

**SEE CAO**

# **Shadow Allocation Rules**

Version 1.0



**Podgorica, Montenegro  
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## CHAPTER 1 General Provisions

### *Article 1*

#### **Subject-matter and scope**

1. In the event that the day-ahead market coupling is unable to produce results, a fallback procedure is established. The fallback procedure for the allocation of Cross Zonal Capacity in the day-ahead market timeframe is an Explicit Allocation in the form of Physical Transmission Rights (PTR) of electrical energy on a daily basis.
2. These Shadow Allocation Rules contain the terms and conditions for the allocation of Daily Transmission Rights, on the borders listed in the Appendix 1, as fallback procedure for the day-ahead market coupling, it being understood that the Registered Participant will accede these rules by the signature of the Participation Agreement. In particular, the Shadow Allocation Rules set out the rights and obligations of Registered Participants as well as the requirements for participation in Shadow Auctions, they describe the process of the Shadow Auction, including the determination of Marginal Price as a result of Shadow Auction and invoicing/payment.
3. The fallback procedure refers to Cross Zonal Capacity only and Registered Participants may invoke no other right in connection with the Physical Transmission Rights allocated to them than the rights in accordance with the provisions of these Shadow Allocation Rules.
4. It is recognized that the Allocation Platform operation covers the area where operate European Union TSOs, transmission system operators from the contracting parties of the Energy Community Treaty as well as transmission system operators from other countries. References to (a) TSO or Transmission System Operator therefore include references to EU TSOs, transmission system operators from the contracting parties of the Energy Community Treaty as well as transmission system operators from such other countries; and (b) National Regulatory Authorities or NRAs include references to EU NRAs and relevant national regulatory authority(ies) in the contracting parties of the Energy Community Treaty and other relevant countries.

### *Article 2*

#### **Definitions and interpretation**

1. Capitalized terms used in these Shadow Allocation Rules shall have the meaning given to them in Article 2 of Regulation (EU) 2019/943, Article 2 of Regulation (EC) 2013/543, Article 2 of Regulation (EU) 2015/1222, Article 2 of Directive (EU) 2019/944, and in Regulation (EU) 2016/1719.
2. In addition, the following definitions shall apply:

**Affiliate** means, in relation to any person, any other person that directly or indirectly controls, is controlled by or is under direct or indirect common control with that person as control is defined in the EU Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings or, as it may be, similar national legislation;

**Allocation Platform** means an entity appointed and commissioned by responsible

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Transmission System Operator(s) to act on their behalf and on its own name it being a single allocation platform or regional platform(s) for the attribution of daily Cross Zonal Capacity through the Shadow Auctions as defined in the Participation Agreement;

**Auction Specification** means a list of specific characteristics of a particular Shadow Auction, including the nature of offered products and relevant dates;

**Auction Tool** means the information technology system used by the Allocation Platform to perform Auctions and to facilitate other procedures described in these Shadow Allocation Rules;

**Bank Guarantee** means an unconditional and irrevocable standby letter of credit or letter of guarantee issued by a bank;

**Bid** means a pair of Bid Quantity and Bid Price offered by a Registered Participant participating in an Auction;

**Bid Price** means the price which a Registered Participant is willing to pay for one (1) MW and hour of Daily Transmission Rights;

**Bid Quantity** means the amount of Daily Transmission Rights in MW requested by a Registered Participant;

**Bidding Period** means the time period within which the Registered Participants wishing to participate in an Auction may submit their Bids;

**Business Account** means a dedicated deposit account opened by the Allocation Platform for the purpose of providing collaterals in form of cash deposit by Registered Participants, which may be used for payments by the Registered Participant;

**Capacity Agreement Identification (CAI)** means unique identification code assigned to each Physical Transmission Right by Auction Tool during the Shadow Auction. The identification code is used also when the use of the Physical Transmission Right is nominated to Transmission System Operators;

**Credit Limit** means the amount of the collaterals which may be used to cover any Bid submission in subsequent Auctions and is not used for outstanding payment obligations;

**Daily Transmission Right** means for the purposes of these Shadow Allocation Rules a Physical Transmission Right acquired in the Shadow Auction;

**Day-ahead market coupling** means the auctioning process where collected orders are matched and cross-zonal capacity is allocated simultaneously for different bidding zones in the day-ahead market;

**EIC Code** means the ENTSO-E Energy Identification Coding Scheme identifying the parties in a cross-border trade;

**Fallback Auction** means the process by which the Allocation Platform attributes capacities to a Registered Participant in case the fallback mode has been triggered;

**Force Majeure** means any unforeseeable or unusual event or situation beyond the reasonable control of a Party and/or the relevant Transmission System Operators, and not

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due to a fault of the Party and/or the relevant Transmission System Operators , which cannot be avoided or overcome with reasonable foresight and diligence, which cannot be solved by measures which are from a technical, financial or economic point of view reasonably possible for the Party and/or the relevant Transmission System Operators , which has actually happened and is objectively verifiable, and which makes it impossible for the Party and/or the relevant Transmission System Operators to fulfil, temporarily or permanently, its obligations;

**Information System Rules** means the terms and conditions for access to and use of the Auction Tool by Registered Participants as published on the Allocation Platform's website;

**Marginal Price** means the price determined at particular Auction to be paid by all the Registered Participants for each MW and hour of acquired Daily Transmission Right;

**National Regulatory Authorities** means the regulatory authorities referred to in Article 35(1) of Directive 2009/72/EC or, as it may be, similar national legislation;

**Nomination** means the notification of the use of Cross Zonal Capacity by a Physical Transmission Rights holder and, its counterparty, or an authorized third party, to the respective Transmission System Operator(s);

**Nomination Rules** means the rules with regard to the notification of use of Transmission Rights to the relevant Transmission System Operator(s);

**Participation Agreement** means the agreement, by which the Parties undertake to comply with the terms and conditions for capacity allocation as contained in these Shadow Allocation Rules;

**Party/Parties** mean the Allocation Platform and/or a Registered Participant referred to individually as Party or collectively as Parties;

**Physical Transmission Right** means a right entitling its holder to physically transfer a certain volume of electricity in a certain period of time between two Bidding Zones in a specific direction;

**Product Period** means the time and date on which the right to use the Daily Transmission Right commences and the time and date on which the right to use the Daily Transmission Right ends;

**Registered Participant** means a market participant which has entered into a Participation Agreement with the Allocation Platform;

**Rights Document** means a document containing the information of the maximum amount of allocated Physical Transmission Rights (identified by CAI) that can be nominated by a market participant per Bidding Zone border per day per hour and per direction taking into account the volume of Daily Transmission Rights initially acquired and any possible curtailments which occurred before the issuance of the Rights Document;

**Shadow Allocation Rules** means the rules for the fallback procedure for the allocation of Cross Zonal Capacity in the day-ahead market timeframe applied by the Allocation Platform;

**Shadow Auction** means the explicit auction run by Allocation Platform(s) by which daily

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Cross Zonal Capacity is offered as fallback procedure for the day-ahead market coupling and allocated to market participants who submit Bid(s);

**Use It Or Lose It (UIOLI)** means an automatic application by which the underlying daily Cross Zonal Capacity of the non-nominated Physical Transmission Rights irrevocably fall back to the relevant TSO(s) and whereby Transmission Right holders that do not nominate to use their rights have no right to receive a pay-out;

**Working Day** means the calendar days from Monday to Friday, with the exception of public holidays as specified on the website of the Allocation Platform;

**Working Hours** means the hours specified within the Participation Agreement.

3. In these Shadow Allocation Rules, unless the context requires otherwise:
  - (a) any reference to the word Bidding Zone border may cover all interconnectors collectively or only one or a subset of interconnector(s) at this Bidding Zone border as specified in Appendix 1 of these Shadow Allocation Rules;
  - (b) the singular indicates the plural and vice versa;
  - (c) references to one gender include all other genders;
  - (d) the table of contents, headings and examples are inserted for convenience only and do not affect the interpretation of the Shadow Allocation Rules;
  - (e) the word “including” and its variations are to be construed without limitation;
  - (f) any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force;
  - (g) any reference to another agreement or document, or any deed or other instrument is to be construed as a reference to that other agreement, or document, deed or other instrument as amended, varied, supplemented, substituted or novated from time to time;
  - (h) a reference to time is a reference to CET/CEST time unless otherwise specified; and
  - (i) where the Allocation Platform is required to publish any information under these Shadow Allocation Rules, it shall do so by making the information or data available on its website and/or via the Auction Tool.

### *Article 3*

#### **Allocation Platform**

1. The Allocation Platform shall undertake the allocation functions in accordance with these Shadow Allocation Rules, applicable European Union legislation or applicable legal acts of the Energy Community, and/or applicable national legislation of one or more of the Bidding Zone border countries.
2. The Allocation Platform shall run the Shadow Auction for both unforeseen and foreseen unavailability of the day-ahead market coupling on the concerned Bidding Zone borders.



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It shall perform the registration process, handle necessary financial risk management, prepare and conduct the Shadow Allocations, provide all necessary information to the Registered Participants and the TSOs and collect payments and/or pay according to these Shadow Allocation Rules.

3. For the sake of clarity, the Allocation Platform hereby enters into a contractual relationship with the Registered Participants. The appointment of a new Allocation Platform shall not affect the rights and obligations resulting from Shadow Allocation Rules.
4. For the purposes of these Shadow Allocation Rules the Allocation Platform shall be the party signing the Participation Agreement with the Registered Participant.
5. For the purpose of the Participation Agreement with the Registered Participant, the Allocation Platform shall publish a consolidated version of these Shadow Allocation Rules thereto as they enter into force in accordance with the applicable national regulatory regimes. In case of a conflict between the consolidated version by the Allocation Platform and the Shadow Allocation Rules as entered into force in accordance with the applicable national regulatory regimes, the latter shall prevail.

### *Article 4*

#### **Effective date and application**

1. These Shadow Allocation Rules shall enter into force in accordance with the applicable national regulatory regime and on the date announced by the Allocation Platform.
2. These Shadow Allocation Rules are subject to the legislation prevailing at the time at which they take effect. In the event that there is a change in legislation or any action by competent authorities at national or European Union level which have an effect on these Shadow Allocation Rules then, notwithstanding any other provision of these Shadow Allocation Rules, the Shadow Allocation Rules shall be amended accordingly and pursuant to Article 52.
3. In the event of an inconsistency between the Shadow Allocation Rules and the Nomination Rules, for matters relating to the implementation of Shadow Auctions in accordance with the Shadow Allocation Rules, the Shadow Allocation Rules shall prevail.
4. The activities of the Allocation Platform cover jurisdictions where TSOs from the European Union, TSOs from contracting parties of the Energy Community Treaty and from one or more other countries. References to (a) TSO or Transmission System Operator therefore include references to EU TSOs, transmission system operators from contracting parties of the Energy Community Treaty as well as transmission system operators from any other country for which services are provided by the Allocation Platform; and (b) NRA or National Regulatory Authority include references to NRAs of the European Union, or NRAs from contracting parties of the Energy Community Treaty, or regulators of other countries which have jurisdiction over the relevant TSO or the Allocation Platform.

## **CHAPTER 2**

### **Requirements and process for participation in Shadow Auctions**

#### *Article 5*

#### **General Provision**

1. Market participants may acquire a Transmission Right in the day-ahead market framework via Shadow Auctions only if Shadow Auctions are triggered by a fallback procedure.
2. The participation in Shadow Auctions requires that the market participant:
  - (a) concludes a valid and effective Participation Agreement in accordance with Articles 6 to 13; and
  - (b) has access to the Auction Tool in accordance with Article 14.
3. The participation in Shadow Auctions requires that market participants, in addition to the conditions set forth in the previous paragraph, fulfil also the following conditions:
  - (a) they comply with the requirements for provision of collaterals as specified in CHAPTER 3; and
  - (b) they accept additional financial terms where needed in accordance with Article 15.
4. In any case, market participants have to fulfil the obligations as specified in the relevant Chapters of these Shadow Allocation Rules.

#### *Article 6*

#### **Participation Agreement conclusion**

1. At least nine (9) Working Days before the first participation in a Shadow Auction, any market participant may apply to be a party to a Participation Agreement by submitting, to the Allocation Platform, two (2) signed copies of the Participation Agreement, in case of handwritten signature(s) as published on the website of the Allocation Platform, together with all duly completed information and documents required by Articles 7 to 14. The Participation Agreement shall be alternatively signed with handwritten signature(s) or electronic qualified signature(s) (QES). The Allocation Platform shall assess the completeness of the information submitted in accordance with Articles 8 and 11 within seven (7) Working Days of receipt of the completed and signed Participation Agreement.
2. The Allocation Platform shall before the expiration of the seven (7) Working Days deadline ask the market participant to provide any outstanding information which the market participant fails to submit with its Participation Agreement. On receipt of the outstanding information, the Allocation Platform shall within an additional seven (7) Working Days review the information and inform the market participant if any further information is required.
3. Once the Allocation Platform has received all necessary information, it shall return one copy of the Participation Agreement signed by it to the market participant without undue delay. Signature of the Participation Agreement by the Allocation Platform shall not itself indicate compliance with any other condition set in these Shadow Allocation Rules for the participation in the Shadow Auctions. The Participation Agreement comes into force on the

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date of signature by the Allocation Platform.

4. It is the responsibility of each market participant to ensure that it complies with national legislation, and where applicable, European Union legislation or legal acts of the Energy Community, including requirements of any relevant competent authority, and obtained all necessary authorizations in connection with its participation in Shadow Auctions.
5. In case market participant is already a Registered Participant at the Allocation Platform it only has to complete the missing/extra requirements described under these Shadow Allocation Rules respecting the specificities of the previous paragraph of this article.

### *Article 7*

#### **Form and content of the Participation Agreement**

1. The form of the Participation Agreement and the requirements for its completion shall be published by the Allocation Platform and may be amended from time to time by the Allocation Platform without changing any terms and conditions specified in these Shadow Allocation Rules unless otherwise stated in these Shadow Allocation Rules.
2. As a minimum, the Participation Agreement will require the market participant to:
  - (a) provide all necessary information in accordance with Article 8 and Article 11; and
  - (b) agree to be bound by and comply with these Shadow Allocation Rules.
3. Nothing in these Shadow Allocation Rules shall prevent the Allocation Platform and the Registered Participant from agreeing in the Participation Agreement additional rules, out of the scope of these Shadow Allocation Rules.
4. In the event of difficulty of interpretation, contradiction or ambiguity between these Shadow Allocation Rules and the Participation Agreement, the text of the Shadow Allocation Rules shall prevail.

### *Article 8*

#### **Submission of information**

1. The market participant shall submit the following information with its completed and signed Participation Agreement:
  - (a) name and registered address of the market participant including general email and telephone number of the market participant for notifications in accordance with Article 58;
  - (b) if the market participant is a legal person, an extract of the registration of the market participant in the commercial register of the competent authority;
  - (c) contact details and names of persons authorized to represent the market participant and their function;
  - (d) EU VAT registration number or similar tax identification information where EU VAT is not applicable;
  - (e) Taxes and levies to be considered for invoices and collateral calculations;

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- (f) Energy Identification Code (EIC);
  - (g) bank account information for payment to the applicant to be used by the Allocation Platform for the purposes of Article 49 paragraph 7;
  - (h) financial contact person for collaterals, invoicing and payment issues, and their contact details (email and telephone number) for notifications where required in these Shadow Allocation Rules in accordance with Article 58;
  - (i) commercial contact person and their contact details (email and telephone number) for notifications where required in these Shadow Allocation Rules in accordance with Article 58;
  - (j) operational contact person and their contact details (email and telephone number) for notifications where required in these Shadow Allocation Rules in accordance with Article 58; and
2. A Registered Participant shall ensure that all data and other information that it provides to the Allocation Platform pursuant to these Shadow Allocation Rules (including information in its Participation Agreement) is and remains accurate and complete in all material respects and must promptly notify the Allocation Platform of any change.
  3. A Registered Participant shall notify the Allocation Platform if there is any change to the information, submitted in accordance with paragraph 1 of this Article, at least nine (9) Working Days before the change comes into effect and, where that is not possible, without delay after the Registered Participant becomes aware of the change.
  4. The Allocation Platform will confirm the registration of the change or send a refusal note of registration of the change to the Registered Participant, at the latest, seven (7) Working Days after the receipt of the relevant notification of change. The confirmation or refusal note will be sent via electronic means as specified by the Allocation Platform on its website. If the Allocation Platform refuses to register the change, the reason shall be provided in the refusal note.
  5. The change becomes valid on the day of the delivery of the confirmation to the Registered Participant.
  6. If additional information is required from a Registered Participant as a consequence of an amendment to these Shadow Allocation Rules, then the Registered Participant shall submit the additional information to the Allocation Platform within twelve (12) Working Days after the request for such submission by the Allocation Platform.

### *Article 9* **Warranties**

1. By the signature of the Participation Agreement the market participant warrants that:
  - (a) it has not commenced any proceedings seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights;
  - (b) no insolvency, bankruptcy or other similar legal proceeding affecting creditors' rights have been commenced in relation to the applicant;

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- (c) no winding-up or liquidation proceedings have been commenced with regard to the applicant; and
- (d) it has no overdue payment obligations towards the Allocation Platform.

### *Article 10*

#### **Dedicated Business Account**

As part of the submission of the information in accordance with Article 6 and Article 8, a dedicated Business Account is put at the disposal of the market participant for the purposes of depositing cash collaterals and/or for the purposes of making payments on the basis described in Article 49.

### *Article 11*

#### **Acceptance of the Information System Rules**

By signing the Participation Agreement the market participant accepts the applicable Information System Rules, as amended from time to time and published on the website of the Allocation Platform.

### *Article 12*

#### **Costs related to the Participation Agreement**

All applications to become a Registered Participant and any subsequent participation in Shadow Auctions shall be at the Registered Participants' own cost, expense and risk. The Allocation Platform shall not be liable to any person for any costs, damages, or expenses in connection with the Registered Participant participating in Shadow Auctions unless otherwise explicitly stated in these Shadow Allocation Rules.

### *Article 13*

#### **Refusal of application**

The Allocation Platform may refuse to enter into a Participation Agreement with a market participant in the following circumstances:

- (a) when the applicant has not submitted a duly completed and signed Participation Agreement in accordance with Articles 6, 7 and 8; or
- (b) the Allocation Platform has previously terminated a Participation Agreement with the applicant as a result of a breach of the Participation Agreement by the Registered Participant in accordance with Article 56 (3) and (4) and unless the circumstances leading to termination have ceased to exist or the Allocation Platform is reasonably satisfied that the breach will not occur again; or
- (c) if entering into a Participation Agreement with the applicant would cause the Allocation Platform to breach any condition of any mandatory legal or regulatory requirement; or
- (d) if any of the warranties of the Registered Participant under Article 9 are found to be not valid or false; or
- (e) if the applicant is under economic and trade sanctions which may have significant impact to the Allocation Platform.

### *Article 14*

#### **Access to the Auction Tool**

1. The Allocation Platform shall grant access to the Auction Tool free of charge if the following requirements are satisfied:
  - (a) the Registered Participant has signed and delivered a completed form included in the Information System Rules identifying the person(s) for which the user account(s) in the Auction Tool shall be established; and
  - (b) the Registered Participant has fulfilled the requirements on authentication as set forth by the Information System Rules published by the Allocation Platform.
2. The Allocation Platform shall confirm the creation of the user account or may send a refusal note to the Registered Participant, at the latest, five (5) Working Days after the receipt of the relevant signed and completed form by the Registered Participant. The confirmation or refusal note shall be sent via electronic means as specified by the Allocation Platform on its website.
3. The Allocation Platform shall send the duly justified refusal note if the requirements listed in paragraph 1 of this Article are not fulfilled and access to the Auction Tool will not be granted.

### *Article 15*

#### **Conclusion of additional financial terms**

The Allocation Platform may develop and publish additional standard financial terms to be accepted by the Registered Participants. These additional financial terms may include provisions to enable joint collaterals for other processes organized by the Allocation Platform in accordance with the Participation Agreement, as long as these additional financial terms comply with these Shadow Allocation Rules.

### *Article 16*

#### **Regulatory and legal requirements**

It is the responsibility of each market participant to ensure that it complies with national legislation, and where applicable, European Union legislation or legal acts of the Energy Community, including requirements of any relevant competent authority, and obtained all necessary authorizations in connection with its participation in Shadow Auctions or in the use of Daily Transmission Rights.

## CHAPTER 3 Collaterals

### *Article 17*

#### **General provisions**

1. Registered Participants shall provide collaterals in order to secure payments to the Allocation Platform resulting from Shadow Auctions of Daily Transmission Rights and, where applicable, potential other payments falling due under the additional financial terms in accordance with Article 15.
2. Only the following forms of collaterals shall be accepted:
  - (a) a Bank Guarantee;
  - (b) a cash deposit in a dedicated Business Account.
3. Collaterals may be provided in one of the forms mentioned in paragraph 2 of this Article or a combination of these forms, provided that the Allocation Platform is entitled as beneficiary to the full collateral.
4. Credit Limit shall always be greater or equal to zero.
5. The collaterals shall be provided in Euros (€).

### *Article 18*

#### **Form of cash deposit**

For collaterals that are provided in the form of a cash deposit in a dedicated Business Account the following conditions shall apply:

- (a) the money shall be deposited in a dedicated Business Account at a financial institution selected by the Allocation Platform;
- (b) the dedicated Business Account shall be opened and used as per additional financial terms in accordance with Article 15;
- (c) until withdrawal as permitted by the following provisions of Article 24, the cash deposit in the dedicated Business Account belongs to the Registered Participant if not stated otherwise in the additional financial terms in accordance with Article 15;
- (d) withdrawals from the dedicated Business Account pursuant to Article 22 and Article 24 may be made solely on the instruction of the Allocation Platform;
- (e) the dedicated Business Account may be used in addition for settlement as set forth in Article 49; and
- (f) interest on the amount deposited in the dedicated Business Account shall accrue for the benefit of the Registered Participant, after deduction of taxes and bank charges if any.

### *Article 19* **Form of Bank Guarantee**

1. Collaterals that are provided in the form of a Bank Guarantee shall comply with the following specifications:
  - (a) the Bank Guarantee shall be provided in the form of the template that is available on the website of the Allocation Platform and updated from time to time or in a form that substantially follows the template;
  - (b) the Bank Guarantee shall be written in English;
  - (c) the Bank Guarantee covers all Auctions organized by the Allocation Platform as per additional financial terms in accordance with Article 15;
  - (d) the Bank Guarantee shall allow partial and multiple drawing by the Allocation Platform, up to the maximum amount guaranteed;
  - (e) the Bank Guarantee shall provide for payment upon first request of the Allocation Platform. It shall further provide that, if the Allocation Platform calls upon the Bank Guarantee, the bank shall pay automatically without any other condition than the receipt of a demand sent by SWIFT through intermediary bank confirming that the signatures on the request appear to conform to specimen held by the bank.
  - (f) the Bank Guarantee shall be irrevocable, unconditional and non-transferable;
  - (g) the Bank Guarantee may alternative include handwritten signature(s) or qualified electronic signature(s) (QES) from the issuing Bank. In the event the Bank Guarantee is signed with qualified electronic signature(s) (QES), all the following amendments shall be signed with a qualified electronic signature(s) (QES);
  - (h) the bank issuing the Bank Guarantee shall be permanently established, including via a branch in a EU member state, European Economic Area, Energy Community Contracting Party, Energy Community Observer Country, or Switzerland and shall be acceptable for the business bank of the Allocation Platform;
  - (i) the bank issuing the Bank Guarantee or the financial group it belongs to shall have a long term credit rating of not less than BBB- by Standard and Poor's Corporation, BBB- by Fitch or Baa3 by Moody's Investors Service Inc. If the issuing bank or the financial group the issuing bank belongs to ceases to have the required long term credit rating, the Registered Participant shall within five (5) Working Days submit to the Allocation Platform a substitute Bank Guarantee by a bank complying with the required long term credit rating or replace the Bank Guarantee by deposit. If there are industry-wide downgrades of financial institutions, the Allocation Platform may investigate what the new standards are and, at its own discretion if deemed necessary, decrease the required rating for a limited period of time, informing the Transmission System Operators and requesting them to inform the National Regulatory Authorities.
  - (j) the bank issuing the Bank Guarantee shall not be an Affiliate of the Registered Participant for which the Bank Guarantee is issued.
2. A Bank Guarantee shall contain the following:



## Shadow Allocation Rules

- (a) a maximum amount guaranteed;
  - (b) the Allocation Platform's identification as beneficiary, as specified on the website of the Allocation Platform;
  - (c) the Allocation Platform's bank account, as specified on the website of the Allocation Platform;
  - (d) the Allocation Platform's bank's address, as specified on the website of the Allocation Platform;
  - (e) the Registered Participant's full identification, including name, address, commercial/company register;
  - (f) full identification of the providing bank; and
  - (g) the validity time.
3. The Registered Participant shall submit the Bank Guarantee at least four (4) Working Days before the Bidding Period closure of the Shadow Auction for which it shall be used as collateral or otherwise, it shall be considered for the subsequent Shadow Auctions.
  4. The Allocation Platform shall accept the Bank Guarantee provided by a Registered Participant if the Bank Guarantee is provided in line with the specifications set out in paragraph 1 to 2 of this Article and, in the event the Bank Guarantee includes handwritten signature(s), the original of the Bank Guarantee has been received by the Allocation Platform.
  5. The Allocation Platform shall confirm the acceptance of the Bank Guarantee or send a refusal note to the Registered Participant, at the latest, four (4) Working Days after the receipt of the original of the Bank Guarantee. The confirmation or refusal note shall be sent via electronic means as specified by the Allocation Platform on its website. The refusal note shall include reasoning for refusal.

### *Article 20*

#### **Validity and renewal of the Bank Guarantee**

1. Collaterals in the form of a Bank Guarantee shall be valid for the minimum period until at least thirty (30) days after the end of calendar month of the Product Period.
2. During this period, the Registered Participant shall at all times maintain the collaterals in form of a Bank Guarantee, which shall include the obligation of the Registered Participant to replace or renew them as required.

### *Article 21*

#### **Credit Limit**

1. The Allocation Platform shall calculate and continuously update the Credit Limit of each Registered Participant in respect of each subsequent Auction. The Credit Limit shall be equal to the amount of the collaterals in place minus any outstanding payment obligations. In case of a Bank Guarantee such Bank Guarantee shall be only considered if the requirements in Article 20 related to its validity for the respective Shadow Auction are fulfilled. The Allocation Platform shall make this information available to each Registered Participant individually through the

## Shadow Allocation Rules

Auction Tool.

2. Outstanding payment obligations are calculated according to Article 47 subject to additional rules in paragraph 3 to 4 of this Article and in Article 32.
3. For the purpose of the Credit Limit calculation, outstanding payment obligations shall be increased to include the taxes and levies in force subject to Article 48.
4. Maximum payment obligations for a Registered Participant resulting from its Bid(s) registered at the closure of the Bidding Period, calculated according to Article 32, shall be considered provisionally as the outstanding payment obligations. From the publication of the Shadow Auction results the due amount notified according to Article 34 paragraph 3(b) and (c) shall be considered as outstanding payment obligations for Credit Limit calculation for any concurrent Auction and the Credit Limit shall be revised based on the actual allocated Daily Transmission Rights.

### *Article 22*

#### **Modifications of the collaterals**

1. A Registered Participant may request in written form an increase of the collaterals in form of a Bank Guarantee, a decrease of the collaterals in form of a Bank Guarantee and/or cash deposit or change of the form of the collaterals at any time in accordance to paragraphs 2 and 3 of this Article.
2. A decrease of the collaterals of a Registered Participant shall only be allowed if the Credit Limit after applying the requested decrease of the collaterals would be greater than or equal to zero.
3. The Allocation Platform shall accept the modification of the collaterals if the request for a modification of collaterals is compliant with the condition set out in paragraph 2 of this Article in case of a decrease or with the conditions set out in Articles 19 and 20 in case of an increase of collaterals in the form of a Bank Guarantee and in case of a change in the form of the collaterals from cash on deposit to Bank Guarantee.
4. The modification of the collaterals shall become valid and effective only when the Allocation Platform has made the requested modification of the collaterals of the Registered Participant within the Auction tool.
5. The Allocation Platform shall assess the request for modification of collaterals and confirm the acceptance or send a refusal note to the Registered Participant, at the latest, two (2) Working Days after the receipt of the request. The confirmation or refusal note shall be sent via electronic means as specified by the Allocation Platform on its website. The refusal note shall include reasoning for refusal.

### *Article 23*

#### **Collateral incident**

1. A collateral incident occurs in the following cases:
  - (a) the collaterals are insufficient to secure the amount due for the Daily Transmission Rights held by a Registered Participant on the next payment date as set forth in Article 49 considering the amount and the validity of the collaterals; or

## Shadow Allocation Rules

- (b) the collaterals are not maintained in accordance with Article 20 paragraph 2; or
  - (c) the collaterals are not restored after a payment incident in accordance with Article 24 or new collateral was provided that is not compliant with the conditions specified in Articles 17(3), 18 and 19.
2. The Allocation Platform shall notify the collaterals incident to the Registered Participant by electronic means as specified by the Allocation Platform on its website. The Registered Participant shall increase its collaterals within two (2) Working Days from sending of the notification if this is done during Working Hours or two (2) Working Days starting from the next Working Day if sent after Working Hours. If the collaterals provided by the Registered Participant remains insufficient after this period, the Allocation Platform may suspend or terminate the Participation Agreement in accordance with Articles 55 and 56.

### *Article 24*

#### **Calls on collaterals**

1. The Allocation Platform is entitled to call upon collaterals of a Registered Participant in the event of a registered payment incident in accordance with Article 51.
2. The Registered Participant shall restore its collaterals after a payment incident or collaterals incident by following the conditions as set forth in Articles 17(3), 18 and 19 unless the Participation Agreement is suspended or terminated in accordance with Articles 55 and 56.

## **CHAPTER 4 Shadow Auctions**

### *Article 25*

#### **General provisions for Shadow Auctions**

1. Shadow Auctions can be either triggered during a day-ahead market coupling session when an unforeseeable incident occurs or can be activated in advance if it is known that the day-ahead market coupling will not be available for the next sessions. In either case the Allocation Platform will notify as soon as possible the concerned Registered Participants that Shadow Auctions may be triggered.
2. The Allocation Platform shall allocate Transmission Rights to Registered Participants by way of explicit Allocation. The Shadow Auctions shall be organized via the Auction Tool. Each Registered Participant fulfilling the requirements for participating in the Shadow Auction may place the Bids for the Bidding Zone borders for which they are entitled according to Articles 28 and 30.
3. After the relevant deadline for placing Bids in the specific Shadow Auction has expired, the Allocation Platform shall evaluate the Bids including against the respective Credit Limits of the Registered Participants. The results of the Shadow Auction will be notified to Registered Participants via the Auction Tool.

### *Article 26*

#### **Shadow Auction process**

1. If Shadow Auctions are triggered during a day-ahead market coupling session, Shadow Auctions may be launched in parallel of the resolution of the problem of the day-ahead market coupling but the Shadow Auction results will only be considered if a decoupling is declared. The Allocation Platform will inform the concerned Registered Participants that Shadow Auctions may be triggered. Registered Participants have the possibility to enter or modify submitted Bids until the closure - the deadline for entering Bids into daily Shadow Auctions. The Allocation Platform imports the default Bids submitted for Shadow Auctions according to Article 30 and informs Registered Participants of deadline for update of their Bids. Results of the Shadow Auctions are not published at this moment. If the decoupling is finally declared, Registered Participants are notified of the results of their Bids according to Article 34.

If the activation of the Shadow Auctions is known in advance for one or several daily sessions of the day-ahead market coupling, the Allocation Platform informs as soon as possible individually, by an email, the Registered Participants that the Shadow Auctions are performed with the corresponding new time schedule. The Offered Capacity for the Shadow Auctions and the information related to the time schedule will be published in the Auction Specification on the Allocation Platform's Website as specified in Article 27 in order to give the opportunity to Participants to update their Bids according to Articles 28, 29 and 30.

2. The Allocation Platform may under no circumstances be held responsible if it is unable to contact the Registered Participants, or if it is unable to publish an announcement on its website.

### *Article 27*

#### **Auction Specification**

1. Auction Specification is published 15 minutes before the opening of bidding period.

## Shadow Allocation Rules

2. If the activation of the Shadow Auctions is known in advance the Allocation Platform informs as soon as possible the Registered Participants for which daily sessions and for which Bidding Zone borders the Shadow Auctions are performed.
3. The Auction Specification shall state in particular:
  - (a) the code identifying the Shadow Auction in the Auction Tool;
  - (b) identification of the Bidding Zone border(s) or a subset of the Interconnectors on the Bidding Zone border and direction covered;
  - (c) the Product Period;
  - (d) the Bidding Period which lasts for 15 minutes;
  - (e) the deadline for the publication of the provisional Shadow Auction results;
  - (f) the contestation period in accordance with Article 34;
  - (g) the deadline for the publication of the final Shadow Auction results;
  - (h) the Offered Capacity; and
  - (i) any other relevant information or terms applicable to the product or the Shadow Auction.

### *Article 28*

#### **Bids submission**

1. The Registered Participant shall submit a Bid or set of Bids to the Allocation Platform in accordance with following requirements:
  - (a) it shall be submitted electronically using the Auction Tool and during the Bidding Period as specified in the Auction Specification;
  - (b) it shall identify the Shadow Auction via an identification code as specified in Article 27 paragraph 2 (a);
  - (c) it shall identify the Registered Participant submitting the Bid through its EIC code;
  - (d) it shall identify the Bidding Zones border and the direction for which the Bid is submitted;
  - (e) it shall state the Bid Price, which shall be different for each Bid of the same Registered Participant, exclusive of taxes and levies, in Euros per MW for one hour of the Product Period, i.e. Euro/MW and hour, expressed to a maximum of two (2) decimal places, and equal to or greater than zero;
  - (f) it shall state the Bid Quantity in full MW which must be expressed without decimals, minimum amount of a single Bid is one (1) MW.
2. The Registered Participant may modify its previously registered Bid or set of Bids at any time during the Bidding Period including its cancellation. In case the Bid has been modified only the

## Shadow Allocation Rules

last valid modification of the Bid or set of Bids shall be taken into account for the Shadow Auction results determination.

3. If a Bid Quantity, or a quantity calculated as a sum of the Bid Quantity for several Bids submitted for the same Shadow Auction during the Bidding Period, by a Registered Participant exceeds the Offered Capacity announced in the Auction Specification, this Bid or these Bids shall be completely rejected. Where a modification of previously submitted Bids results in exceeding the Offered Capacity, the modification shall be rejected and the previously registered Bids will stand.

### *Article 29*

#### **Bid registration**

1. The Allocation Platform shall not register a Bid that:
  - (a) does not comply with the requirements of Article 28; or
  - (b) is submitted by a Registered Participant who is suspended in accordance with Article 55.
2. Provided that a Bid or a set of Bids fulfils the requirements set forth in Articles 28, the Allocation Platform shall confirm to the Registered Participant that such Bid(s) have been correctly registered by an acknowledgment of receipt via the Auction Tool. If the Allocation Platform does not issue an acknowledgment of receipt for a Bid, such Bid shall be deemed not to have been registered.
3. The Allocation Platform shall notify a Registered Participant whose Bid is rejected as invalid and the reason for this rejection, without undue delay after the Bid is rejected.
4. The Allocation Platform shall maintain a record of all valid Bids received.
5. Each valid Bid registered at closure of the Bidding Period shall constitute an unconditional and irrevocable offer by the Registered Participant to buy Daily Transmission Rights up to the Bid Quantity and at prices up to the Bid Price and under the terms and conditions of these Shadow Allocation Rules and the relevant Auction Specification.

### *Article 30*

#### **Default Bid**

1. The Registered Participant willing to participate in Shadow Auctions has the option to place default Bids for Shadow Auctions.
2. A default Bid, once identified as such by the Registered Participant, shall apply automatically to each subsequent relevant Shadow Auction as defined by the Registered Participant when placing the default Bid. At the opening of a relevant Bidding Period, the registered default Bid shall be considered as a Bid submitted by the Registered Participant for the relevant Shadow Auction. This Bid shall be considered as a delivered Bid when the Allocation Platform sends an acknowledgment of receipt to the Registered Participant.
3. If a default Bid Quantity or a quantity calculated as a sum of the Bid Quantity for several default Bids submitted for the same Shadow Auction by a Registered Participant exceeds the final Offered Capacity, the Bids with the lowest Bid Price shall be rejected one (1) by one (1) until the total allowed Bid Quantity is lower than or equal to the Offered Capacity.

## Shadow Allocation Rules

4. A Registered Participant who wants to modify a default Bid for a future Shadow Auction shall change the Bid Quantity and the Bid Price of its default Bids before the applicable Shadow Auction Bidding Period opening.
5. A Registered Participant not wishing to submit the default Bid on the Auction Tool for future Shadow Auctions can cancel its default Bids before the subsequent Shadow Auction Bidding Period opening.

### *Article 31*

#### **Default Bid for Fallback Auction**

In case a Fallback Auction takes place in accordance with Article 42, default Bids submitted by 14:00h D-2 will be used as Default Bids for Fallback Auction.

### *Article 32*

#### **Credit Limit verification**

1. Upon submission by a Registered Participant of a Bid or set of Bids to the Auction Tool the Allocation Platform shall check whether the maximum payment obligations (MPO) connected with that Registered Participant's registered Bid(s) calculated according to paragraphs 4 and 5 of this Article at the time of Bid(s) submission exceed the Credit Limit. If the maximum payment obligation connected with such registered Bids exceed the Credit Limit, the Allocation Platform shall issue automatically via the Auction Tool a warning to the Registered Participant to modify the Bids. Bids shall not be rejected automatically if the maximum payment obligation attributed to registered Bids exceeds the Credit Limit at Bid submission but only after the process described in paragraph 2 of this Article.
2. At closure of the Bidding Period the Allocation Platform shall check again whether the maximum payment obligations connected with registered Bids calculated according to paragraph 5 of this Article exceed the Credit Limit. If the maximum payment obligations connected with these Bids exceed the Credit Limit, these Bids, starting with the Bid with the lowest Bid Price, shall be one (1) by one (1) excluded, until the maximum payment obligations are less than or equal to the Credit Limit.
3. The Allocation Platform shall indicate insufficient collaterals as the reason for the Bid exclusion in the Shadow Auction results notification to the Registered Participant.
4. The Allocation Platform shall continuously assess all the Bids irrespectively to which Shadow Auction and with regard to which Bidding Zone border and direction they are submitted. In case of Bids connected with various and overlapping Auctions the Allocation Platform shall consider all calculated maximum payment obligations as outstanding payment obligations according to Article 21.
5. For the calculation of the maximum payment obligations related to one Bidding Zone border and direction the Allocation Platform shall sort the registered Bids of a Registered Participant by Bid Price in descending order (merit-order). Bid 1 shall be the Bid with the highest Bid Price and Bid  $n$  shall be the Bid with the lowest Bid Price. The Allocation Platform shall calculate the maximum payment obligations according to the following equation:

## Shadow Allocation Rules

$$MPO = \sum_{hours} \text{MAX} \left[ BidPrice(1) * BidQuantity(1); BidPrice(2) * \sum_{i=1}^2 BidQuantity(i); \dots \dots; BidPrice(n-1) * \sum_{i=1}^{n-1} BidQuantity(i); BidPrice(n) * \sum_{i=1}^n BidQuantity(i) \right]$$

6. When calculating the maximum payment obligations according to paragraph 5 of this Article, the Allocation Platform shall also take into account increase of the maximum payment obligations with applicable taxes and levies in force subject to Article 48.

### Article 33

#### Shadow Auction Results Determination

1. After the expiration of the Bidding Period for a Shadow Auction and the Credit Limit verification pursuant to Article 32, the Allocation Platform shall determine the Shadow Auction results and allocate the Daily Transmission Rights in accordance with this Article.
2. The Shadow Auction results determination shall include the following:
  - (a) determination of the total quantity of the allocated Daily Transmission Rights per Bidding Zone border and direction;
  - (b) identification of winning Bids to be fully or partially satisfied; and
  - (c) determination of the Marginal Price per Bidding Zone border and direction.
3. The Allocation Platform shall determine the Shadow Auction results using an optimization function aiming at maximization of the sum of the Registered Participants' surplus and the Congestion Income generated by the winning Bids while respecting the constraints of the optimization function in form of relevant Offered Capacities. The Allocation Platform shall publish additional explanatory information on the optimization function of the algorithm on its website.
4. The Allocation Platform shall determine the Marginal Price at each Bidding Zone border and direction based on the following criteria:
  - (a) if the total quantity of Cross Zonal Capacity for which valid Bids have been submitted is lower than or equal to the relevant Offered Capacity for the relevant Shadow Auction, then the Marginal Price shall be zero;
  - (b) if the total quantity of Cross Zonal Capacity for which valid Bids have been submitted exceeds the relevant Offered Capacity for the relevant Shadow Auction, the Marginal Price shall be set at the lowest Bid(s) Price(s) allocated in full or in part using the respective Offered Capacities.
5. If two (2) or more Registered Participants have submitted for one Bidding Zone border and direction valid Bids with the same Bid Price, that cannot be accepted in full for the total requested quantity of Daily Transmission Rights, the Allocation Platform shall determine the winning Bids and the quantity of the allocated Daily Transmission Rights per Registered Participant as follows:



## Shadow Allocation Rules

- (a) the Cross Zonal Capacity available for the Bids which sets the Marginal Price shall be divided equally between the number of the Registered Participants which submitted these Bids;
  - (b) in case the quantity of Daily Transmission Rights requested by a Registered Participant at Marginal Price is lower than or equal to the share calculated according to item (a) above, the request of this Registered Participant shall be fully satisfied;
  - (c) in case the requested quantity of Daily Transmission Rights by a Registered Participant at Marginal Price exceeds the share calculated according to item (a) above, the request of this Registered Participant shall be satisfied up to the amount of the share as calculated according to item (a) above;
  - (d) any remaining Cross Zonal Capacity after the allocation according to items (b) and (c) shall be divided by the number of the Registered Participants whose requests have not been fully satisfied and allocated to them applying the process described in items (a), (b) and (c) above;
  - (e) any remaining Cross Zonal Capacity after the allocation according to item (d), shall be allocated using chronological submission criteria (time-stamp).
6. Whenever the calculation set forth in paragraphs 3 to 5 of this Article does not result in a whole MW amount in accordance with Article 28 paragraph 1(f), the Daily Transmission Rights shall be rounded down to the nearest full MW. The case when Daily Transmission Rights allocated to individual Registered Participants are equal to zero after rounding shall not impact the Marginal Price determination.

### *Article 34*

#### **Notification of Shadow Auction results**

1. The Transmission Rights are deemed to have been allocated to a Registered Participant from the moment the Registered Participant has been informed of the Results and, where applicable, at the latest 30 minutes after the provisional Shadow Auction results are notified in accordance with this Article.
2. The Allocation Platform shall publish on its website the Shadow Auction results as soon as decoupling is finally declared, no later than at 1:30 p.m. on the preceding delivery day and Shadow Auction results have been determined according to Article 33. For Shadow auctions known in advance, results will be published accordingly to Article 27.
3. The publication of the Shadow Auction results for each Bidding Zone border and hour of the day included in the Shadow Auction shall comprise at least the following data:
  - (a) total requested Daily Transmission Rights in MW;
  - (b) total allocated Daily Transmission Rights in MW;
  - (c) Marginal Price in Euros/MW per hour;
  - (d) number of Registered Participants participating in the Shadow Auction;
  - (e) list of names and number of Registered Participants who placed at least one winning

## Shadow Allocation Rules

Bid in the Shadow Auction;

- (f) list of registered Bids without identification of the Registered Participants (bid curve); and
  - (g) Congestion Income from Shadow Auctions per Bidding Zone border.
4. At the same time as the publication of the Shadow Auction results the Allocation Platform shall notify via the Auction Tool each Registered Participant who submitted a Bid to a specific Shadow Auction for each Bidding Zone border included in the Shadow Auction at least the following data:
- (a) allocated Daily Transmission Rights for each hour of the Product Period in MW;
  - (b) Marginal Price in Euros/MW per hour; and
  - (c) due amount for allocated Daily Transmission Rights in Euro (€), rounded to two decimal places; and
  - (d) CAI assigned to the allocated Daily Transmission Rights.
5. In the event that the Auction Tool is unavailable, the Allocation Platform shall inform the Registered Participants of the Shadow Auction Results in accordance with CHAPTER 6.
6. For Shadow Auctions triggered during a daily session of day-ahead coupling no contestation of provisional Shadow Auction results is possible.
7. For Shadow Auctions decided in advance, the Registered Participant may contest the Shadow Auction results within the deadline set out in the relevant Auction Specification. The Allocation Platform shall only consider a contestation where the Registered Participant is able to demonstrate an error by the Allocation Platform in the Shadow Auction results.
8. The contestation shall be notified to the Allocation Platform and headed as “contestation”.
9. Any contestation shall contain the following:
- (a) Date of contestation;
  - (a) identification of contested Shadow Auction;
  - (b) identification of the Registered Participant;
  - (c) name, e-mail address and telephone number of the Registered Participant;
  - (d) detailed description of the facts and the reason for contestation; and
  - (e) evidence of erroneous Shadow Auction results.
10. The Allocation Platform shall reply to the Registered Participant no later than 1 hour after the provisional Shadow Auction results have been notified to the registered participants.

## **Shadow Allocation Rules**

11. In case that no contestation is received within the deadline set out in the relevant Auction Specification, the provisional Shadow Auction results shall be published as final and will be available on Allocation Platform website.

## **CHAPTER 5**

### **Use of Transmission Rights**

#### *Article 35*

#### **General principles**

1. Physical Transmission Rights allocated in Shadow Auction shall be subject to the Use it or Lose It principle with no financial compensation.
2. The holder of allocated Physical Transmission Rights may nominate the Physical Transmission Rights for its physical use in accordance with Article 36.

#### *Article 36*

#### **Nomination of Physical Transmission Rights**

1. Persons eligible to nominate Physical Transmission Rights shall fulfil the requirement described in applicable Nomination Rules. Eligible persons may be the following:
  - (a) the Physical Transmission Rights' holder;
  - (b) the person notified by the Physical Transmission Rights' holder during the Nomination process to the respective Transmission System Operators in line with the relevant Nomination Rules;
2. The Allocation Platform shall provide on its website an overview of the options listed in paragraph 1 of this Article which are applicable on each Bidding Zone border.
3. The Nomination shall be done in compliance with the Rights Document.
4. The Allocation Platform shall publish a list with the relevant Nomination Rules for the Bidding Zone borders on its website.
5. The nomination deadlines for respective Bidding Zone borders are set forth in the relevant Nomination Rules. The Allocation Platform shall publish information on its website on the nomination deadlines per Bidding Zone border. In case of any discrepancy between the deadlines published by the Allocation Platform and those of the valid and legally binding relevant Nomination Rules, the latter shall prevail and the Allocation Platform shall not be held liable for any damages due to such a discrepancy.

#### *Article 37*

#### **Rights Document**

1. The Rights Document shall contain the information about the volume in MW that eligible persons are entitled to nominate at specific Bidding Zone borders and directions and for hourly periods.
2. The Allocation Platform shall send the Rights Document daily and no later than thirty (30) minutes after the Shadow Auction results have been notified to the Registered Participant to the eligible person according to Article 36 paragraph 1 (a).

## Shadow Allocation Rules

### *Article 38*

#### **Reservation of Physical Transmission Rights for balancing services**

Physical Transmission Rights acquired in Shadow Auctions shall not be the subject of reservation for balancing services.

## **CHAPTER 6**

### **Fallback Procedures**

#### *Article 39*

#### **General provisions**

1. The Allocation Platform shall, to the extent reasonably practicable, organize a fallback procedure in the following cases of failure of a standard process:
  - (a) if it is technically not possible to hold a Shadow Auction, for example in the following cases:
    - if it is technically not possible to use the standard data exchange procedure;  
or
    - in case the Allocation Platform faces technical obstacles during the Shadow Auction process; or
  - (b) in the event of erroneous results due to incorrect Marginal Price calculation; or
  - (c) in the event of incorrect allocation of Daily Transmission Rights to Registered Participants or similar reasons.
2. The Allocation Platform may use one or all of the following fallback procedures:
  - (a) introduction of a fallback procedure for data exchange according to Article 40;
  - (b) introduction of fallback procedure for Shadow Auction according to Article 41;
  - (c) another ad hoc fallback procedure if considered appropriate by the Allocation Platform to overcome the technical obstacles.
3. The Allocation Platform shall, to the extent practicable and without undue delay, inform Registered Participants of possible deviations from the standard processes and the application of a fallback procedure via electronic means as specified by the Allocation Platform on its website and using the Auction Tool.
4. Registered Participants shall immediately inform the Allocation Platform of any observed problems with the use of the Auction Tool and all potential consequences via electronic means as specified by the Allocation Platform on its website. In case of an urgent problem, which shall be solved immediately and which is identified during Working Hours, the Registered Participant shall immediately contact the Allocation Platform by phone at the telephone number indicated on the website of the Allocation Platform for this type of problems. The Allocation Platform shall confirm the receipt of the problem and inform Registered Participants of the status of the problem as soon as possible.

#### *Article 40*

#### **Fallback procedure for data exchange**

1. In case of a failure at the site of the Allocation Platform of the standard processes for data exchange via the Auction Tool as described in these Shadow Allocation Rules, the Allocation

## Shadow Allocation Rules

Platform may inform Registered Participants that a fallback procedure for data exchange may be used as follows:

- (a) by the applicable deadlines unless otherwise announced by the Allocation Platform the Registered Participant shall request via electronic means as specified by the Allocation Platform on its website to enter the relevant data into the Auction Tool by using this fallback procedure for data exchange;
  - (b) with the request the Registered Participant shall provide to the Allocation Platform in the format specified in the Information System Rules the relevant data to be entered in the Auction Tool;
  - (c) the Allocation Platform shall enter the submitted data into the Auction Tool;
  - (d) the Allocation Platform may set in Information System Rules an identification process for the Registered Participant at the moment when the Registered Participant submits the relevant operational or commercial data and requests the Allocation Platform to enter this data into the Auction Tool on its behalf by means of the fallback procedure. If the Registered Participant or the person authorized by the Registered Participant for this purpose does not clearly identify itself, the Allocation Platform shall be entitled not to perform the data entry;
  - (e) the Registered Participant shall provide the Allocation Platform with a telephone number, which can be used in case of a necessary communication;
  - (f) once the Allocation Platform has entered the provided data into the Auction Tool on behalf of the Registered Participant, the Allocation Platform shall inform, without undue delay, the Registered Participant by telephone and/or via electronic means as specified by the Allocation Platform on its website of the entry; and
  - (g) the Allocation Platform shall under no circumstances be held responsible if it fails to reach the Registered Participant through the means of communication above or if it fails to enter the data correctly via the fallback procedure.
2. In case of application of the fallback procedure for data exchange, all necessary information which is made available via the Auction Tool during the standard processes may be distributed to the Registered Participants via electronic means as specified by the Allocation Platform or where appropriate published on the website of the Allocation Platform.

### *Article 41*

#### **Fallback procedure for Shadow Auction**

1. After the Bidding Period has opened, the Allocation Platform shall:
  - (a) where reasonably practicable postpone the end of the Bidding Period by notifying Registered Participants about the revised deadlines in the Auction Specification; or
  - (b) cancel the initial Auction according to Article 43; and organize a new Auction for the same Product Period; or
  - (c) apply Fallback Auction as specified in Article 42.

## Shadow Allocation Rules

2. If the fallback procedure described in paragraph 1 of this Article cannot be implemented for the same Product Period, the respective Cross Zonal Capacities shall be offered in subsequent Capacity Allocation process.

### *Article 42*

#### **Fallback Auction**

1. If the Allocation Platform, after publishing the Auction Specification, is unable to hold Shadow Auction Processes due to reasons listed in Article 39, paragraph 1, the Allocation Platform shall send the Notification to all Registered Participants of the application of Fallback Auction, as soon as possible and no later than 13:30 p.m. on the day preceding the delivery day.
2. In case of Fallback Auction, only the Default Bids for Fallback Auction, in line with Article 31, will be taken into account. If default Bid Quantity or a quantity calculated as a sum of the Bid Quantities for several default Bids submitted for the same Shadow Auction by the Registered Participant exceeds the final Offered Capacity, Bid Quantity will be decreased to be equal to the Offered Capacity.
3. The Offered Capacity is split in proportional shares between the Registered Participants.
4. Marginal price of the Daily Transmission Rights is 0 €/MWh. Value of the Daily Transmission Rights will be rounded down to the nearest to the nearest full MW.
5. Registered Participants will be informed about the results by 13:40, on D-1.

### *Article 43*

#### **Shadow Auction cancellation**

1. In case the Allocation Platform cancels a Shadow Auction, all Bids already submitted and any results of the respective Shadow Auction shall be deemed null and void.
2. The Allocation Platform shall inform all Registered Participants without undue delay, of the Shadow Auction cancellation by notification published in the Auction Tool or on website of Allocation Platform and by e-mail.
3. A Shadow Auction cancellation may be announced in the following cases:
  - (a) before the Cross Zonal Capacity is deemed to be allocated in case the Allocation Platform faces technical obstacles during the Shadow Auction process like a failure of standard processes and fallback procedures or similar reasons; and
  - (b) during the contestation period, in the event of erroneous results due to incorrect Marginal Price calculation or incorrect allocation of Transmission Rights to Registered Participants or similar reasons.
4. In case of Shadow Auction cancellation before the final Shadow Auction results publication, no compensation shall be paid to the Registered Participants.
5. The Allocation Platform shall publish on its website, without undue delay, the reasons for the Shadow Auction cancellation.
6. The provisions of this Article 43 may also be applied to a Fallback Auction (in the event of



## Shadow Allocation Rules

erroneous results).

## **CHAPTER 7**

### **Curtailement**

#### *Article 44*

##### **Triggering events and consequences of curtailement on Daily Transmission Rights**

1. Daily Transmission Rights may be curtailed only in the event of Force Majeure or emergency situation.
2. Curtailement may be applied on allocated Daily Transmission Rights, including, where the case may be, on nominated Physical Transmission Rights.
3. Each Registered Participant affected by curtailement shall lose its right to nominate for physical use the concerned Physical Transmission Rights if such right exists at the moment of curtailement.
4. In case of curtailement, the affected Registered Participant is not entitled to receive any reimbursement or compensation in connection or as a consequence thereof.

#### *Article 45*

##### **Process and notification of curtailement**

In all cases curtailement shall be carried out by one or more Transmission System Operators at the Bidding Zone border where Daily Transmission Rights have been allocated.

## CHAPTER 8

### Invoicing and Payment

#### *Article 46*

##### **General principles**

1. A Registered Participant shall pay the amounts due as calculated in accordance with Article 47 for all Transmission Rights allocated to him.
2. The Registered Participant may upon payment use the Cross Zonal Capacity connected with the allocated Transmission Rights as described in these Shadow Allocation Rules only.
3. All financial information, prices and amounts due shall be expressed in Euros (€), except if deviations are required by applicable law or regulations.
4. The payment shall be settled on the date upon which the given amount is credited to the account of the beneficiary. Any interest for late payment shall be considered as settled on the date when the payment was credited from the account of the payer.
5. Payments shall be done in Euros (€).
6. The Allocation Platform shall consider taxes and levies at the rate and to the extent applicable when assessing payment obligations and issuing invoices under these Shadow Allocation Rules subject to Article 48.
7. The Registered Participant shall provide the Allocation Platform with relevant information for justifying whether or not respective taxes and levies are applicable when signing the Participation Agreement as well as any changes in this respect without undue delay. Therefore, it is the obligation of the Registered Participant to inform the Allocation Platform of any local, intra-community or extra-community taxes and levies which are in line with the legislation of the Registered Participant's country of establishment.

#### *Article 47*

##### **Calculation of due amounts**

1. Registered Participants shall pay for each of the Transmission Rights allocated to them and for individual hour an amount equal to:
  - (a) the Marginal Price (per MW per hour); multiplied by
  - (b) the Daily Transmission Rights in MW allocated in individual hour of a day.
2. The Transmission Rights will be invoiced on a monthly basis. The Allocation Platform shall calculate the due amount to be paid retroactively for the preceding month. The amount due plus any applicable taxes and levies, duties or other charges subject to Article 48, shall be rounded to two decimal places.

#### *Article 48*

##### **Tax Gross-up**

1. Each Registered Participant must settle all payments with respect to the Shadow Allocation

## Shadow Allocation Rules

Rules without any tax deduction, unless a tax deduction is required by law.

2. If a tax deduction is required by law to be made by a Registered Participant, the amount of the payment due from the Registered Participant to the Allocation Platform will be increased to an amount which (after making the tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.
3. Paragraph 2 of this Article does not apply with respect to any tax assessed on the Allocation Platform on any payment received in connection with the Shadow Allocation Rules under the laws of the jurisdiction in which the Allocation Platform is incorporated or, if different, the jurisdiction (or jurisdictions) in which the Allocation Platform is treated as resident for tax purposes or has or is deemed for tax purposes to have a permanent establishment or a fixed place of business to which any payment under the Shadow Allocation Rules is attributable. Paragraph 2 of this Article does not apply to value added tax (as provided for in the VAT directive 2006/112/EC or, as it may be, any similar national legislation, as amended from time to time) and any other tax of a similar nature.

### *Article 49*

#### **Invoicing and payment conditions**

1. The Allocation Platform shall issue invoices for payments for all Transmission Rights allocated in line with these Shadow Allocation Rules on a monthly basis and no later than the tenth (10<sup>th</sup>) Working Day of each month for the Shadow Auctions of the month preceding.
2. The invoices shall be issued for the following payments:
  - (a) the amount due set forth in Article 47(2);
  - (b) any relevant taxes and levies subject to Article 48.
3. The Allocation Platform shall send the invoice by electronic means as specified by the Allocation Platform on its website to the Registered Participant at the email address of the financial contact person submitted in accordance with Article 8 (1)(h) or it should make it available to the Registered Participant via the Auction Tool. The date of issuance of the invoice shall be the date on which the invoice is sent by electronic means as specified by the Allocation Platform on its website or the date when the invoice is made available via the Auction Tool if this is done during Working Hours or the next day if sent after Working Hours.
4. The payments due may be netted by the Allocation Platform, taking into account the amount as set forth in paragraph 2 of this Article, and any other amount payable by Allocation Platform to Registered Participant, as a result of allocation processes carried out by Allocation Platform.
5. The Registered Participant shall settle payment obligations resulting from paragraph 2 or paragraph 4 of this Article, within ten (10) Working Days after the date of issuance of the invoice.
6. Payments by the Registered Participant as set forth in paragraph 5 of this Article shall be settled to the Business Account of the Allocation Platform specified on the invoice by indicating the invoice reference, or alternatively, Allocation Platform shall collect the payment automatically from the dedicated Business Account of the Registered Participant on the respective due date of the invoice.

## Shadow Allocation Rules

7. The Allocation Platform shall settle its payment obligations resulting from paragraph 4 of this Article within fifteen (15) Working Days after the date of its receipt of the invoice, by way of payment of the due amount to the bank account as announced during the accession process in accordance with Article 8 paragraph 1(g) by the Registered Participant who is entitled to the payments at the due date.
8. Upon the collection of the payment as set forth in paragraph 6 of this Article, the Allocation Platform shall update the Credit Limit accordingly.
9. In case of an erroneous invoice resulting in an additional payment of the Allocation Platform or the Registered Participant, the Allocation Platform shall correct the invoice and any due amount shall be settled as soon as they have been notified to the Registered Participant.
10. All bank fees shall be covered by the Registered Participant.
11. The Registered Participant shall not be entitled to offset any amount, or withhold any debts arising in connection with obligations resulting from a Shadow Auction, against any claims towards the Allocation Platform, whether or not arising out of an Auction. Nevertheless, the right to offset and the right to withhold are not excluded in case the Registered Participant's claim against Allocation Platform is established by a legally binding judgement or is uncontested.

### *Article 50*

#### **Payment disputes**

1. A Registered Participant may dispute the amount of an invoice, including any amounts to be credited to the Registered Participant. In this case, the Registered Participant shall notify the nature of the dispute and the amount in dispute to the Allocation Platform as soon as practicable and in any event within fifteen (15) Working Days after the date of issuance of the invoice or credit note by registered mail and electronic means as specified by the Allocation Platform on its website. Beyond this period, the invoice shall be deemed to have been accepted by the Registered Participant.
2. If the Registered Participant and the Allocation Platform are unable to resolve the difference within ten (10) Working days after the notification, the procedure for the dispute resolution in accordance with Article 54 shall apply.
3. A dispute about the amount of an invoice shall in no way relieve the Party from the obligation to pay such amounts as they fall due in accordance with Article 49.
4. If it is agreed or determined based upon the dispute resolution procedure as set forth in Article 54 that an amount paid or received by the Registered Participant was not properly payable, the following process shall apply:
  - (a) the Allocation Platform shall refund any amount including interest to be calculated according Article 46(4) to the Registered Participant in case that the amount paid by the Registered Participant as set forth in Article 49(5) was higher or the amount paid by the Allocation Platform was lower than the due amount. The Allocation Platform shall make the payment to the bank account indicated by the Registered Participant for this reimbursement in accordance with Article 8 paragraph 1(g).
  - (b) the Registered Participant shall pay any amount including interest to be calculated

## Shadow Allocation Rules

according to Article 46(4) to the Allocation Platform in case that the amount paid by the Registered Party as set forth in Article 49(5) was lower or the amount paid by the Allocation Platform was higher than the due amount. The Registered Participant shall make the payment in accordance with the procedure set forth in Article 49(6). Upon such payment the Allocation Platform shall update the Credit Limit of the Registered Participant as set forth in Article 49 (8).

5. The interest paid in case of a payment in accordance with paragraph 4 of this Article shall be applied from the first (1<sup>st</sup>) day following the date on which the payment was due up to the date on which the disputed amount was refunded and it shall apply also to all taxes and levies required by law.

### *Article 51*

#### **Late payment and payment incident**

1. In case the Registered Participant has not fully paid an invoice by the due date specified on the invoice, the Allocation Platform shall notify the Registered Participant that a payment incident will be registered if the amount including applicable interest due is not received within three (3) Working Days upon sending of the notification. In case of no payment within the deadline, the Allocation Platform shall notify the Registered Participant that the payment incident was registered.
2. Immediately after registration of the payment incident the Allocation Platform may invoke the collaterals.
3. The Allocation Platform may suspend or terminate the Participation Agreement in case of registered payment incident in accordance with Articles 55 and 56.
4. In case of late payment or refund, the Parties shall pay interest on the amount due including taxes and levies from the first (1<sup>st</sup>) day following the date on which the payment was due until the date on which the payment is done. The interest shall be equal to the highest amount of:
  - (a) a flat rate of 100 €; or
  - (b) eight (8) percentage points per annum above the reference interest rate as officially published by the national authorities of the country in which the Allocation Platform is located and round up to the nearest half percentage point.

## CHAPTER 9 Miscellaneous

### *Article 52*

#### **Duration and amendment of Shadow Allocation Rules**

1. The Shadow Allocation Rules are of indefinite duration and are subject to amendment in accordance with this Article. These Shadow Allocation Rules and any amendments thereof shall be consulted upon subject to paragraph 7 of this Article, proposed by the relevant Transmission System Operators and enter into force in accordance with the applicable national regulatory regime. The Allocation Platform shall publish the amended Shadow Allocation Rules and send an amendment notice to Registered Participants.
2. Subject paragraph 7 of this Article, an amendment shall enter into force at the date and time specified in the amendment notice but not earlier than thirty (30) calendar days after the amendment notice is sent to Registered Participants by the Allocation Platform.
3. Each amendment shall apply to all aspects of these Shadow Allocation Rules, including but not limited to all Shadow Auctions conducted after the date on which the amendment takes effect.
4. Unless expressly stated otherwise by the Allocation Platform the amended Shadow Allocation Rules shall govern all rights and obligations in connection with these Shadow Allocation Rules including those acquired before the date of amendment but with the delivery date after the amendment takes effect.
5. Any amendment of these Shadow Allocation Rules shall apply automatically to the Participation Agreement in force between the Allocation Platform and the Registered Participant, without the need for the Registered Participant to sign a new Participation Agreement but without prejudice to the Registered Participant's right to request the termination of its Participation Agreement in accordance with Article 56(1). By participating in the Shadow Auction after the Registered Participant was informed about the changes and/or adaptations of the Shadow Allocation Rules and after these changes and/or adaptations of the Shadow Allocation Rules entered into force, it is deemed that the Registered Participant has accepted the changed, i.e. the valid and effective version of the Shadow Allocation Rules.
6. The Shadow Allocation Rules shall be periodically reviewed by the Allocation Platform, the relevant Transmission System Operators at least every two years involving the Registered Participants. In case the relevant Transmission System Operators consider the amendment of these Shadow Allocation Rules as a result of this review, the procedure described in this Article shall apply. This biennial review is without prejudice of the competence of National Regulatory Authorities to request at any time amendments of the Shadow Allocation Rules and the annexes included thereto in accordance with the existing legislation.
7. These Shadow Allocation Rules are subject to the legislation prevailing at the time at which they take effect. In the event that there is a change in legislation or any action by competent authorities at national level, or European Union level, or, as it may be, at the level of the Energy Community which have an effect on these Shadow Allocation Rules and/or their annexes then, notwithstanding any other provision of these Shadow Allocation Rules, the Shadow Allocation Rules shall be amended accordingly and pursuant to this Article.

## Shadow Allocation Rules

8. List of Bidding Zone borders (Appendix 1) to which the Shadow Allocation Rules apply may be amended or supplemented in accordance with the provisions relating to the amendment of the Shadow Allocation Rules, where for the amendment of this list the approval of one or more NRAs is/are required.
9. For the purpose of incorporating the amendment or supplement, only the approval of an NRA that has jurisdiction over the relevant TSO whose Bidding Zone border is amended or added, shall be required to be consulted or shall be asked for approval, as applicable.

### *Article 53*

#### **Liability**

1. The Allocation Platform and the Registered Participants are solely responsible for the fulfilment of any obligation they undertake or are subject to and which arises from or is in connection with the Shadow Allocation Rules and the Participation Agreement.
2. Subject to any other provisions of these Shadow Allocation Rules the Allocation Platform shall only be liable for damages caused by:
  - (a) fraud, gross negligence or willful misconduct;
  - (b) death or personal injury arising from its negligence or that of its employees, agents or subcontractors.
3. A Registered Participant shall indemnify and keep indemnified the Allocation Platform and its officers, employees and agents from and against any and all loss or liability (including legal costs) related to a damage that it has caused, which any of them may suffer or incur by reason of any claim by any third party on account of any and all loss (whether direct or indirect) suffered by the claimant or any of the claimant's officers, agents, subcontractors or employees in connection with these Shadow Allocation Rules.
4. The Allocation Platform and each Registered Participant acknowledges and agrees that it holds the benefit of paragraph 3 of this Article for itself and as trustee and agent for its officers, employees and agents.
5. The Registered Participant shall be solely responsible for its participation in Shadow Auctions including but not limited to the following cases:
  - (a) the timely arrival of Bids and transfer and return notifications by the Registered Participant;
  - (b) technical failure of the information system on the side of the Registered Participant preventing the communication via the channels foreseen in accordance with these Shadow Allocation Rules.
6. In case of curtailment compensation due to Force Majeure or emergency situation in accordance with Article 44 Registered Participants shall not be entitled to other compensation than the compensation described in these Shadow Allocation Rules.
7. The Registered Participant shall be liable with respect to any sanctions, penalties, or charges that may be imposed by financial authorities on the Allocation Platform for incorrect tax treatment due to wrong or incomplete information provided by the Registered Participant.



## Shadow Allocation Rules

8. This Article survives the termination of the Registered Participant's Participation Agreement.

### *Article 54*

#### **Dispute resolution**

1. Without prejudice to paragraphs 6 and 8 of this Article, where there is a dispute the Allocation Platform and the Registered Participant shall first seek amicable settlement through mutual consultation pursuant to paragraph 2. For this purpose, the Party raising the dispute shall send a notification to the other party indicating:
  - (a) the existence of a Participation Agreement between the Parties;
  - (b) the reason for the dispute; and
  - (c) a proposal for a future meeting, physical or not, with a view to settle the dispute amicably.
2. The Parties shall meet within twenty (20) Working Days after the matter has been referred to them and seek to resolve the dispute. If no agreement is reached or no response received within a period of thirty (30) Working Days from the date of the aforementioned notification, either Party may refer the matter to the senior management of the Parties to resolve the dispute pursuant to paragraph 3.
3. The senior representative of each of the Allocation Platform and the Registered Participant with authority to resolve the dispute shall meet within twenty (20) Working Days of a request to meet and seek to resolve the dispute. If the representatives are unable to resolve the dispute within twenty (20) Working Days of the meeting or such longer time as may be agreed then the dispute shall be determined by arbitration in accordance with paragraph 4.
4. Where a dispute is to be referred to arbitration under paragraph 3, either the Allocation Platform or the Registered Participant may give notice to the other stating the nature of the dispute and referring the dispute to arbitration. Arbitration shall be conducted in accordance with the Rules of Arbitration of the Chamber of Commerce (ICC). The arbitration shall be conducted before one (1) arbitrator to be nominated upon agreement of the Parties unless a Party requests the appointment of three (3) arbitrators. In case of one (1) arbitrator, the Parties shall agree on the nomination of the arbitrator within two (2) months after the notice was given by the Party referring the dispute to arbitration. If no agreement can be found, the arbitrator shall be appointed by the ICC Court. In case of three (3) arbitrators the claimant shall nominate one (1) arbitrator and the respondent shall nominate one (1) arbitrator. The arbitrators nominated by each Party shall then nominate the chairman of the arbitral tribunal within three (3) Working Days from the confirmation of the appointment of the second arbitrator by the respondent. If the arbitrators nominated by each party cannot agree on the appointment of the chairman, the chairman shall be appointed by the ICC Court. The arbitration shall take place in the location of the Allocation Platform unless otherwise defined in the Participation Agreement and in accordance with the governing law of these Shadow Allocation Rules while the language of the arbitration proceedings shall be English. The emergency arbitrator provisions according to the Rules of Arbitration of the Chamber of Commerce shall not apply but the interim or injunctive relief measures under the governing law shall apply.
5. Arbitration awards shall be final and binding on the Allocation Platform and the relevant Registered Participant as from the date that they are made. The Allocation Platform and the Registered Participant shall carry out any award of an arbitration relating to any dispute

## Shadow Allocation Rules

without delay and each waive their right to any form of appeal or recourse to a court of law or other judicial authority, in so far as such waiver may validly be made.

6. Notwithstanding paragraphs 3 and 4 of this Article, the Parties may jointly agree to apply court proceedings instead of arbitration to settle a dispute arisen in connection with these Shadow Allocation Rules.
7. In cases of late payment and notwithstanding Article 51 and paragraphs 1 to 4 of this Article, a Party may bring court proceedings against the other Party for any amount due under or in connection with these Shadow Allocation Rules and unpaid for more than twenty (20) Working Days after the date the amounts were due.
8. The Parties agree that proceedings referred to in paragraphs 6 or 7 of this Article may be brought in any competent court to hear such claim. The Registered Participant irrevocably waives any objection which it may have now or hereafter regarding the venue of such proceedings in any competent court and any claim that any such proceedings have been brought in an inconvenient forum.
9. Notwithstanding any reference to amicable settlement, expert resolution or arbitration under this Article, the Allocation Platform and the Registered Participant shall continue to perform their respective obligations under these Shadow Allocation Rules and the Registered Participant's Participation Agreement.
10. This Article survives the termination of the Registered Participant's Participation Agreement.

### *Article 55*

#### **Suspension of the Participation Agreement**

1. The Allocation Platform may by notice to the Registered Participant suspend temporarily the Registered Participant's rights in connection with these Shadow Allocation Rules with immediate effect if the Registered Participant commits a major breach of an obligation in connection with these Shadow Allocation Rules which may have a significant impact to the Allocation Platform as follows:
  - (a) if a Registered Participant fails to pay any amount properly due and owing to the Allocation Platform pursuant to Article 51;
  - (b) if a Registered Participant fails to provide and maintain collaterals in accordance with Article 23;
  - (c) any breach which may have a significant financial impact to the Allocation Platform;
  - (d) the Allocation Platform has reasonable grounds to believe that the Registered Participant no longer satisfies one or more of any other conditions to participate in Shadow Auctions according to these Shadow Allocation Rules unless termination applies according to Article 56; and
  - (e) if the Registered Participant is under economic and trade sanctions which may have a significant impact to the Allocation Platform.
2. In any case of a minor breach in relation to these Shadow Allocation Rules such as but not limited to the failure of the Registered Participant to notify a change in the submitted

## Shadow Allocation Rules

information in accordance with Article 8, the Allocation Platform may by notice to the Registered Participant inform the Registered Participant's that its rights in connection with these Shadow Allocation Rules may be suspended unless the Registered Participant remedies the suspension event in the time period specified in the notice. The suspension shall take effect when the period specified for remedy has elapsed without that such remedy has taken place. After the suspension takes effect in accordance with paragraphs 1 and 2 of this Article, the suspended Registered Participant may no longer participate in a Shadow Auction.

3. The Allocation Platform may withdraw a notice under paragraphs 1 or 2 of this Article at any time. Having given a notice under paragraphs 1 or 2 of this Article, the Allocation Platform may give a further or other notice at any time in respect of the same or a different suspension event.
4. Once the Registered Participant has fulfilled or remedied the suspension event as notified to it in the notice sent by the Allocation Platform, the Allocation Platform shall reinstate as soon as reasonably practicable the Registered Participant's rights in relation to its ability to participate in Shadow Auctions by written notice to the Registered Participant. As from the date of effect of the reinstatement the Registered Participant may participate in Shadow Auctions.
5. If the Allocation Platform gives a notice to a Registered Participant under paragraph 1 or 2 of this Article, such notice of suspension does not relieve the Registered Participant from its payment obligations under CHAPTER 8, including its payment obligations in relation to the Transmission Rights for which the Registered Participant loses the right of use pursuant to paragraph 2.

### *Article 56*

#### **Termination of the Participation Agreement**

1. A Registered Participant may at any time request the Allocation Platform to terminate the Participation Agreement to which the Registered Participant is a Party. The termination shall take effect after thirty (30) Working Days upon receipt of the termination request by the Allocation Platform and if all outstanding payment obligations are settled.
2. A Registered Participant may terminate the Participation Agreement to which the Registered Participant is a Party for good cause when the Allocation Platform has committed a major breach of an obligation connected with these Shadow Allocation Rules or the Participation Agreement in the following cases:
  - (a) where the Allocation Platform repeatedly fails to pay any amount properly due and owing to the Registered Participant with a significant financial impact;
  - (b) where there is a significant breach of the confidentiality obligations in accordance with Article 59.

The Registered Participant shall send a notice to the Allocation Platform stating the reason for termination and giving the Allocation Platform twenty (20) Working Days to remedy the breach. Unless the Allocation Platform remedies the breach within the abovementioned deadline, the termination shall take effect immediately upon expiration of such deadline.

3. If any of the termination events in paragraph 4 occurs in relation to a Registered Participant, the Allocation Platform may by notice to the Registered Participant terminate the Participation

## Shadow Allocation Rules

Agreement, including the Registered Participant's rights connected with these Shadow Allocation Rules. A termination under this paragraph takes effect from the time of the notice or any later time specified in it. The Registered Participant may not at a later stage enter into the Participation Agreement with the Allocation Platform until the circumstances of termination continue to exist or it is not sufficiently guaranteed that the breach may not occur again.

4. The termination events referred to in paragraph 3 shall be the following:
  - (a) if the rights of the Registered Participant are suspended for longer than thirty (30) Working Days;
  - (b) if a Registered Participant does not qualify for the participation in the Shadow Auction as set forth in Article 9;
  - (c) if a Registered Participant repeatedly breaches these Shadow Allocation Rules or a Participation Agreement, whether or not the breach is capable of remedy;
  - (d) if a competent authority (i) determines that the Registered Participant has committed a misuse or fraudulent act and (ii) requests the Allocation Platform to terminate the Participation Agreement to which such Registered Participant is a Party or (iii) agrees that the Allocation Platform has reasonable grounds to believe that the Registered Participant has committed a misuse or fraudulent act in participating in Auctions; or
  - (e) if the Registered Participant has taken any action which may lead to the damaging or reduction in effectiveness of the Auction Tool (it being understood that such an action is deemed to happen in case of any behavior that can be assimilated to an attack on the information system such as, but not limited to, deny of service, spam, virus, brute forcing, Trojan horse attack).
5. After the termination takes effect in accordance with paragraphs 1 to 3 of this Article and from that time, the Registered Participant may no longer participate in a Shadow Auction. CHAPTER 5 shall not apply to such acquired Transmission Rights. For the avoidance of doubt, the Transmission Rights, which the Registered Participant is prohibited from using as a result of termination, may be offered by the Allocation Platform in subsequent Auctions.
6. Termination of a Participation Agreement does not affect any rights and obligations under or in connection with the Participation Agreement and these Shadow Allocation Rules which arose prior to that termination unless otherwise specified in this Article. Accordingly, any Registered Participant whose Participation Agreement is terminated will remain liable, subject to and in accordance with the Shadow Allocation Rules, in respect of all such rights and liabilities. This paragraph shall apply without prejudice to other remedies available to the Allocation Platform under these Shadow Allocation Rules.

### *Article 57*

#### **Force Majeure**

1. The Allocation Platform or a Registered Participant, which invokes Force Majeure, shall promptly send to the other Party a notification describing the nature of Force Majeure and its probable duration and shall continue to furnish reports with respect thereto with reasonable frequency during the period of Force Majeure. The Party invoking the Force Majeure shall make every possible effort to limit the consequences of the Force Majeure.

## Shadow Allocation Rules

2. The affected obligations, duties and rights of a Party subject to Force Majeure shall be suspended from the beginning of Force Majeure, with the exception of the confidentiality provisions in accordance with Article 59.
3. Suspension under paragraph 2 is subject to the following:
  - (a) suspension will be of no greater scope and of no longer duration than is required by the Force Majeure;
  - (b) the suspension applies only for so long as the Party invoking to Force Majeure is using reasonable efforts to remedy their inability to perform.
4. The consequences of a Force Majeure event, which is not subject to any discussion or litigation between the Allocation Platform and the Registered Participant, are:
  - (a) the Party invoking Force Majeure cannot be held responsible to pay compensation for any damage suffered, due to the non-performance or partial performance of all or any of its obligations during the Force Majeure and when such non-performance or partial performance is due directly to Force Majeure;
  - (b) the acquired Daily Transmission Rights which have been entirely paid and become subject to Force Majeure are reimbursed for the duration of the Force Majeure in accordance with any applicable legislation and these Shadow Allocation Rules.
5. If the Force Majeure continues for a period longer than six (6) months, the Allocation Platform or each Registered Participant may, by notice to the other given at any time while the Force Majeure continues beyond that period, unilaterally terminate the Participation Agreement. The termination shall take effect ten (10) Working Days after the notice is given or any later date specified in the notice.
6. For avoidance of doubt this Article is without prejudice to the provisions of CHAPTER 7 regarding the curtailment of Daily Transmission Rights.

### *Article 58*

#### **Notices**

1. Any notice or other communication to be given under or in connection with these Shadow Allocation Rules shall be in English.
2. Unless otherwise expressly provided in these Shadow Allocation Rules, all notices or other communications shall be in writing between the Allocation Platform and each Registered Participant and shall be sent by electronic means as specified by the Allocation Platform on its website and marked for the attention of the other Party's representative as set out in the Participation Agreement or as notified by the Registered Participant from time to time in accordance with Article 8.
3. All notices or other communications shall be given by letter delivered by hand against receipt or sent by registered mail or courier in the following cases:
  - (a) the conclusion of the Participation Agreement in accordance with Article 6;
  - (b) the suspension and termination according to Article 55 and Article 56; and

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- (c) the submission of the Bank Guarantee, in the event the Bank Guarantee includes hand-written signature(s), in accordance with Article 19.
4. All notices or other communications shall be deemed to have been received:
- (a) in the case of delivery by hand, when delivered against receipt; or
  - (b) in the case of recorded delivery prepaid post, on the day following the recorded day of delivery; or
  - (c) in the case of electronic means as specified by the Allocation Platform on its website, when delivered to the other party but only if an acknowledgement of receipt is requested and obtained by the Party sending the electronic means as specified by the Allocation Platform on its website.
5. If a notice or other communication has been received outside normal Working Hours on a Working Day, it is deemed to have been received at the opening of business on the next Working Day.

### *Article 59* **Confidentiality**

1. The Participation Agreement and any other information exchanged relating to its preparation and the application of a market participant shall be considered as confidential.
2. Subject to paragraph 3 of this Article, the Allocation Platform and each Registered Participant who is a recipient of confidential information in relation to these Shadow Allocation Rules shall preserve the confidentiality of such information and shall not directly or indirectly reveal, report, publish, disclose, transfer or use any item of the confidential information otherwise than for the purpose for which it was disclosed.
3. Notwithstanding paragraph 2 of this Article, the Allocation Platform or a Registered Participant may disclose confidential information of a disclosing Party to a third party with the other Party's prior consent expressed in writing and subject to the condition that the receiving Party has given assurance that such third party is bound by equivalent confidentiality obligations as set out in these Shadow Allocation Rules directly enforceable by the other Party.
4. Notwithstanding paragraph 2 of this Article the Allocation Platform or a Registered Participant may disclose confidential information of a disclosing Party:
  - (a) to the extent expressly permitted or contemplated by the Shadow Allocation Rules;
  - (b) to any person who is one of the directors, officers, employees, agents, advisers or insurers of the recipient and who needs to know the confidential information in connection with these Shadow Allocation Rules;
  - (c) as far as required in order to comply with EU legislation (such as Regulation (EU) No 1227/2011 and Regulation (EU) No 543/2013) or applicable legal acts of the Energy Community, and/or applicable national legislation or any other relevant domestic administrative acts such as grid codes;
  - (d) as far as required by a court, arbitrator or administrative tribunal or an expert in the

## Shadow Allocation Rules

course of proceedings before it to which the recipient is a Party;

- (e) as may be required by the relevant Transmission System Operators for the proper fulfilment of their mission and their obligations in accordance with applicable laws and these Shadow Allocation Rules by themselves or through agents or advisers; or
  - (f) as far as required in order to obtain clearances or consents from a competent authority.
5. Moreover, the obligations arising from this Article shall not apply:
- (a) if the Party which receives the information can prove that at the time of disclosure, such information was already publicly available;
  - (b) if the receiving Party provides proof that, since the time of disclosure, the said information has been legally received from a third party or has become publicly available;
  - (c) to confidential information communicated, in accordance with the legal and regulatory provisions, in an incorporated form from which no item of information specific to a market participant can be deduced;
  - (d) to information whose publication is explicitly provided for by the present Shadow Allocation Rules.
6. The obligations of confidentiality in this Article shall remain valid for a period of five (5) years after termination of the Registered Participant's Participation Agreement.
7. The signature of a Participation Agreement and the exchange of confidential information do not confer any rights to patents, knowledge or any other form of intellectual property concerning information or tools made available or sent by one Party to the other under the terms of these Shadow Allocation Rules.

### *Article 60*

#### **Assignment and subcontracting**

1. The Allocation Platform may assign, novate or otherwise transfer any of its rights or obligations under a Participation Agreement or these Shadow Allocation Rules to another Allocation Platform. The Allocation Platform shall notify the Registered Participants of the change by sending an electronic means as specified by the Allocation Platform on its website with acknowledgment of receipt as soon as possible and in any event at least ten (10) Working Days before the date on which the change takes effect.
2. A Registered Participant may not assign, novate or otherwise transfer any of its rights or obligations under its Participation Agreement or these Shadow Allocation Rules without the prior written consent of the Allocation Platform.
3. Nothing in this Article shall prevent an Allocation Platform or Registered Participant from entering into a subcontracting agreement in relation to this Shadow Allocation Rules. Entry into a subcontracting agreement by a Registered Participant does not relieve the Registered Participant of any obligation or liability under its Participation Agreement or these Shadow Allocation Rules.

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### *Article 61* **Governing law**

These Shadow Allocation Rules shall be governed by and construed in all respects in accordance with the Belgian law.

### *Article 62* **Language**

The applicable language for these Shadow Allocation Rules shall be English. For the avoidance of doubt, where Transmission System Operators need to translate these Shadow Allocation Rules into their national language, in the event of inconsistencies between the English version published by the Allocation Platform and any version in another language, the English version published by the Allocation Platform shall prevail.

### *Article 63* **Intellectual property**

No Party shall acquire any right, title, license or interest in or to any intellectual property rights of the other Party in connection with these Shadow Allocation Rules.

### *Article 64* **Relationship of the Parties**

1. The relationship of the Allocation Platform and the Registered Participant is that of service provider and service user respectively. Except as expressly provided in these Shadow Allocation Rules, nothing contained or implied in these Shadow Allocation Rules constitutes or is deemed to constitute the Allocation Platform or a Registered Participant, the partner, agent or legal representative of the other for any purpose whatsoever or create or be deemed to create any partnership, agency or trust between the Parties.
2. The Registered Participant acknowledges that neither the Allocation Platform nor any person acting on behalf of or associated with the Allocation Platform makes any representation, gives any advice or gives any warranty or undertaking of any kind in respect of these Shadow Allocation Rules, the Participation Agreements or the disclosed information or otherwise in relation to or in connection with these Shadow Allocation Rules, the Participation Agreements and the disclosed information or any transaction or arrangement contemplated by these Shadow Allocation Rules, the Participation Agreements and the disclosed Information except as specifically provided in these Shadow Allocation Rules or the Participation Agreement.

### *Article 65* **No third party rights**

The Allocation Platform and each Registered Participant acknowledge and agree that a person who is not a party to the Participation Agreement between them, including any other market participant, has no rights to enforce these Shadow Allocation Rules or the Participation Agreement as between the Allocation Platform and that Registered Participant.

### *Article 66* **Waiver**

1. No omission to exercise or delay in exercising any right, power or remedy provided by law or



## **Shadow Allocation Rules**

under these Shadow Allocation Rules shall impair or constitute a waiver of such or any other right, power or remedy. No single or partial exercise of any such right, power or remedy precludes or impairs any other or further exercise thereof or the exercise of any other right, power or remedy provided by law or under these Shadow Allocation Rules.

2. Any waiver of any right, power or remedy under these Shadow Allocation Rules must be in writing and may be given subject to any conditions thought fit by the grantor. Unless otherwise expressly stated, any waiver is effective only in the instance and only for the purpose for which it is given.

### *Article 67*

#### **Entire agreement**

These Shadow Allocation Rules and the Participation Agreement contain or expressly refer to the entire agreement between the Allocation Platform and each Registered Participant with respect to the subject matter hereof and expressly exclude any warranty, condition or other undertaking implied at law or by custom and supersedes all previous agreements and understandings between the Allocation Platform and each Registered Participant with respect thereto. The Allocation Platform and each Registered Participant acknowledge and confirm that none of them accede to these Shadow Allocation Rules or the Participation Agreement in reliance on any representation, warranty or other undertaking (other than where made fraudulently) not fully reflected in the terms of these Shadow Allocation Rules or the Participation Agreement.

### *Article 68*

#### **Remedies exclusive**

The rights and remedies provided by these Shadow Allocation Rules and the Participation Agreement to the Allocation Platform and each Registered Participant are exclusive and not cumulative and, to the extent permissible by law, shall exclude and be in place of all substantive (but not procedural) rights or remedies expressed or implied and provided by law or statute in respect of the subject matter of these Shadow Allocation Rules and the Participation Agreement. Accordingly, the Allocation Platform and each Registered Participant hereby waives to the fullest extent possible all such rights and remedies provided by law or statute, and releases each other of them if it is liable to any other of them, its officers, employees and agents to the same extent from all duties, liabilities, responsibilities or obligations provided by law or statute in respect of the matters dealt with in these Shadow Allocation Rules and the Participation Agreement and undertakes not to enforce any of the same except as expressly provided herein.

### *Article 69*

#### **Severability**

If any provision of these Shadow Allocation Rules or a Participation Agreement is declared invalid, unenforceable or illegal by the courts of any jurisdiction to which it is subject or pursuant to arbitration or by order of any competent authority, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of these Shadow Allocation Rules and the Participation Agreement which shall continue in full force and effect notwithstanding such invalidity, unenforceability or illegality. Any invalid, illegal, void and/or unenforceable part(s) or provision(s) shall be replaced by valid, legal and/or enforceable part(s) or provision(s) in order to achieve the intended economic and legal effect.

## Appendix 1

List of Bidding Zone borders to which the Shadow Allocation Rules apply.

<b>List of Bidding Zone borders</b>		
List of responsible TSOs		
<b>Albania (AL)</b>	<>	<b>Kosovo (XK)</b>
OST		KOSTT

This List of Bidding Zone borders to which the Shadow Allocation Rules apply may be amended or supplemented in accordance with the provisions of Article 52 (Duration and amendment of Shadow Allocation Rules) of these Shadow Allocation Rules.