Agreement

on congestion management on Croatian–Serbian border

between

Hrvatski operator prijenosnog sustava, d.o.o.
Kupska 4
10000 Zagreb – Croatia
–hereinafter “HOPS”,

and

JP Elekromreža Srbije
Kneza Miloša 11
11000 Beograd – Serbia
–hereinafter “EMS”,

(both of which are hereinafter referred to as the “Parties”),

is to evidence the following agreements and understandings for the year 2015:
I. Scope of Agreement

1. Article 16 of Regulation 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity setting general principles of congestion management requires that network congestion problems shall be addressed with non-discriminatory market based solutions which give efficient economic signals to the market participants and transmission system operators involved.

2. HOPS in the role of Transmission System Operator is responsible for operating, ensuring the maintenance and development of the Croatian transmission system and its interconnections with other systems in order to guarantee the security of supply at the standard level.

3. EMS in the role of Transmission System Operator and Market Operator is responsible for operating, ensuring the maintenance and development of the Serbian transmission system and its interconnections with other systems in order to guarantee the security of supply at the standard level.

4. HOPS and EMS provide common evaluation of the Cross-Border capacity between the control areas of HOPS and EMS.

5. HOPS and EMS in the role of Auction Operator organize transparent yearly, monthly and daily auction procedures as well as intraday allocation for the available transmission capacities at the Croatian–Serbian Interconnection in order to allocate and assign Physical Transmission Rights (hereinafter called PTRs) to the Auction Participants in a transparent and non-discriminatory way. The auction procedures and intraday allocation refers to available Interconnection Capacity on the Croatian–Serbian Interconnection for the period from 1\textsuperscript{st} of January to 31\textsuperscript{st} of December 2015 and are governed by the EU law, in particular by Regulation (EC) n° 714/2009 of the European Parliament and of the Council on conditions for access to the network for cross-border exchanges in electricity, Croatian and Serbian primary and secondary legislation.

6. The provisions of the auction procedures and intraday allocation are described in:
• „Daily Auction Rules for the Allocation of transmission capacities at the border of control areas of JP Elektromreža Srbije („EMS") and Hrvatski operator prijenosnog sustava d.o.o. („HOPS") ("Daily Auction Rules")", and
• Rules for the allocation of the Interconaction Intraday Capacity at the border of control areas of Hrvatski operator prijenosnog sustava d.o.o. („HOPS") and JP Elektromreža Srbije („EMS") for 2015 („Intraday Allocation Rules")

which constitute an integral part of this Agreement, unless otherwise stipulated, attached as Annex ./1, Annex ./2 and Annex ./3.

7. Yearly and Monthly auctions on the Croatia–Serbia Interconnection in both directions: (from Croatia to Serbia and from Serbia to Croatia) are operated by HOPS, acting as Auction operator and Daily auction in both directions by EMS as a Daily Auction Operator. Intraday Allocation for both directions based on the continuous trading mechanism is managed by EMS.

II. Capacities

1. Cross Border Capacity Evaluation

Net Transfer Capacity (NTC) between the power system of Croatia and Serbia shall be evaluated by HOPS and EMS according to ENTSO–E methodologies.

The yearly values of NTC in both directions for the period January 1st, 2015 (00:00 CET) – December 31st, 2015 (24:00 CET) are presented in the Annex./8 and are agreed as the yearly guaranteed NTC values (corresponding to the agreed coordinated maintenance plan and N–1 security criterion) for yearly allocation.

The monthly NTC values for the period from the 1st day of the month (00:00 CET) till the last day of month (24:00 CET) shall be calculated based on the actual operational conditions of the electrical power systems and defined with periods of reduced capacity due to the network topology. Maximum Monthly NTC values are presented in the Annex./8.

The monthly NTC values shall be evaluated by HOPS and EMS and agreed between the Parties in written form until the 5th calendar day of the previous month. The following procedure for monthly NTC evaluation shall be applied:

• 15 days before the deadline for the monthly evaluation forecast models of Croatian and Serbian electrical power system are exchanged in UCTE DEF format, including active reserves for increasing/decreasing of the generation, exchange programs and data of maintenance programs for the investigated period;
10 days before the deadline for monthly NTC evaluation, calculation of TTC and NTC is performed (each Party calculates the TTC values checking at least the n−1 criterion in its power system);

2 days before the deadline for monthly NTC evaluation TTC, TRM and NTC values are exchanged by e-mail and harmonized. If no agreement is reached a lower value of NTC shall be in force.

The TRM value at the border is presented in the Aneex./8.

In case of significant changes in the network topology, which cause transmission constraints, agreed NTC values could be changed according to the results of weekly and daily operational planning through a written agreement between the Parties.

The Parties agree to inform each other immediately on any disconnection of transmission-components in their own grid, provided that these disconnections have an essential impact on the grid of the other Party (in case of an unplanned disconnection promptly and in case of the planned disconnection till the fifth working day of the previous month).

2. General provisions for the auction/allocation of Available Transmission Capacity

1. The following auctions of Available Transmission Capacity (ATC) at the interconnection between the control areas of HOPS and EMS (in both directions: from Croatia to Serbia and Serbia to Croatia) will be held from January 1st, 2015 till December 31st, 2015:
   - yearly explicit auctions of PTRs;
   - monthly explicit auctions of PTRs to be held before the beginning of each month of the year 2015;
   - daily explicit auctions.

Separate allocation process will be organised for the Intraday Allocation based on the continuous trading mechanism.

2. Yearly and Monthly Auctions will be performed according to the Auction timetable agreed between the Parties.
   Daily Auctions and Intraday allocations will be held daily (Monday – Sunday).


EMS shall perform auctions for the reservation of the daily available capacities and allocation of intraday available capacities using an internet based application (“DAMAS system”) operated by EMS and available at https://dama.s.ems.rs. Its User Guide will be published on EMS website http://www.ems.rs.
4. The Auction timetable may be modified in case of unforeseen events. If, for any reason, Auction System or DAMAS system is interrupted and/or suspended, the auction of the yearly and monthly available capacities will be postponed and auction of daily available capacities will not be organized for the time period of such interruption or suspension. Bids already sent to the Auction System for the yearly and monthly auction and to DAMAS system for the daily auction lose validity for the respective auction.

5. EMS shall not be liable for an uninterrupted provision of the DAMAS system and/or the web site https://damas.EMS.rs.

6. HOPS shall not be liable for an uninterrupted provision of the “Auction System” system and/or the web site https://www.hops.hr/wps/portal.

7. The parties will inform each other on the list of Auction Participants and Market Participants/BRPs and its modification.

3. Determination and publication of ATC/Offered capacity

1. Value of the Yearly ATC/Offered Capacity for each direction is equal to the corresponding value of Yearly NTC. For the period of planned maintenance of the tie-line 400 kV Ernestinovo–Sr. Mitrovica value of ATC/Offered Capacity for both directions is zero.

2. The Monthly ATC for both directions consists of:
   - the Monthly Interconnection Capacity (Monthly NTC – Already Allocated Capacity in Yearly Auction);

   Offered Capacity for the Monthly auction equals the maximal constant value of Monthly ATC during whole month, with exclusion of periods of planned maintenance of the tie-line 400 kV Ernestinovo–Sr. Mitrovica.

3. The basis for the calculation of the Daily ATC/Offered Capacity is the agreed monthly NTC values and confirmed netted Long term schedules. Daily ATC/Offered Capacity for both directions is calculated by following formula (in which subscript “imp” relates to import direction and “exp” relates to export direction):

   \[
   \text{Daily ATC/Offered Capacity}_{\text{imp}} = \text{agreed monthly NTC}_{\text{imp}} - (\text{confirmed Long term schedules}_{\text{imp}} - \text{confirmed Long term schedules}_{\text{exp}}) \\
   \text{Daily ATC/Offered Capacity}_{\text{exp}} = \text{agreed monthly NTC}_{\text{exp}} - (\text{confirmed Long term schedules}_{\text{exp}} - \text{confirmed Long term schedules}_{\text{imp}})
   \]

   As a general rule it applies that if the Parties cannot agree till 08:55 CET on the volumes of long term nominated schedules in both directions or there is a delay from one of the Parties on supplying the long term nominated schedules which does not allow to calculate the netted volume, daily increase of available capacities deriving from netting procedure will be set to zero.

4. The basis for the calculation of Intraday ATC/Offered capacity is agreed monthly NTC values and confirmed netted Day ahead schedules. Intraday ATC values are calculated by
following formula (in which subscript “imp” relates to import direction and “exp” relates to export direction):

\[ \text{Intraday ATC/Offered Capacity}_{\text{imp}} = \text{agreed monthly NTC}_{\text{imp}} - (\text{confirmed Day ahead schedule}_{\text{imp}} - \text{confirmed Day ahead schedule}_{\text{exp}}) \]

\[ \text{Intraday ATC/Offered Capacity}_{\text{exp}} = \text{agreed monthly NTC}_{\text{exp}} - (\text{confirmed Day ahead schedule}_{\text{exp}} - \text{confirmed Day ahead schedule}_{\text{imp}}) \]

5. Values of the Yearly and Monthly Offered Capacity are published according to the timetable agreed between the Parties.

Values of the Daily Offered Capacity are published on D–1 at 09:00 CET when the Daily auction begins, but not later than 09:10 CET in case of operational problems.

Intraday ATC values are published on D–1 at latest at 18:00 CET, when the Intraday allocation begins.

6. In case that during operational planning the parties detect/predict that generation/load/topology patterns significantly differ from ones used in capacity calculation process, or in case of endangered security of supply according to national law, ATC/Offered Capacity values could be modified (increased or decreased) by mutual consent.

III. Submission to the Auction Procedures and Intraday Allocation

The parties are willing to accept the results of the individual auction/allocation procedures held by HOPS and EMS acting as Auction Operators provided that these procedures are consistent with the terms and conditions set out in the Yearly and Monthly Auction Rules, Daily Auction Rules and Intraday Allocation Rules and will carry out the transmission services according to the respective results in compliance with the legal requirements of grid access and applicable market rules.

IV. Transfer of Allocated Capacities

1. According to the rules set out in the Regulation (EC) n° 714/2009 of the European Parliament and of the Council of the European Parliament and of the Council on conditions for access to the network for cross–border exchanges in electricity, capacities bought in the course of an auction shall be freely tradable (transferable) if the Auction Participant has paid relevant capacity and until the Transmission System operator is notified that the capacity bought will be used. Therefore capacities bought in the course of yearly and monthly auctions can be transferred by Auction Participants according to the regulations set out in the Yearly and Monthly Auction Rules to other interested market participants fulfilling the requirements set out in the Yearly and Monthly Auction Rules. The Transfer is carried out according to the regulations as set out in the Section 9 of the Yearly and Monthly Auction Rules.
2. According to the Yearly and Monthly Auction Rules, the transfer becomes effective by the confirmation of HOPS. In case the transfer does not comply with the Yearly and Monthly Auction Rules or the Auction Participant announces to transfer more capacity than it has obtained in line with the Auction Rules, the whole transfer shall not be valid.

The parties agree that HOPS registers each transfer and inform EMS about any such transfer at least two days (till 15:00 (CET)) before the period of transfers starts. In case of uncertainties or disagreements about the validity of such transfers the Parties shall use its best efforts to find an amicable solution.

V. Use of allocated Capacity

The use of Allocated Capacities operates via the delivery of firm (fixed and binding) market participant’s/Balance Responsible Party’s (BRPs) schedules to HOPS and EMS in compliance with the legal requirements of grid access in each control area.

The organisational procedure between HOPS and EMS related exchanging, matching and confirming of Cross–Border exchange shall be in conformity with the bilateral agreement on cross–border scheduling and matching, if applicable, and Policy 2 “Scheduling and Accounting” of the ENTSO–E RGCE “Operation Handbook”.

VI. Allocation of Costs, Payments and Risks between HOPS and EMS concerning the yearly and monthly auctions

1. The payment concerning the results of the yearly and monthly auction procedures will be invoiced to Auction Participants by HOPS. Currency relevant for the invoicing is HRK or for Auction Participants that are not registered in Croatia EUR based on medium exchange rate HRK/EUR issued by Croatian National Bank (HNB) on the date of auction conduction.

2. HOPS shall assume all risks in every financial, economical and legal aspect arising from the execution of the yearly and monthly auctions, especially in case the execution of the yearly and monthly auction does not comply with applicable national laws and/or regulatory requirements.

3. HOPS fully indemnifies EMS in every economical, financial and/or legal aspect, especially in case market participants, Auction Participants and/or Regulatory Authorities and/or other third parties carry successful claims against EMS because of and resulting from the allocation of yearly and monthly capacities by HOPS or in case of not organizing of yearly or monthly auctions. This means that against any liability arising from any successful claim for performance, warranty claim or claims for damages, HOPS agrees to hold fully harmless and indemnify EMS against any damages in every economical, financial and/or legal aspect due to a consequential harm caused by a defect, or any successful claims for compensation for possible damages resulting from third party claims.
4. Furthermore HOPS agrees to hold fully harmless and indemnify EMS in case National and/or European Regulatory Authorities impose orders and/or fines and/or penalties because of and resulting from the allocation of yearly and monthly capacities by HOPS or in case of not organizing yearly and monthly auctions.

5. Each party shall assume the risks arising under the respectively applicable national jurisdiction (Croatia: HOPS / Serbia: EMS) resulting from the execution of the Agreement, in case the execution of Agreement does not comply with the applicable national laws and/or regulatory requirements.

6. EMS is entitled to have the 50% of the yearly and monthly auction revenues in EUR (based on medium exchange rate HRK/EUR issued by Croatian National Bank on the date of auction conduction) as far as HOPS has received these payments from the Auction Participants. The revenues of yearly auction are set in twelve months amounts.

   The results of yearly and monthly capacity auctions are settled financially between HOPS and the Auction Participants on full month settlement periods. For the purpose of the financial settlement between parties HOPS shall send at the latest on the 5th calendar day of the respective month a Yearly/Monthly Settlement Notification (as in Annex./5) to EMS confirming the level of EMS’ share concerning the monthly auctions.

   If the payment settlement between HOPS and Auction Participant is delayed, HOPS shall send an Outstanding Notification (as in Annex./7) to EMS with the name and the value of uncollected amount from Auction Participants.

   Based on the Yearly/Monthly Settlement Notification and the Outstanding Notification EMS will issue debit note at the value belonging to EMS (without VAT).

   Not later than on the maturity date stated on the debit note HOPS will transfer the due payment to EMS account stated below (if the bank account details modify the payment shall be account to the bank account number stated on the invoice):

   Account information:
   Name of the bank: ERSTE BANK a.d. Novi Sad
   IBAN: RS3534000001100928590
   SWIFT code: GIBARS22

   The maturity date of the debit note is set up at 8 calendar days from the issuing date of the debit note. A copy of the debit note will be sent by e-mail to HOPS on the issuing date of the debit note but at latest by the 10th calendar day of each month.

   Should the maturity date expire on a public holiday, Saturday, Sunday or a public holiday following a Sunday, payment should be received on the following working day.
All the bank fees in the process of payment will be covered by the sender (including the costs of intermediary bank if applicable). The date of payment is the date upon which the given amount is credited to the account of EMS, free of charge and without deduction and/or offsetting (receipt of payment at the account of EMS).

As far as the amounts are uncollected or unidentified, HOPS will not be subject of any penalties, interest or charges from the side of EMS. As soon as the payment shall be settled between HOPS and market participant HOPS shall send an Exceptional Notification to EMS that this outstanding amount has been paid. Then EMS shall issue a debit note at the value of the 50% of this amount and HOPS shall credit to EMS as soon as reasonably possible, but no later than within 6 working days from the date of issuing a debit note.

Overdue payments shall bear interest from the first day following the due date till the date of payment of unpaid amount, at a rate equal to the one month EURIBOR interest rate for 11:00 CET on one day after due date plus 1 percent/annum.

7. Outstanding accounts/debts shall be collected, recovered, settled, enforced and prosecuted by HOPS on behalf of both parties.

8. In case of Curtailment of Allocated Capacity HOPS shall pay the compensation according to the Yearly and Monthly Auction Rules to the Auction Participant on behalf of both parties. HOPS will settle financially with EMS the 50 % of the paid compensation. For the respective month HOPS will send an invoice to EMS with value equal to the 50% of the paid compensation by HOPS.

VII. **Allocation of Costs, Payments and Risks between HOPS and EMS concerning the daily auctions**

1. The payment concerning the results of the daily auction procedure will be invoiced to Auction Participants by EMS. Currency relevant for the invoicing is EUR.

2. EMS shall assume all risks in every financial, economical and legal aspect arising from the execution of the daily auctions, especially in case the execution of the daily auction does not comply with applicable national laws and/or regulatory requirements.

3. EMS fully indemnifies HOPS in every economical, financial and/or legal aspect, especially in case market participants, Auction Participants and/or Regulatory Authorities and/or other third parties carry successful claims against HOPS because of and resulting from the allocation of daily capacities by EMS or in case of not organizing of daily auctions. This means that against any liability arising from any successful claim for performance, warranty claim or claims for damages, EMS agrees to hold fully harmless and indemnify HOPS against any damages in every economical, financial and/or legal aspect due to a consequential harm caused by a defect, or any successful claims for compensation for possible damages resulting from third party claims.
4. Furthermore EMS agrees to hold fully harmless and indemnify HOPS in case National and/or European Regulatory Authorities impose orders and/or fines and/or penalties because of and resulting from the allocation of daily capacities by EMS or in case of not organizing of daily auctions.

5. Each party shall assume the risks arising under the respectively applicable national jurisdiction (Croatia: HOPS / Serbia: EMS) resulting from the execution of the Agreement, in case the execution of Agreement does not comply with the applicable national laws and/or regulatory requirements.

6. HOPS is entitled to have the 50% of the daily auction revenues in EUR as far as EMS has received these payments from the Auction Participants.

The results of the daily capacity auctions are settled financially between EMS and the Auction Participants on full month settlement periods. For the purpose of the financial settlement between parties EMS shall send on the 15th calendar day of the following month a Daily Settlement Notification (as in Annex./6) to HOPS confirming the level of HOPS’s share concerning the daily auction.

If the payment settlement between EMS and Auction Participant is delayed EMS shall send an Outstanding Notification (as in Annex./7) to HOPS with the name and the value of uncollected amount of Auction Participants.

Based on the Daily Settlement Notification and the Outstanding Notification HOPS shall issue an invoice at the value belong to HOPS.

Not later than on the mature date stated on the invoice EMS shall transfer the payment to HOPS account stated below (if the bank account details modify the payment shall be account to the bank account number stated on the invoice):

Account information:
Name of the bank: ZAGREBAČKA BANKA ZAGREB
IBAN: HR0623600001102389257
SWIFT code: ZABAHR2X

The maturity date of the invoice is set up at 8 calendar days from the issuing date of the invoice. Copy of the invoice will be sent by e-mail to EMS on the issuing date of the invoice but at latest by the 5th day after receiving the Daily Settlement Notification (without VAT).

Should the maturity date expire on a public holiday, Saturday, Sunday or a public holiday following a Sunday, payment should be received on the following working day.

All the bank fees in the process of payment will be covered by the sender (including the costs of intermediary bank if applicable). The date of payment/settlement of payment is
the date upon which the given amount is credited to the account of HOPS, free of charge and without deduction and/or offsetting (receipt of payment at the account of HOPS).

As far as the amounts are uncollected or unidentified, EMS will not be subject of any penalties, interest or charges from the side of HOPS. As soon as the payment shall be settled between EMS and market participant EMS shall send an Exceptional Notification to HOPS that this outstanding amount has been paid. Than HOPS shall issue invoice at the value of the 50% of this amount and EMS shall credit to HOPS as soon as reasonably possible, but no later than within 6 working days from the date of issuing invoice.

Overdue payments shall bear interest from the first day following the due date till the date of payment of unpaid amount, at a rate equal to the one month EURIBOR interest rate for 11:00 CET on one day after due date plus 1 percent/annum.

7. Outstanding accounts/debts shall be collected, recovered, settled, enforced and prosecuted by EMS on behalf of both parties.

8. In case of Curtailment of Allocated Capacity EMS shall pay the compensation according to the Daily Auction Rules to the Auction Participant on behalf of both parties. EMS will settle financially with HOPS the 50 % of the paid compensation. For the respective month EMS will send a debit note with value equal to the 50% of the paid compensation to EMS.

VIII. Data Exchange and Publishing

1. The Parties will provide the following auction data to each other:
   - individual results for each auction containing at least the following data: buyer, product code, volume and price.
   - individual bids for each auction containing at least the following data: buyer, product code, bid volume and bid price.

2. The Parties will provide the relevant auction data to each other according to the following deadlines:
   - on the 2nd working day following the performance of the Auction for the yearly and monthly Auction.
   - on the 5th working day of the month following the performance of the Auctions for the daily Auctions.

3. Auction data shall be provided either through direct access to Auction System/DAMAS system or via exchange of ECAN Total Allocation Result Document.

4. The Parties will provide final allocations that identify BRPs authorized to nominate the capacity for day D as follows:
   - HOPS shall provide EMS long term PTRs till 15:00 CET at D-2,
   - EMS shall provide HOPS daily PTRs till 12:00 CET at D-1,
- EMS shall provide HOPS intraday PTRs at least thirty (30) minutes after allocation process;

5. PTRs shall be sent through ECAN Rights Document whose format will be defined in the separate operational document after the conclusion of this Agreement.

6. The parties will exchange yearly and monthly ATC through the Auction Specification Document:
   - Yearly ATC shall be exchanged five (5) working days before publication at latest,
   - Monthly ATC shall be exchanged two (2) working days before publication at latest;
If the other Party does not confirm the Auction Specification Document till the publication day, the yearly and/or monthly ATC are considered to be confirmed. Auction Specification Document will be defined in the separate operational document after the conclusion of this Agreement.

7. Daily and intraday ATC shall be exchanged and agreed through ECAN Capacity Document as follows:
   - The values of the daily ATC till 09:00 D–1 at latest
   - The value of the intraday ATC till 18:00 D–1 at latest.

8. The above mentioned Documents should be exchanged through following addresses:
   
   For **HOPS**:
   - ECAN Total Allocation Rights Document, ECAN Rights Document, ECAN Capacity Document, Auction Specification Document: capacity@hops.hr; for backup: capacity–office@hops.hr

   For **EMS**:
   - sending ECAN Rights Document: damas@damas.ems.rs,
   - receiving ECAN Rights Document: schedule@ems.rs,
   - sending ECAN Capacity Document: schedule@ems.rs,
   - sending/receiving Auction Specification Document: schedule@ems.rs;

Data exchange backups are fax and telephone.

9. Data and information published and delivered by HOPS and EMS

   Each Party has to:
   - publish all data and information relevant to market participants and Regulatory Authorities
   - deliver all data to ENTSO–E central information platform according to Regulation (EC) NO. 714/2009/EC and (EC) NO. 543/2013/EC
IX. Applicable Law and Place of Performance

This Agreement and its Annex./1 including the issue of its valid conclusion and its pre and post contractual effect shall be governed by the laws of Croatia excluding the provisions of Croatian private international law. Annex./2 and Annex ./3 of this Agreement including the issue of its valid conclusion and its pre and post contractual effect shall be governed by the laws of Serbia excluding the provisions of Serbian private international law.

The place of performance of all obligations resulting from this Agreement and its Annex./1 shall be the registered seat of HOPS The place of performance of Annex./2 and Annex./3 of this Agreement shall be the registered seat of EMS.

X. Arbitration

All disputes between HOPS and EMS arising out of this Agreement and its Annexes or related to its violation, termination or nullity shall be finally settled under the Rules of Arbitration and Conciliation of the International Arbitral Centre of the Austrian Federal Economic Chamber in Vienna (Vienna Rules) by a panel appointed in accordance with these rules. The number of arbitrators shall be three. The language to be used in the arbitral proceedings shall be English.

XI. Severability

If any part or provision of this Agreement and/or its Annexes are or become invalid, illegal, void or unenforceable, the remaining part(s) shall continue to be valid and enforceable and shall not be affected thereby. HOPS and EMS hereby agree, that all 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.

XII. Notices

All notices and communications under this Agreement shall be served by e-mail, unless explicitly envisaged otherwise in this Agreement. In the event of difficulty in using e-mail, notices may be served in fax and/or writing and/or delivered in person or by courier or by post, which such service deemed effective on the date of receipt. All notices and communications shall be in writing and in the English language. The parties shall inform each other immediately in case of a change of the e-mail or the postal addresses and/or in case of a change of telephone and fax numbers.

XIII. Confidentiality

Information considered as confidential includes all commercially sensitive information, information clearly marked as “confidential” and information which by its nature must be considered or qualified as confidential. No recipient of confidential information shall use or otherwise process the confidential information, without the prior consent of the Parties,
obtained by it pursuant to this Agreement for any purpose except as strictly required for the performance of the obligations hereunder, or disclose any such information or the existence of the terms of this Agreement or related information to any third party other than those of its directors, employees, professional advisors and representatives, regulatory authorities, which have a strict need to know such information for the proper performance of this Agreement. HOPS and EMS are obliged to organise their data handling in such a way as to minimize the risk of misuse or unauthorized excess or the enclosure of confidential information.

This confidentiality obligation is not applicable if such information is required to be disclosed by law, judicial order, or any self-regulating or similar organization to whose rules the Parties are subjected.

XIV. Amendments

No amendment or modification of this Agreement and its Annexes shall take effect unless it is in writing, executed and delivered by the authorised representatives of HOPS and EMS and approved by the Regulatory Authorities if such approval is required by national legislation.

In case that due to expected changes in the network topology other procedures than described in this Agreement and its Annexes have to be applied, the Parties shall negotiate an amendment to this Agreement.

The Parties will also amend this Agreement in case of any new laws and rules relating to or having an effect on congestion management and/or handling of bottlenecks.

XV. Assignment of Rights and Obligations

HOPS and EMS hereby agree, that it is prohibited to transfer (including by means of merger, split of, or transfer or contribution of universality or a branch of activity or otherwise) all or a part of its rights and obligations arising under this Agreement to a third party without the prior and express consent of the other Party. This consent cannot be unreasonably withheld or delayed.

XVI. Hardship

If there should occur any extraordinary event or circumstance, independent of the will of HOPS and/or EMS, unforeseeable at the time of the conclusion of this Agreement (including legislative changes or positions taken by the regulatory authorities or any other authority) and which fundamentally reduces the benefits and the modalities of continuing the Agreement, HOPS and EMS shall seek to adjust the conditions of the Agreement in order to re-establish the initial contractual equilibrium while protecting the respective interests. As from the receipt of the request of the effected Party (HOPS and EMS) a period of two (2) months shall commence for the re-establishing of such equilibrium. During this period HOPS and EMS shall negotiate in good faith. The parties shall in particular consider the economic interests of HOPS and EMS. Failing the successful completion of such negotiations, the
Agreement may be terminated by common written action of HOPS and EMS. Upon such termination, HOPS and EMS shall be relieved from any other further obligations under the Agreement other than payment obligations already due or accrued and any other non-performed obligations under this Agreement, which were to be performed prior to and until such termination decision.

XVII. Use of Languages

HOPS and EMS acknowledge, that they have required the present Agreement and all notices and legal proceedings provided hereunder to be drawn up in the English language, to the extents permitted by rules of public policy relating directly or indirectly to these proceedings.

XVIII. Nature of the Relationship

This Agreement shall in no event be considered a partnership or joint-venture or other association between HOPS and EMS.

XIX. Liability

HOPS and EMS undertake to carry out the provisions set out in this Agreement and its appended Annexes with the diligence of a careful businessman and control area manager in compliance with the applicable laws and regulations in the electricity sector. HOPS and EMS shall notify the respective other Party of risks and dangers appending the performance of this Agreement recognizable to a careful businessman and control area manager and provide suggestion for solution.

Claims for damages based on the breach of material contractual duties of the Agreement and its appended Annex./1, Annex./2 and Annex./3 are limited to the damages typical and foreseeable in the context of this Agreement, unless there has been wilful misconduct or gross negligence on behalf of HOPS and EMS. Any claims for damages going beyond that, including claims for business interruption, for loss of business profits, or for indirect incidental, special or consequential damages are expressly excluded.

XX. Validity

This Agreement shall be applied for congestion management procedures in 2015. This Agreement becomes valid from the date of signature and expires on 31 December 2015.

XXI. Waiver

No act or omission by HOPS and EMS shall be deemed to be a waiver of any rights, if such a waiver is not declared explicitly and in writing.
XXII. Common Understanding

The parties agree to adapt the Yearly and Monthly Auction Rules, Daily Auction Rules, Intraday Allocation Rules and/or this Agreement amicably, if necessary. However the parties are willing to keep the Yearly and Monthly Auction Rules, Daily Auction Rules, Intraday Allocation Rules transparent and non-discriminatory.

XXIII. Miscellaneous

In case there should arise any dispute between HOPS and EMS in case there is any discrepancy between the wording of this Agreement and of the Yearly and Monthly Auction Rules, Daily Auction Rules and Intraday Allocation Rules, concerning the settlement of disputes, the wording of this Agreement shall prevail.

XXIV. The Annexes

./1 Yearly and Monthly Auction Rules on Croatia – Serbia Interconnection Capacity for 2015 between the control areas of Hrvatski operator prijenosnog sustava d.o.o. („HOPS”) and JP Elektromreža Srbije („EMS”) constitute an integral part of this Agreement.

./2 Daily Auction Rules for the allocation of transmission capacities at the border of control areas of JP Elektromreža Srbije („EMS”) and Hrvatski operator prijenosnog sustava d.o.o. („HOPS”) constitute an integral part of this Agreement.

./3 Rules for the allocation of the Interconnection Intraday Capacity at the border of control areas of Hrvatski operator prijenosnog sustava d.o.o. („HOPS”) and JP Elektromreža Srbije („EMS”) for 2015 constitute an integral part of this Agreement.

./4 List of Contacts constitutes an integral part of this Agreement.

./5: Settlement Notification constitutes an integral part of this Agreement.

./6: Daily Settlement Notification constitutes an integral part of this Agreement.
/7: Outstanding Notification

constitutes an integral part of this Agreement.

/8: Cross border transfer capacities for the year 2015

constitute an integral part of this Agreement.

Date:

-----------------------------------
Hrvatski operator prijenosnog sustava, d.o.o.
Miroslav Mesić, Ph.D.

-----------------------------------
JP Elektromreža Srbije
Ilija Cvijetić, Executive Manager for System and Market Operation

(based on Authorization of JP EMS General Manager no. II-07–02–5646 dated May 14, 2014)
ANNEX./1 YEARLY AND MONTHLY AUCTION RULES on Croatia – Serbia Interconnection Capacity for 2015 between the control areas of Hrvatski operator prijenosnog sustava d.o.o. („HOPS“) and JP Elektromreža Srbije („EMS“)
ANNEX./2 DAILY AUCTION RULES for the Allocation of transmission capacities at the border of control areas of JP Elektromreža Srbije ("EMS") and Hrvatski operator prijenosnog sustava d.o.o. ("HOPS")
ANNEX /3 RULES FOR THE ALLOCATION OF THE INTERCONACTION INTRADAY CAPACITY at the border of control areas of Hrvatski operator prijenosnog sustava d.o.o. („HOPS”) and JP Elektromreža Srbije („EMS”) for 2015
## LIST OF CONTACTS

### HOPS:

<table>
<thead>
<tr>
<th>Operation/Schedules/Auction Process:</th>
<th>Grid Calculation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tomislav Plavšić</td>
<td>Marijan Borić</td>
</tr>
<tr>
<td>Tel.: +385 1 4545847</td>
<td>Tel.: +385 1 4545845</td>
</tr>
<tr>
<td>FAX: +385 1 4545446</td>
<td>FAX: +385 1 4545187</td>
</tr>
<tr>
<td>E-Mail: <a href="mailto:tomislav.plavsic@hops.hr">tomislav.plavsic@hops.hr</a></td>
<td>E-Mail: <a href="mailto:marijan.boric@hops.hr">marijan.boric@hops.hr</a></td>
</tr>
<tr>
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<td>Josip Dvorski</td>
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</tr>
<tr>
<td>FAX: +385 1 4545446</td>
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</tr>
<tr>
<td>Ana Horvat Sedić</td>
<td>Invoicing and Financial issues:</td>
</tr>
<tr>
<td>Tel.: +385 1 4545522</td>
<td>Kristina Mraval Knezić</td>
</tr>
<tr>
<td>FAX: +385 1 4545446</td>
<td>Tel.: +385 1 4545 371</td>
</tr>
<tr>
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<td>FAX: +385 1 4545 465</td>
</tr>
<tr>
<td>Dajana Vrbičić Tendera</td>
<td>E-Mail: <a href="mailto:kristina.mravakknezic@hops.hr">kristina.mravakknezic@hops.hr</a></td>
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<td>Gorana Štefanac Jušić</td>
</tr>
<tr>
<td>FAX: +385 1 4545446</td>
<td>Tel.: +385 1 4545 647</td>
</tr>
<tr>
<td>E-Mail: <a href="mailto:dajana.vrbicic-tendera@hops.hr">dajana.vrbicic-tendera@hops.hr</a></td>
<td>FAX: +385 1 4545 465</td>
</tr>
<tr>
<td>Siniša Piplica</td>
<td>E-Mail: <a href="mailto:gorana.stefanac@hops.hr">gorana.stefanac@hops.hr</a></td>
</tr>
<tr>
<td>Tel.: +385 1 4545314</td>
<td></td>
</tr>
<tr>
<td>FAX: +385 1 4545187</td>
<td></td>
</tr>
<tr>
<td>E-Mail: <a href="mailto:sinisa.piplica@hops.hr">sinisa.piplica@hops.hr</a></td>
<td></td>
</tr>
<tr>
<td>Đordana Miličić</td>
<td></td>
</tr>
<tr>
<td>Tel.: +385 1 4545 550</td>
<td></td>
</tr>
<tr>
<td>FAX: +385 1 4545 179</td>
<td></td>
</tr>
<tr>
<td>E-Mail: <a href="mailto:djordana.milicic@hops.hr">djordana.milicic@hops.hr</a></td>
<td></td>
</tr>
</tbody>
</table>

**Auction Process/Schedules:**

E-Mail:
- capacity-office@hops.hr
- schedule-office@hops.hr

**Operating (00:00 – 24.00 CET):**

Tel.: +385 1 4545 701
Fax: +385 1 6171 297
E-mail: ndc-zagreb@hops.hr
EMS:

**Operational Contact:**

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Fax: +381 11 39 70 217  
E-mail: schedule@ems.rs

Scheduling operator  
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Fax: +381 11 39 71 965  
E-mail: schedule@ems.rs

Auction office  
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Fax: +381 11 39 70 695  
E-mail: alokacija@ems.rs

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E-mail: jelena.pejovic@ems.rs

Mr. Jasmin Ličina  
Tel.: +381 11 30 91 880  
Fax: +381 11 39 70 695  
E-mail: jasmin.licina@ems.rs
Annex 5: Yearly/Monthly Settlement Notification

E-MAIL MESSAGE

Ref.No.: ID.No.: Sender:
Addressee: E-mail address: ID.No.:
Position: Phone number: E-mail address:
Trade name: Trade name:

Date: Date:
Subject: Settlement Notification of the yearly/monthly auction on Croatian – Serbian border for the month ______2015

Dear Mr. XY,

According to the Agreement between our companies please be informed that the under mentioned cross-border capacities were allocated by HOPS on behalf of EMS and HOPS and will be used for the year/month _______2015.

**Direction: Croatia– Serbia (HR–RS)***

<table>
<thead>
<tr>
<th>Type of allocation</th>
<th>Published capacity MW</th>
<th>Allocated capacity MW</th>
<th>Auction Price EUR/MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly/yearly</td>
<td>peak/base load</td>
<td>peak/base load</td>
<td></td>
</tr>
</tbody>
</table>

... Auction HR–RS value: ..........

**Direction: Serbia – Croatia (RS–HR)***

<table>
<thead>
<tr>
<th>Type of allocation</th>
<th>Published capacity MW</th>
<th>Allocated capacity MW</th>
<th>Auction Price EUR/MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly/yearly</td>
<td>peak/base load</td>
<td>peak/base load</td>
<td></td>
</tr>
</tbody>
</table>

... Auction RS–HR value: ..........

Total auction value: ..........

Sincerely Yours,

Name
Position
**Annex /6: Daily Settlement Notification**

**E-MAIL MESSAGE**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>01.MM.2015</td>
<td></td>
<td></td>
<td>17.MM.2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>02.MM.2015</td>
<td></td>
<td></td>
<td>18.MM.2015</td>
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<td>03.MM.2015</td>
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<td>21.MM.2015</td>
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<tr>
<td>06.MM.2015</td>
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<td>22.MM.2015</td>
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<td>07.MM.2015</td>
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<td>08.MM.2015</td>
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<td>09.MM.2015</td>
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<td>31.MM.2015</td>
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<td>16.MM.2015</td>
<td></td>
<td></td>
<td>total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total sum is .... € in direction of Croatia – Serbia and ...... € is in direction of Serbia – Croatia.

50% part of Croatia is … € in direction of Croatia – Serbia and ……. € is in direction of Serbia – Croatia.

Sincerely Yours,

Name
Dear Mr. XY,

According to the Agreement between our companies please be informed that the uncollected values of the Yearly/Monthly/Daily Auction for the month of …… 2015 are the followings:

<table>
<thead>
<tr>
<th>Name of the Auction Participant</th>
<th>Value of the outstandings in EUR</th>
</tr>
</thead>
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<tr>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>…….</strong></td>
</tr>
</tbody>
</table>

As soon as one or more of the above–mentioned value/values are settled EMS/HOPS will send an Exceptional Notification about it.

Sincerely Yours,

Name
Position
Annex. 8: CROSS–BORDER TRANSFER CAPACITIES FOR THE YEAR 2015

For the period January 1st, 2015 – December 31st, 2015

Table 1 – Cross–Border Transfer Capacities

<table>
<thead>
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<th>TRM [MW]</th>
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<tbody>
<tr>
<td>EMS → HOPS</td>
<td>100</td>
</tr>
<tr>
<td>HOPS → EMS</td>
<td>100</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>NTC [MW]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yearly</td>
</tr>
<tr>
<td>EMS → HOPS</td>
<td>100</td>
</tr>
<tr>
<td>HOPS → EMS</td>
<td>100</td>
</tr>
</tbody>
</table>

Yearly and Monthly NTC for period of maintenance Tie–line 400 kV Ernestinovo–Sr. Mitrovica will be put to zero.

The Total Transfer Capacity (TTC) is the maximum exchange programme between two areas compatible with operational security standards applicable at each system if future network conditions, generation and load patterns are clearly known in advance.

The Transmission Reliability Margin (TRM) is a security margin that copes with uncertainties on the computed TTC values arising from:

a) Unintended deviations of physical flows during operation due to the physical functioning of load–frequency regulation

b) Emergency exchanges between TSOs so as to cope with unexpected unbalanced situations in real time

c) Inaccuracies, e.g. in data collection and measurements

d) Uncertainties on the base case used for computation (this base case is a forecast of the power system state for a given time period in the future).

The Net Transfer Capacity (NTC) that is defined as:

\[ \text{NTC} = \text{TTC} - \text{TRM} \]

NTC is the maximum exchange program between two areas compatible with security standards applicable in both areas and taking into account the technical uncertainties on future network conditions.
The Already Allocated Capacity (AAC) that is the total amount of allocated transmission rights, whether they are capacity or exchange programs depending on the allocation method.

The Available Transmission Capacity (ATC) that is the part of NTC that remains available, after each phase of the allocation procedure, for further commercial activity. ATC is given by the following equation:

\[ \text{ATC} = \text{NTC} - \text{AAC} \]