

GA-MA AD – SKOPJE

Pursuant to Article 121 paragraph (1) of the Law on Energy ("Official Gazette of the Republic of Macedonia" no. 96/18 and "Official Gazette of the Republic of North Macedonia" no. 96/19 and 236/22) and Article 53, of the Company's Statute, the Board of Directors of the Joint Stock Company GA-MA – Skopje (abbreviated name: GA-MA AD - Skopje), after prior approval by the Energy and Water Services Regulatory Commission of the Republic of North Macedonia with the Decision on the approval of the rules for balancing the natural gas transmission system of GA-MA AD - Skopje, no. 11-3023/2 dated 26.12.2022, adopted:

GAS BALANCING RULES ON THE NATURAL GAS TRANSMISSION SYSTEM¹**1. General provisions****Article 1**

(1) These rules shall regulate:

- 1) the rights and obligations of the balancing service provider,
- 2) the procedure for the procurement of balancing services,
- 3) the methodology for formation of prices for balancing services, as well as the procedure for their calculation, invoicing and collection,
- 4) the method of determining the activated quantities of balancing services which are settled between the balancing service providers,
- 5) the financial settlement with the balancing service providers and with the balancing responsible parties,
- 6) the responsibilities of the balancing responsible parties, including the conclusion of balancing liability agreements,
- 7) the form, content and manner of keeping a register of service providers for balancing and register of balancing responsible parties, and
- 8) the method of calculation of imbalances between nominated and realized transactions based on the measurements made by the operator of the system for transmission of natural gas and the operator of the natural gas distribution system gas.

(2) These rules:

- 1) are based on the principles of objectivity, transparency and non-discrimination and are market oriented,
- 2) reflect the needs of the natural gas transmission system, taking into account the resources available to the operator of the natural gas transmission system and
- 3) encourage network users who are balance responsible parties to effectively balance their balancing portfolios.

(3) These rules regulate the method and procedures for balancing the transmission system of natural gas with the natural gas transmission systems of the neighboring countries at the interconnection points

¹ In these rules, according to Decision 2019/01/PHLG-EnC of December 12, 2019, the Regulation (EU) 312/2014 of March 26, 2014 on the establishment of a network code on gas balancing of natural gas transmission systems has been partially transposed.

- (4) The methodology for formation of prices for balancing services as well as the procedure for their calculation, invoicing and collection from paragraph (1) point 3) of this article contained in Annex I is an integral part of these rules and is non-discriminatory, reflecting realistically the incurred balancing costs and enables their minimization.

Definitions

Article 2

Certain expressions used in these rules shall have the following meaning:

- 1) **Balancing of the natural gas transmission system** is a set of activities aimed at ensuring the effective functioning of the transmission system, including purchasing and/or sale of natural gas for the purposes of balancing of the natural gas transmission system, with the aim of efficient and safe functioning of the system within its working range;
- 2) **Balance responsible party (BRP)** is a network user who is a natural gas market participant, or its chosen representative, who assumes balancing responsibility and delivers physical schedules (nominations) in his own or on behalf of the members of his balance group, in accordance with their mutual contractual obligations, and is responsible for the imbalances towards NGTSO;
- 3) **Balancing portfolio** is a grouping of a BRP's inputs and off-takes;
- 4) **Balancing period** is a period in which each BRP must compensate the natural gas offtake, expressed in units of energy, with the input of the same quantity of natural gas in the transmission network in accordance with the transmission contract or the relevant network rules;
- 5) **Balancing zone** is means an entry-exit system to which a specific balancing regime is applicable and which may include distribution systems or part of them;
- 6) **Balancing action** is an action undertaken by NGTSO to change the gas flow onto or off the transmission network, excluding those actions related to gas that NGTSO undertakes for reliable and secure operation of the system;
- 7) **Imbalance (deviation)** is a difference between the declared quantities of natural gas by the user at the entry points of the transmission network and the realized quantities of natural gas by the user at the exit points of the network for the corresponding gas day, taking into account the natural gas for operational needs and the transactions concluded on the virtual point of sale. Imbalance can be positive or negative. Daily unbalance quantities are expressed in kWh;
- 8) **Trading imbalance** is the difference between leased/nominated and sold VTT quantities natural gas during the day, according to confirmed transaction notifications from NGTSO;
- 9) **Balancing service** is a service provided to NGTSO via a gas contract required to meet short-term fluctuations in gas demand or supply, which is not a short-term standardized product;
- 10) **Balance group** is a group consisting of one or more participants in the natural market gas of which one member of the balancing group assumes full balancing responsibility and represents BRP;
- 11) **Member of a balance group** is a participant in the natural gas market who has signed a declaration for membership in the balance group with BRP;
- 12) **Balancing account** is the account that NGTSO keeps for each individual trader in which the product of the daily quantities of imbalance (positive or negative) is accumulated which are subject to financial settlement at the end of the gas day, and the price of the natural gas for balancing for that gas day, in the event of a positive imbalance, and the price of natural gas for balancing in case of negative imbalance;

- 13) **Neutrality balancing account** is a financial account kept by by NGTSO for the purpose of achieving neutrality about the revenues and costs for the balancing actions undertaken by NGTSO;
- 14) **Transmission system entry** is a physical point for receiving natural gas from an interconnection point with a neighboring country or from a natural gas storage facility;
- 15) **Transmission system exit** is a physical point for delivering natural gas to an interconnection point with a neighboring country, to a natural gas storage facility or to users, such as consumers directly connected to the transmission system and distribution systems connected to the natural gas transmission system;
- 16) **Gas day** is a period of 24 hours that starts at 6:00 a.m. (CET) on the current day and lasts until 6:00 a.m.(CET) on the following day, while on the day of transition from winter to summer time, the gas day is a period of 23 hours, and on the day of crossing from summer to winter, the gas day is a period of 25 hours;
- 17) **Gas month** is a period of twenty-eight (28) to thirty-one (31) gas days, beginning and ending on the first day of a given calendar month at 6:00 a.m. (CET). The current gas month is denoted as M. The next gas month is denoted as M+1.
- 18) **Gas year** is a period that begins at 6:00 a.m. (CET) on October 1 of each calendar year and ends at 6:00 a.m. (CET) on October 1 of the following calendar year;
- 19) **Network user** is a person who in accordance with the Network Code on natural gas transmission, is registered by NGTSO as a network user who intends to use natural gas transmission services based on a concluded Natural Gas Transmission Agreement;
- 20) **Confirmed quantity** is the quantity of natural gas confirmed by NGTSO to be transferred on gas day D based on an accepted nomination and/or renomination;
- 21) **Daily imbalance charge** is the amount of money that the network user pays or receives in relation to the daily imbalance quantity;
- 22) **Allocation** means the quantity of natural gas that attributed to a user of the NGTSO network as an input or an offtake expressed in kWh;
- 23) **Within day obligation** means a set of rules regarding network user's inputs and off-takes within the gas day imposed by NGTSO on network users;
- 24) **Nomination** is the announcement of the quantity of natural gas for the balancing group for the next gas day which the users of the network, i.e. the members of the balancing group, intend to deliver or receive in or from the natural gas transmission system.
- 25) **Renomination** means submission of re-nomination by BRP;
- 26) **Cycle of renomination** is the procedure carried out by NGTSO in order to inform BRP about the confirmed quantities after receiving the renomination;
- 27) **Trading participant** means a network user or a NGTSO holding a contract with the trading platform operator and meets the conditions necessary to transact on the trading platform;
- 28) **Economic operator** means a natural gas trader;
- 29) **Natural gas trader** is a domestic legal entity that is the holder of a license for performing the energy activity natural gas trading issued by the Energy and Water Services Regulatory Commission of the Republic of North Macedonia (ERC) or a subsidiary of a foreign person organized in the Republic of North Macedonia and registered in the Register of Foreign Traders and Suppliers of Electricity and Natural Gas who can carry out energy activity in the Republic of North Macedonia to whom an EIC has been issued by a body competent for issuing EIC;
- 30) **Qualified economic operator** means an economic operator who has concluded a framework agreement (FA) with NGTSO;

- 31) **Framework Agreement (FA)** is the agreement concluded with the Economic Operator and NGTSO as the contracting authority;
- 32) **Offer** is an offer to buy and/or sell natural gas (MWh) at a certain price (EUR/MWh) rounded to two decimal places, submitted to NGTSO by a qualified economic operator;
- 33) **A single document for proving the ability** is a document issued by the Central Registry of the Republic of North Macedonia and containing data proving elements of the economic operator's ability;
- 34) **Purchase and sale agreement (PSA)** is the purchase and sale agreement between a qualified economic operator and NGTSO, which determines the commercial conditions for the appropriate purchase and sale of natural gas;
- 35) **Virtual trading point (VTP)** is a non-physical trading point within the natural gas transmission system, through which the registered users of VTP may purchase/sell natural gas among themselves,
- 36) **A trading platform** (organized market) means an electronic platform for bilateral trading, maintained and operated by a trading platform operator by means of which trading participants may post and accept, including the right to revise and withdraw, offers for the purchase and sale of natural gas required to meet short-term fluctuations in gas demand or supply, in accordance with the terms and conditions applicable on the trading platform, and at which NGTSO trades for the purpose of undertaking balancing actions.

Obligations of the Natural Gas Transmission System Operator with respect to the balancing of the natural gas transmission system balancing

Article 3

- (1) NGTSO undertakes balancing actions in order to:
 - 1) maintain the transmission network within its operational limits and
 - 2) achieve a "linepack" position at the end of the gas day in the transmission network different from the one predicted based on the expected inputs and offtakes for that gas day, in accordance with the economical and efficient functioning of the transmission network.
- (2) When undertaking the balancing actions, NGTSO takes into account at least the following in relation to the balancing zone:
 - 1) NGTSO's own assessments of gas demand through and during the gas day, for which balancing measures are foreseen;
 - 2) information on nomination and distribution and measured gas flows;
 - 3) gas pressures through the transmission network.
- (3) When undertaking balancing actions, NGTSO is guided by the following principles:
 - 1) balancing actions will be undertaken on a non-discriminatory basis;
 - 2) balancing actions will take into account any obligation of NGTSO to operate with an economically efficient transmission network.
- (4) NGTSO undertakes balancing actions through:
 - 1) purchase and sale of short-term standardized products on a trading platform where NGTSO, on the basis of an agreement concluded with the operator of the trading platform in accordance with the conditions required for participation and transactions on the trading platform, acts as a trading participant who purchases/sells natural gas for its own needs for natural gas transmission system balancing services; and/or
 - 2) Use of balancing services using the model of Framework Agreements.

Balance responsible parties and balance groups**Balance responsibility****Article 4**

- (1) Each network user who is a participant in the natural gas market, except NGTSO, has balance responsibility.
- (2) The participant in the natural gas market can organize its balancing responsibility by concluding a balance responsibility agreement with NGTSO, after which it acquires the status of a balance responsible party (BRP).
- (3) A participant in the natural gas market can arrange his balance responsibility by transferring the balance responsibility to his elected representative, who is BRP, thus becoming a member of the BRP balance group.

Acquiring a balance responsibility party status**Article 5**

- (1) Any operator of the energy trade or supply of natural gas, as well as any consumer who has the right to independently participate in the natural gas market, may submit a request in writing to NGTSO for acquiring the status of BRP.
- (2) The applicant from paragraph (1) of this article shall submit the following documents to the application in the original or a copy of the original certified by a notary:
 - 1) current status issued by the Central Registry of the Republic of North Macedonia no older than three months,
 - 2) a license to carry out energy activity or a decision to register in the register of foreign traders and suppliers of natural gas, unless the request is submitted by a consumer who has the right to independently participate in the natural gas market and
 - 3) EIC issued by NGTSO, unless the request is submitted by a consumer who has the right to independently participate in the natural gas market.
- (3) NGTSO shall prepare the form of the Request for acquiring BRP status and shall publish it on its website after prior approval by ERC.
- (4) If NGTSO determines that the request from paragraph (1) of this article is not complete, within five days from the day of delivery of the request, it notifies the applicant and sets him a deadline of 15 days to prepare the necessary documentation in accordance with paragraph (2) of this article.
- (5) If the applicant does not prepare the necessary documentation within the period determined by paragraph (2) of this article, NGTSO shall adopt a decision to reject the request.
- (6) Within 15 days from the day of receipt of the decision from paragraph (5) of this article, the applicant may submit an objection to ERC.

Balance Responsibility Agreement**Article 6**

- (1) If NGTSO determines that the request from Article 5 paragraph (1) is complete, within five working days from the day of submission of the request, it notifies the applicant about the orderliness and delivers to him a signed Balance responsibility agreement in four copies.
- (2) NGTSO shall prepare the model of the Balance responsibility agreement and shall publish it on its website.
- (3) Within seven days of receiving the contract from paragraph (1) of this article, the applicant signs the contract and submits two copies of the signed contract to NGTSO.

(4) If the applicant does not submit a signed contract within the period of paragraph (3) of this article, it is considered that the application has been withdrawn.

(5) Within seven working days after signing the Agreement from paragraph (3) of this article, BRP submits the necessary financial guarantees to NGTSO.

(6) The financial guarantees from paragraph (5) of this article are submitted in the form of a bank guarantee or cash deposit, and their amount, as well as the conditions and method of activation are determined in the Agreement.

(7) The Agreement may provide for the right of NGTSO to request additional funds from BRP to ensure payment of due obligations for financial settlement of imbalances within the balance group.

(8) If BRP does not submit the necessary financial guarantees within the period specified in paragraph (5) of this article, as well as in the form and under the conditions determined by the Agreement, the Agreement will be considered invalid, and if BRP wants to conclude a new Balance responsibility agreement, it is necessary to start the registration procedure from the beginning.

(9) The model of the Balance responsibility agreement is contained in Annex II, which is an integral part of these rules.

Register of BRP and balance groups

Article 7

(1) NGTSO establishes, manages and maintains a Register of BRP and balance groups, which is an electronic data register in which the following data are stored:

- 1) BRP,
- 2) EIC of BRP,
- 3) Members in the balance group,
- 4) EIC of the members in the balance group,
- 5) Date of entry in the register and
- 6) Date of deletion from the register.

(2) NGTSO publishes the Register on its website and regularly updates the Register with all data.

Registration in the register of BRP and balance groups

Article 8

(1) After submitting the financial guarantees in accordance with the Balance responsibility agreement, NGTSO shall immediately record the BRP in the Register of BRP and balance groups.

(2) By entering in the Register of BRP and balance groups, BRP shall submit a request to the operator of the natural gas market (ONGM) for registration for participation in the market in accordance with the Rules for the natural gas market.

(3) From the registration of BRP in the Register of BRP and balance groups until the notification by ONGM to NGTSO that it is entered in the Register of market participants, it is considered that BRP is inactive in the Register of BRP and balance groups.

(4) BRP is active, i.e. it can submit nominations, after it is registered in the Register of market participants.

(5) BRP notifies NGTSO of all changes to the data relating to the balance group published in the Register of BRP and balance groups at the latest by the end of the following day from the day on which the change occurred.

(6) NGTSO may at any time request the BRP to provide appropriate documents to fulfill the conditions for the acquired BRP status, which should be delivered to it within eight working days.

Temporarily inactive BRP

Article 9

(1) If the ONGM suspends a market participant who is a BRP, it notifies the NGTSO without delay and delivers the suspension decision to it, and the NGTSO marks the suspended BRP as inactive in the Register of BRP and balance groups until receiving a decision from the ONGM that the suspension of the BRP market participant has ended.

(2) A BRP that is temporarily inactive in the Register of BRP and balance groups does not have the right to submit nominations for physical schedules.

Termination of the Balance Responsibility Agreement by NGTSO

Article 10

(1) The balance responsibility agreement shall terminate:

1) upon expiration, revocation or suspension of the license,

2) by terminating the contract for participation in the natural gas market,

3) with termination by NGTSO, if BRP:

- does not fulfill the obligations according to the Balance responsibility agreement,

- he used false data during the registration to acquire BRP status,

- did not conclude an Annex to the Balance responsibility agreement, if there is a need for such a thing.

(2) In the cases referred to in paragraph (1) of this article, within a period of not less than seven days, NGTSO shall deliver by post and via electronic mail a notification to BRP for the termination of the Balance responsibility agreement, stating the date and time for the termination of the agreement, which as a rule, it is the last day of the current month.

(3) On the day and hour determined in accordance with paragraph (2) of this article, NGTSO deletes BRP from the Register of BRP and balance groups.

(4) BRP may request the termination of the Balance responsibility agreement if its obligations to NGTSO are fulfilled.

(5) In the case referred to in paragraph (4) of this article, BRP may propose a date and time for the termination of the Balance responsibility agreement, which as a rule is the last day of the current month, and cannot be shorter than seven days, and informs NGTSO about it by mail and e-mail.

(6) In case of termination of the Agreement, BRP may specify the date for deletion from the Register of BRP and balance groups which is the most favorable for it and informs NGTSO about it at least five working days before the specified date for deletion from the Register of BRP and the balance groups by mail and by e-mail.

(7) The financial guarantees submitted by BRP remain valid and/or NGTSO keeps them until the potential obligations resulting from the financial settlement of imbalances, including the recalculation of imbalances, are settled.

Balance group

Article 11

- (1) The market participant who has entered into an agreement for balance responsibility, enters into an agreement for the formation of a balance group with NGTSO.
- (2) A market participant may join a balance group of his choice.
- (3) A balance group may consist of one or more market participants.
- (4) A market participant can be a member of only one balance group.
- (5) A market participant who performs regulated energy activity may not join a balance group with participants in the free (unregulated) market.
- (6) Each balance group is represented by BRP.
- (7) In order to perform the functions of the BRP and the balance group, each member of the balance group exchanges data with the BRP.

Obligations of the balance responsible party for arranging the balance responsibility of the members of the balance group

Article 12

- (1) BRP organizes and manages the balance group.
- (2) BRP is responsible for balancing the balance group that it organizes and manages, that is, for coordinating the daily quantities of gas that are delivered to and taken from the transmission system and enables NGTSO to take as few balancing actions as possible.
- (3) BRP is responsible for all costs related to balancing the imbalances of the balance group that it organizes and manages.
- (4) BRP:
 - 1) Submits to NGTSO a statement of membership in a balance group, signed by the BRP and the market participant who enters the balance group of the BRP;
 - 2) Provides adequate financial guarantees and submits them to NGTSO;
 - 3) Sends (nominates) physical schedules, namely: trade plan and consumption plan to ONGM and NGTSO, individually for each member of the balance group;
 - 4) Performs financial settlement of imbalances within the balance group;
 - 5) Fulfills the obligations arising from the financial settlement of imbalances of the balance group;and

6) Submits data and documentation at the request of NGTSO in accordance with these rules.

Change of balance group

Article 13

(1) A member of a balance group can initiate a procedure to change the balance group by submitting a request for change of the balance group to NGTSO, in the following cases:

- 1) Termination of the Balance responsibility agreement,
- 2) Expiration of the Balance group membership statement, or
- 3) At your own request.

(2) In addition to the Request from paragraph (1), the following shall also be submitted:

- 1) in the case of paragraph (1) point 1) and 2), a copy of the Agreement for regulated balance responsibility concluded with NGTSO or of the Statement of membership in a balance group, as well as a statement of assumed balance responsibility by another market participant which has previously regulated the balance responsibility,
- 2) in the case referred to in paragraph (1) point 3), a joint statement signed by the BRP of the party from which it is issued and by the BRP of the party to which it is accessed.

(3) NGTSO prepares and publishes on its website the request from paragraph (1) of this article.

(4) Changes of members between balance groups are performed on the first day of the following calendar month or on the first day of the month specified in the request.

Exclusion of a member from the balance group at the request of

BRP

Article 14

(1) BRP can submit a request to NGTSO to exclude a member from the balance group if the member does not respect the mutual agreements.

(2) In the request from paragraph (1) of this article, BRP may propose a date of exclusion of a member from the balance group, which cannot be shorter than 15 days from the day of submission of the request.

(3) NGTSO immediately notifies the market participant of the BRP request and sets a deadline of three working days from the day of the notification to initiate a procedure for adjusting its balance responsibility.

(4) The market participant, within the period determined by paragraph (3), submits to NGTSO a request for concluding an agreement on balance responsibility or a notification from another BRP that it will take over its balance responsibility.

(5) If the market participant does not submit the documents from paragraph (4) of this article within the period determined by paragraph (3) of this article, NGTSO initiates a procedure for the suspension of the market participant from the natural gas market, in accordance with the rules for the natural gas market.

(6) In the cases referred to in paragraph (5) of this article, NGTSO determines the termination date of the market participant in the balance group, which cannot be earlier than:

- ten days from the day of submission of the request for acquiring the title of BRP or
- seven days from the day of delivery of the notice from another BRP that it assumes the balance responsibility.

(7) Within five days from the day of submission of the request from paragraph (1) of this article, BRP has the right to withdraw the request, by submitting a joint statement for the continuation of participation in the balance group signed by him and the member of the balance group for whom he requested the exclusion.

Procedure for the procurement of natural gas for services regarding the balancing of the natural gas transmission system

Undertaking balancing actions via trading on a natural gas trading platform

Article 15

- (1) In order to undertake balancing actions, NGTSO buys and sells short-term standardized products on a trading platform where NGTSO based on an agreement concluded with the operator of the trading platform in accordance with the conditions required for participation and transactions on the trading platform acts as a trading participant who buys/sells natural gas for its own needs for balancing services of the natural gas transmission system.
- (2) NGTSO can trade natural gas on the trading platform for the purpose of taking measures to balance the system, as well as to purchase natural gas to cover losses in the natural gas transmission network and natural gas for own needs.
- (3) The purchase and sale of standardized products and natural gas on the trading platform NGTSO carries out at prices at which the transactions for the purchase and sale of natural gas are carried out by applying a mechanism determined in the Rules of the respective trading platform, which mechanism enables free negotiation between parties and ensures the application of the principle of non-discrimination when concluding transactions for balancing purposes.
- (4) NGTSO participates in a trading platform on which the platform operator promptly publishes at least the following data on its website:
 - 1) data on the evolution of the marginal purchase price and the marginal sale price after each transaction,
 - 2) list of registered participants including name, identification number, registration date and status data,
 - 3) the total number of transactions with natural gas carried out for the gas month no later than the 10th day of the following gas month and
 - 4) the quantity of bought and sold natural gas.
- (5) NGTSO acquires the right to trade on the trading platform by concluding an agreement for participation on the trading platform with the platform operator, which contains at least the following:
 - 1) subject of the contract, as well as the rights and obligations of the contracting parties,
 - 2) types of products that are traded on the platform and the method of price formation,
 - 3) participation, conditions and method of invoicing and payment,
 - 4) procedure, conditions and deadlines for operational exchange of information for concluding transactions on the trading platform and
 - 5) penalties for non-compliance with contractual obligations.

Application of Framework agreements model**Article 16**

- (1) NGTSO shall perform the procurement of services for balancing the natural gas transmission system through the application of framework agreements model (FA).
- (2) FAs are concluded for a period of validity not exceeding five years.
- (3) The costs of participation in the procedures for concluding a FA, Sale and Purchase Agreement (SPA), as well as for fulfilling the obligations from those agreements are borne by the participant in the procedure.

Course of the procedure for concluding a Framework Agreement**Article 17**

- (1) After making the decision to initiate a procedure for the purchase and/or sale of natural gas for balancing the natural gas transmission system by applying a FA model, NGTSO shall publish on its website a Call for expression of interest to enter into a FA, for the purchase and/or sale of natural gas for balancing the transmission system (hereinafter: Call) which specifically states: the deadline (date and time) for submitting the application for participation, the necessary documentation, as well as the balancing periods.
- (2) Every natural gas trader registered as a participant in the natural gas market in the Republic of North Macedonia has the right to express interest in concluding an FA by submitting to NGTSO:
 - 1) application for participation,
 - 2) a license to perform energy activity trading in natural gas or a decision for registration in the register of foreign traders and suppliers of electricity and natural gas who can perform energy activity in the Republic of North Macedonia,
 - 3) statement that he owns an EIC, issued by NGTSO
 - 4) information about the concluded Agreement for participation in the natural gas market concluded with the EMO (agreement number).
- (3) In addition to possessing the license, i.e. the decision and EIC from paragraph (2) of this article, the economic operator shall also fulfill the following conditions:
 - 1) The bidder or the person who is a member of the management or supervisory body of that bidder or who has powers of representation or decision-making or supervision over him, has not been given a final court verdict for a criminal act in the last five years that includes participation in a criminal association, corruption, tax evasion, terrorism or criminal offenses related to terrorist activities, money laundering and terrorist financing and abuse of child labor and human trafficking, established in the Criminal Code which is proven by a statement made, signed and delivered by the bidder;
 - 2) The bidder has paid all taxes, contributions and other public duties, that is proven by a certificate issued by the Public Revenue Office of the Republic of North Macedonia;
 - 3) No bankruptcy proceedings have been initiated against the bidder, which is proven by a certificate issued by a competent authority or a single document to prove the ability;
 - 4) A liquidation procedure has not been opened against the bidder, which is proven by a certificate issued by a competent authority or a single document to prove the ability;
 - 5) The bidder has not been sentenced to a secondary penalty of prohibition to participate in procedures for public invitations, awarding of public procurement contracts and public-private

- partnership contracts, which is proven by a certificate from the Register of Penalties for Criminal Offenses of Legal Entities or a single document to prove the ability;
- 6) The bidder has not been sentenced to a secondary penalty, a temporary ban on performing a separate activity, which is proven by a certificate from the Register of Penalties for Criminal Offenses of Legal Entities or a single document to prove the ability;
- 7) The bidder has not been sentenced to a secondary punishment, a permanent prohibition to perform a separate activity, which is proven by a confirmation from the Register of punishments for committed criminal acts, or a single document to prove the ability;
- 8) The bidder has not been given a misdemeanor sanction by a final judgment - a ban on performing a profession, activity or duty, which is proven by a certificate or a single document to prove the ability and
- 9) The bidder has not been given a misdemeanor sanction by a final judgment - a temporary ban on performing a separate activity, which is proven by a certificate or a single document to prove the ability.
- (4) The documents from paragraph (2) of this article must not be older than six months counted from the deadline for submission of offers backwards.
- (5) In addition to the documents from paragraph (3) of this article, the economic operator shall also submit:
- 1) A statement signed by the economic operator in which he declares that he accepts to participate and submit an offer for the purchase and/or sale of natural gas for balancing on each individual request for offers submitted by NGTSO and
 - 2) A statement signed by the economic operator which clearly states that the economic operator irrevocably acknowledges its full and exclusive responsibility in guaranteeing the deliveries and the receiving of natural gas to/from the place of delivery.
- (6) NGTSO concludes a FA with all economic operators who have submitted an application for participation and fulfill the conditions specified in the Call and thereby become providers of balancing services.
- (7) After the conclusion of FA, NGTSO enters the natural gas market participant in the Register of Balancing Service Providers as a participant in the balancing energy market, thereby acquiring the right to participate in the balancing energy market as a balancing service provider.
- (8) On the basis of the concluded FA, NGTSO invites the balancing service providers to participate in the procedures for buying and/or selling natural gas by concluding a PSA in accordance with the balancing needs of the natural gas transmission system.
- (9) If after the end of the procedure following the published call and until the end of the duration of the FA concluded on the basis of the call, new economic operators appear who are interested in concluding a FA with NGTSO for the purchase and/or sale of natural gas for balancing, they can additionally submit all the necessary documents specified in this article and if they meet the conditions to conclude an FA with NGTSO.

Cancellation of the procedure for purchase and sale of natural gas

Article 18

NGTSO has the right to reject an offer or cancel the process of buying and/or selling natural gas for balancing without having to give a reason. In case of cancellation, NGTSO shall not be liable to the balancing service providers for any loss, costs or damages (including and without exception all

consequential and/or indirect damages, lost profit, reputation, business opportunities, anticipated savings, costs of making an offer, participation in the process for submission and evaluation of offers).

Financial guarantees

Article 19

(1) Within five days from the date of conclusion of the FA, the balancing service provider submits to NGTSO a financial guarantee in the form of a bank guarantee or a cash deposit for the quality execution of the contract in the amount of 15,000 euros with a validity of one year.

(2) For each subsequent year during the period of validity of the FA, before the expiration of the validity of the financial guarantee, the banking service provider is obliged to submit a new financial guarantee for the following year with a validity of one year.

(3) The financial guarantees provided by the balancing service provider can be used by NGTSO only for the purposes of realizing the obligations of the balancing service provider undertaken with FA and KD arising from FA.

(4) With the termination of the validity of the FA, the valid financial guarantee is returned to the qualified economic operator, after he settles all financial obligations to NGTSO arising from the process of buying and selling natural gas for balancing.

Individual request for submission of offers

Article 20

(1) Before each purchase and/or sale of natural gas, NGTSO sends via e-mail or in another appropriate way a request for offers (RO) to all providers of balancing services registered in the register of providers of balancing services, at least 24 hours before the deadline for submitting an offer.

(2) The submission of RO, as well as the deadline for submission of offers must be on a working day.

(3) RO in particular shall contain:

- Deadline (date and time) and method of submission of offers by balancing service providers,
- Balancing period for buying/selling natural gas,
- Required amount of natural gas expressed in MWh, for the entire period of purchase/sale,
- Deadline for submitting information for choosing the best offer,
- Special conditions.

Submission of offers and changes to RO

Article 21

(1) Upon the submitted request for offers, each balancing service provider is obliged to submit an offer for the purchase and/or sale of natural gas via electronic mail, and in exceptional cases of technical problems with the information and communication system NGTSO uses other forms of communication to notify the bidders about the method, procedure and deadlines for submitting and evaluating the offers.

(2) NGTSO has the right to extend the deadline for submission of offers, to repeat or cancel the procedure.

(3) NGTSO promptly and in accordance with the situation of the information communication system informs all balancing service providers who have submitted offers about the reasons for extending the deadline for submitting offers, as well as for repeating or canceling the procedure.

Evaluation and selection of offers

Article 22

- (1) NGTSO arranges the offers for the purchase of natural gas for balancing in order, first the offers with the lowest price (list of priority ordering or Merit order list), until the necessary quantities of natural gas are provided.
- (2) NGTSO arranges the offers for the sale of natural gas for balancing in order, first the offers with the highest price (priority order list or Merit order list), until the system is freed from excess energy.
- (3) In the case of more than one offer with the same price, the first submitted offer is sorted first.
- (4) The prices provided by the balancing service providers are expressed in EUR/MWh, excluding VAT, rounded to two decimal places.
- (5) The criterion for choosing the most favorable offer is the lowest offer (price) when buying by NGTSO and the highest offer (price) when selling natural gas for balancing by NGTSO.
- (6) For the results of the evaluation of the offers, a report is drawn up on the procedure carried out on the basis of which NGTSO makes a decision on the selection of the most favorable offers and delivers it to all qualified economic operators.

Signing of a Sale and Purchase Agreement**Article 23**

- (1) Within three working days from the adoption of the decision referred to in Article 22 of these rules, the selected balancing service providers with the most favorable offer shall sign a PSA with NGTSO, which in particular contains data on the agreed transactions such as the amount of natural gas, period of delivery and collection, price, terms of payment and method of invoicing.
- (2) The contract signed by NGTSO is delivered by electronic mail to the selected balancing service provider, while the signed original documents will be exchanged by registered mail or courier mail.

Objection by the economic operators**Article 23**

- (1) Any economic operator who has a legal interest in obtaining FA or PSA has remarks about omissions or errors in the implementation of the procedure and is not satisfied with the decision made on the selection of balancing service providers or the decision on the selection of the most favorable balancing service provider may request legal protection against decisions, actions and omissions to take actions by submitting a reasoned objection by email to NGTSO within two calendar days from the day of receipt of the notification for the selection of qualified economic operators or for the selection of the most favorable balancing service provider.
- (2) NGTSO makes a decision after the objection of an economic operator within two days, counted from the day of receipt of the objection, and delivers it to the person submitting the objection.
- (3) The economic operator who is not satisfied with the decision of NGTSO regarding the objection, may within two days, counted from the day of receipt of the decision, initiate a dispute procedure before the ERC, which decides according to the dispute resolution procedure.
- (4) The procedure from paragraph (2) of this article does not delay the signing of the FA, that is, the PSA between NGTSO and the selected balancing service providers, that is, between NGTSO and the selected most favorable balancing service provider.

Liability for non-fulfillment of obligations**Article 24**

- (1) The balancing service provider that is selected as the most favorable and that has concluded the contract is obliged to fully fulfill the obligations for the purchase/sale of natural gas for the needs of balancing of the natural gas transmission system.
- (2) If the selected balancing service provider has not concluded the PSA, it is obliged to reimburse NGTSO for the incurred costs caused by not concluding the PSA. In this case, NGTSO will conclude a contract with the next ranked economic operator, and will compensate the difference in prices. The economic operator who did not conclude the PSA will pay a contractual penalty in the amount of 5% of the value of the PSA that he did not conclude.
- (3) If the selected balancing service provider does not deliver and/or receive the agreed amount of natural gas defined in the PSA, NGTSO will activate the provided bank guarantee and terminate the concluded FA.
- (4) NGTSO shall impose a ban on participating in the process for submitting offers in the next 12 months to the selected balancing service provider who will not sign, or who has signed the PSA, but has not fulfilled the contractual obligations, in addition to activating the bank guarantee and covering all incurred costs of NGTSO.
- (5) If the same balancing service provider does not conclude a PSA again after the expiration of the 12-month period, NGTSO will collect from him the difference in prices between him and the next ranked economic operator, activate the provided bank guarantee and terminate the concluded FA.
- (6) In case of violation of the provisions and/or if the providers of balancing services do not act in accordance with the procedure prescribed by these rules, or do not fulfill the obligations undertaken by FA or PSA, NGTSO has the right to immediately exclude the provider of balancing services from the process for purchases/or sales of natural gas for balancing.
- (7) The exclusion of the provider of balancing services in accordance with paragraph (6) of this article does not release him from fulfilling the obligations of the already concluded PSAs, which were concluded before the committed violations.

Balancing of the natural gas transmission system with the natural gas transmission systems of neighboring countries at interconnection points**General terms****Article 26**

Balancing of the natural gas transmission system with the natural gas transmission systems of neighboring countries at the interconnection points is carried out by NGTSO in a manner and by applying procedures for:

- 1) submission of nominations and renominations for transport, processing, rejection, coordination with neighboring transmission system operators and confirmation of transport nominations and renominations submitted by NGTSO at entry and exit points of interconnection;
- 2) general exchange of data regarding the process of submitting nominations and renominations;
- 3) provision of information by NGTSO about the operational balance account using the data of the BRP balance accounts;
- 4) distribution of initial and final imbalances and settlement of the operating balance account;
- 5) regulation of the physical (operational) balancing of the natural gas transmission system by NGTSO.

Basic obligations and rights of the natural gas transmission system operator and network users**Article 27**

- (1) NGTSO carries out commercial balancing of the natural gas market by covering the differences in the quantities of natural gas delivered by the user to the network at the respective entry points and the quantities of natural gas used by that user at the exit points of the network on the gas day.
- (2) NGTSO is responsible for the physical balancing of the gas transmission network, by undertaking a set of activities aimed at ensuring the effective functioning of the network for gas transmission in real time, to ensure at any time the transportation of gas from the entry points of the network to its exit points, in order to efficiently and safely operate the network and maintain it within its working scope.
- (3) Physical balancing includes activities related to physical neutralization of trade imbalances (residual balancing) as well as activities related to ensuring operational integrity of the network (operational measures) and serves the function of trade balancing.
- (4) In order to fulfill the obligation to balance the natural gas transmission system and cover the individual imbalances of the users of the network, NGTSO buys and sells natural gas in the manner and procedure regulated by these rules.
- (5) In order to reduce the obligation of NGTSO to undertake balancing actions at the interconnection point, users are responsible for balancing their input quantities and imbalances in their balancing portfolio.
- (6) Daily imbalances allowed by users are subject to a charge for imbalance through financial settlement, while the remaining balancing is carried out by NGTSO by undertaking balancing actions.
- (7) In order to reduce their own imbalance, users can trade natural gas at VTT.
- (8) To determine the real needs of the system, the resources available to NGTSO and BRP, which should effectively balance their balancing portfolios, are taken into account.
- (9) For the sake of effective balancing management, NGTSO is obliged to provide adequate information to BRP, so that they can take corrective actions to adjust the gas flow during the gas day.
- (10) Network users have the right to request the conclusion of a legally binding contract for the transmission of natural gas with NGTSO, which allows them to submit commercial nominations regardless of whether they have contracted transmission capacity.

Nominations and renominations at interconnection points

Article 28

Nominations and renominations at interconnection points shall contain at least the following information:

- Identification of the interconnection point;
- Direction of gas flow;
- The user's identification data and/or its balancing portfolio;
- Identification data of the contracting party, the user and/or contracting party's balancing portfolio;
- Start and end time of the gas flow for which a nomination or renomination is submitted (start and end of gas day D);
- Gas day D for which the nomination is submitted;
- The natural gas quantity requested by the user to be transported on gas day D expressed in kWh/d.

Order for Submitting and Processing of Nominations

Article 29

- (1) BRP submits to NGTSO a nomination for gas day D no later than 14:00 Central European Time (CET time), on gas day D-1.

- (2) NGTSO shall take into account the last nomination received by the user before 14:00 SET time, on gas day D-1.
- (3) The deadline for processing nominations is from 14:00 to 16:00 SET time on gas day D-1 and during that period NGTSO will notify the user of the confirmed quantities.
- (4) If the BRP does not submit a nomination by 14:00 SET time on the gas day D-1 NGTSO applies the standard "zero" nomination rule.

Order for filing and processing renominations

Article 30

- (1) BRP can submit renominations to NGTSO within the deadline for submitting renominations, which starts at 4:00 PM CET on Gas Day D-1, at 3:00 AM CET on Day D.
- (2) NGTSO starts a renomination processing cycle for gas day D at the beginning of each hour within the term of paragraph (1) of this article, with the start of the first processing cycle being at 5:00 p.m. CET time on gas day D-1.
- (3) In each renomination processing cycle, NGTSO takes into account the last renomination received by BRP before the start of the renomination processing cycle.
- (4) After carrying out the procedure for harmonizing nominations with neighboring transmission system operators, NGTSO notifies BRP of the confirmed daily quantities within two hours from the beginning of each renomination processing cycle.
- (5) The quantities nominated for transportation for the gas day D are distributed per hour, equally for each hour, from the beginning to the end of the gas day D, and if a renomination is submitted, the quantities will be equally distributed for the remaining hours until the end of the gas day D.

Order and terms for rejecting nominations and renominations or for amendment of the requested natural gas quantity

Article 31

- (1) NGTSO may reject the nomination or renomination within two hours from the beginning of the nomination processing period or from the beginning of each renomination processing cycle, if:
 - 1) does not comply with the requirements for its content pursuant to Article 28 of these rules;
 - 2) is submitted by an entity other than BRP;
 - 3) if acceptance of the nomination would result in negative quantities for the remaining time of the gas day and/or
 - 4) the nomination exceeds the user's allocated capacity and in this case NGTSO confirms a nomination to the amount of the allocated capacity.
- (2) NGTSO may reject a renomination within two hours from the beginning of each renomination processing cycle, if it exceeds the user's allocated capacity for the remaining hours, unless the renomination is submitted for the purpose of providing interruptible capacity offered by NGTSO.
- (3) NGTSO may reject a renomination within two hours from the beginning of each renomination processing cycle if the within day obligations imposed by NGTSO to the users are not fulfilled in accordance with Article 50 of these rules;
- (4) NGTSO cannot reject a nomination or re-nomination of BRP only because this network user's intended inputs are not equal to its intended offtakes;
- (5) If it rejects the renomination, NGTSO shall use the network user's last confirmed quantity.

(6) NGTSO may amend a nomination and renomination in exceptional events or in emergency situations only, when there is a clear danger to system security and stability and it shall notify the ERC and the users of any such action undertaken.

Procedure for coordinating nominations with operators of neighboring transmission systems

Article 32

- (1) Unless otherwise agreed between the operators of the neighboring transmission systems with the mutual Interconnection Agreement, the nominations and renominations will be managed by the two neighboring operators of the interconnection points, in accordance with the following basic rules:
 - 1) when comparing the nominations submitted to the two transmission system operators, in case of difference in the nominated quantities, the lesser rule shall apply.
 - 2) the transmission system operator who controls the flow measurement and management equipment will act as the initiating transmission system operator, while the other NGTSO will act as the matching system operator,
 - 3) transmission system operators shall take into account any temporary capacity reduction on one or both sides of the interconnection point;
- (2) The transmission system operators shall carry out the adjustment procedure in the following order:
 - 1) The initiating transmission system operator shall calculate and submit the processed natural gas nomination (the "processed quantities") to the respective operator within 45 minutes from the start of nomination processing, or from the start of each renomination processing cycle;
 - 2) The coordinating transmission system operator shall calculate and deliver the confirmed gas quantities to the initiating operator within 90 minutes from the beginning of the nomination processing period, or from the beginning of each renomination processing cycle;
 - 3) Operators shall deliver the confirmed quantities of natural gas to users and prepare a gas flow schedule at the interconnection point no later than two hours from the start of the nomination, processing period or start of the renomination processing cycle.
- (3) The time for conducting a nomination or renomination by the operators is two hours from the beginning of the nomination processing period or from the beginning of each renomination processing cycle, respectively.

Nominations and renominations of BRP to NGTSO

Article 33

- (1) Nominations and renominations of users' entry and exit points shall contain at least the following information:
 - 1) identification of entry/exit point;
 - 2) direction of gas flow;
 - 3) user identification data and/or balancing portfolio;
 - 4) identification data of the contracting party, the user and/or the balancing portfolio of the contracting party
 - 5) the start and end time of the gas flow for which nomination or renomination is submitted (beginning and end of gas day D);
 - 6) gas day D for which the nomination is submitted; and
 - 7) quantity of natural gas that the user requests to be transferred on gas day D, expressed in kWh/d for daily nominations and renominations

- (2) In order to ensure the reliable functioning of the natural gas transmission system, the users also submitted data in kWh/h for hourly nominations and renominations.

Order for Submission and Processing of Nominations

Article 34

- (1) BRP shall submit to NGTSO a nomination for gas day D no later than 2:00 p.m. CET time on gas day D-1.
- (2) NGTSO will take into account the last nomination received by the user before 14:00 CET time on gas day D-1.
- (3) The deadline for processing nominations is from 14:00 to 16:00 CET time on gas day D-1 and within that period NGTSO shall notify the respective user of the confirmed quantities.
- (4) If the BRP does not submit a nomination by 14:00 CET time on the gas day D-1 NGTSO applies the standard "zero" nomination rule.

Order for filing and processing renominations

Article 35

- (1) BRP can submit renominations to NGTSO within the deadline for submitting renominations, which begins at 4:00 PM CET time on Gas Day D-1, and ends at 3:00 AM CET time on Gas Day D.
- (2) NGTSO shall start a renomination processing cycle for gas day D at the beginning of each hour within the period of paragraph (1) of this article, with the first processing cycle starting at 5:00 PM CET time on the gas day D-1.
- (3) In each renomination processing cycle, NGTSO takes into account the last renomination received by BRP before the start of the cycle.
- (4) NGTSO shall notify the BRP about the confirmed daily quantities within two hours from the beginning of each renomination processing cycle.
- (5) The quantities nominated for transport for the gas day D are distributed per hour, equally for each hour, from the beginning to the end of the gas day D, and if a renomination is submitted, the quantities will be equally distributed for the remaining hours until the end of the gas day D.

Order and procedure for rejecting nominations and renominations or for changing the requested quantity of natural gas

Article 36

- (1) NGTSO shall reject the nomination or renomination within two hours from the beginning of the nomination processing period or from the beginning of each renomination processing cycle, if:
 - 1) does not comply with the requirements for its content according to Article 33 of these rules;
 - 2) is submitted by a person other than BRP;
 - 3) if accepting the nomination would result in negative quantities for the remaining time of the gas day and or
 - 4) the nomination exceeds the user's allocated/assigned capacity and in that case, NGTSO confirms nomination of the amount of the allocated capacity.
- (2) NGTSO can reject a renomination within two hours from the beginning of each renomination processing cycle if with the renomination exceeds the user's allocated capacity for the remaining hours, unless this re-nomination is submitted in order to request interruptible capacity as offered by NGTSO.

- (3) NGTSO may refuse renomination within two hours from the beginning of each renomination processing cycle if the obligations imposed by NGTSO on the users are not fulfilled during the day;
- (4) NGTSO cannot refuse the nomination or renomination of a user just because the intended inputs of this user to the network are not equal to his outputs/offtakes.
- (5) If the renomination is rejected, NGTSO will use the last confirmed quantity of the network user for gas day D.
- (6) NGTSO can change nomination and renomination in exceptional cases or only in urgent situations, when there is a clear danger to the security and stability of the system and for any such action it notifies ERC and the users.

Delivery of confirmed quantities to network users

Article 37

- (1) NGTSO shall deliver the confirmed quantities of gas to BRP and prepare a gas flow schedule at the appropriate interconnection point no later than two hours from the beginning of the nomination processing period or the beginning of the renomination processing cycle.
- (2) The time for conducting a nomination or renomination by NGTSO is two hours from the beginning of the nomination processing period or from the beginning of each renomination processing cycle, respectively.

Exchange of data with the balance responsible parties

Article 38

- (1) To establish communication with BRP in the procedures of submission, processing and confirmation of nominations and renominations, NGTSO introduces and uses at least one of the following types of data exchange:
 - 1) document-based data exchange, where data are stored in files, automatically exchanged between the respective information systems;
 - 2) integrated data exchange where data is directly exchanged between two application programs of the respective information systems; and
 - 3) interactive data exchange, where data is exchanged in dialog mode with a web-based application in a browser.
- (2) To establish communication with BRP, NGTSO develops and uses a web-based portal for users - a platform for publishing data and exchanging information.
- (3) BRP procures technical devices and software for data exchange with NGTSO at its own expense.

Technical solutions for data exchange

Article 39

- (1) For each type of data exchange, NGTSO shall use general solutions for data exchange, consisting of protocol, data format and network:
 - 1) for document-based data exchange:
 - protocol: AS4;
 - data format: Edig@s-XML;
 - 2) for integrated data exchange:
 - protocol: HTTP/S-SOAP
 - data format: Edig@s-XML
 - 3) interactive data exchange protocol: HTTP/S.

- (2) The Internet is a network used for the exchange of all types of data.
- (3) In case of emergency, the NGTSO provides for the use of alternative channels for data exchange.

Providing information on user's balance status

Article 40

NGTSO shall provide network users with timely and reliable information regarding their balance status in order to provide each user with an opportunity to take the respective actions to adjust its gas flow so as to balance its inputs against its off-takes of natural gas on a respective day and to minimize its imbalance and the need to carry out any physical balancing;

Information provision scheme

Article 41

NGTSO shall apply a scheme for providing information on the inputs and offtakes of natural gas to the network user during the gas day, whereby:

- 1) For internal metering inputs to, and offtakes from the balancing zone, where the network user's distribution is equal to its confirmed quantity, NGTSO will not be obliged to provide the information different from the confirmed quantity;
- 2) In all other cases, for daily and non-daily measured input and offtake quantities on day D, NGTSO should provide for each user, at least twice a day, at 11.30 and at 15.30 CET time, updated information about the measured or allocated/assigned measured quantities, at least for total measured inputs and total offtakes, where each updated information refers to the gas flow from the beginning of gas day D;
- 3) Each update is provided within two hours of the end of the last hour of gas flow;
- 4) No later than 12:00 PM CET time on gas day D+1, NGTSO shall provide each network user with information regarding its assigned initial inputs and offtakes for gas day D and its initial daily imbalance quantity;
- 5) NGTSO shall provide each network user with information regarding the assigned final inputs and offtakes and the final daily amount of imbalance no later than 4:00 PM SET time on the fourth day of the month following the reporting month.

Virtual trading point

Article 42

- (1) NGTSO shall introduce and maintain Virtual Trading Points (VTT) for each balancing zone of natural gas transmission networks in the territory of the Republic of North Macedonia.
- (2) Network users and gas traders can buy and sell natural gas in VTT for the respective balancing zone and for the purpose of reducing the imbalance of their balance accounts.
- (3) NGTSO may trade natural gas on VTT if it is necessary to take balancing actions.
- (4) Transactions for the purchase and sale of natural gas at VTT are carried out at prices freely agreed upon by the parties.

Agreement for participation in the Virtual Trading Point

Article 43

- (1) With the conclusion of the agreement for participation in a Virtual Trading Point between NGTSO and users who have transmission capacity or traders registered on VTT, network users and traders acquire the right to trade on VTT as registered users and submit transaction notifications to NGTSO.
- (2) NGTSO shall publish on its website the model of the contract for participation in VTT, which should contain at least the following elements:

- 1) the subject of the contract, the rights and obligations of its parties;
 - 2) participation, deadlines, invoicing and payments;
 - 3) conditions, order and deadlines for operational exchange of information for concluding transactions at VTT;
 - 4) penalties in case of non-fulfillment of obligations by the contracting parties.
- (3) NGTSO shall publish on its website at least the following information regarding the VTT:
- 1) a list of registered users that contains information about the title, identification number, date of registration and status data,
 - 2) the total number of concluded transactions with natural gas for the gas month, no later than the 10th day of the following gas month and
 - 3) the volume of the physical quantity of natural gas, bought and sold to VTT in energy units (kWh).
- (4) NGTSO is obliged to update the information specified in paragraph (3) of this article.

Transactions at Virtual Trading Point

Article 44

- (1) A natural gas transmission transaction between two balancing portfolios of registered users at VTT within the balancing zone is carried out by submitting notifications of purchase and sale transactions to NGTSO for the corresponding gas day, one day in advance or during the gas day, which allocates the quantities according to the notifications to the respective portfolios.
- (2) NGTSO shall specify and publish on its website the schedule for submission, withdrawal and modification of transaction notifications.
- (3) The processing time for transaction notifications by NGTSO is up to two hours, after which NGTSO delivers the transaction confirmation by e-mail to the registered users.
 - (4) Each notification of the VTT transaction shall contain at least the following information:
 - 1) Transaction ID (unique number);
 - 2) gas day in which natural gas is traded;
 - 3) counterparties (EIC codes) / respective balancing portfolios;
 - 4) date and time of concluding a transaction;
 - 5) type of transaction (buying/selling);
 - 6) quantity expressed in kWh.
 - (5) After receiving the notifications about the purchase and sale transactions, NGTSO determines whether the quantities specified in the notifications are equal, after which it distributes/allocates these quantities to the respective portfolios, namely: :
 - 1) as an offtake from the balancing portfolio of the user who submits a notification for the sale transaction or
 - 2) as an input to the balancing portfolio of the user who submits a notification for the purchase transaction.
 - (6) When the quantities specified in the transaction notifications are not equal, NGTSO distributes/allocates the smaller quantity specified in the transaction notifications
 - (7) Each registered user at the VTT can submit a transaction notification for each gas day, regardless of whether he has submitted a nomination at the entry or exit points for the same gas day.
 - (8) The quantities of natural gas specified in the notification of the transaction are included in the nomination or renomination

Allocation of imbalances from network users**Article 45**

(1) NGTSO on its website shall provide network users with information regarding the status of their balance account for gas day D at the level of operational information, with the aim of timely taking corrective actions in order to minimize their imbalance for the respective gas day, by submitting renominations or concluding a transaction for the purchase and sale of natural gas on VTT, as well as on the natural gas trading platform.

(2) If the network user does not take the corrective actions from paragraph (1) of this article or existence of an imbalance is determined, NGTSO shall determine the amount of the initial and final imbalance in accordance with the Methodology for formation of prices for balancing services which is contained in Annex I and is an integral part of these rules.

Financial settlement of daily imbalances**Article 46**

(1) All daily imbalances are settled financially by collection from, or by payment of, the balance account of the respective user.

(2) Imbalance charges accumulated on the financial account are settled on a monthly basis with payments from, or with payments to, network users.

(3) At the beginning of each month, the financial account is reduced to zero, and the daily expenses for the new month begin to accumulate in it.

(4) The issuance of an invoice by NGTSO or by BRP is in accordance with the Methodology for formation of prices for balancing services.

Operational balancing**Article 47**

(1) The operational balancing of the gas transmission network represents the physical neutralization of the differences between the total quantities of natural gas delivered to the entry points of the gas transmission network and the total quantities of natural gas that are at the exit of the network for gas transmission for the same period.

(2) Physical imbalance of the gas transmission network occurs when the total inputs of natural gas into the network differ from the total offtakes during the corresponding day.

(3) NGTSO takes actions to change natural gas inputs or offtakes in order to maintain the gas transmission network within its operational limits.

Balancing in case of physical imbalance**Article 48**

(1) In the event of a physical imbalance in the network, NGTSO carries out balancing by taking one or more of the following measures:

1) conclusion of short-term transactions (day in advance or during the day) for the transfer of natural gas with other market participants for balancing the trading platform, whereby the transactions are concluded at the lowest offered purchase price and at the highest selling price;

2) storage and/or use of accumulated quantities of natural gas in the gas transmission network (linepack);

3) use balancing services and has the right to conclude contracts for the supply of natural gas at the entry point of the transmission gas network, with a validity period of at most one year, whereby the contracts will be concluded using transparent, non-discriminatory and market-based procedures,

taking into account the maximum amount of expected natural gas imbalances in the gas transmission network.

- (2) NGTSO shall perform an annual analysis of the use of balancing services compared to the use of short-term products of VTT and publish information regarding the procedures undertaken for the use of balancing services.

Procedure in case of failure of physical balancing

Article 49

In the case of objective prevention of NGTSO to undertake the balancing measures according to Article 48 of these rules, where the cumulative imbalance of the gas transmission network exceeds the predefined limit of NGTSO resulting in the impossibility to physically balance the transmission system and/or threatens its integrity and operational security, NGTSO shall take actions to introduce a restrictive regime, suspend or limit the consumption of natural gas. The cumulative balance of account will be determined and published on the NGTSO website

Introduction of within day obligations for network users

Article 50

- (1) In order to encourage network users to manage their account within the day in order to ensure the integrity of the transmission network and to minimize the need for balancing actions by NGTSO, NGTSO may impose on users on the network within day obligations, namely:
 - 1) A within day obligation for the entire system that encourages network users to keep the transmission network within its operational limits by determining:
 - the operational limits within which the transmission network should remain;
 - the actions that network users can take to maintain the transmission network within operational limits;
 - the balancing actions taken by NGTSO when the operational limits of the transmission network are approached or reached;
 - the attribution of costs and/or revenues to network users and/or the consequences on the daily position of these network users resulting from the balancing activities undertaken by NGTSO;
 - payment that will be based on the individual daily position of the network user.
 - 2) Balancing portfolio as a within day obligation that encourages network users to maintain their individual position during the gas day in a pre-defined volume by determining:
 - the volume in which each individual balancing portfolio should remain and the method of determination of scope;
 - the consequences for network users who do not stay within the specified scope and, where appropriate, details of how the appropriate charge is obtained;
 - the related payment which will be based on the individual daily position of the network user.
 - 3) Entry-exit point as a within day obligation that encourages network users to limit the flow of gas or the variation of gas flow under specific conditions at certain entry-exit points as an additional obligation to the obligations contained in the gas transmission contracts concluded with NGTSO, whereby the following is determined:
 - the limits in the gas flow and/or the variation of the gas flow;
 - entry and/or exit point or groups of entry and/or exit points to which such restrictions apply;
 - the conditions under which such restrictions will be applied;

- the consequences of non-compliance with such restrictions.

Requests for the introduction of within day obligations for users

Article 51

- (1) NGTSO may propose to ERC the introduction of an obligation or a combination of obligations specified in Article 50 of these rules, provided that the proposed obligations meet the following criteria:
 - 1) The within day obligation and the related daily charge will not represent an unnecessary barrier for cross-border trade and for new users of the network who start participating in the natural gas market;
 - 2) The within day obligation will only apply where network users are provided with adequate information before a potential within day charge is applied regarding their inputs and/or offtakes and have the means to respond to manage with their exposure to the liability;
 - 3) The main costs to be incurred by network users in relation to their balancing obligations relate to their position at the end of the gas day;
 - 4) as far as possible, the costs during the day should reflect the costs of NGTSO for taking related balancing actions;
 - 5) The within day obligation will not result in the financial settlement of the users of the network at a position of zero during the gas day;
 - 6) The benefits of introducing the within day obligation in terms of economic and efficient operation of the transmission network outweigh any potential negative impacts thereof, including on the liquidity of trading at the virtual trading point.
- (2) NGTSO may propose different within day obligations for different categories of entry or exit points in order to provide more effective incentives for different categories of network users, in order to avoid cross subsidies.
- (3) For each within day obligation that it intends to introduce, NGTSO will carry out consultations with the stakeholders, including ERC, distribution system operators and NGTSO in the neighboring balancing zones.
- (4) After the completion of the consultation procedure from paragraph (3) of this article, NGTSO shall prepare a final proposal and analysis of:
 - 1) the necessity of introducing a within day obligation, taking into account the characteristics of the transmission network and the flexibility available to NGTSO through the purchase and sale of short-term standardized products or the use of balancing services;
 - 2) available information that allow network users to manage their positions within the gas day in a timely manner;
 - 3) the expected financial impact on network users;
 - 4) the effect on new network users who start participating in the natural gas market, including negative impacts on the market;
 - 5) the effect on cross-border trade, including the potential impact on balancing in neighboring balancing zones;
 - 6) the impact on the short-term wholesale gas market and its liquidity;
 - 7) non-discrimination of the proposed obligation during the day.
- (5) NGTSO shall submit the final proposal and analysis to ERC and publish it on its website, taking into account the protection of confidential information.

(6) ERC, within six months from the day of receipt of the final proposal and the analysis, shall make a decision to approve or reject the request of NGTSO for the introduction of a within day obligation.

Transitional provisions

Article 52

(1) Network users who, on the date of entry into force of these rules, still have unused natural gas capacities in the system, in the form of accumulation in the "linepack" transmission system, will be able to use these capacities to settle their balance sheet.

(2) As an exception to the provision of Article 3, item 16 in the period until 1.10.2023 gas day is the period from 08:00 a.m. CET time to 08:00 a.m. CET time the following day, while for individual points of entry or exit from the transmission system, this transitional period can end before 1.10.2023 if NGTSO fulfills the appropriate conditions earlier, for which NGTSO promptly informs the users of the transmission system.

(3) FAs concluded with the qualified economic operators on the basis of previously published calls shall continue to be valid until the qualified economic operator and NGTSO cancels them or if the qualified economic operator does not violate the obligations of the FAs.

(4) Until January 30, 2023, BRP, to NGTSO, shall submit nominations and renominations according to the procedure of these rules, which are prepared in cooperation between BRP and NGTSO.

(5) The provisions of Article 12 paragraph (3), as well as Articles 16, 17, 18, 19, 20, 21, 22, 23, 24, 25 and 26 of The network code for transmission of natural gas ("Official Gazette of the Republic of Macedonia" No. 45/2009).

Final provision

Article 52

These rules shall be published in the "Official Gazette of the Republic of North Macedonia", and shall apply from January 1, 2023.

APPENDIX I**METHODOLOGY FOR FORMATION OF PRICES FOR BALANCING SERVICES****Chapter 1: Methodology for calculating daily imbalance charges****General terms****Article 1**

- (1) The methodology for formation of prices for balancing services (the Methodology) determines the procedure, terms and conditions that NGTSO should follow for calculating the financial compensations for the made imbalances of the balance groups represented by BRP.
- (2) The purpose of the methodology is to reflect the real costs incurred for balancing guarantees as well as the definition of non-discriminatory financial compensations for the imbalances of BRP by creating incentives for the users of the natural gas transmission system to efficiently balance their balancing portfolios.
- (3) When BRP acts on behalf of a balance group, then the provisions of the Methodology are applied to the balance group as a whole. It is the responsibility of the BRP within the balance group to distribute the quantities, imbalances and fees, in accordance with the membership agreement in the balance group.
- (4) All exchanged information refer to the entire group (nominations, allocated quantities). In addition, BRP entry/exit points refer to the entry/exit points at which all members of the balance group have contracted capacity.
- (5) NGTSO maintains a separate balance account for neutrality as a financial account in order to achieve neutrality in relation to income and expenses for the balancing actions undertaken by NGTSO.

Daily imbalance calculating**Article 2**

- (1) For each gas day D, NGTSO calculates the quantity of imbalances (Δi) of BRP, by subtracting its initially allocated quantities taken at the exit points from its initially allocated quantities, delivered to the entry points for the gas day D according to the following formula:

$$\Delta i = Q_{ien} - Q_{iex}$$

Where:

Q_{ien} : Sum of initially allocated volumes of natural gas to BRP for all entry points from its balancing portfolio for gas day D;

Q_{iex} : Sum of initially allocated volumes of natural gas to BRP for all exit points from its balancing portfolio for gas day D;

- (2) If the value of Δi for the gas day is positive, the BRP is considered to have a positive imbalance for that gas day. If the value of Δi for the gas day is negative, the BRP is considered to have a negative imbalance for that gas day.
- (3) NGTSO prepares a proposal for calculation of BRP for imbalances on gas day D and submits it to BRP by e-mail or electronic platform no later than 12:00 CET on the following gas day D+1.

- (4) In the period between 12:00 CET on the day D+1 and 12:00 CET on the 4th day of the month following (M+1) after the calculation day of the month M, the initial calculation for imbalance of BRP on which gas day, it can change as a result of changing the initially allocated quantities of the entry and exit points of the BRP balancing portfolio for the respective gas day. Reasons for change may be errors in IT routine procedures, reporting protocols for assigning quantities between BRP at entry and exit points, human error, or detected imbalances from the permitted accuracy ranges in the readings of commercial fiscal measurement devices.
- (5) NGTSO makes a reasoned decision to accept or reject, that is, rejection of the objection.
- (6) NGTSO prepares a final calculation of the imbalances for each BRP for each gas day of the previous month M, after the final distribution of input and offtake quantities for the corresponding day, according to the following formula:

$$\Delta f = Q_{fen} - Q_{fex}$$

Where:

- 1) Q_{fen} : Sum of the finally distributed quantities of natural gas at BRP for all entry points in gas day D, determined according to the following formula:

$$Q_{fen} = \sum q_{en} \text{ каде:}$$

$Q_{i^{en}}$: Sum of initially allocated volumes of natural gas to BRP for all entry points from its balancing portfolio for gas day D;

q^{en} : Adjustment of the daily allocated quantities for the entry points according to the renomination procedure (positive or negative) for the gas day D.

- 2) $Q_{i^{ex}}$: Sum of initially allocated quantities of natural gas to BRP for all exit points from its balancing portfolio for gas day D;

$$Q_{fex} = \sum q_{ex} \text{ where:}$$

$Q_{i^{ex}}$: Sum of initially allocated volumes of natural gas to BRP for all exit points from its balancing portfolio for gas day D;

q^{ex} : Adjustment of the daily allocated quantities for the exit points according to the renomination procedure (positive or negative) for the gas day D.

- (7) By 4:00 p.m. of the 4th gas day in the month M+1, NGTSO sends the final monthly imbalance calculation for each gas day, including the amounts of all accepted objections, to each BRP via e-mail or electronic platform.
- (8) In the event that the proposed calculation and the final calculation for imbalances for each gas day are different, the calculated charges for imbalances for each gas day are recalculated, and this recalculation is based on final calculations for imbalances.
- (9) Deviations for each gas day are subject to financial settlement of the financial account of the respective BRP, and for each day of the month the balance of the financial account is changed by the amounts calculated according to the formulas:

- a. If the gas day imbalance is positive:

$$C^D = \text{ABS}(\Delta^D) P_{NGB}^P$$

- b. If the gas day imbalance is negative:

$$C^D = -\text{ABS}(\Delta^D) P_{NGB}^N$$

Where:

C^D – Sum of the clearance of the daily imbalance, in MKD;

P_{NGB}^P – the price of natural gas for balancing in case of positive imbalance for day D in MKD/MWh;

P_{NGB}^N – the price of natural gas for balancing in case of negative imbalance for day D in MKD/MWh;

ABS (Δ^D) – absolute value of the determined imbalance for day D, MWh.

Calculating the daily price of natural gas for balancing

Article 3

- (1) NGTSO calculates the price of imbalances settlement for each gas day
 (2) If NGTSO buys natural gas for balancing on the natural gas trading platform system, the price of natural gas for balancing in case of:

1) Positive imbalance for day D is equal to the lower of the following values:

- a. the lowest price of all tradings on the platform for the gas day when NGTSO has bought natural gas; or
 b. value calculated according to the formula:

$$V_i - SA \circ \frac{\sum_{i} P_i V_i}{\sum_{i} V_i}$$

Where:

P_i – price according to the i trading for the day MKD/MWh;

V_i – volume according to the i trading for the day, in MWh;

SA – minor adjustment

2) Negative imbalance for day D is equal to the higher of the following values:

- a. the highest price of all tradings on the natural gas trading platform where the operator is a participant for the relevant gas day
 b. value created according to the formula:

$$\frac{\sum_{i} P_i V_i}{\sum_{i} V_i} + SA \circ \frac{\sum_{i} P_i V_i}{\sum_{i} V_i}$$

Where:

P_i – price according to the i trading for the day MKD/MWh;

V_i – volume according to the i trading for the day, in MWh;

SA – minor adjustment.

- (3) If natural gas for balancing is procured from balancing service providers, the prices of natural gas for balancing are determined in case of:

1) Positive imbalance according to the formula:

$$PPNGB = PPP - SA \circ PPP$$

2) Negative imbalance according to the formula:

$$PPNGB = PPP + SA \circ PPP$$

Where:

PPP – The selling price of natural gas, according to the priority list (merit order);;

SA – minor adjustment.

The minor adjustment amounts to 10%.

Chapter 2: Methodology for calculating neutrality charge**General terms****Article 4**

- (1) NGTSO shall have no profit or loss by paying and receiving daily imbalance charges, daily charges, balancing costs and other charges related to its balancing actions taken by NGTSO to fulfill the obligations of these rules.
- (2) NGTSO shall in a fair, non-discriminatory and transparent manner collect or pay charges to BRP that directly result from the balancing actions taken by NGTSO in accordance with this methodology.
- (3) The methodology from paragraph (2) of this article shall also include credit risk management measures to reduce the risk of NGTSO for non-fulfillment of payment obligations for neutrality charges.
- (4) When BRP acts on behalf of a balance group, then the provisions of the methodology from paragraph (2) of this article refer to the balance group as a whole. Within the balance group members, it is the responsibility of BRP to allocate the costs of neutrality and receive financial guarantees from each balance group member, in accordance with the balance group member agreement.

Categories of costs and revenues included in the neutrality charge**Article 5**

- (1) The neutrality charge includes only the costs and revenues that directly result from the balancing actions performed by NGTSO.
- (2) The neutrality charge includes the following categories of costs:
 - 1) Costs resulting from performance of balancing actions by NGTSO (purchase of gas for balancing, including gas for physical balancing);
 - 2) Costs resulting from using the entry and exit points of the transmission system by NGTSO for carrying out balancing activities;
 - 3) Payments to BRP by NGTSO, due to their positive imbalances.
 - 4) Other costs related to balancing activities, such as:
 - Costs for development and maintenance of the electronic balancing platform,
 - Costs for access to trading platforms in which NGTSO participates,
 - Costs for transactions related to the purchase or sale of natural gas by NGTSO on trading platforms,
 - Annual amortization of the assets with which balancing activities are carried out, etc.;
 - 5) Late payments for concession or neutrality charges that are not covered by the financial guarantee provided by the respective BRP.
- (3) The neutrality charge includes the following categories of income:
 - 1) Revenues obtained from performance of balancing actions by NGTSO (sales of balancing gas);

- 2) Revenues obtained from the use of the entry and exit points of the transmission system by NGTSO for carrying out balancing activities;
- 3) Payments to NGTSO by BRP, due to their negative imbalances.

Calculating neutrality charge

Article 6

- (1) NGTSO keeps a separate account (neutrality account), in which:
 - 1) charges all its costs related to balancing, in accordance with the categories of costs defined in Article 8,
 - 2) credits all its income related to balancing, in accordance with the categories of income defined in Article 8.
- (2) The neutrality charge for each neutrality account settlement period is calculated according to the following formula:

$$NBC = \frac{R_B - C_B \pm C_O}{2 * FQT}$$

Where:

NBC –neutrality balancing charge, in MKD/MWh;

R_B –revenues generated from balancing activities during the neutrality account settlement period;

C_B –costs for carrying out balancing activities in the period of neutrality account settlement

C_O –correction of overpayment/underpayment when settling the neutrality account for the balancing of the previous settlement period (positive or negative change in the balance of the neutrality account at the end of the previous settlement period).

FQT- Forecasted volumes of natural gas transported through the natural gas transmission system during the settlement period in MWh.

- (3) NGTSO shall use the balance of the neutrality account at the end of each account settlement period to calculate the financial balance for the balancing activities performed during that period.
- (4) The settlement period is determined by NGTSO and can be from 3 to 12 months.
- (5) The determined financial balance from the performed balancing activities with a positive or negative sign is collected in the balancing neutrality account.
- (6) If the financial balance is negative, which indicates a deficit in the neutrality account, then BRP should pay a neutrality charge to NGTSO. If the financial balance is positive, indicating a surplus on the neutrality account, then NGTSO has to pay BRP a neutrality charge.
- (7) NGTSO strives to achieve a zero value of the neutrality account and before the beginning of each settlement period takes actions to release all or part of the aggregate value.
- (8) NGTSO releases/compensates part or all of the aggregate value during each settlement period by charging a neutrality charge.
- (9) The balancing neutrality charge is charged at each entry and exit point of the natural gas transmission system based on the assigned/allocated amounts of natural gas. The neutrality tariff

can be of positive or negative sign which will be opposite to the cleared amount on the neutrality account.

- (10) The charged amounts (with a positive or negative sign) that settle the neutrality account are shown in a separate line in the invoices issued by NGTSO for access and transportation services through the transmission system natural gas.

Chapter 3: Settlement of imbalances, invoicing and payment

Imbalance settlement, invoicing and payment

Article 7

- (1) NGTSO keeps a financial balancing account for each BRP. In this account it aggregates the daily financial settlements of imbalances in accordance with paragraph 7 of article 4. All imbalance charges, subject of the daily financial settlements, are entered in the financial balancing account.
- (2) The cost of imbalances in each gas day is recorded in the financial account and calculated on a monthly basis, with each Party (NGTSO or BRP) issuing an invoice for the natural gas sold for balancing during the previous month.
- (3) At the beginning of each month, the financial account is reset to zero, and the imbalance charges for the new month start to aggregate therein from the beginning on each gas.
- (4) The monthly invoice is determined as a sum of all charges from the sale of natural gas to balance the imbalances for each gas day and the appropriate prices for the imbalance for that gas day.
- (5) To calculate the value of the monthly invoice, NGTSO prepares a summary for settlement of imbalances by days of the month for BRP within 2 days term of the date of calculating the final distribution of imbalances quantities and sends it to BRP by e-mail or through an electronic platform.
- (6) BRP has the right to challenge the summary or a part thereof or to submit additional evidence for which it requests its change. The challenge does not delay BRP's obligation to issue an invoice based on the summary.

Chapter 4: Credit risk management rules

Establishing financial security

Article 8

- (1) Each BRP must provide a financial guarantee in favor of NGTSO, to mitigate the risk of non-payment by BRP of invoices issued by NGTSO for imbalance charges and/or neutrality charges.
- (2) The financial guarantee by BRP can be in one of the following forms:
 - 1) Irrevocable and unconditional bank guarantee, which is payable at first demand of NGTSO.
 - 2) Cash deposit to a bank account designated by NGTSO in the balancing agreement.
- 3) The financial guarantee should be valid from the date of validity of the Balancing Agreement.
The release will be made as specified in the Balancing Agreement.
- (4) In the event that BRP - users of the natural gas transmission system do not fulfill their obligations for managing financial security, NGTSO has the right to limit or stop the provision of access and transportation of natural gas, in order to limit financial losses from balancing

Amount of financial guarantee**Article 9**

- (1) The amount of the financial guarantee upon signing the Balancing Agreement is determined at the amount of at least 10% of the monthly amount of natural gas, which BRP will withdraw from the transmission system, for the month with the largest amount of natural gas, according to the annual nomination of BRP and the average of the daily compensation (price) for imbalance, defined in the Methodology for calculating daily imbalance charges.
- (2) If the monthly compensation for imbalance is negative, and the value exceeds the existing value of the financial security, then NGTSO can ask BRP to increase the financial guarantee, up to the amount of the monthly compensation for imbalance.
- (3) BRP must adjust the financial guarantee within 10 working days from the receipt of the appropriate notification by NGTSO.
- (4) Until 15 days before the beginning of each gas year, NGTSO recalculates the amount of the financial guarantee of each BRP, according to the method from paragraph 1 of this article. The financial guarantee of each BRP is then adjusted accordingly, up to 5 days before the start of the gas year.
- (5) If, in the period of the past 3 months, the level of financial guarantee of BRP has not increased, BRP can ask NGTSO to reduce the financial guarantee, provided that there are no outstanding invoices during the current gas year.

APPENDIX II: Balance Agreement Model**BALANCE RESPONSIBILITY AGREEMENT**

Concluded in Skopje on -----

Hereinafter referred to as "Balance Agreement", "Agreement",
Concluded between the following contracting parties:

1. Joint Stock Company "GA-MA Skopje" and abbreviated name "GA-MA AD Skopje", registered in the Central Register of the Republic of North Macedonia, registered under registration number 5135419, having its headquarters on Blvd. St. Kliment Ohridski no. 54 Skopje, with unique tax number 4030996240542 duly represented by the Executive Director Aleksandar Arsić, hereinafter: "Operator (NGTSO)"

and

2. ----- with registration number -----, having its headquarters: -----, with unique tax number -----, duly represented by -----, hereinafter „Balance responsible party (BRP)“ hereinafter collectively referred to as "Parties",

SUBJECT OF THE AGREEMENT**Article 1**

(1) This Balance Responsibility Agreement (hereinafter: Agreement), in accordance with the Rules for Balancing of the Natural Gas Transmission System (hereinafter: Balancing rules) as well as the laws and other regulations in force in the Republic of North Macedonia regulates the mutual rights and obligations of NGTSO and BRP in the procedures for balancing the natural gas transmission system in the Republic of North Macedonia, and in particular:

- 1) the delivery of physical schedules,
- 2) imbalance calculation,
- 3) financial imbalance settlement of BRP,
- 4) financial guarantees.

The quantities of natural gas for balancing and the prices for imbalance are stated in the Balance Account, contained in Annex 2, which is an integral part of this contract.

Article 2

(1) The definitions of certain expressions contained in the Law on Energy and the Balancing Rules are also applied in this Agreement.

RIGHTS AND OBLIGATIONS OF NGTSO and BRP**Article 3**

(1) NGTSO is obliged to:

- 1) register BRP in the Register of BRP and balance groups, after signing this Agreement,
- 2) procure natural gas for balancing to BRP from a natural gas trading platform or from balancing service providers
- 3) monitor the quantities of natural gas for balancing, which are traded daily, for each financial settlement period (one gas day)
- 4) provide in accordance with the Balancing Rules, and in accordance with its own technical capabilities and at the level of information that NGTSO has, timely and reliable and complete operational information about the state of BRP imbalances
- 5) by 4:00 p.m. of the 4th gas day in the month M+1, NGTSO sends the final monthly imbalance calculation for each gas day prepared according to the balancing rules by e-mail or electronic platform to each BRP
- 6) submit an invoice to BRP for the sold natural gas on a monthly basis, which includes the transactions from the first to the last gas day of the month
- 7) limit the physical transfer of gas at the entry points or stop the taking of gas at the exit points without notice if the BRP does not work in accordance with the guidelines of NGTSO and notifies the BRP within a reasonable period of the restrictions taken, i.e. interruptions at each individual point .

Article 4

(1) BRP is obliged to:

- 1) undertake balance responsibility for each accounting period for its balance group,
 - 2) be part of one and only one balance group,
 - 3) provide adequate financial guarantees and submit them to NGTSO,
 - 4) submit physical schedules, namely: trade plan (TPS), consumption plan (CPS) to NGTSO and ONGM, individually for each member of the balance group,
 - 5) perform financial settlement of imbalances within the balance group,
 - 6) fulfill the obligations resulting from the financial settlement of imbalances of the balance group with NGTSO
 - 7) submit data and documentation at the request of NGTSO based on the Rules for Balancing of the Natural Gas Transmission System.
 - 8) maintain the required amount of the bank guarantee, determined by NGTSO
 - 9) work in accordance with the instructions of NGTSO regarding taking actions, i.e. introducing a restrictive regime, suspending or limiting the consumption of natural gas, in case of cumulative imbalance of the gas transmission network that has exceeded the limit established by NGTSO (operating limits and utilization of accumulation in the "linepack" transmission system"), published on the Operator's website
 - 10) pay the invoices issued by NGTSO on time
- (2) When concluding an agreement with another BRP through a VTT transaction for the sale or purchase of natural gas located in the gas transmission network, then, the BRP is obliged to inform NGTSO about the VTT transaction through the NGTSO platform.

FINANCIAL IMBALANCE SETTLEMENT**Article 5**

- (1) The calculation of BRP imbalances is done in accordance with the Methodology for formation of prices for balancing services, which is an integral part of the Balancing Rules.
- (2) NGTSO prepares a proposal calculation for imbalances on gas day D and submits it to BRP by e-mail or electronic platform no later than 12:00 CET time on the following gas day D+1.
- (3) In the period between 12:00 CET time on day D+1 and 12:00 CET on the 4th day of the month following (M+1) the calculation day of month M, the initial BRP imbalance calculation for any gas day, may change as a result of a change in the initially allocated quantities of entry and exit points from the balancing portfolio of BRP for the corresponding gas day.
- (4) The contracting parties agree that the reasons for the change may be errors in IT routine procedures, in reporting protocols for assigning quantities between BRP at entry and exit points, human error or detected imbalances from the permitted ranges of accuracy in the readings of the devices for commercial fiscal measurement.
- (5) BRP has the right to object to NGTSO due to the changed quantities. NGTSO makes a reasoned decision to accept or reject, that is, rejection of the objection.
- (6) NGTSO prepares a final calculation of the imbalance for each gas day of the previous month M, after the final distribution of the input and off-take quantities for the corresponding gas day.
- (7) The submitted calculation data for quantities are displayed in integer values of kWh.
- (8) Calculation of imbalances contains the values of positive or negative imbalances of BRP separately for each period of imbalances settlement.
- (9) NGTSO maintains a financial balance account for BRP, where it collects financial settlements of imbalances for each gas day. All imbalance fees are subject to daily financial settlement and are entered into the financial balance account in accordance with the Balancing rules.
- (10) At the beginning of each month, the financial account is reset to zero, and in it the costs of imbalances in each gas day for the new month begin to be collected from the beginning.

Article 6

- (1) Participant in the financial settlement is BRP
- (2) NGTSO performs the settlements of financial claims and liabilities of BRP.
- (3) The financial settlement of the imbalances is carried out on the basis of the final calculations for the BRP imbalances calculated according to the Balancing rules.
- (4) To calculate the value of the monthly invoice, NGTSO prepares a Summary for the settlement of imbalances by days in the month for BRP within 2 days from the date of calculation of the final distribution of imbalance quantities and submits it to BRP by e-mail or through an electronic platform.
- (5) Based on the calculation of the imbalances for the accounting period, NGTSO invoices BRP, when BRP pays for the imbalances in the relevant monthly accounting period. Attached to the invoice is the report on the calculation of imbalances for the relevant monthly calculation period. The due date of the invoice is eight working days from the date of its issuance.

(6) Based on the imbalances calculation in the accounting period, BRP issues an invoice for NGTSO, when NGTSO pays for the imbalances in the relevant monthly accounting period. Attached to the invoice is the report on the calculation of imbalances in the relevant period. The due date of the invoice is 10 (ten) working days from the date of its issuance.

(7) The deadline for issuing the invoice is five days after receiving the calculation of imbalances.

(8) The contracting parties send the invoices by electronic means (e-mail), specified in the Agreement.

Article 7

(1) The contracting parties shall pay the invoiced total amount in denars, to the transaction accounts specified in this contract by both parties.

(2) If the invoice is not paid by the due date defined in Article 6 of this contract, default interest shall be calculated for the period of delay.

(3) If BRP does not pay the invoice within 7 days after the due date defined in Article 6 of this agreement, NGTSO shall have the right to activate the financial guarantee, in the amount it owes.

(4) Within two days after activation of the financial guarantee, NGTSO shall notify BRP by electronic means.

(5) In case of activation of the financial guarantee, BRP is obliged to provide a new financial guarantee, which according to the Balancing Rules can be in the form of a bank guarantee and/or deposit.

(6) If BRP does not supplement the financial guarantee within a period determined by NGTSO, NGTSO has the right to unilaterally terminate this Agreement and shall notify BRP of this by electronic means.

Article 8

(1) BRP has the right to object to the invoice within five working days after receipt of the invoice delivered by NGTSO.

(2) In the objection submitted by BRP shall state and explain the reasons for which it is submitted.

(3) The submission of the objection to NGTSO does not delay the payment of the issued invoice.

(4) If the objection from paragraph (1) of this article is accepted, NGTSO prepares a new corrected invoice and submits it to BRP within three working days from the acceptance of the objection.

Article 9

(1) If NGTSO determines that the objection from Article 7 paragraph (1) is not founded, within eight working days it shall reject the objection.

(2) BRP has the right to submit an objection to ERC within 7 days after receiving the decision from paragraph (1) of this article.

(3) The submission of the objection from paragraph (2) of this article does not delay the payment of the issued invoice.

(4) If ERC makes a decision approving the objection of BRP from paragraph (2) of this article, it informs NGTSO.

Article 10

(1) NGTSO, to each BRP for which there is a correction, sends a financial liability or approval and final imbalances calculation for the month in question in accordance with the Balancing Rules.

(2) The financial liability or approval from paragraph (1) of this article is made on the basis of the Final imbalances calculation which is obtained as the difference between the values obtained from the first imbalance calculation and the values obtained with the final imbalance calculation.

Article 11

(1) BRP has the right to object to the financial liability or approval in accordance with Article 9 paragraph (1) and the final imbalance calculation within five working days after the receipt of the financial liability or approval.

(2) The procedure for submitting and deciding upon the objection from Article 8 and Article 9 of this Agreement is also applied to the objection from paragraph (1) of this Article.

FINANCIAL GUARANTEE**Article 12**

(1) Within seven working days after signing this Agreement, BRP provides a financial guarantee in favor of NGTSO, to mitigate the risk of non-payment by BRP of the invoices issued by NGTSO for concession fees and/or neutrality fees.

(2) The financial guarantee by BRP can be in one of the following forms:

1) Irrevocable and unconditional bank guarantee according to the form in Annex 2 which is an integral part of this contract, which is payable upon the first request of NGTSO.

2) Deposit in cash to the bank account designated by NGTSO in this agreement.

(3) The financial guarantee is valid from the date of validity of this Agreement, plus an additional 45 days after the expiration of the validity period of the Agreement.

(4) The initial provision of the financial guarantee is in the amount of a minimum of 10% of the monthly quantity of natural gas, which BRP will withdraw from the transmission system, for the month with the largest quantity of natural gas, according to the annual nomination of BRP and the average of the daily charge (price) for imbalance including VAT, defined in the Methodology for calculating the daily imbalance charge.

(5) from the value of the monthly quantity of natural gas for the month with the largest quantity of natural gas, according to the current plan for the use of natural gas, Annex 3 of this Agreement.

The plan should correspond to products with reserved capacity, and be updated with their schedule.

(6) The operator has the right to request an update of the plan, in the event that the quantities in it differ by more than 10% of the amount, upon full utilization of the products with reserved capacity on a daily basis. The value of the guarantee is determined by the price of natural gas including VAT, excluding the price of natural gas transmission.

(7) The amount to which the financial guarantee obligation is updated is at least 10% of the value of the monthly amount of natural gas for the month with the largest amount, according to the updated annual plan for the transportation of natural gas, in Annex 3 of this Agreement.

(8) BRP shall update the bank guarantee within 10 working days of receiving notification from NGTSO.

(9) NGTSO does not confirm the transaction to BRP, if it has not provided a financial guarantee in the amount specified by NGTSO.

(10) If the financial guarantee is in the form of a bank guarantee, BRP is obliged to renew the given bank guarantee 45 days before the validity period.

(11) In case of non-renewal of the bank guarantee within the period of paragraph (14) of this article, NGTSO has the right to terminate this Agreement unilaterally, by notification by electronic means.

(12) NGTSO does not owe BRP interest for the time during which the amount of the guarantee deposit remained with him, nor any additional payments of fees, expenses, etc. related to the deposited guarantee deposit.

(13) NGTSO releases the financial guarantee within 5 days from the day of receipt of the electronic application by BRP, in cases where:

- BRP replaces the form of financial guarantee

-This contract has been terminated and BRP has settled the financial obligations arising from the agreement.

(14) If BRP replaces the form of the financial guarantee, NGTSO returns the previous financial guarantee or releases the bank guarantee within 5 days after the date of receipt by BRP of the new financial guarantee that meets all the conditions of the agreement.

(15) Upon termination of the agreement, each party is fully responsible for all outstanding financial obligations to the other party, which occurred up to the date of termination of this agreement.

(16) The contracting parties agree that the Uniform rules for demand guarantees shall be applied accordingly to the issuance, activation and release of the bank guarantee, in accordance with Publication no. 758 of the International Chamber of Commerce in Paris (ICC Uniform Rules for Demand Guarantees - URDG 758, whereby:

- The legislation of the Republic of North Macedonia is applied to the bank guarantee, regardless of the headquarters of the guarantor bank.

- The bank guarantee issued by a guarantor bank from the Republic of North Macedonia is issued in the Macedonian language and its Cyrillic script, and the bank guarantee issued by a guarantor bank outside the Republic of North Macedonia is issued in English.

- When activating the guarantees, in addition to the Request for Payment and the Statement, copies of unpaid due invoices should be submitted to the Guarantor (Guarantor Bank).

The same will be the case when activating guarantees issued by other countries, whereby the guarantees will be received as a swift message from a commercial bank.

-Attached guarantees in the country can be issued in paper form and delivered directly to NGTSO or can be sent by encrypted swift message.

When the guarantee is issued in paper form, the guarantor bank sends a swift message to our parent bank confirming the issuance of the guarantee and its operation.

-The costs of issuing the guarantees are borne by the party - Orderer of the guarantee.

-In case of activating the guarantees, the Commercial bank should be consulted for the preparation of the text of the Payment Request and the Statement.

-The invoices that are subject to payment should be issued in the Macedonian language for users in the country and contain a reference to the number of the Agreement specified in the text of the guarantee.

FORCE MAJEURE

Article 13

(1) Force majeure is considered to be all unforeseeable natural phenomena, as well as events and circumstances that are beyond the influence of the contracting parties and that they could not be foreseen and prevented by applying a reasonably acceptable effort.

(2) The contracting party that has not fulfilled its obligation may request to be released from responsibility, if the non-fulfillment was caused by force majeure, and in particular due to:

- 1) natural disasters of greater scale and intensity, such as earthquakes, floods, landslides, droughts, volcanic eruptions, hurricane winds, snow drifts, torrential rains, lightning strikes, epidemics and similar natural events,
- 2) damage, destruction or blocking of other energy, telecommunication or traffic infrastructure that are not owned by the supplier,
- 3) war or martial law, state of emergency declared in accordance with law, comprehensive military mobilization, invasion, armed conflict, blockade or serious threat of such situations,
- 4) civil war, rebellion, insurrection, revolution, military or coup d'état, terrorist acts, sabotage, civil disturbances, mass violence,
- 5) actions of state authorities taken in accordance with the law or due to extreme necessity,
- 6) work stoppages, strikes, boycotts or occupation of plants by employees,
- 7) outage of production, transmission or distribution capacity, and
- 8) declaration of an energy crisis in accordance with the Law on Energy.

(3) When the non-fulfillment of the contractual obligations is caused by a third party who was engaged by the contracting party to perform certain obligations from the contract in its name and at its expense, it is considered that the contracting party is not responsible only if the conditions from paragraphs (1) and (2) are fulfilled or if the liability requirements also apply to the third party.

(4) The contracting party that proved that it was unable to fulfill its contractual obligations due to the occurrence of one or more of the reasons specified in paragraph (2) of this article:

- 1) is obliged to take all reasonable measures to limit or reduce the consequences of the events or situations whose existence it invoked in order to be released from responsibility due to non-fulfillment of contractual obligations and to notify the other contracting party without a delay of the termination of the events or conditions that caused its inability to fulfill contractual obligations,
- 2) will be released from responsibility for non-fulfillment of its obligations for the entire duration of the events or situations if it has notified the other contracting party without a delay, and if it has delivered the notification late, it will be considered that it is not responsible for the non-fulfillment of obligations from the moment when the other contracting party has received the notification,

(5) If the contracting party from paragraph (4) of this article is BRP, it is obliged to notify the members of its balance group.

CANCELLATION

Article 14

(1) Unless otherwise stipulated by this Agreement, if one contracting party fails to exercise any right, claim, authority or opportunity established in this Agreement or to request the other party to fulfill them and comply with its obligations under this Agreement, it shall not constitute a waiver by that party of that right, claim, authority or opportunity, or a waiver of the terms and conditions of this Agreement with respect to any other present or future breach of this Agreement by the other party.

(2) With the exception of paragraph (1), the cancellation is valid if it is given in writing and signed by the authorized person of the contracting party, and it clearly, precisely and completely states the rights, claims, powers and opportunities from which the party relinquishes, as well as the moment from which the cancellation begins to produce a legal effect.

DISPUTE RESOLUTION

Article 15

(1) The contracting parties agree that they shall endeavor to amicably resolve all disputes that may arise from the implementation of this Agreement.

(2) If the dispute initiated at the request of BRP cannot be resolved amicably, BRP has the right to submit an objection to the Energy and Water Services Regulatory Commission of the Republic of North Macedonia.

(3) In case an agreement is not reached within 30 days, each of the parties shall inform the other contracting party about the subject of the dispute, and it will be submitted to the competent court.

Article 16

The contracting parties agree that neither party shall have the right to exercise any claim against the other party if that claim has previously been collected by applying another provision of this Agreement.

CONFIDENTIALITY AND PROTECTION OF PERSONAL DATA

Article 17

(1) The contracting parties agree that each contracting party that possesses a document (report, calculation, program, etc.) which, in order to fulfill its obligations under this Agreement, is obliged to make it available to the other contracting party, and that document contains technical, economic or business data and information, the disclosure of which could worsen its position in relation to its suppliers or buyers, or in the natural gas market in general, it may mark that document as confidential and ask the other contracting party not to disclose the information and data contained in that document to third parties.

(2) The contracting parties agree that a publicly available document cannot be marked as confidential.

(3) The contracting party to whom the document from paragraph (1) has been made available may disclose the information and data contained in that document to third parties only if:

1) received an unequivocal written consent for this from the other contracting party, or if

2) it is necessary in the procedure for closing the financial construction and concluding the Direct Agreement, or if

3) it is requested by a competent state authority for the purpose of implementing the legally established competences of that authority or in court proceedings.

(4) If during the fulfillment of the obligations and the realization of the rights from this Agreement there is a need for the processing of personal data, the contracting party that processes the personal data is obliged to perform the processing in accordance with the regulations for the protection of personal data.

(5) If the processing of personal data requires the consent of the person whose data is being processed, then the contracting party is obliged to obtain written consent in order to be able to deliver the personal data to the other contracting party.

(6) Violation of the obligations from this article is considered as a breach of this Agreement.

METHOD OF COMMUNICATION AND CORRESPONDENCE

Article 18

- (1) Within three working days from the date of conclusion of this Agreement, each contracting party shall appoint a responsible person for the mutual exchange of information and data necessary for the performance of contractual obligations and shall immediately notify the other contracting party of the name and surname of that person, his job position or capacity in the company of the contracting party and contact data (address, telephone number and e-mail address).
- 2) If for the duration of this Agreement the contracting party changes the person from paragraph (1) or changes the contact address of the person from paragraph (1), within one working day, he shall notify the other contracting party for the change that occurred and shall provide the data for the newly appointed person.
- (3) All notifications, exchange of information and data or other communications between the contracting parties shall be made between the persons appointed in accordance with paragraphs (1) and (2) and shall be in writing.
- (4) If, due to urgency, a notification is made orally, the party that delivered the notification is obliged to deliver the same notification, with identical content, to the other contracting party in writing within 24 hours after the delivered oral notification form.
- (5) The notification is considered duly delivered if it is submitted:
 - in the registry office of the other contracting party, or
 - by registered or courier mail with clear identification of the date of receipt of the notification, or
 - in electronic form at the e-mail address of the person from paragraph (1).

TERM AND TERMINATION OF AGREEMENT

Article 19

- (1) This Agreement shall be terminated under the following conditions:
 - 1) Termination of this Agreement by the party that did not cause non-fulfillment of obligations, with a written notice within 30 days of non-fulfillment of obligations to the party that did not fulfill them.
 - 2) Termination of this contract by any of the parties with 30 days' written notice delivered to the other party in case of liquidation of the other party.
 - 3) termination by mutual consent between the parties.
- (2) NGTSO has the right to terminate this contract unilaterally, with a written notification to BRP in the event that the payment after the determined imbalances is not made within the deadline and/or the stipulated amount in the guarantee is not provided.

AMENDMENTS TO THE AGREEMENT**Article 20**

(1) Each contracting party has the right to request from the other contracting party that this Agreement be amended and supplemented, if those amendments and annexes are in accordance with the Balancing Rules and applicable laws and other regulations, as well as with the provisions of this Agreement.

(2) Amendments and annexes from paragraph (1) of this article are made in the form of an Annex to this Agreement, which is signed by both contracting parties.

(3) Each contracting party that has assessed that a condition has arisen or ceased which, according to this Agreement, constitutes a basis for its amendment or annex, submits in writing to the other contracting party a draft Annex to this Agreement with a detailed rationale.

(4) The other contracting party is obliged, within seven working days from the day of receipt of the draft Annex from paragraph (3), to state its opinion in writing regarding the allegations contained in the draft Annex and the rationale and may:

- 1) accept the draft Annex,
- 2) request additional reasonable information and/or documentation, or
- 3) reject the draft Annex by stating reasons for the rejection.

(5) In the case referred to in paragraph (4) item 3), the contracting party that submitted the draft Annex has the right to request the initiation of a consultation procedure in order to determine a mutually acceptable solution, and if a mutually acceptable solution is not determined after the consultation procedure resolution, has the right to initiate a dispute resolution procedure in accordance with this Agreement.

(6) If the contracting parties agree that there is a need for this Agreement to be amended and supplemented, within 15 days from the day of delivery of the notice of acceptance of the draft Annex or from the day of completion of the consultation procedure at which a mutually acceptable solution is reached, they will conclude the Annex to this Agreement.

(7) The contracting parties agree that if during the duration of this Agreement changes occur in the Balancing Rules as well as in the laws and other regulations that apply to this Agreement and which cause a mandatory amendment that cannot be achieved by concluding an Annex to this Agreement, will sign a new agreement that will be in accordance with the changed laws and other regulations.

INDEMNIFICATION**Article 21**

(1) If BRP has caused damage to NGTSO, it is obliged to compensate NGTSO for the damage that NGTSO suffered due to actions or omissions by BRP, unless the damage occurred due to:

- 1) Deliberate inappropriate behavior or negligence on the part of NGTSO;
- 2) Violation of this Agreement or obligation prescribed by law or other regulation by NGTSO;
- 3) Claim from a third party to NGTSO that occurred before the conclusion of this Agreement;
- 4) Action by BRP taken on the instruction of NGTSO, and BRP informed NGTSO that taking that action would cause damage.

(2) NGTSO will collect the damage by activating the financial guarantee, and if the amount of the guarantee is not sufficient, from other assets of BRP.

(3) The obligation to pay the damage from paragraph (2) begins on the following day from the day when the deadline for fulfilling the obligation specified in this Agreement has expired, or when the given additional deadline for fulfilling the obligation has expired.

(4) The payment of the damage will not release BRP from the obligation to fulfill the unfulfilled contractual obligations.

ENTIRE AGREEMENT

Article 22

This Agreement, the Attachments to this Agreement and the annexes to this Agreement constitute the entire Agreement.

FINAL PROVISION

Article 23

(1) This Agreement enters into force on the day of signing by the authorized representatives of the contracting parties, and begins to produce legal effect for the contracting parties after the submission of a proper financial guarantee by BRP.

(2) If the contracting parties do not agree otherwise through the exchange of written notices, this agreement shall begin to be implemented at the beginning of the gas month M+1, from ----- -hour, on the day----- , month----- year-----.

(3) This Agreement is signed by the representatives of the contracting parties in four equal copies, two copies for each contracting party.

APPENDICES

Annex 1: Bank accounts of the contracting parties

Appendix 2: Balance account form

Annex 3: Bank guarantee form

Annex 4: Annual plan for natural gas transmission

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APPENDIX 1 Bank accounts of the contracting parties

APPENDIX 2

Balance account

of _____ / _____ (EIC code)

period _____ / _____

Natural gas for balancing					
Day	Entry	Exit	Imbalance	Price of natural gas for balancing	Charge for daily imbalance value
	MWh	MWh	MWh	€ _r (denars/MWh)	DIC _D (MKD)
Natural gas for balancing - positive imbalance					
Natural gas for balancing – negative imbalance					

APPENDIX 3 - BANK GUARANTEE**To:****Joint Stock Company GA-MA Skopje****Blvd. St. Kliment Ohridski no. 54****Skopje****Republic of North Macedonia***(Place of issue), ---.---.20--***Type of guarantee: Guarantee for securing payment obligations**

Guarantee number:**Guarantor:** *(Name of guarantor)**(Address of Guarantor, Swift address if applicable)***Orderer:** (Name of Trader/Network User), having its registered office at (address, city), registration number--- -, unique tax number ----- and transaction account at (Trader's Bank/Network User) number -
-- -----**Beneficiary of the guarantee:** Joint Stock Company GA-MA Skopje, blvd. Sveti Kliment Ohridski no. 54 Skopje, Republic of North Macedonia (hereinafter: Operator/User of the guarantee)**Basic arrangement:** Obligations of the Orderer arising from the Balancing Agreement of the natural gas transmission system (hereinafter: Balancing Agreement), concluded between the Operator and the Trader/Network User, filed by the Operator under no. ---- dated --- - and at the Trader/User of the network under the number ---- dated -----, for the payment of charges for the purchase and sale of natural gas for balancing.**Currency and amount of the guarantee:****MKD/EUR----- (in words: -----denars/euro)****Each document to be submitted with the Request for Payment other than the statement expressly stated in the text below:** Copy/copies of unpaid overdue invoice/invoices.**Language of the required documents:** The documents issued by the Operator or the Trader/Network User must be issued in the language of the guarantee.**Method of presentation:** In paper form, by courier or any other type of mail.

The request for payment and the documents should be delivered to the Guarantor at the place of presentation indicated below through the Bank of the Beneficiary of the Guarantee, which will certify on its covering letter that the signature(s) on the Request for Payment resemble the specimen signatures of the person(s) authorized to represent the User of the guarantee. In case the guarantee is issued by swift message, the bank of the Beneficiary of the guarantee will confirm the same with a separate swift message sent to the Guarantor at his swift address.

Place for the presentation of the documents for collection of the guarantee: In the office of the Guarantor, located at str. No. City State (address)**Term of validity of the guarantee:** __.__.20__ years and includes the period of 45 days after the day of expiry of the validity of the Agreement.**Party responsible for payment of fees:** all bank fees of the Guarantor and the Bank of the Guarantee User shall be borne by the Orderer (Trader/Network User).

We, as the Guarantor, irrevocably and unconditionally undertake to pay the User of the guarantee any amount up to the amount of the guarantee, upon receipt of the first agreed written call from the User of the guarantee, in the manner of presentation specified above in the guarantee, within three working days from the receipt of the Request for Payment, accompanied by other documents listed above (copy/copies or photocopies of unpaid overdue invoice/invoices issued by the User of the Guarantee), and in any case with a Statement of the User of the Guarantee, either in the Request for Payment itself or in a separate signed document accompanying or identifying the Request, stating that the Orderer has not performed its payment obligations within the payment term in accordance with the provisions of the Balancing Agreement.

Any Claim for payment under this warranty must be received by us on or before the expiration of the warranty period at the place of presentation indicated above.

This guarantee can be prematurely closed exclusively by presentation to the Guarantor of the original copy of the guarantee and all its annexes, if any, and with a duly signed and printed statement from the User of the guarantee stating that the Guarantor is released from its obligations. (applicable for a guarantee issued in paper form)

This guarantee cannot be transferred to another user, nor can the existing user of the guarantee request the Guarantor to pay the amount to another entity upon presentation of the collection documents

The guarantee may be charged in part or in full, up to the amount specified in the guarantee.

All disputes related to this guarantee will be settled before the Basic Civil Court, Skopje in the Republic of North Macedonia applying the laws of the Republic of North Macedonia.

The guarantee is subject to the Uniform Rules for Warranties on Call of the International Chamber of Commerce of Paris, Publication no. 758 /Uniform Rules for Demand Guarantees (URDG) 2010 Revision, ICC Paris Publication No.758/, where:

- + Paragraph b, from Article 25 of Publication no. 758 for the extinguishment of obligations under the guarantee is supplemented by the possibility specified in the text of the guarantee.
- + Article 32 of Publication no. 758 which refers to the liability for the payment of compensations after the guarantee is exempted.
- + Article 33 of Publication no. 758 which refers to the transfer of the guarantee and assignment of assets is exempted.

This guarantee is issued in 3 (three) copies, of which the original is for the Beneficiary of the guarantee, and one copy each for the orderer and the Bank. (applicable for a guarantee issued in paper form)

Signature/s of an authorized person/s

