

# **RULES FOR AUCTION OF GUARANTEES OF ORIGIN**

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## 1. GENERAL PROVISIONS

### Article 1

These Rules for Auction of Guarantees of Origin (hereinafter: **the Rules**) regulate manner and conditions of execution and sale of Guarantees of Origin of electricity (hereinafter: **Guarantees of Origin**), referred to in Article 40 Paragraph 2 of Renewable Energy and High-efficiency Cogeneration Act, produced in production devices and production units of eligible producers holding a valid Power Purchase Agreement concluded in accordance with Tariff System for the Production of Electricity from Renewable Energy Sources and Cogeneration (Official Gazette No. 33/07), Tariff System for the Production of Electricity from Renewable Energy Sources and Cogeneration (Official Gazette No. 63/12, 121/12 and 144/12) and Tariff System for the Production of Electricity from Renewable Energy Sources and Cogeneration (Official Gazette No. 133/13, 151/13, 20/14, 107/14 and 100/15) and Power Purchase Agreement with the guaranteed purchase price referred to in Article 35 of Renewable Energy and High-efficiency Cogeneration Act (hereinafter: **Incentivized Eligible Producer**).

### Article 2

CROATIAN ENERGY MARKET OPERATOR Ltd. (hereinafter: **HROTE**) sets forth the quantity of Guarantees of Origin sold at auctions of guarantees of origin in accordance with the definitions and provisions envisaged by The Regulation on Establishing the System of Guarantees of Origin of Electricity (Official Gazette No.84/13, 20/14, 108/15, 55/19) and The Rules on Use of the Guarantee of Origin Registry.

### Article 3

Guarantees of Origin are sold by HROTE at *Auctions* conducted by Croatian Power Exchange Ltd. (hereinafter: **CROPEX**).

CROPEX is a Central Counter Party that ensures selling of Guarantees of Origin through the *Auction System* by pairing *Auction Participant Bids* with the Bid by HROTE for the sale of Guarantees of Origin Auction Quantity, as set forth by these Rules.

### Article 4

The terms used in these Rules have their respective meaning set forth in the Energy Act (Official Gazette No. 120/12, 14/14, 102/15), the Electricity Market Act (Official Gazette No. 22/13, 102/15, 68/18, 52/19), Renewable Energy and High-efficiency Cogeneration Act (Official Gazette No. 100/15, 131/17, 111/2018), The Regulation on Establishing the System of Guarantees of Origin of Electricity (Official Gazette No.84/13, 20/14, 108/15, 55/19) and The Rules on Use of the Guarantees of Origin Registry published on HROTE's web page.

Wherever used in these Rules, the terms shall have the following meaning:

<b>AIB</b>	- organization "Association of Issuing Bodies" with its headquarters in Bruxelles, Belgium, which regulates the European Energy Certificate System i.e. EECS, whose full member has been HROTE since 23rd May 2014
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<b>Applicable Law</b>	- laws and regulations applicable to the <i>Auction Participant</i> under any applicable jurisdiction, including any order and judgement or other decision of the competent regulatory body or court, in accordance with such laws and regulations at the relevant place and time
<b>Auction</b>	- the procedure of sale of Guarantees of Origin via <i>Auction System</i> pursuant to provisions of these Rules
<b>Auction Participant</b>	- a legal or a natural person planning to participate or is participating at the <i>Auction</i> in accordance with the provisions of these Rules
<b>Auction Specification</b>	- a set of features for an Auction in accordance with the provisions of these Rules
<b>Auction System</b>	- CROPEX's computer program through which <i>Auctions</i> are conducted and the communication between CROPEX and the <i>Auction Participant</i> is performed. It is accessed via web page of CROPEX
<b>Banking Day</b>	- a day when banks in the Republic of Croatia provide banking services
<b>Bid</b>	- the bid for a Guarantee of Origin purchase made by the <i>Auction Participant</i> which is determined by the <i>Bid Quantity</i> and <i>Bid Price</i>
<b>Bid Price</b>	- the price which an <i>Auction Participant</i> is willing to pay for one (1) Guarantee of Origin
<b>Bid Quantity</b>	- The number of Guarantees of Origin requested in the <i>Bid</i> by the <i>Auction Participant</i>
<b>Bidding Period</b>	- A time frame in which the <i>Auction Participants</i> may submit their <i>Bids</i> at the <i>Auction</i>
<b>Bids Order</b>	- an order of submitted valid <i>Bids</i> ordered by dropdown order of <i>Bid Price</i> , starting with the <i>Bid</i> with the highest <i>Bid Price</i> to the <i>Bid</i> with the lowest <i>Bid Price</i>
<b>Collateral</b>	- cash security in form of cash deposits on the <i>Deposit Account</i> explicitly accepted by CROPEX and recognized by the Rules as the security for fulfillment of obligations of the <i>Auction Participant</i> toward CROPEX
<b>Deposit Account</b>	- cash account opened by CROPEX in the <i>Settlement Bank</i> in its name and account for keeping cash deposits of all <i>Auction Participants</i> as their <i>Collateral</i>
<b>GO Product</b>	- a set of features of Guarantees of Origin related to a type of primary source of energy (technology of the production plant and the production unit), name and age of the production plant and the production unit which produced electricity for which the Guarantee of Origin is issued and a time frame from the beginning to the end of electricity production for which the Guarantee of Origin is issued
<b>GOs Auction Quantity</b>	- The number of Guarantees of Origin available for sale to <i>Auction Participants</i> at the <i>Auction</i> of a certain <i>Product</i>
<b>Invoicing Day</b>	- the day when CROPEX issued an invoice to the <i>Auction Participant</i>
<b>Marginal Bid</b>	- the first <i>Bid</i> in the <i>Bids Order</i> whose <i>Bid Quantity</i> added with <i>Bids Quantity</i> of all former <i>Bids</i> from the <i>Bids Order</i> , is equal or higher than the <i>Quantity of Guarantees of Origin</i> at the <i>Auction</i>
<b>Marginal Price</b>	- the price at which Guarantees of Origin have been sold to <i>Auction Participants</i> at a certain <i>Auction</i> and which is the price of the last fully or partly accepted <i>Bid</i> from the <i>Bids Order</i>
<b>Minimal GO Price</b>	- the minimum selling price of one Guarantee of Origin for a certain <i>Product</i> at the <i>Auction</i> , which is determined by HROTE
<b>Quantity of Purchased GOs</b>	- The number of Guarantees of Origin sold individually to the <i>Auction Participant</i> at the <i>Auction</i>
<b>Settlement Account</b>	- a transaction account opened by CROPEX in the <i>Settlement Bank</i> for the purpose of settlement

<b>Settlement Bank</b>	- the bank where CROPEX opened its <i>Settlement Account</i> and <i>Deposit Account</i>
<b>Statutory Default Interest</b>	- An interest which the <i>Auction Participant</i> is obligated to pay if they do not settle their financial obligations in due time, and which is equal to the interest rate envisaged by the Applicable Law in cases when financial obligations are not settled in due time
<b>Trade Limit</b>	- the highest amount of money for which the <i>Auction Participant</i> may submit <i>Bids</i> in the <i>Auction System</i> , which is calculated by multiplying the <i>Bid Price</i> with the <i>Quantity Bid</i> and then increased by VAT (if applicable) and the <i>Trading Fee</i> , also increased by VAT (if applicable); and which is equal to the value of available amount of <i>Collateral</i> which the <i>Auction Participant</i> submitted to CROPEX. If the <i>Auction Participant</i> is submitting more than one <i>Bid</i> in individual <i>Auction</i> , possible combinations of <i>Bid Quantities</i> and <i>Bid Prices</i> are determined in the manner as envisaged in the instructions for use of the <i>Auction System</i> , published on the <i>Web page of CROPEX</i> .
<b>Trading Currency</b>	- Euro currency in which the <i>Auction Participant</i> defines the <i>Bid Price</i>
<b>Trading Fee</b>	- the trading fee that depends on the trade quantity in the manner specified in the <i>Fee Schedule</i> , which CROPEX remunerates from <i>Auction Participants</i> for trading with Guarantees of Origin at <i>Auctions</i> and publishes them on <i>Web page of CROPEX</i> .
<b>Web page of CROPEX</b>	- <a href="http://www.cropep.hr">www.cropep.hr</a>
<b>Web page of HROTE</b>	- <a href="http://www.hrote.hr">www.hrote.hr</a>

## 2. THE RIGHT TO PARTICIPATE AT THE AUCTION

### *General*

#### Article 5

The *Auction Participant* shall fulfil the following preconditions for joining and participating at the Auction:

1. concluded Participation Agreement in Guarantee of Origin Auction with CROPEX,
2. delivery of *Collateral* to CROPEX pursuant to provisions of these *Rules*,
3. opened user account in the Guarantee of Origin Register managed by HROTE or other registers of Guarantees of Origin connected to AIB system, and
4. the *Participant* shall not have any outstanding debts towards CROPEX.

### *Conclusion of the Participation Agreement in Guarantee of Origin Auction*

#### Article 6

Prior to first participation at the *Auction*, the *Auction Participant* is obligated to conclude with CROPEX the Participation Agreement in Guarantee of Origin Auction (hereinafter: **Agreement**).

For the purpose of concluding the Agreement, the *Auction Participant* shall deliver to CROPEX the Request for *Auction* Participation and three (3) signed and certified copies of the Agreement. The application form of the Request for Auction Participation and the Agreement are published on the *Web page of CROPEX*.

After receiving the Request for *Auction* Participation, CROPEX and HROTE shall mutually determine if the Auction Participant has submitted all necessary documentation and has fulfilled all preconditions for concluding the Agreement, which are stated in the application form of the Request for *Auction* Participation.

After receiving the Request for *Auction* Participation and the Agreement referred to in Paragraph 1 of this Article, CROPEX shall notify the *Auction Participant* if all necessary documentation has been submitted and all preconditions have been fulfilled for concluding the Agreement.

In case of incomplete documentation, CROPEX shall request for a correction or amendment of the request, i.e. supplement of the requested documentation. CROPEX is authorized to request from the *Auction Participant* any additional data or explanations of the submitted data for the *Auction* Participation, which CROPEX and/or HROTE consider necessary.

#### Article 7

For the purpose of concluding the Agreement, CROPEX can request from the *Auction Participant* additional information regarding the fulfillment of the preconditions for concluding the Agreement which are specified in the Request for *Auction* Participation, such as: legal status, financial position, organization and technical systems, experience and competence, and any other questions relevant for *Auction Participant*'s evaluation of eligibility and acceptability for concluding the Agreement.

#### Article 8

If the *Auction Participant* has submitted complete documentation and fulfilled all obligations prescribed in Article 6 and 7 of these Rules, CROPEX shall return to the *Auction Participant* one copy of the Agreement signed by CROPEX.

For the purpose of avoiding any doubt, a signed Agreement by CROPEX cannot be construed as a confirmation that the *Auction Participant* has fulfilled all the preconditions necessary for joining and participating at the Auction defined in Article 5 of these Rules.

#### Article 9

The Agreement shall enter into force on the date of CROPEX's signature.

### ***The Content of the Participation Agreement in Guarantee of Origin Auction***

#### Article 10

The application form of the Agreement and the conditions for its conclusion are published on the *Web page of CROPEX*.

#### Article 11

The Agreement shall contain a minimum of the following obligations of the *Auction Participant*:

1. the obligation of submitting all necessary information pursuant to Article 13 and 14 of these Rules,
2. a consent that these Rules form an integral part of the Agreement.

## Article 12

In the event of discrepancies between these Rules and the Agreement, the provisions of the Agreement shall prevail.

### ***Data submission***

## Article 13

The *Auction Participant* is obligated to submit the following minimum data with the Request for the *Auction Participation*, along with the signed Agreement:

- a) name of a natural or legal person, address, PIN (personal identification number, “OIB number”),
- b) if the *Auction Participant* is a legal person, registration number, place of the registration, name and surname of the authorized representative,
- c) general contact webmail address and telephone number,
- d) name of the business bank, account number (IBAN), SWIFT/BIC,
- e) name and surname of the authorized person for the settlement, contact data of that person,
- f) name and surname of the person responsible for trading at the *Auction*, contact data of that person,
- g) webmail address for the registration of *Bids*, trade reports and invoice delivery.

## Article 14

The *Auction Participant* is obligated to notify CROPEX immediately in a written form, on each change of the submitted data referred to in Article 13 of these Rules. The *Auction Participant* is obligated to deliver written notification on data changes at least seven (7) working days before the changes come into force and when that is not possible, than as soon as possible, without delay, from the moment the change occurred. Changed data are applicable from the moment when CROPEX is notified thereof.

If the *Auction Participant* does not notify CROPEX regarding the change of data from the Request for *Auction Participation* and CROPEX becomes informed regarding the change by a third party, CROPEX is authorized to deny the *Auction Participant* the right to participate at the *Auction*.

CROPEX shall not be liable for any damages caused to the *Auction Participant* as a result of the *Auction Participant's* failure to notify CROPEX in due time regarding the changes of the submitted data pursuant to this Article 14 of these Rules.

### ***Statement and Warranties***

## Article 15

Each *Auction Participant* states and guarantees to CROPEX by signing the Agreement, by making a *Bid*, and by finalizing the purchase of Guarantee of Origin the following:

- a) it is obligated to fulfil its obligations from these Rules and the Agreement, and the Signatory of the Agreement and the complete documentation necessary for participation of the *Auction Participant* at the *Auction*, has a valid authorization for signing the relevant documentation and valid authorization for representing the *Auction Participant*, in order to participate at the *Auction*;

- b) it is validly established and exists in accordance with the Applicable Regulations (and does business orderly, if relevant in accordance with the Applicable Regulations);
- c) it has available relevant experts with experience and knowledge of trading at the *Auction*, and it is organized in a manner that enables the completion of the trade at the *Auction*;
- d) it understands and comprehends the characteristics of each *GO Product* together with the corresponding risks, and it has delivered *Bids* after examining the terms of use of the *Auction System* which is published on *Webpage of CROPEX*, and it is familiar with all terms and risks and is capable of undertaking them;
- e) conclusion and execution of the Agreement is not in conflict with the Applicable Regulations or any provision of establishment documents that apply to the *Auction Participant* or their property, or the binding contractual restrictions that apply to the *Auction Participant* or their property;
- f) all necessary authorizations under the *Applicable Law* are obtained, valid and produce legal affects, and all requirements of necessary authorizations are met and there are no additional permissions or authorizations or other documents that need to be obtained, made or executed by the *Auction Participant* regarding trade at the *Auctions*;
- g) all applicable information which is submitted in a written form by or on behalf of the *Auction Participant*, and which is subject or is connected to the Agreement and the Rules, is correct, accurate and complete in every relevant aspect on the day of their submission to CROPEX;
- h) in relation to the *Auction Participant* there has not been a breach of obligations, serious breach of obligations or an event which would by announcement or expiry or both, represent a breach of obligations or a serious breach of obligations from the Agreement, and such event would not occur due to signing or execution of their obligations pursuant to the Rules and the Agreement.

*The Auction Participant* confirms it is obligated to notify CROPEX in a written form in case of breach or expected breach of their statements, above mentioned or others, as soon as possible, without delay, after the *Auction Participant* becomes aware of them.

### ***Acceptance of terms and manner in which the Auction System is used***

#### Article 16

By signing the Agreement, the *Auction Participant* accepts terms and manner in which the *Auction System* is used, as described in the instructions for use of the *Auction System*, published on the *Web page of CROPEX*.

### ***Expenses of the Auction Participation***

#### Article 17

All the expenses and risks of participating at the *Auction* shall be borne by the *Auction Participant*. The *Auction Participant* is obligated to pay the *Trading Fee* to CROPEX. The amount of *Trading Fee* is published on the *Web page of CROPEX*.



### 3. ISSUING THE INVOICE AND DELIVERY OF COLLATERAL

#### *Issuing the invoice*

##### Article 18

CROPEX shall issue the invoice for each *Auction* based on the results of the *Auction*, *i.e.* concluded sale of *Guarantees of Origin* at the *Auction*, to the *Auction Participant* separately for (i) the amount of *Quantity of purchased Guarantees of Origin* (by multiplying the Marginal price with the *Quantity of purchased Guarantees of Origin* and then add VAT, if applicable) and (ii) the amount of the calculated *Trading Fee* increased by VAT, if applicable.

The *Auction Participant* that purchases *Guarantees of Origin*, shall settle the invoices referred to in Paragraph 1 of this Article in the period of three (3) days from the *Invoicing Day* in a suitable currency to CROPEX's *Settlement Account*.

CROPEX shall deliver the invoices referred to in Paragraph 1 of this Article to the *Auction Participant* in a written form by webmail address stated in the Agreement. By signing the Agreement, the *Auction Participant* confirms their consent for receiving the invoices in an electronic form.

CROPEX shall issue the invoices referred to in Paragraph 1 of this Article to the *Auction participant* at the latest within one (1) working day after the *Auction* for which the invoices are issued.

##### Article 19

In case the *Auction Participant* does not settle the amount stated in the invoice in due time, it will be liable to pay, in addition to the principal amount, the *Statutory Default Interest* for each day of delay.

#### *Collaterals*

##### Article 20

Each *Auction Participant* shall, at their own expense, obtain and maintain *Collaterals* pursuant to the Rules and ensure that the value of *Collaterals* at any moment is in accordance with the terms set forth by CROPEX, otherwise they will not be allowed to participate in the *Auction*.

##### Article 21

CROPEX shall accept the *Collateral* in a form of cash security deposited on the *Deposit Account*, pledged for CROPEX to secure CROPEX's claims toward the *Auction Participant*.

##### Article 22

The *Collaterals* delivered to CROPEX by *Auction Participants* shall be used as a payment security for all the *Auction Participant's* obligations toward CROPEX of any nature, that occur as a result of the *Auction Participant's* activities at the *Auction*, from the Agreement or as a result of the Agreement termination.

*Collaterals* shall secure all contractual and non-contractual obligations of *Auction Participants* toward CROPEX, including but not limited to financial obligations; due purchase price for trade of *Guarantees*

of Origin together with the corresponding VAT, *Trading Fees* with the corresponding VAT, *Statutory Default Interests*, as well as possible damage caused to CROPEX as a result of delays, uncomplete fulfillment or non-fulfillment of contractual obligations by the *Auction Participant*.

*The Auction Participant* is not entitled to dispose of money on the *Deposit Account*.

#### Article 23

*The Auction Participant* shall deliver to CROPEX a *Collateral* in the amount of their own assessment which has to be a minimum of the amount corresponding to the *Bid Price* calculated from the *Bid Quantity* and then increased by VAT (if applicable) and the *Trading Fee*, increased by VAT (if applicable). If the *Auction Participant* is submitting more than one *Bid* in individual *Auction*, then the sufficiency of the *Collateral* for submitting Bids is determined in the manner as envisaged in the instructions for use of the *Auction System*, published on the *Web page of CROPEX*.

#### Article 24

All expenses arising from capitalizing, using and renewing of *Collaterals*, together with all other expenses related to *Collaterals*, shall be borne by the *Auction Participant* who deposited the *Collateral*.

#### Article 25

*The Auction Participant* is authorized to submit to CROPEX a written request duly signed by the authorized representative of the *Auction Participant*, requesting for reimbursement of the *Collateral* (in full or partially), but only in case the *Auction Participant* does not have any unsettled financial obligation toward CROPEX and/or in case CROPEX does not have any disputed or uncertain claims toward the *Auction Participant*. In case of reimbursement of *Collateral* pursuant to this Article, the *Trade Limit* in respect to the *Auction Participant* shall be reduced by the amount of the returned *Collateral*.

#### Article 26

*The Amount of Collateral* is expressed in Croatian Kuna if the headquarters of the *Auction Participant* is in the Republic of Croatia, and in Euro if the headquarters of the *Auction Participant* is outside the Republic of Croatia.

#### Article 27

*The Auction Participant* shall deliver to CROPEX *Collaterals* in the amount set forth pursuant to Article 23 of these Rules, by 12:00 (CET) the latest, one (1) business day before the next *Auction* is held, otherwise the *Auction Participant* shall not be able to participate at the *Auction*.

In case CROPEX uses the *Collateral* to settle financial obligations of the *Auction Participants* (regardless if the *Collateral* has been used in full or partially, and regardless if the *Collateral* has been used under the authorization of the *Auction Participant* granted to CROPEX pursuant to Article 29 of these Rules or has been used pursuant to Article 31 of these Rules), CROPEX shall automatically lower the *Trade Limit* of the respective *Auction Participant* for the amount used.

#### Article 28.

CROPEX shall not be liable to the *Auction Participant* for any losses or lost profits due to exchange rate differences, if the *Auction Participant* submits cash deposit in a currency different from the currency in which the trade at the Auction was closed, nor shall be liable for damages related to bank's business in which the Deposit Account is opened. The *Auction Participants* confirm they have properly secured their positions by delivering *Collaterals* in form of security (deposit) in cash to CROPEX to avoid possible currency risks.

#### Article 29

*The Auction Participant* is entitled to authorize CROPEX with the Request for Auction Participation, to transfer funds from the *Deposit Account* to the *Settlement Account*, in order to complete the settlement on the due day, instead of a settlement payment by the *Auction Participant*. The settlement method of transfer of funds from the *Deposit Account* and the method of revoking the authorization for direct transfer of funds from the *Deposit Account*, are regulated by the provisions of the Agreement.

#### Article 30

*The Collateral* is pledged from the moment of its transfer to CROPEX, *i.e.* from the moment the amount of money is deposited on the *Deposit Account*, without the need for any further actions or formalities.

#### Article 31

CROPEX is authorized to use the *Collateral* for settlement of its claims toward the *Auction Participant* if the *Auction Participant* does not settle payment of any of their financial obligations (in full or partially) in due time under or related to the Agreement.

#### Article 32

CROPEX shall return *Collateral* to the *Auction Participant* after the termination of the Agreement, provided that the *Auction Participant* does not have any outstanding financial obligations toward CROPEX and/or provided that CROPEX does not have any disputed or uncertain claims toward the *Auction Participant*.

#### Article 33

Each purchase of Guarantees of Origin concluded through the *Auction* and determined by CROPEX:

1. shall be considered concluded in the name and the account of the *Auction Participant* whose *Bid* has been accepted through the *Auction System* pursuant to these Rules;
2. shall be registered in CROPEX's trading system of Guarantees of Origin, invoiced and settled pursuant to the provisions of the Rules.

The Purchase Agreement of Guarantees of Origin is concluded by pairing the *Auction Participant's Bid* with HROTE's bid for sale of Guarantees of Origin through the *Auction*, and with this Agreement HROTE sells the Guarantees of Origin to CROPEX as the Central Counter Party and the *Auction Participant* buys the Guarantees of Origin from CROPEX as the Central Counter Party.

#### Article 34

CROPEX shall not be liable nor responsible regarding the transfer of the *Quantities of purchased Guarantees of Origin* to the *Auction Participant*. The transfer of the *Quantities of purchased*

*Guarantees of Origin* shall be settled directly between HROTE and the *Auction Participant* pursuant to The Rules on Use of Guarantees of Origin Register and other applicable regulations, without participation and responsibility of CROPEX.

CROPEX shall not be responsible for losses or damages caused to the *Auction Participant* as a result of HROTE's actions or misconduct including HROTE's failure to transfer the *Quantities of purchased Guarantees of Origin* in the register.

#### Article 35

The settlement is performed solely based on the trade of Guarantees of Origin recorded in the *Auction System* of CROPEX and it is not influenced by the transfer of Guarantees of Origin in the register.

### ***Settlement***

#### Article 36

CROPEX shall deliver to the *Auction Participant* the information regarding the *Deposit Account* opened in the *Settlement Bank*, including the information regarding payment and *Collaterals*.

#### Article 37

*The Marginal Price* as the *Auction* result is expressed in Euro. The settlement is conducted in Euro for the non-resident *Auction Participants*, while for the resident *Auction Participants* it is conducted in Croatian Kuna equivalent value determined by conversion of applicable amount of Euro into Croatian Kuna, using the CNB's middle exchange rate published on the day of the invoice.

### ***VAT***

#### Article 38

VAT shall be applied to all *Auction Participants* registered in the Republic of Croatia (residents) as follows:

1. on all amounts due on the price basis, as a result of the concluded trade;
2. for the purpose of calculating the amounts necessary for the *Collateral*.

#### Article 39

For the *Auction Participants* who are registered outside the Republic of Croatia (non-residents), payment of all taxes, including VAT, is the obligation in accordance with the *Applicable Law* in the country of the *Auction Participant's* registration.

#### Article 40

CROPEX is not liable for the VAT refund to the *Auction Participants*.

## 4. PUBLIC CALL FOR AUCTIONS

### Article 41

Based on the metering data from the calculation metering point of the production plant and from a control metering point of the production plant of the incentivized eligible producer, obtained from the transmission system operator and the distribution system operator; HROTE determines for each *Auction* separately the *Quantity of Guarantees of Origin* and the *GO Product* that are sold in the Auction.

### Article 42

For each *Auction* HROTE determines the *Minimal Guarantee of Origin Price* which is offered in the *Auction*.

### Article 43

For each *Auction* HROTE determines the *Auction Specification* which consists of:

1. *GO Product*,
2. *Quantity of Guarantee of Origin in the Auction*,
3. *Minimal Guarantee of Origin Price*.

For each individual *Auction*, HROTE and CROPEX publish on their web pages no later than seven (7) days before the respective *Auction* is held:

1. The Auction Specification;
2. The date of the Auction; and
3. The Bidding Period.

### Article 44

Only *Auction Participants* who fulfilled all the preconditions prescribed in Article 5 of these Rules and settled all outstanding financial obligations toward CROPEX are entitled to participate at the Auction.

### Article 45

If, for any reason, the *Auction* fails or it is not held (for example because the *Auction System* is unavailable), HROTE and CROPEX shall publish a new date and the *Bidding Period* on their web pages.

*The Auction Participants* undertake all risks and consent to harmful consequences of any damage which could be caused to the *Auction Participants* due to the failure, *i.e.* delay of the *Auction*.

## 5. AUCTION FOR GUARANTEES OF ORIGIN

### *Bid Delivery*

### Article 46

For every *GO Product*, a separate *Auction* is conducted through the *Auction System*.

#### Article 47

The minimum *GOs Auction Quantity* sold in the *Auction* is one (1) Guarantee of Origin.

#### Article 48

Each *Auction Participant* for which HROTE and CROPEX determine the right to participate in the *Auction*, is authorized to submit *Bids* in the *Auction System* within the prescribed *Bidding Period*. During the *Auction*, the *Auction System*, after receiving the *Bid*, evaluates the *Bid* and verifies the *Collateral* of every *Auction Participant* separately.

*The Auction System* shall only accept *Bids* in which the *Quantity Bid* multiplied with the *Bid Price*, increased by VAT (if applicable) and the *Trading Fee*, increased by VAT (if applicable), does not exceed the available amount of the *Collateral* which the *Auction Participant* delivered to CROPEX. If the *Auction Participant* is submitting more than one *Bid* in individual *Auction*, permitted combinations of *Bid Quantities* and *Bid Prices*, which shall be accepted by the *Auction System*, are determined in the manner as envisaged in the instructions for use of the *Auction System*, published on the *Web page of CROPEX*.

#### Article 49

*The Bid Price* expressed in Euro/Guarantee of Origin is the highest price which a particular *Auction Participant* is willing to pay for the requested Guarantees of Origin.

*The Bid Price* has to be rounded to two decimal places and higher than zero.

*The Bid Price* is expressed in the amount which does not include VAT and has to be higher or equal to the amount of the *Minimal Guarantee of Origin Price* determined by HROTE.

#### Article 50

After the *Auction* is opened, the *Auction Participants* submit *Bids* through the *Auction System*. Each received *Bid* is assigned with the timely code of maturity. The *Auction System* ranks the received *Bids* according to the *Bid Order*.

#### Article 51

The *Auction Participant* may withdraw the submitted *Bid* and make a new *Bid* within the deadline for submission of *Bids*. At a particular *Auction*, the *Auction Participant* may submit multiple *Bids*, provided that the amount of the requested Guarantees of Origin from the individually submitted *Bid* does not exceed the number of *GOs Auction Quantity*.

Each individual *Bid* of the *Auction Participant* is included in the *Bids Order*.

#### Article 52

The *Bids* cannot be received or changed after the expiry of the *Bid* delivery deadline.

#### Article 53

CROPEX shall not accept the *Bid* that has not been submitted in accordance with these Rules.

## ***Auction Results***

### Article 54

After the expiry of the *Bidding Period*, the *Auction System* calculates the result of the *Auction* pursuant to provision of this Article.

The *Auction Result* includes:

1. Determination of the total amount of sold *Guarantees of Origin* at the *Auction*,
2. Determination of the winning *Bids* partially or fully accepted,
3. Determination of the *Marginal Price*.

## ***Marginal Price***

### Article 55

*Bids* are accepted in the order of their ranking in the *Bids Order*, starting with the *Bid* with the highest *Bid Price* at the top of the *Bids Order* and continuing to the *Bid* with the lowest *Bid Price* at the bottom of the *Bids Order*.

The Algorithm of the *Auction System* determines the *Marginal Price* in a way that the *Marginal Price* is equal to the lowest *Bid Price* from the last *Bid* from the *Bids Order*, which has been fully or partially accepted.

### Article 56

If the submitted *Bids* for *Guarantees of Origin* at the *Auction* are lower or equal to the *GOs Auction Quantity*, all *Bids* shall be accepted at the *Marginal Price*.

If the submitted *Bids* for *Guarantees of Origin* at the *Auction* are higher from the *GOs Auction Quantity*, the following rules shall be applied:

- *Bids* are accepted at the *Marginal Price* according to the order defined by the *Bids Order*, i.e. from the higher-ranking *Bids* towards lower-ranking *Bids*, until the complete *Guarantee of Origin Quantity* is sold at the *Auction*. If the *Bid Quantity* of the last *Bid* from the accepted *Bid Order* is higher than the remaining *Guarantees of origin Quantity* at the *Auction*, then that *Bid* is accepted only in part regarding the remaining *Guarantees of origin Quantity* at the *Auction* which is available for allocation, after the acceptance of the higher-ranking *Bids* in the *Bid Order* in relation to that *Bid*.

- if two (2) or more *Auction Participants* submitted valid *Bids* with the same *Bid Price*, which cannot be accepted entirely for the total amount of the requested *Guarantees of origin Quantity* from the *Bids*, the *Auction System* determines the winning *Bids* and executed *Bid Quantities* for the *Auction Participants* as follows:

- a) the remaining *Guarantees of origin Quantity* at the *Auction* left on disposal, after the acceptance of the higher-ranking *Bids* in the *Bid Order* in relation to those *Bids*, shall be allocated in the same amount between the *Auction Participants* who submitted the respective *Bids*, at the *Marginal Price*,
- b) if the requested *Guarantees of origin Quantity* by the *Auction Participant*, based on the *Bids* which determine the *Marginal Price* is lower or equal to the amount calculated in accordance with Item a), the *Bid* of this *Auction Participant* shall be accepted entirely,

- c) if the requested Guarantees of origin Quantity by the *Auction Participant*, based on the *Bids* which determine the *Marginal Price* is higher than the amount calculated in accordance with Item a), the request of this *Auction Participant* shall be accepted up to the amount calculated according to Item a),
- d) all remaining Guarantees of Origin after the allocation in accordance with Items b) and c) shall be allocated to the number of *Auction Participants* whose *Bids* have not been accepted entirely and shall be additionally divided between those *Auction Participants* by repeated procedures described in Items a), b) and c),
- e) all remaining Guarantees of Origin after the allocation in accordance with Item d) shall be allocated pursuant to the criterion of chronological *Bid* submission.

#### Article 57

In cases when the result of the calculation described in Article 56 does not result in a complete number of Guarantees of Origin, the number of Guarantees of Origin shall be rounded to a lower integer.

### ***Announcement of Auction results***

#### Article 58

After the end of the *Auction*, CROPEX shall announce the results of the *Auction* to the *Auction Participants* through the *Auction System*. In case of unavailability of the *Auction System*, CROPEX shall announce the results of the *Auction* to the *Auction Participants* in a manner specified in Article 60 of these Rules.

CROPEX shall announce the *Auction* results in the *Auction System* no later than two (2) hours after the end of the *Auction* and/or on the *Web page of CROPEX*, which denotes the official closure of the *Auction*.

#### Article 59

The report on the *Auction* results for each *Auction Participant* contains:

1. *GO Product*,
2. Quantity of purchased Guarantees of Origin,
3. *Marginal Price* without VAT expressed in Euro/Guarantee of Origin.

#### Article 60

The Guarantees of Origin are sold to the *Auction Participant* whose *Bid* has been fully or partially accepted pursuant to the provisions of Article 56 and 57 of these Rules, in the moment when the *Auction Participant* receives the information on *Auction* results.

It shall be considered that the *Auction Participant* has received the information about the *Auction* results when the *Auction* results are published in the *Auction System*.

In case of unavailability of the *Auction System* due to any reason, CROPEX shall deliver the *Auction* results to the *Auction Participant* via webmail address stated in the Agreement. In this case, it shall be considered that the *Auction Participant* has received the information on the *Auction* results on the day and at the time when the sender has received a confirmation that the message has been delivered to the receiver's webmail address stated in the Agreement ("delivery receipt").



#### Article 61

CROPEX shall deliver to HROTE final results of the *Auction* and the accomplished trade for each *Auction Participants* no later than two (2) hours after the end of the *Auction*. In case the *Auction System* is unavailable or out of service, CROPEX shall deliver to HROTE a notice regarding final results of the *Auction*, within a reasonable time after the *Auction System* becomes available again.

### **6. TRANSFER OF GUARANTEES OF ORIGIN**

#### Article 62

In accordance with to the results of the *Auction*, HROTE shall transfer the purchased Guarantees of Origin at the *Auction*, to the *Auction Participants*' user accounts registered in the Register of Guarantees of Origin stated in the Agreement.

#### Article 63

CROPEX shall notify HROTE regarding settlement of financial obligations as a consequence of purchase of Guarantees of Origin at the *Auction* by each *Auction Participant* within one (1) business day from the day of settlement of the financial obligation.

#### Article 64

HROTE shall transfer Guarantees of Origin from Article 62 of these Rules within five (5) business days from the date of notice on fulfillment of financial obligations from Article 63 of these Rules.

#### Article 65

The transfer of Guarantees of Origin from Article 62 of these Rules is conducted by HROTE through Register.

#### Article 66

After the Guarantees of Origin have been transferred to the User Account of the *Auction Participant*, HROTE shall notify the *Auction Participant* regarding the transfer via webmail address stated in the Agreement.

### **7. FINAL PROVISIONS**

#### Article 67

All information and application forms related to the *Auction* are published on the Web pages of HROTE and CROPEX.

#### Article 68

CROPEX is authorized for interpretation of these Rules.

#### Article 69

CROPEX is entitled to amend these Rules. CROPEX shall notify *Auction Participants* via *Web page of CROPEX* regarding the amendments of these Rules at least ten (10) days before the changes come into force.

The notice of amendments of these Rules shall be considered acknowledged by the *Auction Participants* three (3) days after the date of publication of the amendments on the *Web page of CROPEX*. In case the *Auction Participant* does not agree with the amendments, the *Auction Participant* is entitled to terminate the Agreement by delivering a written termination notice within twenty (20) days from the publication date of the amendments on the *Web page of CROPEX*. In case CROPEX does not receive a written termination notice of the *Auction Participant* within the period specified in this Article, it shall be considered that the *Auction Participant* is compliant with the changes of the Rules. CROPEX is entitled to apply the amendments of these Rules at the earliest of thirty (30) days from the date of their publication on *Web page of CROPEX*.

#### Article 70

Translation of these Rules to English language constitutes Schedule 1 to these Rules.

For the avoidance of doubt, in case of any discrepancies between the English and Croatian language version of this Rules, the Croatian version shall prevail, and the English version shall be amended and modified accordingly to correspond with the Croatian version of this Rules.

Zagreb, 24.07.2019.