

Rules on Daily Auctions of Available Transmission Capacities on the SK-UA Cross-Border Transmission Profile Organised Unilaterally by Slovenská elektrizačná prenosová sústava, a.s. (hereinafter referred to as "SEPS")

(The Slovak version of the Rules has the priority)

The bottlenecks arise on the cross-border transmission profiles¹⁾ by demand outstripping the real transmission possibilities. The process of allocating the cross-border transmission capacities of these bottlenecks is carried out through explicit auctions.

The auction is an objective, non-discriminatory process of the cross-border transmission capacities allocation, eliminating the speculative behaviour and in compliance with the requirements of Regulation (EU) 2019/943 of the European Parliament and of the Council resulting in the transmission capacity reservation on the specified cross-border profiles in a given direction. It establishes the principles of the transmission system bottlenecks management required by the safe and reliable operation of the transmission system.

Any actions and steps carried out hereunder will be performed electronically considering the scale of data flows, time conditions of realization and data protection and security requirements.

Available transmission capacities for individual trading days will be allocated to the market participants through daily explicit auctions. The capacities will be offered as **unilaterally** provided except for the provisions for damage prevention and those dealing with force majeure, emergency condition and emergency condition prevention issues under Slovak Republic's generally applicable legislation.

Daily auctions of available transmission capacities on the SK-UA cross-border profile will be organised by the Auction Office, meaning SEPS Auction Office in this case.

1. Realisation of daily auctions

Considering the scale of data flows, time conditions of execution, and data protection and security requirements, daily auctions are carried out in the Damas Energy e-Portal - run by SEPS at <https://dae.sepsas.sk>. Access to the Damas Energy e-Portal is possible through guaranteed e-signatures validated by qualified certificates issued by an accredited certification authority. Any data exchange between the user and the Damas Energy e-Portal via the Internet is safeguarded against reading by third parties by SSL ciphering. All information for auction participants is published in this e-Portal. Detailed information concerning using of Damas Energy system are included in the on-line documentation of Damas Energy available at <https://dae.sepsas.sk> via public access. In e-communications the auction participant undertakes to follow the rules described in the on-line documentation of Damas Energy e-Portal.

In case of major technical problems - e.g. an Internet widespread collapse, a collapse of all the Damas Energy e-Portal Internet connections, a Damas Energy e-Portal collapse (servers, database or an error in Damas Energy e-Portal applications) - a daily auction will not be organised and this shall not be subject to any compensations. In case of major technical problems preventing, it from being completed, the daily auction will be cancelled, and this shall not be subject to any compensations.

¹⁾ A cross-border profile is a set of lines between two neighbouring transmission systems. In this case, the SK and UA profile is concerned.

2. Requirements for Participating in the Auction Procedures

On the SEPS side it is necessary to have a valid and effective Framework Agreement on Electricity Transmission through Connecting Lines concluded with SEPS which is conditioned by conclusion of Agreement on Settlement of imbalances with OKTE, a.s. (company Organizátor krátkodobého trhu s elektrinou, a.s.).

Participation in auctions and use of reserved capacities is only allowed for a market participant meeting any of the following conditions:

- he satisfies the conditions of both Transmission System Operators (TSOs) (SEPS and UKRENERGO)
- he satisfies the conditions of the SEPS TSO, and his counterparty on UKRENERGO side satisfies the conditions of UKRENERGO TSO.

Allocated capacity rights can be used while respecting m:n principle (cross nomination). Cross nomination enables to use allocated transmission rights with more than one partner on the other side of the border.

3. Available transmission capacities

SEPS will offer separately from UKRENERGO in the daily auction available capacities (ATC) at the respective hours of the day, to be specified separately for each direction as a difference between the total available capacity of the line in a given direction specified by both TSOs and the sum of the confirmed transmissions of the individual market participants for a given hour, which have been confirmed using the capacity allocated in the respective monthly auction.

The part of the capacity allocated in the monthly auction, which has not been used by the users for nomination of transmission till 8:30 a.m. CET (CEST) on the day D-2 (the D-day is the day of the realisation of the transmission), shall thus be allocated in the daily auction together with a relevant increase in the maximum value of the overall available capacity arising out of the technical assessment of the network situation undertaken by SEPS and UKRENERGO.

The available capacity offered in the daily auction will be published in Damas Energy e-Portal on D-2 at 09:00 a.m. CET (CEST). The capacity will be published for every hour of the day, separately for UA to SK and SK to UA directions.

4. Transmission capacity auction bid

To take part in the daily auction, the bid shall be delivered at 9:00 CET (CEST) on D-2 by 10:00 a.m. CET (CEST) on D-2. The auction participant shall make bids for auction via Damas Energy e-Portal in such way and structure as defined by the Damas Energy Rules.

Any bid shall set out:

1. auction participant,
2. specification of desired profile,
3. specification of desired transmission direction,
4. trading interval: trading day and trading hour(s) which the bid concerns,
5. For each hour of the day the amount of the transmission capacity to be reserved in MW (nonnegative number, maximally equal to the published ATC in each hour),

6. The value of the bid in EUR/MW (max. two decimals) in each hour - it has to be equal to zero or bigger than zero.

Within Damas Energy e-Portal the auction participant will be given confirmation of the bids submission into the Damas Energy e-Portal. In case that the bid submission is rejected, the auction participant will be notified of the grounds therefor. Any communications with the system will be archived and any message will be time-flagged when going in or out Damas Energy e-Portal. Time-flagging will be done according to the system time displayed in Damas Energy e-Portal's user environment, which all data delivery deadlines are linked to.

A bid made after the deadline or failing to comply with the conditions above shall not be accepted.

5. Capacity auction procedure

All received bids for respective hour are ordered by descending bid price. In case two or more delivered bids offer the same price per MW for the auctioned capacities, the earliest will take priority (the decisive criterion is the time stamp on the bid). Bids are met in that order until a bid exceeds ATC value in sum with all previous accepted bids.

If the total amount of requested reservation of capacity is lower than the ATC or equals the ATC, auction price is zero, i.e. each auction participant will receive the reserved capacity according to his bid and free of charge at the bottleneck.

If the total amount of the requested reservations of capacity exceeds the available capacity for reservation, the price for the reservation of capacities will be determined by the bid with the lowest price offer, accepted, even in a reduced amount, by SEPS in the allocation process of the auctioned reservation of capacities ("auction price").

This auction price shall be paid by all auction participants receiving a reservation of capacity.

The following table, Figure 1, shows an example:

Auction no. 1		Max. Capacity:			100	SK-HU	Date:	25.11.2014	Hour:	1
bidder	amount	bid	time stamp	total						
	MW	EUR/MW	hh:mm:ss	MW						
				0						
a	10	1 000	09:10:03	10						auctioned
b	20	300	09:15:27	30						10 MW
c	50	250	09:02:14	80						20 MW
b	30	200	09:05:52	110	<i>reduced</i>					50 MW
a	50	200	09:17:08	160	<i>exceeded</i>					20 MW
d	30	150	09:08:03	190	<i>exceeded</i>					0 MW
e	20	100	09:10:28	210	<i>exceeded</i>					0 MW
e	20	90	09:16:34	230	<i>exceeded</i>					0 MW
a	30	80	09:35:01	260	<i>exceeded</i>					0 MW
b	110	70	09:49:58	370	<i>exceeded</i>					0 MW
f	20	100	10:10:03		<i>excluded</i>		gateclosure			

Figure 1: Daily Auctioning

In this example, the charge for auctioned daily reservation is determined at 200 EUR/MW. Bidding company "a" receives a total of 10 MW and has to pay 2000 EUR, "b" receives a total of 40 MW and has to pay 8000 EUR – second bid of the bidding company "b" is reduced.

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

6. Notification of the auction results

The SEPS Auction Office will notify each auction participant via Damas Energy e-Portal of the following information:

1. transmission capacity reservation period,
2. profile and direction identification,
3. the amount of the allocated transmission capacity for a given auction participant at the respective hours in MW,
4. amount of payment for allocated capacity for each hour in EUR/MW
5. Capacity Agreement Identification (CAI) – unique identification code assigned to allocated capacity by auction e-Portal

The results will be published till 10:30 a.m. CET (CEST) on D-2.

The capacity allocated in the daily auction is allocated on the whole profile on behalf of SEPS. At UKRENERGO side auction participant shall ensure the required capacity separately.

7. Use of the reserved transmission capacity

By allocating the transmission capacity at the cross-border transmission profile, the auction participant obtained a promise from SEPS that his transmission can be performed up to the volume of the allocated capacity maintaining the standard level of reliability of operation of transmission systems, excepting circumstances excluding liability, emergency situations and prevention of emergency situations according to the legislation generally binding in the Slovak Republic.

To use the allocated capacity and agree transmission on the side of SEPS, an auction participant shall submit to the Damas Energy the transmission schedules separately for each direction while respecting the m:n principle. The transmission schedule for the following day shall:

- be submitted by the auction participant to Damas Energy by D-1 2:30 p.m. CET (CEST),
- each schedule shall contain a valid counterparty identification (EIC code), profile and direction,
- each schedule shall contain for every trading hour the power to be transmitted at a given hour. This value shall be a nonnegative number and at most equal to that of the capacity allocated in the daily auction,
- each schedule shall contain CAI code assigned to allocated capacity used by sending the nomination.

The transmission schedule of the auction participant will be compared to the transmission schedule submitted by the auction participant's counterparty to the Ukrainian transmission operator UKRENERGO. In so far as the transmission schedules do not match in transmission value terms (MW) only, but the transmission direction matches, less-valued transmission will be accepted by SEPS. Auction participant is informed about reduction of nominated values by message in the Damas Energy e-Portal. Unless the transmission schedules do not match in the transmission direction, such unmatched schedule shall not be accepted by SEPS. Market participant is informed about refusal of nominated values by message in the Damas Energy e-Portal. In case submitted transmission schedule matches with that submitted to the Ukrainian transmission operator, the transmission schedule will be accepted.

By accepting the transmission schedule in Damas Energy e-Portal and confirming the successful entry in the system, electricity transmission will be agreed between the auction participant and SEPS for the day given in the request made, to the extent laid down in the schedule accepted. Trade will be agreed under the number to be automatically assigned by the Damas Energy database.

The transmission capacity rights shall be used on the "use it or lose it" principle. Changes in the transmission schedule after the deadline above shall be impermissible.

8. Transfer of the reserved capacity

The capacity rights allocated in the daily auctions shall not be transferred.

9. Fee for the Bottleneck Management

Daily auction results shall be paid in the following billing periods:

Invoice issuance day	Billing period
5. calendar day in a given month	invoicing for 1.-5. business day in a given month
10. calendar day in a given month	invoicing for 6.-10. business day in a given month
15. calendar day in a given month	invoicing for 11.-15. business day in a given month
20. calendar day in a given month	invoicing for 16.-20. business day in a given month
25. calendar day in a given month	invoicing for 21.-25. business day in a given month
last calendar day in a given month	invoicing for 26.-last business day in a given month

If the date of issuing the invoice falls on a public holiday, Saturday or Sunday, the invoice will be issued on the next working day.

Invoiced amount is transferred by auction participant to the SEPS bank account stated in invoice. The due date of the invoice is 5 working days after its issuing.

Invoices for auction participants from EU shall meet the requirements according to the VAT act applicable in Slovak republic and European Union. In European Union it is a customer who pays VAT. SEPS shall issue the invoice exclusive of VAT and informs auction participants about their tax liabilities (mechanism „reverse charge“ is applied). Invoices for auction participants registered for VAT in the Slovak republic are issued including VAT.

SEPS is entitled to invoice the late payment interest in amount of 1M EURIBOR + 8% p.a. (in case of 360-day financial year) from due amount for every day of delay. The interest is determined by 1M EURIBOR rate valid on the first day of payment delay. If the 1M EURIBOR does not reach a positive value (negative value), a 1M EURIBOR equal to zero is used in the interest calculation. The late payment interest shall be due within 14 days from delivery of its statement by fax. The invoice will be sent to the auction participant by registered post to the address of its registered office.

Auction participant is obliged to pay all the bank fees. The payment date is the date when the relevant amount is credited to SEPS account. Invoices shall be paid by the due date specified on the invoice, exclusive of fee and exclusive of deduction and/or adjustment (receipt in favour of the SEPS account). If the invoice is not paid properly and on time, the auction participant will be immediately excluded from the auction process until the financial settlement of all obligations.

If the invoice due date falls on Saturday, Sunday, or the public holiday, the due date is the following working day.

Transmission fees including transmission fees with regard to the cross-border charging including all other relevant and permissible fees shall be charged separately from congestion management charge.

10. Curtailment of the reserved capacity

Reserved transmission capacity may be object of curtailment in cases when SEPS identifies the risk that the reserved transmission capacity cannot be guaranteed due to occurrence of an emergency situation, where SEPS must act in an expeditious manner with the aim to ensure secure and reliable operation of transmission system.

Announcement of the reserved transmission capacity curtailment shall be published by 2:30 p.m. CET (CEST) on D-1 (D is day of transmission) on the SEPS web page and in the Damas Energy e-Portal. In addition, SEPS Auction Office informs immediately by telephone or by e-mail all auction participants, whose reserved transmission capacity was curtailed, about date, duration and extension of curtailment and about the possible need for submission of new corrected schedules of cross-border transmissions.

Curtailment is performed with the use of the pro-rata principle, i.e. transmission capacities are curtailed to all respective auction participants in the same ratio as it was applied to curtailment of the total reserved capacity. Any transmission capacity which remains with the auction participant after the proportional curtailment will be rounded down to entire MWs.

Curtailment of reserved transmission capacity is taken into account when billing for reservation of transmission capacities allocated at daily auctions. For curtailed transmission capacity is not charged any fee. An exception is a case of force majeure, when the auction participant is not entitled to any compensation for curtailed transmission capacity.

11. Dispute settlement

An auction participant and the SEPS Auction Office shall make every effort to settle potential dispute arising out of, or in connection with, the daily auction procedures by conciliation. Contentious matters shall be discussed by authorised representatives of the auction participant and of the SEPS Auction Office. A claiming Party shall be obliged to call on the other Party in writing to deal with the dispute, describing it, giving a sum, if any, up to which it appraises its claim or defining the request and producing evidence it relies its claim on. The call shall be served on the other Party in person or by registered letter.

Unless agreement is arrived at within 30 days of mailing the call to settle the dispute hereunder and under the law of the Slovak Republic, the SEPS Auction Office or the auction participant may file a lawsuit with the competent court in the Slovak Republic.

SEPS Auction Office Address

Slovenská elektrizačná prenosová sústava, a.s.
SEPS Auction Office
Mlynské nivy 59/A
824 84 Bratislava 26
Slovakia

E-mail: damas@sepsas.sk
Tel: +421 2 5069 2804
Fax: +421 2 5069 2817