

AGREEMENT

between

ELEKTROENERGIEN SISTEMEN OPERATOR EAD

1404 Sofia, Gotse Delchev blvd.

-hereinafter „ESO“,

and

JP Elektromreža Srbije

Kneza Miloša 11, 11000 Beograd

Serbia

hereinafter „EMS“,

(hereinafter referred to as the “parties”),

is to evidence the following agreements and understandings:

I. Scope of Agreement

1. Due to the rising demand by market participants for the year 2015, EMS and ESO organize transparent common auction procedures for allocation of the available transmission capacities at the interconnection between the control areas of EMS and ESO in order to assign Commercial Transmission Rights (CTR) for cross-border electricity transports to the market participants (Auction Participants) in a non-discriminatory way.
 2. The auction procedures are in consistency with:
 - the regulations set out by European law, in particular by the Regulation (EC) No 714/2009 of the European Parliament and of the Council on conditions for access to the network for cross-border exchanges in electricity
 - Energy Community Treaty signed on October 25, 2005
 - the Serbian and the Bulgarian primary legislation, and
 - the Serbian and the Bulgarian secondary legislation.
 3. The auction procedures comprehend exclusively the auctions for acquisition of CTR on the interconnection between EMS and ESO and aims at providing a transparent method of congestion management. This Agreement only covers the auction procedures for allocation of the available transmission capacities organized by EMS and ESO.
 4. The provisions of the auction procedures are described in
 - "Auction Rules for the performance of the Yearly and the Monthly Auctions for allocation of transfer capacities on the interconnection between the control areas of Elektroenergien Sistemen Operator EAD (ESO) and JP Elektromreža Srbije (EMS) ("the Auction Rules");
 - „Daily Auction Rules for the allocation of transmission capacities at the border of control areas of JP Elektromreža Srbije (“EMS”) and Elektroenergien Sistemen Operator EAD („ESO”)” (“Daily Auction Rules”).
- These two documents constitute an integral part of this Agreement, unless otherwise stipulated, attached as Annex 1 and Annex 2.
5. This Agreement, including all Annexes hereto which are an integral part of this Agreement, are approved by the relevant Regulatory Authorities in line with national legislation, if such approval is required by the respective national legislation.
 6. The auctions procedures for the reservation of the yearly and monthly available capacities in the year 2015 shall be organized and executed by ESO in full responsibility on behalf of both Parties.

7. The auctions procedures for the reservation of the daily available capacities in the year 2015 will be organized and executed by EMS in full responsibility on behalf of both Parties.
8. EMS and ESO will perform the following auctions of reservations of capacities at the interconnection:
 - Yearly Capacity Auctions for electricity transports from January 1 of the year 2015, 00:00 (CET) until December 31, of the same year, 24:00 (CET).
 - Monthly Capacity Auctions for electricity transports from the first day 00:00 (CET) till the last day 24:00 (CET) of each calendar month in 2015.
 - Daily Capacity Auction for electricity transports. The Daily ATC Auctions will start on December 31, 2014 with the publication of daily ATC for the January 1, 2015.
9. The parties agree that all costs incurred by the party conducting the auctioning in relation to the conduction of auctions shall be borne by that party, and no cost (bank fees, allocation fees, etc.) shall be borne by the other party in relation to the conduction of auctions, except to those costs that are specially set out in this Agreement.

II. Procedure for allocation of the available transmission capacities at the interconnection between the control areas of EMS and ESO

1. General provisions for execution of the Auction procedures

- 1.1. The parties shall conduct auctions for allocation of the available capacity at the interconnection between their control areas pursuant to the provisions set out in the Auction Rules for Yearly and Monthly Auctions and in the Daily Auction Rules for Daily Auctions, in responsibility as described in this Agreement and in the relevant Auction Rules and Daily Auction Rules which form an integral part of this Agreement.
- 1.2. In case of planned or unplanned disconnections of critical network components, the capacities should be modified to match the operational planning.
- 1.3. The parties agree to inform each other about the list of registered exclusive cross border partners (reserved capacity use respecting the principle 1:1) not later than 15:00 (CET) on the 3rd working day prior the 1st day of the calendar month for the registration is valid. The registration is performed only for the whole calendar month.

2. Yearly Auctions

- 2.1. The value of the available capacity for the yearly auctions shall be agreed between EMS and ESO before November 20, 2014. In case of difference between the values of the available capacity for Yearly Auctions offered by ESO and EMS, the lower value shall be valid. .

- 2.2. The available capacity for Yearly Auctions shall be offered to the Auction Participants by ESO as the TSO which conducts Yearly Auctions (Auction Operator) through the auction platform operated by the Auction Operator.
- 2.3. If, for any reason, the auction platform and/or the website of the Auction Operator is interrupted and/or temporary inaccessible, the allocation of the yearly capacity shall be repeated as soon as possible. Bids already sent to the auction platform of the Auction Operator for this auction shall become invalid and shall be resent by the Auction Participant.
- 2.4. ESO and/or EMS shall not be liable for an uninterrupted provision of the auction platform.

3. Monthly Auctions

- 3.1. The available monthly capacity for monthly auctions equals the net transfer capacity for the relevant month (monthly NTC), deducted by the result of the yearly auctions, plus the withdrawn yearly CTR, further deducted by the modifications in case of planned or unplanned disconnections of critical network elements.
- 3.2. The monthly NTC values shall be evaluated and agreed between EMS and ESO until the 9th calendar day of the previous month. In case of difference between the values of the available capacity for Monthly Auctions offered by ESO and EMS, the lower value shall be valid.
- 3.3. The available monthly capacity shall be offered to the Auction Participants by ESO as the TSO which conducts the Monthly Auctions (Auction Operator) through the auction platform administrated by the Auction Operator.
- 3.4. If, for any reason, the auction platform and/or the website of the Auction Operator is interrupted and/or temporary inaccessible, the allocation of the monthly capacity shall be repeated as soon as possible. Bids already sent to the auction platform for this auction shall become invalid and shall be resent by the Auction Participant.
- 3.5. ESO and/or EMS shall not be liable for an uninterrupted provision of the auction platform.

4. Daily Auctions

- 4.1. Daily available capacities (ATC) equals the net capacity for the relevant month (monthly NTC), deducted by the daily scheduled long term deliveries covered by the yearly and the monthly CTR and increased by the long term nominations in the respective counter direction (netting effect). Daily ATC can be modified in case of planned or unplanned disconnections of critical network elements. If there is no agreement on the available capacity, daily auction shall be cancelled.
- 4.2. For the purposes of the daily auction, the EMS, as TSO conducting the daily auctions (Daily Auction Operator), shall publish the available capacity. The Daily ATC shall be offered to the market participants (Auction Participants) through the auction platform operated by the Daily Auction Operator.

- 4.3. If, for any reason, the auction platform and/or the website of the Daily Auction Operator is interrupted and/or temporary inaccessible, the allocation of the Daily ATC shall be terminated for the time period of the interruption or the temporary inaccessibility. Bids already sent to the auction system for the daily allocation shall be invalid for the respective auction.
- 4.4. ESO and/or EMS shall not be liable for an uninterrupted provision of the auction platform.

III. Acceptance of the auction results

1. The parties shall accept the auction results of the individual auction procedures held by the other party provided these procedures are consistent with the terms and conditions set out in the Auction Rules and in the Daily Auction Rules and will carry out the transmission services according to the respective auction results in compliance with the legal requirements of grid access and the applicable market rules.

IV. Enforcement/Withdrawal of/from the Contract between EMS and ESO and the Auction Participant

1. According to Annex 1 and Annex 2 EMS and ESO shall be entitled:
 - to enforce the completion of the contract between EMS and ESO and the Auction Participant and hold the Auction Participant liable for the Auction Price, interests, charges and expenses including attorney's fees, arising from the enforcing of the completion of the Contract.
 - or to withdraw from the Contract and hold the Auction Participant liable for the total damage resulting from the withdrawal, such as, but not limited to fees, including attorney's fees, expenses and losses caused by lower Auction Prices in the event of a re-allocation of the capacity, if the Auction Participant does not fulfill or only partially fulfils any obligation under the Contract in due time, especially if the Auction Participant does not pay in full the Auction Price within the time limits set out in the Auction Rules and in the Daily Auction Rules.
2. The parties agree that the party organizing the auction shall issue to the Auction Participant the claim for enforcement or the withdrawal, after consultation with the other party.

V. Performance of Yearly and Monthly Auctions

1. The provisions for the yearly and monthly auction procedures are described in the "Auction Rules for the performance of yearly and monthly auctions for allocation of transfer capacities on the interconnection between the control areas of Elektroenergien Sistemen Operator EAD (ESO) and JP Elektromreža Srbije (EMS) („Auction Rules")", which constitute an integral part of this Agreement, unless otherwise stipulated, attached as Annex 1.
2. ESO as the relevant TSO which conducts Yearly and Monthly Auctions (Auction Operator) shall perform auctions for the reservation of the yearly and monthly capacities using the internet based auction platform operated by ESO. The User

Guide for this platform shall be published on the internet site of the Auction Operator.

3. ESO shall prepare and regularly update its list of the Eligible Auction Participants according to the Auction Rules.
4. EMS shall prepare and regularly update its list of the Eligible Auction Participants according to the Auction Rules.
5. Based on the lists of Eligible Auction Participants of ESO and EMS, the Auction Operator shall perform a registration procedure for the Auction Participants for the yearly and the monthly auctions. Therewith the Auction Participant shall confirm that he has read, understood and accepted the present Auction Rules and that he will follow any and all instructions given by the Auction Operator, especially in case of ambiguity in these Auction Rules or non-availability of the auction platform of the Auction Operator.
6. All issues concerning the yearly and monthly auctions, such as, but not limited to, the technical and organisational aspects of the auction platform, the User Guide for it and the website shall be operated by the Auction Operator. Therefore the execution and the administration of the yearly and the monthly auctions shall totally be the responsibility of the Auction Operator. This means, that the Auction Operator shall take full responsibility for the correct, non-discriminatory and transparent execution of the yearly and monthly auctions and for the full compliance with the applicable national and European laws and/or regulatory requirements.
7. The Auction Operator shall provide to the Other Operator the results of and all data related to the yearly and monthly auctions through provision of access to the auction platform and/or via e-mail in an excel file, at the latest on the first working day following the day of the respective auction.
8. The Auction Operator shall provide to the Other Operator a document as an ECAN file regarding the rights for capacity usage for the Yearly and Monthly Auctions (information relative to capacity transfers is embedded) till 15:00 (CET), three calendar days before the relevant business day. The format of the yearly and monthly capacity rights document is given in Annex 8.
9. The Auction Operator shall provide to the Other Operator all data related to the Yearly and the Monthly Auctions which can be necessary for the purpose of planning, statistics, modelling and processing of a complaint.

VI. Performance of Daily Auctions

1. The provisions for the daily auction procedures are described in the "Daily Auction Rules for the allocation of transmission capacities at the border of control areas of JP Elektromreža Srbije („EMS”) and Elektroenergien Systemen Operator EAD („ESO”) („Daily Auction Rules”)”, which constitute an integral part of this Agreement, unless otherwise stipulated, attached as Annex 2.
2. EMS as the relevant TSO which conducts Daily Auctions (Daily Auction Operator) shall perform auctions for the reservation of the daily available capacities using the internet based auction platform operated by him. The User

Guide for this platform shall be published on the internet site of the Daily Auction Operator.

3. ESO shall prepare and regularly update his list of the Eligible Auction Participants according to the Daily Auction Rules.
4. EMS shall prepare and regularly update his list of the Eligible Auction Participants according to the Daily Auction Rules.
5. Based on the lists of Eligible Auction Participants of ESO and EMS, the Daily Auction Operator shall perform a registration procedure for the Auction Participants for the Daily auctions. Therewith the Auction Participant shall confirm that he has read, understood and accepted the present Daily Auction Rules and that he will follow any and all instructions given by the Daily Auction Operator, especially in case of ambiguity in these Daily Auction Rules or non-availability of the auction platform of the Daily Auction Operator.
6. All issues concerning the Daily auctions, such as, but not limited to, the technical and operational aspects of the auction platform, the User Guide for it and the website shall be operated by the Daily Auction Operator. Therefore the execution and the administration of the daily auctions shall totally be the responsibility of the Daily Auction Operator. This means, that the Daily Auction Operator shall take full responsibility for the correct, non-discriminatory and transparent execution of the Daily auctions and for the full compliance with the applicable national and European laws and/or regulatory requirements.
7. Daily Auction Operator shall provide to the Other Operator all relevant data regarding the daily auction through giving access to his capacity auction system. Daily Auction Operator shall provide to the Other Operator till 10:00 (CET) on the day D-1 the capacity rights of daily auction for the day D (for both directions). Daily Auction Operator shall send the capacity rights via e-mail to the Other Operator in daily ECAN file. The format of the daily capacity rights document is given in Annex 8.
8. The Daily Auction Operator shall provide to the Other Operator all data related to the Daily Auctions which can be necessary for the purpose of planning, statistics, modelling and processing of a complaint.

VII. Secondary CTR market

1. According to the regulations set out in the Regulation (EC) No 714/2009 of the European Parliament and of the Council on the conditions for access to the network for cross-border exchanges in electricity, the capacities bought in the course of an auction shall be freely tradable (transferable) if the Auction Participant has paid the due amount for the awarded CTRs for the relevant month. Therefore capacities bought in the course of yearly and monthly auctions can be transferred by the Auction Participants according to the provisions set out in the Auction Rules. The transfer of the reserved capacity is allowed in periods of one or more whole calendar days from 0:00 (CET) of the first day till 24:00 (CET) of the last day ("transfer period").

2. The Parties agree that the ESO shall register each transfer and shall inform EMS of such transfer, at least three calendar days (till 15:00 (CET)) before the beginning of the transfer period. In case of uncertainties or disagreements about the validity of such transfers, ESO shall use its best efforts to find an amicable solution.

VIII. Allocation of Costs, Payments and Risks between EMS and ESO concerning the Yearly and the Monthly auctions

1. The payments related to the results from the Yearly and the Monthly Auctions shall be invoiced to the Auction Participants by the Auction Operator. The applicable currency for the invoicing shall be EUR.
2. The Auction Operator shall assume all risks in every financial, economical and legal aspect arising from the execution of the yearly and the monthly auctions, especially in case the execution of the yearly and monthly auctions does not comply with the applicable national laws and/or regulatory requirements.
3. The Auction Operator shall fully indemnify the Other Operator in every economical, financial and/or legal aspect, especially in case Market Participants, Auction Participants and/or the Regulatory Authorities and/or other third parties file successful claims against the Other Operator because of and as a result from the allocation of the Yearly and Monthly capacity by the Auction Operator through its auction platform or in case of not organizing of yearly and monthly auctions. This means that in relation to any liability arising from successful claims for performance, warranty claim or successful claims for damages, the Auction Operator shall fully release from responsibility and shall indemnify the Other Operator 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, the Auction Operator shall fully release from responsibility and shall indemnify the Other Operator in case the National and/or the European Regulatory Authorities impose orders and/or fines and/or penalties because of or resulting from the allocation of the yearly and the monthly auctions by the Auction Operator or in case of non-organisation of yearly and monthly auctions.
5. Each party shall assume the risks arising in the relevant national jurisdiction (Bulgaria: ESO / Serbia: EMS) as a result of the Agreement implementation, if such implementation is not in compliance with the applicable national laws and/or regulatory requirements.
6. The Other Operator shall be entitled to 50% of the revenues from the Yearly and the Monthly Auctions in EUR, insofar the Auction Operator has received these payments from the Auction Participants.

The results from the Yearly and the Monthly capacity auctions shall be arranged financially between the Auction Operator and the Auction Participants in full monthly settlement periods. For the purpose of the financial settlement between the Parties, the Auction Operator shall send to the Other Operator, till the 5th calendar day of the respective month at the latest, firstly by fax or by e-mail and then by mail, a Yearly/Monthly Settlement Notification (as per Annex 4)

confirming the share of the Other Operator as in relation to the Yearly and the Monthly Auction.

In case the payment under the settlement between the Auction Operator and the Auction Participant is delayed, the Auction Operator shall send to the Other Operator an Outstanding Notification (in accordance with Annex 6), showing the amount of the non-collected sums and the names of the market participants which owe them.

On the grounds of the Yearly and the Monthly Settlement Notification and the Outstanding Notification, the Other Operator shall issue and send till the 10th calendar day of the respective month, by fax or e-mail, then by mail, a debit note at the value belonging to it (exclusive VAT).

Within 8 (eight) calendar days as of the receipt of the debit note, by fax or e-mail, the Auction Operator shall pay the owed payment on the account, indicated in the debit note.

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

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

The Auction Operator shall not be subject to any penalties, interest or charges from the Other Operator for uncollected or non-established sums. As soon as the payment between the Auction Operator and the market participant is settled, it shall send to the Other Operator an Exceptional Notification, stating that the outstanding amount has been paid. Then, the Other Operator shall issue a debit note for 50% of this amount and the Auction Operator shall credit the Other Operator as soon as reasonably possible, but not later than 6 (six) business days as of the date on which the payment is credited on the account of the Auction Operator.

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

7. The outstanding amounts/debts shall be collected, recovered, settled and enforced and prosecuted by the Auction Operator on behalf of both parties.
8. In case of Curtailment of Allocated Capacity the Auction Operator shall pay the compensation according to the Auction Rules to the Auction participant on behalf of both parties. The Auction Operator shall require from the Other Operator 50 % of the paid compensation. For the respective month, the Auction Operator shall send an invoice for 50% of the paid compensation by the Auction Operator. The

Other Operator shall pay to the Auction Operator the amount under the invoice within 6 business days as of the date of receipt of the invoice via fax or e-mail.

IX. Allocation of Costs, Payments and Risks between EMS and ESO concerning the Daily auctions

1. The payment concerning the daily auctions shall be invoiced to the Auction Participants by the Daily Auction Operator. The applicable currency for the invoicing shall be EUR.
2. The Daily Auction Operator 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 auctions does not comply with the applicable national laws and/or regulatory requirements.
3. The Daily Auction Operator shall fully indemnify the Other Operator in every economical, financial and/or legal aspect, especially in case Market Participants, Auction Participants and/or the Regulatory Authorities or other third parties file successful claims against the Other Operator because of and as a result of the allocation of the Daily capacity by the Daily Auction Operator through its auction platform or in case of non-organisation of Daily auctions. This means that in relation to any liability arising from successful claims for performance, warranty claim or claims for damages, the Daily Auction Operator shall fully release from responsibility and shall indemnify the Other Operator against any damages in every economical, financial and/or legal aspect due to a consequential harm caused by a defect, or any claims for compensation for possible damages resulting from third party claims.
4. Furthermore, the Daily Auction Operator shall fully release from responsibility and shall indemnify the Other Operator in case the National and/or the European Regulatory Authorities impose orders and/or fines and/or penalties because of or resulting from the allocation of the Daily auctions by the Daily Auction Operator or in case of non-organisation of Daily auctions.
5. Each party shall assume the risks arising in the relevant national jurisdiction (Bulgaria: ESO / Serbia: EMS) as a result of the Agreement implementation, if such implementation is not in compliance with the applicable national laws and/or regulatory requirements.
6. The Other Operator shall be entitled to 50% of the revenues from the Daily Auctions in EUR, insofar the Daily Auction Operator has received these payments from the Auction Participants, also 50% of the interest, collected in case of overdue payments.

The results from the Daily capacity auctions shall be arranged financially between the Daily Auction Operator and the Auction Participants in full monthly settlement periods. For the purpose of the financial settlement between the Parties, the Daily Auction Operator shall send to the Other Operator, till the 5th (fifth) calendar day of the following month at the latest, a Daily Settlement Notification (as per Annex 5) confirming the share of the Other Operator as in relation to the Daily Auction.

On the grounds of the Daily Settlement Notification till the 8th (eight) calendar day of the following month at the latest, the Other Operator shall issue and send, firstly by fax or e-mail, then by mail, an invoice at the value belonging to it. The due date in the invoice will be the 20th calendar day of the following month.

In case the payment under the settlement between the Daily Auction Operator and the Auction Participant is delayed, he shall send to the Other Operator an Outstanding Notification (in accordance with Annex 6), showing the amount of the non-collected sums and the names of the market participants which owe them.

In case of issuing Outstanding notification by the Daily Auction Operator, the Other Operator shall issue credit note for 50% of the respective amount.

The Daily Auction Operator shall pay the owed payment on the account and in due time, indicated in the invoice, taking into account the credit note relative to the Outstanding notification, if issued.

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

All the bank fees in the process of the payment will be covered by the sender (including the costs of intermediary bank if applicable). The date of payment/settlement of payment shall be the date upon which the given amount is credited to the account of the Other Operator, free of charge and without withholding and/or offsetting (receipt of payment on behalf of the Daily Auction Operator).

The Daily Auction Operator shall not be subject to any penalties, interest or charges from the Other Operator for uncollected or non-established sums. As soon as the payment between the Daily Auction Operator and the market participant is settled, he shall send to the Other Operator an Exceptional Notification, stating that the outstanding amount has been paid. Then, the Other Operator shall issue debit note for 50% of this amount and the Daily Auction Operator shall credit the Other Operator as soon as reasonably possible, but not later than 6 (six) business days as of the date on which the payment is credited on the account of the Daily Auction Operator.

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

7. The outstanding amounts/debts shall be collected, recovered, settled and enforced and prosecuted by the Daily Auction Operator on behalf of both parties.

X. Applicable Law and Place of Performance

1. This Agreement where referring to the daily auctions shall be governed by the laws of Serbia. This Agreement where referring to the yearly and monthly auctions shall be governed by the laws of Bulgaria. In both cases the obligations according to EU Regulation 714/2009 shall have priority.

2. The place of performance of all obligations resulting from this Agreement relating to yearly and monthly auctions shall be the registered seat of ESO. The place of performance of all obligations relating to the daily auctions shall be the registered seat of EMS.

XI. Arbitration

1. All disputes between ESO and EMS arising out of this Agreement and its Annex 1 and 2 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.

XII. Severability

1. If any part or provision of this Agreement and/or its Annex 1 and/or Annex 2 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. EMS and ESO hereby agree that any invalid, illegal, void and/or unenforceable part or provision shall be replaced by valid, legal and/or enforceable part or provision in order to achieve the intended economic and legal effect as far as possible.

XIII. Notices

1. All notices and communications under this Agreement shall be served by e-mail, unless explicitly envisaged otherwise in this Agreement. In the event of a problem with the e-mail, notices may be served via fax and/or delivered in person 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.

XIV. Confidentiality

1. 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 obtained by him pursuant to this Agreement for any purpose except as strictly required for the performance of the obligations hereunder, or disclose any such 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. EMS and ESO are obliged to organize their data handling in such a way as to minimize the risk of misuse or unauthorized access or disclosure of confidential information.

XV. Amendments

1. No amendment or modification of this Agreement shall take effect unless it is in writing, executed and delivered by EMS and ESO and approved by the Regulatory Authorities if such approval is required by the national legislations.

XVI. Assignment of Rights and Obligations

1. EMS and ESO hereby agree, that it is prohibited to transfer (including by means of merger, split of, or transfer 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.

XVII. Hardship

1. If any extraordinary event or circumstance occurs, independent of the will of EMS and/or ESO, unforeseeable at the time of the conclusion of this Agreement (including legislative changes or positions of the regulatory authorities or any other authority) and which fundamentally reduces the benefits and modalities of continuing the Agreement, the related provisions of the Agreement shall become subjects to correction. The parties concerned shall endeavour to reach an applicable solution within 2 (two) months from the request of the affected party (EMS and/or ESO/or both parties). If concerned parties do not succeed to reach the settlement, the Agreement may be terminated by common written consent of EMS and ESO. Upon such termination, EMS and ESO shall be relieved from any other further obligations under the Agreement other than payment of 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.

XVIII. Official Languages

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

XIX. Nature of the Contractual Relationships

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

XX. Liability

1. EMS and ESO undertake to carry out the provisions set out in this Agreement and its Annex 1 and Annex 2 with the diligence of a careful businessman and control area manager in compliance with the applicable laws and regulations in the electricity sector. EMS and ESO shall notify each other of risks and dangers appending the performance of this Agreement recognizable to a careful businessman and control area manager and provide suggestion for solution.
2. Claims for damages resulting from breach of material contractual duties of the Agreement and its Annex 1 and Annex 2 are limited to the damages typical and foreseeable in the context of this Agreement, unless there has been intentional misconduct or gross negligence on behalf of EMS and ESO. Any claims or 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.

XXI. Validity

1. This Agreement shall be valid from the date of signing this Agreement by both parties until December 31, 2015, 12:00 p.m. (CET). Unless prolonged by the parties, this Agreement shall terminate at the above date automatically, without any further acts by the Parties.

XXII. Disclaimer

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

XXIII. Annexes

1. Auction Rules for the performance of the Yearly and the Monthly Auctions for allocation of transfer capacities on the interconnection between the control areas of Elektroenergien Systemen Operator EAD (ESO) and JP Elektromreža Srbije (EMS) ("the Auction Rules")

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 Elektroenergien Systemen Operator EAD („ESO”) ("Daily Auction Rules")

constitute an integral part of this Agreement.

3. List of Contacts

constitutes an integral part of this Agreement.

4. Yearly/Monthly Settlement notification

constitutes an integral part of this Agreement.

5. Daily Settlement Notification

constitutes an integral part of this Agreement.

6. Outstanding Notification

constitutes an integral part of this Agreement.

7. Invoice/Debit Notes

constitute an integral part of this Agreement.

8. Capacity Rights Document

constitutes an integral part of this Agreement.

Date:

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ELEKTROENERGIEN SISTEMEN OPERATOR EAD

Valentin Kolev, A.P. Dr. Eng.

Chief Executive Officer

Date:

.....
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: Auction Rules for the performance of the Yearly and the Monthly Auctions for allocation of transfer capacities on the interconnection between the control areas of Elektroenergien Sistemen Operator EAD (ESO) and JP Elektromreža Srbije (EMS) ("the Auction Rules")

Annex 2: Daily Auction Rules for the allocation of transmission capacities at the border of control areas of JP Elektromreža Srbije (“EMS”) and Elektroenergien Systemen Operator EAD („ESO”) (“Daily Auction Rules”)

Annex 3. Contact persons

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Operational issues

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Confirmation of capacity contact

Branko Šumonja
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Financial issues

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ESO :

Auction Procedures

Cross Border Exchanges Division
Tel: + 359 2 92 13 652
Fax: + 359 2 9810 102
e-mail: eso.auction@ndc.bg

Financial issues

Accounting Department
Tel: + 359 2 96 96 751
Fax: + 359 2 96 96 899
e-mail: fso@eso.bg

IT issues

IT Department
Tel: +359 2 9213 739
Fax: + 359 2 9810 102
e-mail: vzlatev@ndc.bg

Legal issues

Legal Department
Tel: +359 2 96 96 784
Fax: +359 2 96 96 129
e-mail: k.ivanov@eso.bg

Registration issues

Cross Border Exchange Division
Tel: +359 2 9213 848
Fax: +359 2 9213 602
e-mail: eso.auction@ndc.bg

Annex 4: Yearly/Monthly Settlement Notification

TELEFAX MESSAGE

Addressee:

Position:

Trade name:

Fax:

Ref. No:

ID No:

Sender:

Fax:

Tel. :

Pages:

Date:

Subject: Settlement Notification of the yearly/monthly auction on Serbian - Bulgarian border for the month

Dear Mr.,

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

Direction: Serbia- Bulgaria (RS-BG)

Type of allocation	Published capacity	Allocated capacity	No. of hours	Auction Price
	MW base load	MW base load	h	€/MWh
Yearly/monthly				

Auction RS-BG value: €

Direction: Bulgaria - Serbia (BG-RS)

Type of allocation	Published capacity	Allocated capacity	No. of hours	Auction Price
	MW base load	MW base load	h	€/MWh
Yearly/monthly				

Auction BG-RS value:€

Total auction value: €

50% of the total auction value is €

Sincerely,

Name

Position

Annex 5: Daily Settlement Notification

TELEFAX MESSAGE

Addressee: Ref. No:
ID No:
Sender:
Position: Fax:
Trade name: Telephone:
Fax number: Pages:

Date:
Subject: Settlement Notification of the daily auctions on Serbian - Bulgarian border for the month

Dear Mr.,

According to the Agreement between our companies please be informed that the results of daily Cross Border Capacity auctions on the Bulgarian-Serbian border for the period of month from till are the following:

day	EMS > ESO amount [€]	ESO > EMS amount [€]	Day	EMS > ESO amount [€]	ESO > EMS amount [€]
01.MM.YYYY			17.MM.YYYY		
02.MM.YYYY			18.MM.YYYY		
03.MM.YYYY			19.MM.YYYY		
04.MM.YYYY			20.MM.YYYY		
05.MM.YYYY			21.MM.YYYY		
06.MM.YYYY			22.MM.YYYY		
07.MM.YYYY			23.MM.YYYY		
08.MM.YYYY			24.MM.YYYY		
09.MM.YYYY			25.MM.YYYY		
10.MM.YYYY			26.MM.YYYY		
11.MM.YYYY			27.MM.YYYY		
12.MM.YYYY			28.MM.YYYY		
13.MM.YYYY			29.MM.YYYY		
14.MM.YYYY			30.MM.YYYY		
15.MM.YYYY			31.MM.YYYY		
16.MM.YYYY			Total € €

Total sum is € in direction of Serbia - Bulgaria and € is in direction of Bulgaria - Serbia.

50% of the sum is ... € in direction of Serbia - Bulgaria and € is in direction of Bulgaria - Serbia.

Sincerely,
Name
Position

Annex 6: Outstanding Notification

TELEFAX MESSAGE

Addressee:

Position:

Trade name:

Fax number:

Ref. No:

ID No:

Sender:

Fax:

Telephone:

Pages:

Date:

Subject: Outstanding Notification of Yearly/Monthly/Daily auction on the Bulgarian-Serbian border

Dear Mr.,

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

Name of the Auction Participant	Value of the outstanding €
Total:

As soon as the above-mentioned value/values are settled EMS/ESO will send an Exceptional Notification about it.

Sincerely,

Name

Position

Annex 7: Invoice/Debit Notes

Invoice for Daily Settlement – example

ELEKTROENERGIEN SISTEMEN OPERATOR EAD VAT

105, Gotse Delchev blvd.

1404 Sofia

Bulgaria

JP Elektromreža Srbije

VAT

Kneza Milosa 11

11000 Beograd

Serbia

Invoice No. _____

Date:

With reference to Agreement no. _____, Article IX, point 6, and on the basis of the Daily Settlement notification, we invoice you for the 50% of the Daily auctions revenue for month _____ year, in amount of:

..... EUR

Term of payment: 20.mm.yyyy

Interest for delay in payment: one month EURIBOR at 11:00 (CET) on the first day after due date +1 p.a.

Reason for zero rate or not charging VAT: reverse charge

The payment shall be effected by bank's order as follows:

57A: bank account: XXXXXXXX

59: Beneficiary: XXXXXXXX

56A: Intermediary bank: XXXXXXXX

Name

Position

Debit Note for Yearly/Monthly Settlement – example

JP Elektromreža Srbije

Vojvode Stepe 412

11000 Beograd, Serbia

Tax registration No. SR 103921661

ELEKTROENERGIEN SISTEMEN OPERATOR EAD 105, Gotse Delchev blvd.

1404 Sofia

Bulgaria

VAT

Debit note No. _____

With reference to Agreement no. _____, Article VIII, point 6 for yearly and monthly auction and on the basis of the Yearly/Monthly Settlement notification and the Outstanding notification, we debit you for the 50% of the Yearly/Monthly auctions revenue for month _____ year _____ in amount of

EUR

In accordance with Art. 3 paragraph 1 of the Law on Value Added Tax VAT has not been calculated.

The payment shall be effected by bank's instruction as follows:

57A: Account with institution: XXXXXXXX

59: beneficiary customer: XXXXXXXX

56A: intermediary bank: XXXXXXXX

Term of payment: 6 working days from receiving this debit note by fax

Interest for delay in payment: one month EURIBOR at 11 a.m. (CET) on one day after due date +1% p.a.

Please note that you are responsible for any fees and charges incurred by your bank or its intermediaries.

Name

Position

Annex 8: Capacity Rights Document

Documents used in Capacity Rights information exchange

The Capacity Rights document (CR) is used to provide the complete portfolio of the capacity transmission rights (results of the yearly, monthly and daily auction, transfers and curtailment) for all market participants on Bulgaria/Serbia border per each business day.

For yearly, monthly and daily type of capacity transmission rights the Parties agree to use the ENTSO-E Capacity Allocation and Nomination System Implementation Guide (ECAN).

Parties apply to use the following parameters and codes in CR:

- Document Type – The Document Type identifies the information flow characteristics. The code A23 is used by ESO and A27 by EMS;
- Sender Role – Identification of the role that is played by the sender. The code A07 is used by ESO and A07 by EMS;
- Receiver Role – Identification of the role that is played by the receiver. The code A31 is used by ESO and A07 by EMS;
- Domain – The identification of the domain that is covered in the CR. The initial code to be used is EIC of Control area Bulgaria, 10YCA-BULGARIA-R;
- Document Status – The initial code to be used is A02: Final;
- Business Type – Identifies the nature of time series concerning the rights. The initial code A33 is used by ESO and A34 by EMS;
- Rights Holder – Identification of the party who is owner or has the right to use the transmission capacity rights in question;
- Contract Identification – This identification uniquely identifies the allocation;
- Contract Type – The contract type defines the type of allocation e.g. yearly, monthly and daily. The initial codes to be used are A01: Daily, A03: Monthly and A04: Yearly

CR EXAMPLES:

Daily Capacity Rights Document

```
<?xml version="1.0" encoding="UTF-8"?>
<RightsDocument xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
  xsi:noNamespaceSchemaLocation="RightsDocument.xsd" DtdVersion="4" DtdRelease="0">
  <DocumentIdentification v="BG_20130915_A03_10XCS-SERBIATSO8"/>
  <DocumentVersion v="1"/>
  <DocumentType v="A27"/>
  <SenderIdentification v="10XCS-SERBIATSO8" codingScheme="A01"/>
  <SenderRole v="A07"/>
  <ReceiverIdentification v="10XBG-ESO-----A" codingScheme="A01"/>
  <ReceiverRole v="A07"/>
  <CreationDateTime v="2013-09-14T07:40:08Z"/>
```

```

<ApplicableTimeInterval v="2013-09-14T22:00Z/2013-09-15T22:00Z"/>
<Domain v="10YDOM-1001A033Y" codingScheme="A01"/>
<DocumentStatus v="A02"/>
<RightsTimeSeries>
  <TimeSeriesIdentification v="10572942"/>
  <BusinessType v="A34"/>
  <InArea v="10YCS-SERBIATSOV" codingScheme="A01"/>
  <OutArea v="10YCA-BULGARIA-R" codingScheme="A01"/>
  <RightsHolder v="34X-000000000000" codingScheme="A01"/>
  <ContractIdentification v="RS_BGRS_A01_34X-000000000000_150913"/>
  <ContractType v="A01"/>
  <MeasureUnitQuantity v="MAW"/>
  <Currency v="EUR"/>
  <MeasureUnitPrice v="MWH"/>
  <Period>
    <TimeInterval v="2013-09-14T22:00Z/2013-09-15T22:00Z"/>
    <Resolution v="PT60M"/>
    <Interval>
      <Pos v="1"/>
      <Qty v="10"/>
      <Price v="0"/>
    </Interval>
    ...
    <Interval>
      <Pos v="24"/>
      <Qty v="10"/>
      <Price v="0"/>
    </Interval>
  </Period>
</RightsTimeSeries>
</RightsDocument>

```

Long Term (yearly and monthly) Capacity Rights Document

```

<?xml version="1.0" encoding="UTF-8"?>
<RightsDocument DtdRelease="0" DtdVersion="4">
  <DocumentIdentification v="DocumentId_max35signs"/>
  <DocumentVersion v="1"/>
  <DocumentType v="A23"/>
  <SenderIdentification codingScheme="A01" v="10XBG-ESO-----A" />
  <SenderRole v="A07"/>
  <ReceiverIdentification codingScheme="A01" v="10XCS-SERBIATSO8" />
  <ReceiverRole v="A31"/>
  <CreationDateTime v="2013-09-13T06:03:53Z"/>
  <ApplicableTimeInterval v="2013-09-14T22:00Z/2013-09-15T22:00Z"/>
  <Domain codingScheme="A01" v="10YCA-BULGARIA-R" />
  <DocumentStatus v="A02"/>
  <RightsTimeSeries>
    <TimeSeriesIdentification v=" UniqCId-max35signs"/>
    <BusinessType v="A33"/>
    <InArea codingScheme="A01" v="10YCA-BULGARIA-R" />
    <OutArea codingScheme="A01" v="10YCS-SERBIATSOV" />
    <RightsHolder codingScheme="A01" v="Trader EIC" />
    <ContractIdentification v="UniqCId-max35signs"/>
    <ContractType v="A03" />
    <MeasureUnitQuantity v="MAW"/>
    <Period>
      <TimeInterval v="2013-09-14T22:00Z/2013-09-15T22:00Z"/>
      <Resolution v="PT60M"/>
      <Interval>

```

```
<Pos v="1"/>
<Qty v="50"/>
</Interval>

...
<Interval>
  <Pos v="24"/>
  <Qty v="50"/>
</Interval>
</Period>
</RightsTimeSeries>
</RightsDocument>
```