1 253 7272 96

[www.auction-office.at](http://www.auction-office.at)

<b>Company</b>	
Name of the company:	
Address:	
EIC-Code:	
Contact Person / Representative:	
Telephone No.:	
Fax No.:	
E-mail address:	

<b>Period</b>	
From:	
To:	

Our company hereby agrees that we wish to use the OBOT (on behalf of Trader) service provided by the Auction Office.

To execute the OBOT service our company allows the Auction Office to create a trader-user for our company. Hence, the Auction Office is allowed to enter bids according to official and explicit requests (via email or fax) from our side.

The Auction Office assumes no liability for wrongly transmitted data or excel sheets changed by misexposition. In case of a mistake each participant shall explicitly object the submitted bids before the related auction takes place. The Auction Office will try to comply with the requests but is not obliged to carry out submitted OBOTs.

---

date, signature

## Attachment III-9

### Austrian public holidays (2010)

Date:	Description:
01.01.2010 Fri.	New Year's Day / Neujahr
06.01.2010 Wed.	Epiphany / Heilige Drei Könige
05.04.2010 Mon.	Easter Monday / Ostermontag
01.05.2010 Sat.	Labour Day / Tag der Arbeit
13.05.2010 Thu.	Ascension Day / Christi Himmelfahrt
24.05.2010 Mon.	Whit Monday / Pfingstmontag
03.06.2010 Thu.	Corpus Christi / Fronleichnam
15.08.2010 Sun.	Assumption Day / Maria Himmelfahrt
26.10.2010 Tue.	Austria National Day / Nationalfeiertag Österreich
01.11.2010 Mon.	All Saints' Day / Allerheiligen
08.12.2010 Wed.	Immaculate Conception / Maria Empfängnis
25.12.2010 Sat.	Christmas / Christtag / Weihnachtstag
26.12.2010 Sun.	Christmas / Christtag / Weihnachtstag

# APPENDIX IV Specific Capacity Access Rules on Slovenian and Italian Interconnection

## 1 Participation requirements

In addition to the requests from Section III Article 3.01 of this Auction Rules the User has to provide to ELES the following documents:

- An extract from the court register of companies, issued in the past sixty (60) days. If the judicial authorities in the country where the auction applicant has its registered office do not issue such certificates, the applicant shall replace the said certificate with the certificate of another Competent Authority.
- Application for participation in auctions for cross-border transfer capacities allocation according to Attachment IV-1.

ELES has to receive all required original documents at least five (5) Working Days before the auction at which User is willing to participate. If this deadline is breached ELES has the right not to register the Auction participant for the relevant auction(s).

User is obliged to notify the Auction Operator of any changes in the information provided in the Application for participation in auctions for cross-border transfer capacities allocation not later than five (5) Working Days after the occurrence of a change.

### ***a. Financial guarantees - Auctions in direction from Slovenia to Italy***

Yearly and Monthly Auctions will be settled monthly, directly on to the transaction account of ELES on the basis of a payment on pro forma invoice. The User must settle the liabilities arising from his pro forma invoice until the payment deadline specified on the pro forma invoice which cannot be set later than:

- For Yearly PTRs: two (2) Working Days before the date of publication of Auction Specification for Monthly PTRs referred to the same month of the not settled Yearly PTRs;
- For Monthly PTRs: two (2) Working Days before the date of publication of Auction Specification for Daily PTRs referred to the same month of the not settled Monthly PTRs.

Users willing to participate to the daily auctions:

- will be provided with the balance sub account opened by ELES in the name of the User for the purpose of settlement of liabilities.

or, alternatively

- are required to provide ELES with a Bank Guarantee covering all outstanding debts resulting from the Daily Auctions.

The minimum amount of the Bank Guarantee is fifty thousand (50 000) Euros.

In order to participate to the Daily Auctions the User has to provide sufficient funds on his deposit sub account or Bank Guarantee before the start of the Daily Auction.

### ***b. Requirements in respect of grid access on the Slovenia-Italy Interconnection***

In order to participate in Yearly and Monthly Auctions, the User:

- must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on Terna website

or

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

For Daily Auctions in direction Slovenia to Italy the User must be must be a Balance Responsible Party or must have signed a Contract for settlement of imbalances with the Balance Responsible Party in Slovenia.

For Daily Auctions in direction Italy to Slovenia the User must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on Terna website.

For all auctions the same (unique) EIC Code has to be registered with both TSOs.

## **2 Auction proceedings**

### **2.1 Yearly Auction in direction from Slovenia to Italy**

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

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

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

Only those Bids submitted by Users, which meet the requirements of the Auction Rules in particular, those of Article 1 of this Appendix shall be considered in the Auction.

Each User is informed of the outcome of his Bid(s) no later than 30 minutes after the conclusion of the Yearly Auction via Auction Tool, except for cases where the provisions of Article 2.5 of this Appendix are applied. The results of the Auctions are published on the Auction Websites shortly after the Users have been informed individually.

### **2.2 Monthly Auction on the Interconnection in the direction from Slovenia to Italy**

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

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

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

Only those Bids submitted by Users, which meet the requirements of the Auction Rules in particular, those of Article 1 of this Appendix shall be considered in the Auction. The Monthly Interconnection Capacity will consist of:

- the Monthly Interconnection Capacity resulting from the Monthly ATC;

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

Each User is informed of the outcome of his Bid(s) no later than 30 minutes after the conclusion of the Monthly Auction through the Auction Tool, except for cases where the provisions of Article 2.5 of this Appendix are applied. The results of the Auctions are announced on the Auction Websites shortly after the Users have been informed individually.

### **2.3 Daily Auctions in direction from Slovenia to Italy**

ELES, as Auction Operator, will perform the joint allocation of available Interconnection Capacity from Slovenia to Italy, on a daily basis, seven (7) days a week.

The indicative Interconnection Capacity available for a Daily Auction is published on the Auction Website no later than 18:00 on the day before the Auctioning Day. Final Interconnection capacity is published after the netting process approximately at 07:50 on D-1. The Daily Interconnection Capacity will consist of:

- the Daily Interconnection Capacity reserved exclusively for the allocation at Daily Auctions.
- the Yearly and Monthly Interconnection Capacity resulting from the Yearly and Monthly Auctions in direction from Italy to Slovenia (nominated Yearly and Monthly Capacity);
- the Yearly and Monthly non nominated Interconnection Capacity;
- the Yearly and Monthly Interconnection Capacity allocated by ELES which has not been allocated or paid;

The following steps are performed for the Daily Auction on the above mentioned Interconnection:

1. Daily Auctions are held on the last day preceding the Day of Execution.
2. Bids have to be submitted to Auction Tool between 07:50 and 08:20 on the Auctioning Day.
3. Only those Bids submitted by Users, which meet the requirements of these Auction Rules, in particular, those stated in Article 1 of this Appendix shall be considered in the Auction.
4. Each User is informed of the outcome of his Bid(s) no later than 30 minutes after the conclusion of the Daily Auction through the Auction Tool, except for cases where the provisions of Article 2.5 of this Appendix are applied. The results of Daily Auctions are announced on the Auction Websites shortly after.
5. The above time schedules may be jointly modified by both TSOs acting as Auctions Operators via Auctions Specifications.

### **2.4 Submission of Bids for Yearly, Monthly and Daily Auctions in direction from Slovenia to Italy**

The User submits a Bid via Auction Tool held by ELES. On a particular Auctioning Day, only Bids for PTR products, which are the subject of the Auctions, can be submitted.

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

The Auction Operator may delete a Bid by a particular User in the Auction, if it was not submitted in accordance with these Auction Rules. In case the Auction Operator deletes a certain Bid, it shall inform the User thereof before or after such action.

Users may submit only Limited or All or Nothing Bids. Limited Bids shall be those Bids, in which the User sets the highest acceptable price for PTRs. All or Nothing bids shall be those Bids which can only be executed in the exact amount specified in the Bid.

The Bid shall include the following information:

- Identification number of the User;
- Product code;
- Maximum quantity in MW, rounded to one (1) MW;
- Net price excluding VAT, given in €/MWh. The price must be rounded to maximum of two decimal and shall not be equal or less than zero.

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

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

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

If the above specified Bid submission conditions cannot be implemented for a given Auction, ELES Notifies the User, by telephone, fax or e-mail, of the switch to downgrade mode. ELES may under no circumstances be held responsible if it is unable to contact the Users via the communication channels above.

## **2.5 Downgrade mode**

### **a) Difficulties on the side of the User (downgrade mode)**

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

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

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

In the event of technical difficulties on the side of the Auction Operator, the Auction Operator may change the auction schedule or cancel/repeat an auction already in progress or finished. The Auction Operator shall notify the User of any such events via telephone, fax or e-mail. In cases where auction is cancelled or repeated all bids submitted prior to the cancel/repeat notice are deemed invalid and must be submitted again according to the conditions stipulated in the event of downgraded mode being adopted.

If the normal course of the yearly and monthly auction cannot be ensured through the Auction Tool, the auction shall be conducted by fax or cancelled. If the daily auction cannot be ensured through the Auction Tool the auction is automatically cancelled.

In cases when an auction is implemented by fax, the Users shall send their bids by fax on the prescribed form within the period specified in the notice sent by the Auction Operator. The prescribed form and fax number are published on the web page of the Auction Operator. The User may, for an individual auction for a specified border, send only one (1) form with not more than one (1) bid for a specific product.

After expiration of the time period for the submission of the bids, the Auction Operator shall enter the faxed bids in the supplement Auction Tool and inform the User on the auction results via telephone, fax or e-mail.

## **3 Determination of Auction results in direction Slovenia to Italy**



All received and valid Bids are classified as follows:

a. Case 1:

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

b. Case 2:

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

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

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

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

## **4. Secondary PTR Market for PTRs allocated from Slovenia to Italy**

ELES operates the Secondary PTR Market in direction from Slovenia to Italy on behalf of both TSOs via ETSO Scheduling System.

### **4.1. PTR Transfers**

#### **a. Characteristics of PTR Transfers**

PTRs allocated through Yearly and Monthly Auctions or resulting from PTR Transfer may be transferred by a Transferor to a Beneficiary.

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

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

Beneficiary of the transferred PTRs can only be the User that fulfils all the conditions specified in the Section III of these Auction Rules.

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

#### **b. Financial arrangements**

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

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

In case of curtailment, eventual indemnification according to Article 2.04 of the common parts of the Auction Rules shall be in favour of the Beneficiary.

### **c. Transfer Notification for PTRs in direction from Slovenia to Italy**

Transfer Notifications for yearly and monthly PTRs allocated by ELES must be notified to ELES via ETSO Scheduling System or exceptionally via mail (only for User without grid access in Slovenia).

A Transferor may ask ELES to cancel a PTR Transfer. The cancellation is accepted under the following conditions:

- The Beneficiary is, at the time of the cancellation, PTR Holder of at least the same amount of PTRs as in the Transfer Notification to be cancelled;
- The cancellation notification respects the same deadlines as a Transfer Notification, listed below, for the same transfer period.

A PTR Transfer accepted by ELES may be cancelled and replaced by a new PTR Transfer if:

- The Transferor asks ELES to cancel the PTR Transfer, according to the conditions stipulated above;
- The Transferor then notifies a new PTR Transfer in accordance with the this Article;
- This Transfer Notification has to be checked by both TSOs.

Deadline for Transfer Notification for yearly and monthly PTR allocated in direction from Slovenia to Italy is two (2) days before the day of execution till 12:00.

## **4.2. PTR Resale**

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

Yearly PTR can be returned as: Monthly product of the same type (base PTRs as base ones and peak PTRs as peak ones even if for a shorter period).

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

In the event of Curtailments ELES reserve the possibility of applying the conditions defined in Article 2.04 of the common parts of the Auction Rules.

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

### **b. Financial arrangements**

User that resells Yearly PTRs to the TSO is entitled to financial compensation for the amount of the Clearing Price set at the new Monthly Auction.

### **c. Notification of Resale in direction from Slovenia to Italy**

Resale Notifications for Yearly PTRs allocated by ELES must be notified to ELES via ETSO Scheduling System or exceptionally via mail (only for User without grid access in Slovenia).

PTRs from Yearly Auction have to be returned to the ELES at least two (2) days prior to the publication of Auction Specifications for the relevant Monthly Auction.

## **5. Capacity Usage Rules**

Notification of the PTR Holders' Counterparty to ELES and TERNA is needed for the Nomination consistency check.

The PTR Holder designates his Counterparty and nominates PTRs as described in the following points.

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

For PTRs Nominations on the Interconnection between Slovenia and Italy, PTR Holder can designate as his Counterparty(ies) a legal entity(ies) which is entitled to make nominations to the neighbouring TSOs (A-to-N). Designation of the counterparty has to be done to the TSO responsible for the relevant direction at least one (1) day until 15:00 before the deadline for yearly and monthly PTR nomination.

The PTR Holder/Counterparty(ies) must nominate, to:

- ELES not later than 07:00 on D-1
- TERNA according to the Italian Congestion Management Rules.

The nomination made to ELES, is binding for PTR Holder and his Counterparty(ies) for PTRs allocated in the direction from Slovenia to Italy.

The nomination made to TERNA, is binding for PTR Holder and his Counterparty(ies) for PTRs allocated in the direction from Italy to Slovenia.

In the event of a PTR Transfer, the new PTR Holder must nominate his Counterparty and PTR following the above mentioned criteria.

PTRs not nominated to ELES till 07:00 on D-1 day are subject of “use it or sell it” principle. Not nominated PTRs shall increase the Daily ATC and be a part of the Daily Auction.

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

For Daily PTRs Nominations on the Interconnection between Slovenia and Italy, the PTR Holder should designate himself or a Counterparty (A to B principle). These Counterparty designations can be changed every month; not later than 12:00 five (5) Working Days before the next month change.

In case of discrepancies between nominations made by a PTR Holder and his Counterparty to TSOs the minimum value will prevail.

PTRs acquired through Daily Auctions are subject to the “use it or lose it” principle.

#### ***PTRs allocated in direction from Slovenia to Italy***

PTR Holder has to nominate its PTRs to ELES until 14:00 D-1 day (D: Day of Execution) and to Terna according to the Italian Congestion Management Rules the use of their PTRs acquired through Daily Auction for the respective Day of Execution.

#### ***PTRs allocated in direction from Italy to Slovenia***

PTR Holder has to nominate its PTRs to ELES until 14:00 D-1 day (D: Day of Execution) and to Terna according to the Italian Congestion Management Rules the use of their PTRs acquired through Daily Auction for the respective Day of Execution.

### **5.3. Usage of PTRs acquired through Yearly, Monthly and Daily Auctions from Slovenia to Italy**

- a. The PTRs holder and his Counterparty, must Nominate according to the modalities defined in the Slovenian Grid Code and in the Congestion Management Rules on the Italian Interconnection.
- b. If no Nomination is made at all, the claim to Yearly and Monthly PTRs acquired in the Auction by the PTR Holder and/or to parts thereof shall be a subject to the “use it or sell it” principle, except for the non-nominated PTRs acquired on the Daily Auctions which will be a subject of “use it or lose it” principle. Unused Yearly and Monthly PTRs will be resold through Daily Auctions and reimbursed to the User according to the Section VIII of this Auction Rules.

If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder and his counterparty(ies) will be set to zero.

## **6. Settlement and payment for PTRs allocated from Slovenia to Italy**

The PTR Holder who fails to settle their liabilities pertaining to allocated PTRs will be temporally suspended from any further auctions by the Auction Operator until the aforementioned participant has settled all his liabilities. In order to be again allowed to participate in the next auctions, the PTR Holder is obliged to pay the difference, if negative, between Auction Price set on the first auction at which the capacity was allocated and the Auction Price set on the following Auctions where the capacity is once again allocated.

### **6.1. Deposit Sub account**

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

Only the Auction Operator has a power of disposal with financial assets kept on deposit sub accounts, namely on the basis of Irrevocable Authorisation given by the User according to the Attachment IV-2 – Irrevocable Authorization which thus authorises the Auction Operator to dispose of these financial assets for the purposes of coverage and financial settlement arising from the daily auctions.

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

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

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

### **6.2. Coverage for daily auctions**

The participants of daily auctions need to keep financial resources on their deposit sub accounts/Bank Guarantee as collateral for fulfilling the liabilities arising from allocated capacities. Bank Guarantee has to be provided to the Auction Operator according to the Attachment IV-3.

Before each auction, the Auction Operator enters into the Auction Tool all the information on net balance of financial assets kept on deposit sub accounts of the User, namely by taking into account the net balance on deposit sub accounts at 06:00 am of every Working Day and disregarding any individual transfers or eventual changes in sub accounts' balance recorded after that time. The deposit on deposit sub account or bank guarantee is accepted only during Working Days.

For Users who provided Bank Guarantee as an alternative to the use of deposit sub account, the Auction Operator enters into the Auction System the amount of its bank guarantee decreased for the amount of unsettled liabilities.

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

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

### **6.3. Settlement for daily auctions**

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

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

### **6.4. Settlement for monthly auctions**

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

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

In the event a User fails to settle all or just part of their liabilities within the set deadline, the PTRs allocated at the monthly auction on the basis of which the pro forma invoice is issued, is deemed as unallocated and the Auction Operator shall offer such PTRs at future auctions.

### **6.5. Settlement for yearly auctions**

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

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

In the event a PTR Holder fails to settle all or just part of their liabilities within the set deadline, the PTRs allocated at the yearly auction on the basis of which the pro forma invoice was issued, is deemed as unallocated and the Auction Operator shall offer such PTRs at future auctions.

#### **6.6. Invoice disputes**

To be admissible, any claims made relative to an invoice must be notified by registered letter with acknowledgement of receipt to ELES, within five (5) Working Days of the invoice's date of issue. Beyond this period, the invoice shall be deemed to have been accepted by the PTR Holder. The above-mentioned registered letter must contain a precise and detailed description of the grounds for the objection to the invoice. A claim in no way relieves the PTR's holder from the obligation to pay the invoice.

#### **6.7. Resale and Curtailment credits**

In case of Resale PTR Holders are obliged to issue invoices (based on data provided by ELES) to the Auction Operator within the first week of the month M for the month M-1 together for yearly and monthly PTRs. The invoice will be paid by ELES within fifteen (15) days from receipt of the invoice. In case of Curtailment the PTR Holders are obliged to issue to ELES an invoice for a refund of the auction price (based on data provided by ELES) according to the Article 2.04 of these Auction Rules within the first week of the month M for the month M-1 together for yearly and monthly PTRs. The invoice will be paid by ELES within fifteen (15) days from receipt of the invoice.

The invoice for a refund of the auction price is not a subject of VAT.

### **7. Disputes and Applicable Law**

Except for disputes among ELES and Users regarding the access to the grid as defined in the Slovenian Energy Act which are settled exclusively under jurisdiction of Competent Authority in Slovenia, all disputes among TERNA and Users and ELES and Users arising from these Auction Rules and Auctions that take place hereunder are handled according to the Article 10.05 of these Auction Rules.

## Attachment IV-1-APPLICATION FOR PARTICIPATION IN AUCTIONS FOR CROSS-BORDER TRANSFER CAPACITIES ALLOCATION

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

The mutual relations between the applicant and the Auction Operator are regulated in accordance with the *Rules on the Mode and Conditions of Cross-border Transfer Capacities Allocation, Slovenia-Austria Inter-connection Capacity access Rules between the control areas of VERBUND- Austrian Power Grid AG and Elektro-Slovenija, d.o.o., Access rules to France-Italy, Switzerland-Italy, Austria-Italy, Slovenia-Italy, Greece-Italy Interconnections.*

### 1. GENERAL INFORMATION ABOUT THE APPLICANT

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

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

Direction Slovenia ->Austria	Annual auction	
	Monthly auctions	
	Daily auctions*	
Direction Slovenia ->Italy	Annual auction	
	Monthly auctions	
	Daily auctions*	
Both directions Slovenia<->Croatia	Annual auction	
	Monthly auctions	
	Daily auctions*	

\*complete and enclose Irrevocable Authorization for use of funds deposited on deposit subaccount

### 3. PERSONS AUTHORIZED TO PARTICIPATE IN AUCTIONS

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

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

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

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

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

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

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

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

Name	1.	2.
Business phone		
Cellphone		
Fax		



E-mail*		
---------	--	--

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

## 6. EVIDENCE OF FULFILLED REQUIREMENTS:

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

## 7. STATEMENTS

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

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

Place:

Date:

Name and position:

Signature of authorized person:

Stamp:

## Attachment IV-2. IRREVOCABLE AUTHORIZATION

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

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

hereby issues to

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

the following

### IRREVOCABLE AUTHORIZATION

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

Bank and account number:

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

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

\_\_\_\_\_  
(Signature of representative of auctions participant)

## Attachment IV-3. Bank Guarantee

### Payment guarantee No....

Name of the bank – Guarantor: .....

Applicant: .....

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

Amount: EUR....

Expiry Date:

We .....( the Bank) have been informed that our Client ( Messrs....) will participate on an Auction for available transmission capacities at the Slovene – Italian interconnection.

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

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

EUR.....

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

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

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

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

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

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

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

Signature of the Guarantor

# APPENDIX V Specific Capacity Access Rules on Greek and Italian Interconnection

## 1 Participation requirements

For the direction from Greece to Italy, in addition to the provisions related to procedure to apply for Auction participation of article 3.01 of the common part, the Applicant by signing the Statement of Acceptance undertakes to comply also with the Auction Specification published by HTSO.

### ***a. Requirements in respect of grid access - Auctions on both directions on Greece -Italy Interconnection***

In order to participate in the Yearly and Monthly Auctions, the User:

- must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website  
and/or
- must be a registered market participant in the Greek power market;  
and
- must have the same registered EIC code with both TSOs.

In order to participate in the Daily Auctions, the User:

- for Daily Auctions in the direction from Italy to Greece must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website
- for Daily Auctions in the direction from Greece to Italy must be a registered market participant in the Greek power market and/or must have signed a Dispatching Contract and be compliant with the Congestion Management Rules on the Italian Interconnection published on TERNA website  
and
- must have the same registered EIC code with both TSOs.

For the direction Greece to Italy, HTSO publishes in its Auction website the list of the Users who are eligible according to the Participation requirements and are not excluded or suspended from their participation in any of the Greek Interconnections.. Any objections against the list shall be submitted electronically according to the conditions and within the deadline specified in the Auction Specifications. HTSO examines the submitted objections and publishes its decision in its Auction website.

### ***b. Financial guarantees - Auctions in direction from Greece to Italy***

Each Bank Guarantee submitted to HTSO is subject to Greek law and should be issued by a solvable Bank, legally operating in a member state of the European Union or in Switzerland or in Norway, having a subsidiary duly established in Greece. This credit institution shall not be the User itself or shall not control this User or be controlled by the User under the meaning of corporate law. The wording of the Bank Guarantee is presented in Attachment V-1. Each Bank Guarantee is submitted in sealed envelopes which shall clearly bear the identification details of the User, as per the Registration Requirements of this Auction Rules.

For registration purposes, the User must submit to HTSO a Bank Guarantee, as follows:

- 1) the minimum amount is fifty thousand (50 000) Euros, and
- 2) the expiration date cannot be any earlier than the 31<sup>st</sup> March 2011.

HTSO may provide in the Auction Specifications published in its website the details of a bank account in

which the User may deposit the amount of the Bank Guarantee, instead of filing one, under the terms and conditions applying for the Bank Guarantee. In such case in all parts of this Appendix that there is reference to the filing of a Bank Guarantee the User has the right to deposit the same amount of money to the designated by HTSO bank account.

The User who obtained the PTRs from the Yearly Auction has to increase the amount of the Bank Guarantee within 5 Working Days after the allocation to the User of Yearly PTRs in order to cover 1/4 of the total amount corresponding to the PTRs allocated to the User as a result of the Yearly Auction. In case that the PTR Holder does not increase the amount of the Bank Guarantee and does not provide HTSO with the said Guarantee within the abovementioned deadlines, HTSO has the right to claim under the Bank Guarantee. In such case the User will be suspended as provided in article 3.04 of the common part, ie the User will not be entitled to participate in further Auctions and Secondary Market and shall lose the PTRs already allocated until the Bank Guarantee with the amount requested is filed and/or all pending financial obligations have been arranged.

Furthermore this PTR Holder will be charged with any additional costs, expenses arising out of the demand for payment made under the Bank Guarantee.

If the User did not participate in the Yearly Auctions he should submit a Bank Guarantee of minimum fifty thousand (50 000) Euros for his participation in the Monthly or Daily Auctions. Once submitted, the Bank Guarantee covers the participation of the User in all forthcoming Monthly and Daily Auctions (the User does not have to submit another Bank Guarantee for participating in these Auctions except if there is a demand for payment being made under Bank Guarantee. In such case the User has to file a Bank Guarantee according to the terms described herein.

The Capacity Price from Yearly and Monthly Auctions will be settled on a monthly basis and before the use of PTRs, as follows:

- 1) For Yearly PTRs, not later than the date stated in the Yearly Auction Specifications, which will be before the date of publication of Auction Specifications for the Monthly Auction referred to the same month of the not-settled Yearly PTRs.
- 2) For Monthly PTRs: not later than the date stated in the Monthly Auction Specifications, which will be two Working Days before the Auctioning Day of the first Daily Auction referred to the same month of the not-settled Monthly PTRs.

Daily PTRs will be settled after usage, not later than the 25<sup>th</sup> calendar day of the month following the month that the Daily Auctions took place.

In case the payments are not made as specified above, the provisions of Article 3.04 of the common part concerning temporary suspension apply. Specifically, (a) the User is temporarily suspended from further auctions conducted in both directions and the secondary market, (b) its PTRs are reallocated to subsequent auctions (c) there is a demand for payment being made under the Bank Guarantee or in case of deposit account the money of deposit account are placed for the benefit of the Auction Operator, (d) the User is not relieved from its financial obligations arising from its participation in the Auctions whereby PTRs were granted to the User.

In order for the User to start participating again in the Auctions or Secondary Market held by HTSO and TERNA in the Greek-Italian interconnection has to submit a new Bank Guarantee of at least equal amount with the Bank Guarantee in respect of which a demand for payment was made and with the same wording and expiration date as well as to settle and comply with all pending obligations arising from its participation to the Auctions.

## 2 Auction proceedings

### 2.1 Public Greek holidays

Daily Auctions shall be held every day by HTSO (seven days a week) except from public Greek holidays, as shown in the following Table.

Date	Day	Public holiday
01-01-2010	Friday	New Year's Day
06-01-2010	Wednesday	Epiphany
15-02-2010	Monday	National festive day (Kathari Deftera)
25-03-2010	Thursday	Greek Independence
02-04-2010	Friday	Good Friday
03-04-2010	Saturday	Holy Saturday
04-04-2010	Sunday	Easter
05-04-2010	Monday	Easter second day
01-05-2010	Saturday	Labour Day
24-05-2010	Monday	The Holy Spirit day
15-08-2010	Sunday	Virgin Mary day
28-10-2010	Thursday	National festive day
06-12-2010	Monday	Saint Nick (HTSO festive day)
25-12-2010	Saturday	Christmas Day
26-12-2010	Sunday	Christmas second day

### 2.2 Daily Auctions from Greece to Italy

HTSO, as Auction Operator, will perform the joint allocation of available Interconnection capacity from Greece to Italy, seven (7) days a week, in D-1, with the exception of Greek Public holidays as defined in paragraph 2.1 of this Appendix.

The following steps are performed for the daily Auction on the above mentioned Interconnections:

- The Daily ATC is published on the Auction Website of HTSO between 06:45 and 07:15 of the D-1.
- Daily Auctions are held between 07:15 and 08:00 of D-1. The exact process for the submission of Bids for the Daily Auctions is described in detail in the "Electronic Web Offer Submission System" of HTSO, which is available in the HTSO Auction Website.

The Bid submission mechanism is based on the encryption of the submitted bid in two phases; submission: a) of the encrypted bid and, b) of the encryption key, as described in detail in the "Electronic Web Offer Submission System - User's Manual" (which is available in the HTSO Auction Website), as follows:

- Gate opening for the submission of the encrypted bid (file ".pgp") 07:15 - 07:45
- Silence period 07:45 - 07:50
- Gate opening for the submission of the encryption key (file ".asc") 07:50 - 08:05

- c. Only those Bids submitted by Users, which meet the requirements of these Auction Rules, in particular, those of Bid Limitations and Submission of bids for Daily auctions, shall be considered in the Auction.
- d. Each User is informed of the outcome of his Bid(s) between 08:05 and 8:30 of the D-1. The results of the Auctions are announced on the Auction Website.
- e. The above time schedules may be modified by the Auctions Operator *via* Auctions Specifications.
- f. The PTRs allocated by HTSO in the Daily Auctions are subject to the Use-It-Or-Lose-It (UIOLI) principle.

### ***2.3 Submission of Bids for Yearly, Monthly and Daily Auctions organized by HTSO acting as Auction Operator***

In Yearly, Monthly and Daily Auctions each User may submit a Bid File with a maximum of 10 Bids for each Product.

The sum of requested capacities of the Bids for the same Yearly, Monthly or Daily Product should be less than or equal to the ATC of the Product.

Each Bid concerns capacity in units of 1 MW with a minimum of 1 unit and a maximum equal to the ATC for each period of time.

Each Bid must contain the following unambiguous and legible specifications:

- a. The value of the Bid in €/MWh (maximum two decimals).
- b. The amount, in Blocks of integer quantity (MW) minimum 1 MW, of the required Interconnection Capacity.
- c. The name and EIC code of the User, the submission date, the Day of Execution, the Interconnection on which Interconnection Capacity is requested, and the direction (on this Interconnection) in which Interconnection Capacity is requested.

The most recent Bid is unconditional and irrevocable.

The Bids for the Yearly, Monthly and the Daily Auctions must be submitted using the appropriate forms, which could be downloaded from the Auction Website. Such Bids shall be submitted using the “Electronic Web Offer Submission System” a secure website for the submission of Bids that guarantees transparency of the process. The bid submission mechanism includes the following:

- i. Encryption of the Bid, using the PGP public key encryption software in order to ensure confidentiality of information.
- ii. Submission of the encrypted Bid before the corresponding deadline
- iii. Submission of the reciprocal encryption Key before the corresponding deadline
- iv. Electronic signature (username and password)

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

The Users can find more information about the electronic system and the use of the software tools in the “Electronic Web Offer Submission System – User’s Manual”, which is available in the Auction Website.

The Users have the possibility to resubmit a Bid File before the corresponding deadline of the Auction. In this case (submission of multiple subsequent Bid Files by the same User), the most recent Bid File with respect to the corresponding deadline is considered for acceptance.



### 3 Auction clearing process for Auctions in the direction from Greece to Italy

#### **3.1 Awarding of PTRs**

The allocation of PTRs in Auctions conducted by HTSO in the direction from Greece to Italy will be executed according Article 5.01 of these Auction Rules. Capacity is considered to have been allocated to a Bidder when the Bidder has submitted the Bank Guarantee, requested by Article 1.b of this Appendix.

### 4 Secondary PTR Market for PTRs allocated from Greece to Italy

#### **4.1 PTR Transfers**

PTRs transfers are realized subject to the provisions of Article 6.01 point c) of the common part.. Each PTR Holder can transfer a part of or the entire quantity of PTRs of a Product obtained in the Yearly and/or Monthly Auctions or with a previous transfer.

The Transfer Notification form is downloadable by the HTSO Auction Website.

#### **4.2 PTR Resales**

In case a User wishes to resale PTRs, which have been allocated through Yearly Auctions, to a Monthly Auction, then he is only allowed to resell them in a block or blocks of the entire or part of a Product, as they have been defined in the Yearly Auctions Specifications.

The Resale Notification form is downloadable by the HTSO Auction Website.

#### **4.3 Secondary PTR Market - downgraded mode**

When downgraded mode is adopted, Transfer Notification and Resale Notification are effectuated by e-mail. If this is not possible, then the Secondary PTR Market is being suspended. The suspension shall not give rise to any indemnification.

Date and time mentioned in the e-mails received by the Auction Operator are deemed authentic.

The Auction Operator processes Transfer and Resale Notifications seven days a week, from 8:00 till 13:00, except on public holidays.

The Auction Operator answers to Transfer and Resale Notifications:

- 5 calendar days before the Monthly Auction, till 17h00, for a Resale of Yearly PTRs to a Monthly Auction
- till 7:15 D-1, excluding public holidays, for a Transfer of Yearly and/or Monthly PTRs.

### 5 Counterparty and Nominations for PTRs

#### **5.1 Yearly and Monthly PTRs allocated from Italy to Greece.**

##### ***Counterparty(ies) of the User***

For PTRs Nominations from Italy to Greece, PTR Holder can designate as his Counterparty(ies) a legal entity(ies) allowed to make nominations to the neighbouring TSOs (A-to-N). The PTR Holder can register maximum 10 supply relationships.

If the PTRs holder has not signed a Dispatching Contract and is not compliant with the Congestion Management Rules on the Italian Interconnection, however is a registered market participant in the Greek power market, then the PTR Holder in order to Nominate PTRs to TERNAL has to delegate the right to nominate through a proxy to one or more Counterparty(ies), which are signatories of a Dispatching Contract and comply with the Congestion Management Rules.

The PTR Holder must notify his Counterparties to TERNAL by using the Notification form for supply relationships no later than 12:00 on Wednesday of Week W-1 and can modify the notification every week.

In the event of a PTR Transfer, the new PTR Holder must notify his Counterparty(ies) following the above mentioned criteria.

If the information is inaccurate, incomplete or if is not received by 12:00 on Wednesday of Week W-1, the TSOs should be able to reset the PTR Holder's schedules to 0 MW (for Week W).

## ***5.2 Yearly and Monthly PTRs allocated from Greece to Italy***

### ***Counterparty(ies) of the User***

Notification of the PTR Holders' Counterparty(ies) to the concerned TSOs is needed for the Nomination consistency check.

The PTR Holder designates his Counterparty(ies) as described in the following points.

- a. If the PTR Holder has signed a Dispatching Contract and is compliant with the Congestion Management Rules on the Italian Interconnection, and at the same time is a registered market participant in the Greek power market, then the PTR Holder can designate himself as an interconnection User on both ends of the Interconnection (A to A nomination).
- b. If the PTR Holder has signed a Dispatching Contract and is compliant with the Congestion Management Rules on the Italian Interconnection, without being a registered market participant in the Greek power market, then the PTR Holder must designate one or more User(s), who is/are registered as a market participant in the Greek power market, as a Counterparty(ies) on the Greek end of the Interconnection (A to N nomination).
- c. If the PTR Holder has not signed a Dispatching Contract and is not compliant with the Congestion Management Rules on the Italian Interconnection, however is a registered market participant in the Greek power market, then the PTR Holder must designate one or more User(s), that have signed a Dispatching Contract and are compliant with the Congestion Management Rules on the Italian Interconnection, as a Counterparty(ies) on the Italian end of the Interconnection (A to N nomination).

Each PTR Holder can have maximum 10 Counterparties. The PTR Holder has to communicate his Counterparty(ies) to HTSO by using a form (downloadable from HTSO Auction Website) no later than 12:00 on Wednesday of Week W-1. Counterparty(ies) based on forms submitted in due time can be used on Monday of week W (first execution day: Tuesday of Week W). The PTR Holder can modify his Counterparty(ies) every week.

If no Counterparty(ies) are defined (even in case "a" above), the use of Allocated PTRs is not possible.

## ***5.3 Nominations of Yearly and Monthly PTRs***

The PTRs holder and his Counterparties must Nominate to TERNAL and HTSO the use of his Yearly and Monthly PTRs according to the modalities defined in the Congestion Management Rules on the Italian Interconnection (to TERNAL) and according to the Greek nomination rules no later than 06:00 am on D-1 (to HTSO), respectively.

This nomination is binding for the PTR Holder and his Counterparties.

Modifications of schedules after this time are not possible. Use is generally based on the principle "Use It Or Sell It" (UIOSI) (section VIII).

If the Nomination exceeds the maximum amount of PTRs, PTR Holder will be requested to revise his Nomination.

If no revised and valid Nomination is submitted in due time the Nomination of the PTR Holder will be set to zero.

In case of a mismatch in the nomination to Terna and HTSO, in the direction from Italy to Greece the nomination to Terna shall prevail, whereas in the direction from Greece to Italy the nomination to HTSO shall prevail.

## **5.4 Daily PTRs allocated from Italy to Greece and from Greece to Italy**

### **Counterparty(ies) of the User**

For PTRs Nominations from Italy to Greece:

- a. If the PTR Holder is not registered as market participant in the Greek power market can designate one Counterparty on Greek side of the interconnection, which will be fixed on monthly basis (A to B nomination). These Counterparty designations can be changed every month; not later than 12:00 five Working Days before the next month change.

For PTRs Nominations from Greece to Italy:

- a. If the PTR Holder has signed a Dispatching Contract and is compliant with the Congestion Management Rules on the Italian Interconnection, and at the same time is a registered market participant in the Greek power market, then the PTR Holder can designate himself as an interconnection User on both ends of the Interconnection (A to A nomination) or one Counterparty on the other side of the interconnection, which will be fixed on monthly basis (A to B nomination). These Counterparty designations can be changed every month; not later than 12:00 five Working Days before the next month change.
- b. If the PTR Holder has either not signed a Dispatching Contract and is not compliant with the Congestion Management Rules on the Italian Interconnection, or is not a registered market participant in the Greek power market, then the PTR Holder must designate one Counterparty on the other side of the interconnection, which will be fixed on monthly basis (A to B nomination). These Counterparty designations can be changed every month; not later than 12:00 five Working Days before the next month change.

### **Nomination**

The PTRs acquired through Daily Auctions must be nominated to Terna and HTSO according to the modalities defined in the Congestion Management Rules on the Italian Interconnection and according to the Greek nomination rules.

In case of discrepancies between nominations made by PTR Holders and his Counterparty to the respective in this Interconnection TSOs the minimum value will prevail.

PTRs acquired through Daily Auctions are subject to the "Use It Or Lose It" (UIOLI) principle.

The PTR Holders nominate to the respective in this Interconnection TSOs the respective in this Interconnection TSOs until 13:00 on the day before the Day of Execution (for both directions) the use of their PTRs acquired through Daily Auction for the respective Day of Execution.

## **6 Settlement/Payment**

### **6.1 PTRs in the direction from Greece to Italy**

The payment procedures are described in detail in 1.b of this Appendix.

#### **a. Issuance of invoices**

No later than the 10<sup>th</sup> calendar day of each month M, HTSO sends to the PTR Holder an invoice including the amounts due for allocated Daily PTRs for use during month M-1.

Invoices are notified to the PTR Holder at the address indicated in the Statement of Acceptance.

The PTR Holder notifies HTSO of any changes in its invoicing address. Such change will take effect on the first Day of month M+1, on condition that Notification of the change has been received at least seven (7) Working Days before the end of Month M.

Issued invoices are sent in advance via fax or e-mail; in this case the delivery date will be the date resulting from the sending devices.

#### **b. Invoice disputes**

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

A claim in no way relieves the PTR Holder from the obligation to pay the invoice in accordance with the terms described hereto.

#### **c. Payment condition**

The PTR Holder pays HTSO the sums invoiced, by bank transfer to the account specified by HTSO. Any bank charges relative to the settlement of the invoice are at the PTR Holder's expense.

The PTR Holder will ensure that his bank transmits the corresponding invoice number with the payment order. In the event of a SWIFT transfer, the User undertakes to ensure that the invoice number is specified on the line "Payment reason".

The absence of an invoice number means that HTSO must identify the transfers made to its account manually. Such manual identification may give rise to an administrative fee of 100 euro plus any duties and taxes in force.

#### **d. Late payment**

Payment is deemed to have been made on the Day on which it appears on HTSO's bank statement, which is consulted every Working Day, provided that the PTR Holder has specified a correct invoice reference number.

The PTR Holder is responsible for anticipating bank processing and payment registration times. HTSO will make every effort to minimise these times, but may not be held responsible if a period of two Working Days elapses between the point at which the PTR Holder makes payment (as defined in the paragraph above) and the point at which it is registered by HTSO.

The provisions of article 9.02 (d) Section IX Settlement/Payment of the common part will also apply in the direction from Greece to Italy.

### **6.2 Payments by HTSO to PTR Holders**

The Resales of Yearly PTRs to Monthly Auctions shall be paid by HTSO to the Reseller till the 26th Calendar Day of the next month of the month in which the Monthly Auction has been performed.

The Resales of Yearly and/or Monthly PTRs to Daily Auctions shall be paid on monthly basis by HTSO to the Reseller till the 26th Calendar Day of the next month of the month in which the Daily Auctions have been performed.

The curtailments of Yearly and/or Monthly PTRs shall be paid by HTSO to the PTR Holders till the 26th Calendar Day of the next month of the month in which the curtailments took place.

## 7 Disputes and Applicable Law for Auctions in the direction from Greece to Italy

All disputes arising out of these Auction Rules or related to their violation, termination or nullity shall be referred to, governed and finally resolved by the law of the country where the Auction Operator has its central administration. Any dispute arising hereto will be brought before the Courts of the place where the Auction Operator has its central administration. The application of the UN Convention on Contracts for the International Sale of Goods (CISG) shall be excluded.

The current article supersedes the respective clause on Applicable Law and Jurisdiction placed in article 10.05 of the common part of the these Auction Rules.

## 8 Exclusion of Set Off for Auctions in the direction from Greece to Italy

The provisions of article 9.03 of the common part of these Auction Rules under the title “Exclusion of Set Off” will also apply in the direction from Greece to Italy.

## 9 Acknowledgment of Receipt for Auctions in the direction from Greece to Italy

Any correspondence sent by HTSO as regards the present Auction Rules via e-mail is considered as delivered to the recipient at the date and time that the electronic mail of HTSO states that the message was transmitted, otherwise it is taken as delivered the date following the date of its transmission.

Any correspondence sent by HTSO as regards the present Auction Rules via fax is considered as delivered to the recipient at the date and time mentioned in the transmission report issued by the fax machine of HTSO, otherwise it is considered as received on the next date from the date of its transmission.

Any correspondence sent by HTSO as regards the present Auction Rules via registered mail is considered as received on the date and time that the letter was served.

# Attachment V-1

## Bank Guarantee

Payable on First Demand No..... of euro .....

To

HELLENIC TRANSMISSION SYSTEM OPERATOR (HTSO)

72 Kastoros Street

18545 Piraeus, Greece

Sirs,

1. We hereby guarantee expressly, irrevocably, unconditionally and unreservedly, to yourselves (Hellenic Transmission System Operator, hereinafter called HTSO), waiving all rights of objection and division and excussion (beneficium excussionis) for our part only, the full and prompt payment to you by the company with the name ....., the registered office of which are at ..... (hereinafter called the Client), with tax registration number ....., free of any set off or counterclaim of up to euro [.....*at least 50.000 euros*], which we undertake to pay to you (HTSO) immediately on demand being made by you, in the event of a failure by our Client to perform any of its obligations under the terms described in the Access Rules to France –Italy, Switzerland-Italy, Austria-Italy, Slovenia-Italy, Greece-Italy Interconnections (Capacity Allocation Auction Rules) for the year 2010 (hereinafter called the Auction Rules), mutually agreed by the Greek, Slovenian, Austrian, Swiss, French and Italian Transmission System Operators and published on their respective websites, independently of the validity of the legal effects of the Statement of Acceptance, signed by our Client in accordance with the Auction Rules, copies of which were delivered to us, and by this present we confirm receipt.

2. We agree as an independent and primary obligation to indemnify and keep indemnified yourselves for all losses, liabilities, costs and expenses incurred as a result of (1) the Client's failure to perform or discharge any of its payment obligations when due and (2) the unenforceability, invalidity or illegality of any of the Client's payment obligations in respect of the Auction Rules not exceeding in total the amount of [.....*at least 50.000 euros*]. We agree as an independent and primary obligation to pay within 3 business days of demand by yourselves any amounts due in respect of the Auction Rules, not exceeding euro [.....*at least 50.000 euros*]. Any amount due under this paragraph will be recoverable from ourselves as though the obligation had been incurred by us as sole or principal debtor.

3. This guarantee and indemnity is valid until such time as our Client honors in full all its obligations arising under the Auction Rules as regards our Client's participation, as described in the Auction Rules, until the thirty first (31) day of March 2011.

4. We hereby promise and undertake to pay immediately to you (HTSO) upon receipt of your simple written demand, without contesting it or raising any objections, set off, or counterclaim, whatsoever, any amount up to the maximum of (SAY : \_\_\_\_\_), and which you have determined is owed to you (HTSO), in the event of any failure by our Client to perform all or any of its obligations under the Auction Rules.

5. Your decision shall be obligatory for ourselves and we hereby undertake to pay immediately on your demand, any stipulated sum or sums not exceeding the aggregate amount of (SAY \_\_\_\_\_), free from interest, costs and ancillary charges, or set off or counterclaim, as per your instructions, without demanding our Client's authorization, consent or any other action, and without having the right to take into consideration any opposition, objection or exception raised by our Client, and waiving all rights of ours in general, deriving from Articles 853,855,862,863,867 and 868 of the Greek Civil Code.

6. This present guarantee and indemnity is valid until its expiration date, namely 31.3.2011, at which point it shall lapse but without prejudice to our obligations hereunder in respect of any liability to yourselves incurred prior to that date which shall remain in full force and effect until discharged in full.

7. Modification or termination of factual or legal relations or links that may exist between us and our Client, will not release us from the present guarantee. Our obligations arising by this present guarantee and indemnity will remain valid and we will not be released from our obligations arising from this guarantee and indemnity if our Client is declared bankrupt, or is in liquidation or is dissolved, or in case of compulsory administration or any other relevant procedure or if our Client is granted any benefits or sets off any claim against you (HTSO). All the provisions of the present guarantee and indemnity will retain their full effect, irrespective of any change in the financial or legal status of our Client.

8. The present guarantee and indemnity and all matters arising from it are subject to Greek law and our bank unconditionally and unreservedly submits to the Athens Courts' exclusive jurisdiction.

9. In case of demand for payment being made under this guarantee and indemnity, the amount payable by us is subject to a fixed government stamp fee, which is to be paid by our Client and failing which by ourselves. Reasonable and duly justified costs relative to the present guarantee will be borne by our Client.

By this present we hereby declare that the amount of the present guarantee does not exceed the limit set by the law for our bank.

IN WITNESS WHEREOF the present guarantee was signed on ..... 20...

Issuer's signature

## ANNEX I. Statement of Acceptance

User (User):

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(Name, Position, Address)

EIC -Code-Nr.:

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We hereby declare our intention to participate in the auction of available Interconnection capacity for electricity transfers between Italy and

- ☐ Austria
- ☐ France
- ☐ Greece
- ☐ Slovenia
- ☐ Switzerland

and for the following directions and products as reported in the attachment of this Statement of Acceptance.

We fulfil all participation requirements of these Access Rules to France-Italy, Switzerland-Italy, Austria-Italy, Slovenia-Italy, Greece-Italy Interconnections for the year 2010 (hereinafter referred as Auction Rules), Annexes and Appendices as applicable to the Interconnections in which we have declared our participation. Moreover, we have read and fully and unconditionally accept to abide and to be bound by all rules and regulations and IT requirements of the Interconnection Capacity Access Rules on Italian border with Austria, France, Greece, Slovenia and Switzerland, which have been published on the Auctions Websites and which are in force at the time of relevant transactions.

We acknowledge that our admission to participate in the auction may be withdrawn in case regulations of the Auction Rules on Italian border with Austria, France, Greece, Slovenia and Switzerland are breached.

We will provide all securities and guarantees required by the Auction Rules on Italian border with Austria, France, Greece, Slovenia and Switzerland.

We hereby declare that we have been lawfully and duly incorporated as per the laws of ..... [the State where the participant has its registered offices], we are in good standing and we validly operate under the laws of the ..... [State where the participant has its registered offices]. Furthermore, we hereby guarantee that there is no condition under the laws of .....[the State where the participant has its registered offices], which prevents us from participating in the Auctions and meeting our obligations in respect thereof and we do not fall in the cases mentioned in Directive 2004/18/EC article 45 and, if we participate to the auctions



between Italy and Switzerland and/or we are established in Switzerland, the equivalent legal obligations under the Swiss legal framework.

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

We expressly authorize the Auction Operators to publish the name of our company in case of assignment of PTRs through Yearly and Monthly and Daily auctions or Transfers on the respective Auction Website.

---

Date

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Name and Position

Duly authorized to fulfil this function \_\_\_\_\_

Signature

# ATTACHMENT TO STATEMENT OF ACCEPTANCE: REQUEST TO PARTICIPATE TO THE AUCTIONS

In application of Statement of Acceptance, \_\_\_\_\_<sup>1</sup> wishes to participate in auctions in direction:

-(a) ☐ **from Austria to Italy selected below:**

Case a.1 : ☐ Yearly Auction

Case a.2 : ☐ Monthly Auction

Case a.3 : ☐ Daily Auction

-(b) ☐ **from Italy to Austria selected below:**

Case b.1 : ☐ Yearly Auction

Case b.2 : ☐ Monthly Auction

Case b.3 : ☐ Daily Auction

-(c) ☐ **from France to Italy (yearly, monthly and daily auctions):**

-(d) ☐ **from Italy to France selected below:**

Case d.1 : ☐ Yearly Auction

Case d.2 : ☐ Monthly Auction

Case d.3 : ☐ Daily Auction

-(e) ☐ **from Greece to Italy selected below:**

Case e.1 : ☐ Yearly Auction

Case e.2 : ☐ Monthly Auction

Case e.3 : ☐ Daily Auction

-(f) ☐ **from Italy to Greece selected below:**

Case f.1 : ☐ Yearly Auction

Case f.2 : ☐ Monthly Auction

Case f.3 : ☐ Daily Auction

-(g) ☐ **from Slovenia to Italy selected below:**

Case g.1 : ☐ Yearly Auction

Case g.2 : ☐ Monthly Auction

Case g.3 : ☐ Daily Auction

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<sup>1</sup> Company name of the User

**-(h)** ☐ **from Italy to Slovenia selected below:**

Case h.1 : ☐ Yearly Auction

Case h.2 : ☐ Monthly Auction

Case h.3 : ☐ Daily Auction

**-(i)** ☐ **from Switzerland to Italy selected below:**

Case i.1 : ☐ Yearly Auction

Case i.2 : ☐ Monthly Auction

Case i.3 : ☐ Daily Auction

**-(j)** ☐ **from Italy to Switzerland selected below:**

Case j.1 : ☐ Yearly Auction

Case j.2 : ☐ Monthly Auction

Case j.3 : ☐ Daily Auction

## ANNEX II. – Bank Guarantee

### A. First Demand Guarantee

*To be returned to the following address:...*

[ ]<sup>(13)</sup> a company incorporated under [ ]<sup>(14)</sup>, law, its registered offices being located at [ ], represented by [ ]<sup>(15)</sup> (the “Guarantor”) undertakes, by virtue of the present document, irrevocably and unconditionally, by order and on behalf of [ ]<sup>(16)</sup>, company incorporated under [ ]<sup>(17)</sup> (registration number [ ]) (the “Originator”) to pay TERNA Rete Elettrica Nazionale SpA, limited company with capital of € 440.000.000 -, Viale Egidio Galbani 70, PIVA 05779661007, (the “Beneficiary”), independently of the validity of the legal effects of the Statement of Acceptance, signed by the Originator (the “Agreement”), upon first demand, in accordance with the conditions below and without asserting any exception or objection, resulting from the Agreement, any sum up to a maximum amount of:

[ ]<sup>(18)</sup>,

including interest, costs and ancillary charges, (the “Guaranteed Amount”) in the event of failure by the Originator to respect any of its obligations with regard to the Auction Rules.

Modification or removal of factual or legal relations or links that may exist as of this day between the Guarantor and the Originator, may not release us from the present guarantee.

All the provisions of the present undertaking will retain their full effect, irrespective of any change in the financial or legal status of the Originator.

The present guarantee may be invoked from the date of the present document until .....<sup>19</sup> inclusive (the “Expiry Date”).

The demand for payment must be sent to the Guarantor by registered letter with acknowledgement of receipt (the “Letter of Invocation of Guarantee”). The Guarantor must receive this letter no later than the Expiry Date.

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<sup>(13)</sup> Company name of the banking establishment issuing the Bank Guarantee.

<sup>(14)</sup> Nationality of applicable law.

<sup>(15)</sup> Name of the authorised representative.

<sup>(16)</sup> Company name of the User.

<sup>(17)</sup> Nationality of applicable law.

<sup>(18)</sup> Amount of the Bank Guarantee.

<sup>(19)</sup> Expiry date should be the 31<sup>st</sup> of March 2010 for the guarantee covering 1/12 of all outstanding debts resulting from the Yearly Auction of PTRs for the year 2009.

The present guarantee will become null and void at the Expiry Date, irrespective of whether or not it has been returned to us by such date.

The Guarantor may only be released from the obligations incumbent upon it under the terms of the present guarantee before the Expiry Date, if the Beneficiary gives its written consent.

Any payment must be made within the 10 Working Days following receipt of the Letter of Invocation of Guarantee with the same credit value. The Guarantor will carry out this payment in compliance with the instructions contained in the Letter of Invocation of Guarantee.

Reasonable and duly justified costs relative to the present guarantee will be borne by the Guarantor.

The present guarantee is governed by Italian law. For interpretation and execution of the present document, courts in Rome will be competent.

Done in ....., on.....

Signature of Guarantor

## **ANNEX III. : Contacts**

The PTR holder takes note that calls may be recorded.

### **TERNA**

Operation Italia - Programmazione e Energy Operations

Viale Egidio Galbani 70,

00156 Roma - Italy

#### **Auction Procedures**

Fax: +39 06 8165.5810

Auction.office@terna.it

*Scheduling issues:*

Telephone1: +39 06 8165 5636

Fax: +39 06 8165.5661

Terna.schedule@terna.it

*Financial issues*

Settlement

PMA@terna.it

Invoicing and Payments

contabenergy@terna.it

Fax: +39 06 8165 5705

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

Hajdrihova 2,

1000 Ljubljana – Slovenia

*Auction Procedures*

Telephone1: +386 1 474 2646

Telephone2: +386 1 474 2651

Fax: +386 1 474 2652

E-mail1: ales.donko@eles.si

E-mail2: [anja.dremelj@eles.si](mailto:anja.dremelj@eles.si)

*Scheduling issues:*

Telephone: +386 1 474 2117

Fax : +386 1 474 2142

E-mail: upo.so@eles.si

*Financial issues*

Telephone: +386 1 474 2485

Fax : +386 1 474 2472

## **HTSO**

Auction Procedures

Operation & Security Department

Market Operation Branch

22 Asklipiou St.

GR-14568 KRIONERI

Telephone: +30 210 6294235

Fax : +30 210 6220127

Fax for contesting purposes only: +30 210 9483221

Financial issues

Department of Finance

72 Kastoros Street

GR-18545 Piraeus

Telephone: +30 210 9466933

Fax : +30 210 9466841

IT issues

IT Department

72 Kastoros Street

GR-18545 Piraeus

Telephone: +30 210 9466801

Fax : +30 210 9466822

Legal issues

Legal Department

72 Kastoros Street  
GR-185 45 Piraeus  
Telephone: +30 210 9466862  
Fax : +30 210 9466722

Registration issues

Tendering Department  
72 Kastoros Street  
GR-185 45 Piraeus  
Telephone: +30 210 9466859, -6824  
Fax : +30 210 9466901

## **Swissgrid**

*Auction procedures:*

swissgrid ag  
Auction Office Switzerland  
Werkstrasse 12  
CH-5080 Laufenburg

[Auction.office@chtso.ch](mailto:Auction.office@chtso.ch)

Telephone : +41 58 580 2770  
Fax : +41 58 580 2727

*Registration issues*

swissgrid ag  
Customer and Information Centre  
Dammstrasse 3  
Postfach 22  
CH- 5070 Frick  
info@swissgrid.ch  
Tel. +41848014014  
Fax. +41 58 580 2121



**RTE**

**RTE – CNES**

Service Relations Clientèle  
Bâtiment La Rotonde  
204, boulevard Anatole France  
93206 Saint-Denis Cedex 06  
France

Fax : + 33 1 41 66 72 65

**Verbund-Austrian Power Grid AG**

Wagramer Straße 19  
IZD-Tower  
12120 Wien

Auction Operator:  
AUCTION OFFICE AUSTRIA  
Alserbachstraße 14-16  
A-1090 Wien

Phone: + 43 1 253 7272 90  
Fax: +43 1 253 7272 96  
[www.auction-office.at](http://www.auction-office.at)  
[capacities@auction-office.at](mailto:capacities@auction-office.at)

## **ANNEX IV. Description of TERN A Auction Tool**

Users connect to the Auction Tool via Internet using the secure https protocol, by entering the address of the Auction Tool website.

Once on the Auction Tool website (<https://damas.terna.it>), Users must identify themselves by entering a valid username and password. Authentication details are given by the Auction Administrator.

Bids have to be submitted following the instruction provided in IT tool User Guide.

## **ANNEX V. TERN A Auction tool Downgraded mode**

Downgraded mode for Yearly and Monthly Auctions

If the Auction Administrator is unable to hold Yearly and Monthly Auctions under the standard conditions stipulated, the Auction Operator Notifies the Users of the switch to Downgraded mode and indicates the Auction Specification, it being understood that, exceptionally, the Users submit by fax a Bid file including a single Bid for the Auction.

### **Downgraded mode for Daily Auctions**

If the Auction Administrator is unable to hold Daily Auctions under the standard conditions stipulated, the Auction Operator shall notify the User via telephone, fax, e-mail or Auction Tool.

If the normal course of an auction cannot be ensured through the Auction Tool, the auction for that particular day shall be cancelled.

### **Downgraded mode for Secondary Market**

No degraded mode for Secondary Market is foreseen

## ANNEX VI. Public Italian holidays 2010

Public Italian Holidays	
Date:	Description:
01.01.2010	New Year's Day
06.01.2010	Epiphany
04.04.2010	Easter Monday
25.04.2010	Liberation day
01.05. 2010	Labour Day
02.06. 2010	Republic Day
15.08. 2010	Assumption Day
01.11. 2010	All Saints' Day
08.12. 2010	Immaculate Conception
25.12. 2010	Christmas
26.12. 2010	St. Stephen's Day